

5th Annual Report of
India International
Clearing Corporation
(IFSC) Limited

2020-21



Company Information

Board of Directors:

Shri Ashishkumar Chauhan, Chairman & Director
Dr. Alok Mohan Sherry, Independent Director
Shri Balasubramaniam V., Director
Shri Sameer Patil, Director
Shri Arup Mukherjee, Managing Director & CEO

Management Team:

Shri Arup Mukherjee, Managing Director & CEO
Ms. Gunjan Mirani, Chief Risk & Regulatory Officer
Shri Deepak Khemani, Chief Financial Officer
Shri Dipen Shah, Head – Clearing & Settlement Operations & CISO

Company Secretary: Ms. Nikita Lakhiyani

Statutory Auditors: M/s. Dalal Doctors & Associates, Chartered Accountants

Internal Auditors: M/s. S. Panse & Co., LLP, Chartered Accountants

Secretarial Auditors: M/s. Yash Mehta & Associates, Company Secretaries, Ahmedabad.

Registered Office: 1st Floor, Unit No. 102, The Signature, Building no. 13B, Road 1C, Zone 1, GIFT SEZ, GIFT CITY, Gandhinagar, Gujarat – 382355.

Registrar & Share Transfer Agent: TSR Darashaw Consultants Private Limited

Website: www.indiaicc.com

Corporate Identity Number- U67190GJ2016PLC093683

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DIRECTORS' REPORT

**To the Members,
India International Clearing Corporation (IFSC) Limited**

Your Directors have great pleasure in presenting the Fifth Annual Report of India International Clearing Corporation (IFSC) Ltd ('the Company'), together with the audited financials for the financial year (F.Y.) ended March 31, 2021.

FINANCIAL SUMMARY/HIGHLIGHTS

The Company's financial performance, for the year ended March 31, 2021:

Particulars	2020-21		2019-20	
	Rs. Lakhs	USD '000	Rs. Lakhs	USD '000
Total Revenue	179.52	241.93	228.33	322.14
Total Expenses	479.59	646.30	401.90	567.02
Profit / (Loss) before tax	(300.07)	(404.37)	(173.56)	(244.87)
Provision for tax	-	-	-	-
Net Profit / (Loss) for the year	(300.07)	(404.37)	(173.56)	(244.87)
Other comprehensive income (net of tax)	(219.61)	0.27	715.52	(0.12)
Total comprehensive income for the year	(519.68)	(404.10)	541.95	(244.99)
Net Profit / (Loss) attributable to the shareholders of the Company	(300.07)	(404.37)	(173.56)	(244.87)

Financial Results

The total income of the Company during the F.Y. 2020-21 was INR 179.52 Lakhs mainly on account of investment income of INR 155.37 Lakhs. The total expenses for the year were INR 479.59 Lakhs mainly on account of INR 156.79 Lakhs employee cost, INR 71.29 Lakhs computer technology related expenses and INR 96.40 Lakhs depreciation.

PERFORMANCE & OPERATIONS

India ICC is an International Financial Services Centres Authority (IFSC Authority) recognized Qualifying Central Counterparty (QCCP) and provides clearing & settlement, risk management and collateral management services to the India International Exchange (IFSC) Limited (India INX). India ICC is also recognized by the European Securities and Markets Authority (ESMA) and the Bank of England (BoE) as a Third Country Central Counterparty (TC-CCP). The Company is also rated as AAA (Is) by CARE Ratings Limited. The products cleared and settled by India ICC includes Index and Single stock Derivatives, Commodity Derivatives, Currency Derivatives and Debt securities. India ICC engages with the International Central Securities Depository (ICSD), Clearstream S A, for clearing and settlement of debt securities and acceptance of AAA rated international sovereign securities as collaterals. The IFSC Authority vide letter no. 126/IFSCA/India ICC/20-21, dated December 24, 2021, renewed the recognition to India ICC for a further period of one year from December 29, 2020 to December 28, 2021. Presently, seven clearing banks, namely ICICI Bank Limited, State Bank of India, Kotak Mahindra Bank Limited, Axis Bank Limited, YES Bank Limited, Indusind Bank Limited and HDFC Bank Limited are empaneled with India ICC to act as clearing banks. HDFC Bank IBU empaneled as a clearing member of India ICC on February 19, 2021, making it the ninth clearing member to empanel with India ICC. India ICC has handled 2163 settlements till March 31, 2021, without any delays or disruptions, for a cumulative fund value of USD 60 million. India ICC has established a dedicated default fund, which is readily and unconditionally available to meet settlement obligations in case of clearing member(s) failing to honour settlement obligation. The size of the default fund as on March 31, 2021 is USD 1.18 million.

KEY REGULATORY DEVELOPMENTS

1. IFSC Authority operationalized:

The International Financial Services Centres Authority Act, 2019, which was notified vide notification no. 50 on December 20, 2019, paved the way to set up a unified authority for regulating all financial activities in the International Financial Services Centers (IFSCs) in the country. The International Financial Services Centres Authority (IFSC Authority) is expected to play a pivotal role in inter-regulatory coordination leading to improvement in the ease of doing business for foreign investors and develop the IFSC as a leading financial services hub at par with the leading global financial centres.

Some of the key functions of the Authority pertain to:

- Regulating financial products, financial services and financial institutions at the IFSC that have been approved by any regulator (such as SEBI, RBI, IRDAI, PFRDAI) before the enactment of the IFSC Authority Act, 2019.
- Regulating any other financial products, services or institutions at IFSC that may be notified by the Central Government and,
- Recommending to the Central Government, any other financial services, products or institutions which may be permitted in IFSC

The Department of Economic Affairs (DEA), Ministry of Finance on April 27, 2020, notified 27th of April, 2020* as the date of the establishment of the IFSC Authority and that the head office of the Authority shall be at Gandhinagar, Gujarat. On the same day it also notified that sections 1 to 11, 14 to 16, 27, 29, 30 and 34 of the IFSC Authority Act, 2019 to come into force. Subsequently, the DEA further notified on August 21, 2020 that sections 12, 17 to 26, 28, 31 and 32 the IFSC Authority Act, 2019 to come into force.

Later, the DEA finally notified* on September 29, 2020 the commencement of sections 13 and 33 of the Act. The same effectively bestowed the IFSC Authority with all provisions of the IFSC Authority Act, 2019. Since then, the IFSC Authority commenced operations from October 01, 2020, set up its office at the GIFT IFSC and appointed various officials across the financial services domains.

Over the course of the year, the IFSC Authority has initiated various regulatory measures across the capital markets, banking and insurance to place the IFSC at par with the leading global financial centres. It has issued regulations and circulars catering to both policy making and operational matters. It is expected that with its various interventions, the IFSC will be able to establish itself as a leading financial and FinTech hub in the near future.

[*<https://ifsc.gov.in/Viewer/Index/61>; <https://ifsc.gov.in/Viewer/Index/6>; <https://ifsc.gov.in/Viewer/Index/93>]

2. Union Budget FY2021-22 – Key Policy Announcement for the IFSC

- i. Government of India to support the development of world-class FinTech hub at GIFT-IFSC
- ii. Re-domiciliation of Offshore funds:
 - a. Transfer of capital asset by an Offshore Fund to a Resultant Fund upon re-domiciliation to the IFSC, before March 31, 2023 – not to be regarded as transfer.
 - b. For non-residents, capital gains exemption on account of treaty benefits for investments – to be continued under domestic tax laws.

- c. Cost and holding period protected
- iii. IFSC Banking Units:
 - a. Exemption on income earned on transfer of NCDs by NRIs where the IBUs have commenced their operations before March 31, 2024
 - b. Special tax regime for IBUs making public market investments in India – at par with Cat III AIFs in IFSC.
- iv. Aircraft Leasing and Financing:
 - a. Any income by way of royalty on account of lease rental paid to a foreign enterprise has been exempted
 - b. Gains on disposal / sale of aircraft exempted under section 80LA
- v. Other Announcements:
 - a. Section 80 LA (1)A to be amended to cover units permitted or registered under IFSC Authority Act, 2019
 - b. Powers assumed by Central Government to issue / modify harbour regime conditions for IFSC units.

3. Key regulations issued by IFSC Authority:

The IFSC Authority has initiated various regulatory measures across financial services domains since it got operationalized. These measures have been in the form of notified regulations as well as directives by way of circulars and guidelines, a few of the key ones are as listed below:

i. IFSC Authority (Global In-House Centres) Regulations, 2020:

The IFSC Authority notified the Global IN-house centres regulations on November 12, 2020*. The same covers, among other things, the eligibility criteria, grant of registration, permissible services and activities, currency and conduct of business, reporting requirements and maintenance of records by a financial services group or an entity which is regulated by a financial services regulator or any other competent body regulating financial services activities in its home jurisdiction and includes its holding, subsidiary or associate companies, branch, or subsidiary of a holding company to which it is also a subsidiary. It thus pertains to entities that cater to its financial services group wherein the entities served must be located in Financial Action Task Force compliant jurisdictions. This intervention of the IFSC Authority is expected to give a boost to employment generation at the IFSC, attract qualified professional to it while also establishing the IFSC as a back-office processing hub of leading global financial services providers.

Further to the above regulations, the IFSC Authority has also issued requirements for registration as a Global In-House Centre and the reporting requirements of the registered entity vide circular F. No. 29/IFSCA/GIC/2020-21 dated November 18, 2020**.

[* <https://ifsc.gov.in/Viewer/Index/111>; **<https://ifsc.gov.in/Viewer/Index/112>]

ii. International Financial Services Centres Authority (Banking) Regulations, 2020:

The IFSC Authority notified the Banking regulations on November 18, 2020*. The regulations cover the requirements for setting up a banking unit in the IFSC, prudential regulatory requirements covering maintenance of leverage ratio, reserve requirements and exposure ceiling, permissible activities of the banking units which covers, among other things, participation in derivatives transactions, transact in currency and interest rate derivatives on a stock exchange, offer non deliverable currency contracts involving INR, function as a trading member for trading in interest rate or currency derivatives or professional clearing member for clearing and settlement in any derivative segment, KYC and anti-money laundering norms and other operational requirements. The portfolio management services and investment management services have been included in the permitted activities for the IFSC Banking Units (IBUs). This expands the type of intermediaries and the scope for market access in the capital markets.

[* <https://ifsc.gov.in/Viewer/Index/116>]

iii. International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020:

The Dept. Of Economic Affairs, Ministry of Finance notification no. 2957E dated August 31, 2020, notified bullion spot delivery contracts and bullion depository receipts with underlying bullion as financial products and trading in bullion depository receipts with underlying bullion in relation to bullion spot delivery contracts and bullion financing, bullion based loans, bullion loans against collateral, bullion vaulting, clearing and settlement services in relation to bullion spot delivery contracts and bullion depository receipts as Financial Services.

In pursuance of the same, the IFSC Authority notified the Bullion regulations on December 04, 2020*. It covers, inter alia, requirements for recognition of international bullion exchange (IBE) and bullion clearing corporation (IBCC) and bullion depository (IBD), recognitions of IBE/IBCC/IBD, function of IBE, general obligations of IBE/IBCC, ownership and shareholding of IBE/IBCC, governance, code of conduct for directors and KMPs, membership requirements, rights and obligations

of bullion depositories, participants and beneficial owners, registration, liabilities and record keeping by vault managers, issuance, maintenance and withdrawal of bullion depository receipts, registration of intermediaries and other persons, reporting requirements etc.

Further to the same, the IFSC Authority has formed working groups and sub-groups comprising of representatives from the MIs, including India INX, which have come together to form a consortium to set up the IBE/IBCC and the IBD which are in the process of ascertaining the ways and means of setting up and operationalizing these entities in the IFSC in the near future. India INX has already received an approval from the IFSC Authority to participate as a promoter shareholder in the capitalisation of the holding company which will set up the three entities at the IFSC.

IFSC Authority, vide circulars F. No. 236/IFSCA/Unallocated Account/2020-21/1 dated March 03, 2021** has enabled dealings by IFSC-Banking Units (IBUs) in Bullion Unallocated Accounts for the purpose of trading, hedging and swapping with Physical Gold / Silver(Allocated). The IBUs are permitted to open Unallocated Accounts for undertaking Trading activities may open accounts by their customers and the IBUs can also participate in derivative transactions through Unallocated Accounts. The regulations prescribe, inter alia, the eligibility norms, risk management framework, position gaps, inter-bank transactions and other guidelines with regard to reporting of Asset-Liability Internal Audit Committee of the bank, bullion exposure limits computation, approvals and reporting.

[* <https://ifsc.gov.in/Viewer/Index/127>; **<https://ifsc.gov.in/Viewer/Index/156>]

iv. International Financial Services Centres Authority (Finance Company) Regulations, 2021:

The IFSC Authority notified the IFSCA (Finance Company) Regulations, 2021 on March 31, 2021*. The same covers, inter alia, requirements for setting up of a finance company, prudential regulatory requirements covering capital ratio, liquidity coverage ratio, exposure ceiling, the permissible activities, KYC, AML, corporate governance and reporting. These regulations seek to enable Indian and foreign non-banking entities to set up subsidiaries in the IFSC and offer diverse services including aircraft and ship leasing and other services related to the securities markets too.

[* <https://ifsc.gov.in/Viewer/Index/161>]

v. IFSC Authority constituted committee on the non deliverable forwards market:

A key factor for developing IFSC as a preferred global hub for international financial services is to develop it as a hub for offshore trading in INR. In order to assess the required regulatory and infrastructural facilities necessary for on shoring the above markets and devise a strategy to create the same at the IFSC, IFSC Authority has set up a committee on positioning of IFSC as a hub for offshore trading in INR.

Shri V. Balasubramaniam, MD & CEO of India INX, has been nominated as a one of committee members by IFSC Authority. The Committee has since met three times and has made considerable headway in identifying various initiatives to be taken across infrastructure, regulations, legal and tax issues and various associated aspects. Further to the deliberations in the meetings, India INX has also submitted various suggestions on the subject. The committee is expected to submit its final report and recommendations shortly.

4. Key Circulars issued by IFSC Authority relevant for the securities markets

i. Market Access through Authorized Persons:

IFSC Authority, vide circular F. No. 68/IFSCA/MRD-AP/2020-21 dated October 14, 2020* has permitted stock brokers/trading members (registered with either IFSC Authority or SEBI or both) of the stock exchanges to provide market access to investors through Authorized Persons based in foreign jurisdictions. The regulatory framework governing the market access through such authorized persons has also been issued. This has been done with a view to expand the depth and reach of the market for exchange traded securities in IFSC. Further to the same, India INX has also prescribed detailed requirements for market access through authorized persons.

[* <https://ifsc.gov.in/Viewer/Index/95>]

ii. Framework for Regulatory Sandbox:

IFSC Authority released the Framework for Regulatory Sandbox on October 19, 2020. The framework aims to develop a world class FinTech hub at the IFSC at GIFT City, Gandhinagar (IFSC). It grants certain facilities to entities operating in the securities market, banking, insurance and financial services to experiment with FinTech solutions in a live environment with limited set of real customers for a limited timeframe with due regard to appropriate risk mitigation and investor protection measures.

Additionally, to promote innovation by FinTech firms and to allow them to access market data which otherwise is not accessible by them, the IFSC Authority intends to operationalize an “Innovation Sandbox” to be made available by the Market Infrastructure Institutions (MIIs) in the IFSC.

In line with the above vision of the IFSC Authority, India INX / India ICC have been in discussion with the IFSC Authority for enabling and hosting the Innovation Sandbox platform at the Exchange for the IFSC for which the Authority has acceded. Subsequent to the same, India INX / India ICC have been working on various aspects and seeking to operationalize the same soon.

[* <https://ifsc.gov.in/Viewer/Index/99>]

iii. Framework for listing and trading of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs):

IFSC Authority, vide circulars F. No. 41/IFSCA/SEBI/REITs-InvITs/2020-21 and F. No. 41/IFSCA/SEBI/REITs-InvITs/2020-21, both dated October 21, 2020*, has prescribed the regulatory framework for REITs and InvITs in IFSCs. Further to the same, India INX has also prescribed detailed requirements for listing and trading of REITs and InvITs in the exchange pursuant to the approvals received from the IFSCA.

[* <https://ifsc.gov.in/Viewer/Index/102>; <https://ifsc.gov.in/Viewer/Index/101>]

iv. Framework for listing and trading of Depository Receipts in the International Financial Services Centre:

IFSCA, vide circular F. No. 87/IFSCA/DRs/2020-21 dated October 28, 2020* has prescribed the regulatory framework for depository receipts in IFSCs. Further to the same, India INX has also prescribed detailed requirements for listing and trading of depository receipts on the exchange.

[* <https://ifsc.gov.in/Viewer/Index/105>]

v. OTC Derivatives - participation by Banking units:

The IFSC Authority had notified the IFSCA (Banking) Regulations, 2020 (the Regulations) (vide Gazette I dCG-GJ-E-20112020-223204 dated November 18, 2020) for banking and investment activities in the IFSC.

IFSC Authority, while adopting the Comprehensive Guidelines on Derivatives (Circular DBOD No.BP.BC.86/21.04.157/2006-07 dated April 20, 2007(as amended

from time to time))("CGD") issued by the Reserve Bank of India, has issued directions vide circular F.No.110/IFSCA/Banking Regulation/2020-21/2 dated December 04, 2020* applicable for all Over-the-counter (OTC) derivatives transactions in the IFSC.

Further to the same, the international banking units (IBUs) may act as market makers for products, undertake derivative transactions only with other BUs, Financial Institutions of the IFSC and persons resident outside India, offer FCY-FCY derivatives (to be settled in FCY) and FCY interest rate derivatives (to be settled in FCY) to persons resident in India, subject to the provisions of FEMA, 1999. The IBU may also undertake FCY-INR Non-deliverable derivative contracts (NDDCs) with an AD Cat-1 bank in India having a BU, offer Forward Rate Agreement (FRA) on INR interest rates to persons resident outside India only for the purpose of hedging their interest rate risk, post or receive "margin" on their own account and on behalf of their customers on OTC derivative transactions with persons resident in India and persons resident outside India and receive or pay interest on such margin. These directions are likely to increase the participation of the IBUs in the currency derivatives markets in the IFSC.

Further, IFSC Authority, vide circular F.No.110/IFSCA/Banking Regulation/2020-21/4 dated has issued directions on business in foreign currency at the IFSCs. Among other things, these allow IBUs to maintain separate nostro accounts with correspondent banks which would be distinct from nostro accounts maintained by other branches of the same bank, derivatives involving Indian Rupee (INR) or INR interest rates in Non-deliverable derivative contracts (NDDCs), Interest Rate Swap (IRS) (including Overnight Indexed Swaps (OIS)) and Forward Rate Agreement (FRA), to be settled in any freely convertible foreign currency, by Financial Institutions, subject to terms and conditions issued by the Authority. Further, an IBU may accept deposits from a person resident in India or a person resident outside India or any other financial institution, in any freely convertible foreign currency, subject to the directions issued by IFSC Authority.

[* <https://ifsc.gov.in/Viewer/Index/119>; <https://ifsc.gov.in/Viewer/Index/121>]

vi. Alternate Investment Funds:

Guidelines for setting up an Alternative Investment Fund (AIF) in IFSC had been issued by SEBI vide SEBI (International Financial Services Centres) Guidelines, 2015 ("IFSC Guidelines") along with the operating guidelines dated November 26, 2018. IFSC Authority, vide circular F. No. 81/IFSCA/AIFs/2020-21 dated December 09, 2020* has amended the norms to allow AIF in IFSC to borrow funds or engage in

leveraging activities and co-invest in a portfolio company through a segregated portfolio subject to conditions and appropriate disclosures.

[* <https://ifsc.gov.in/Viewer/Index/122>]

vii. Membership of stock exchanges and clearing corporations in IFSC by foreign entities:

IFSC Authority, vide circular F. No. 113/IFSCA/CMD-TMCM/2020-21 dated December 11, 2020* has permitted eligible foreign entities to set up a branch office in IFSC and operate as stockbrokers and clearing members subject to approval by the Authority. Hitherto, all stockbrokers and clearing members were required to set up a separate entity to become members of a stock exchange or a clearing corporation in the IFSC. Any entity from a foreign jurisdiction may set up a branch office in IFSC to provide stock broking services and register with the IFSC Authority, subject to the conditions that the entity is from a FATF compliant jurisdiction and the entity is a stock broker regulated by a securities market regulator in its home jurisdiction and the entity has adequately ring fenced the operational, technology and financial aspects of its branch in IFSC from its overseas operations. It is also required that the trading servers of the entity are located within the IFSC and a Designated Director / Compliance Officer is appointed for ensuring compliance and reporting. The branch of the entity is required to comply at all times, with the net worth and capital requirement and the periodic reporting requirements as prescribed.

The above is expected to offer ease of doing business to foreign broking entities for participating in the markets by setting up a branch at the IFSC.

[* <https://ifsc.gov.in/Viewer/Index/124>]

viii. Framework for recognition of a Custodian of Assets / Securities:

IFSC Authority, vide circular F. No. 224/IFSCA/CMD-DMIIT/CUST/2021/1 dated February 24, 2021* has enacted a mechanism for recognition of a custodian of assets/securities to facilitate a vibrant ecosystem for custodial services in IFSC.

The framework lists the requirements for registration as a custodian in the IFSC for entities registered and regulated in India as a custodian, entities registered and regulated in overseas jurisdictions and entities not falling under any of the above categories. Various other requirements pertaining to ring fencing the operational, technological and financial aspects of the branch in GIFT-IFSC from its domestic or overseas operations, periodic compliances and reporting have also been prescribed.

Presence of custodians in the IFSC should enable institutional investors to participate in the securities markets and other financial services within the IFSC.

[* <https://ifsc.gov.in/Viewer/Index/153>]

ix. Framework for enabling Ancillary services at International Financial Services Centre:

IFSC Authority, vide circular F. No. 206/IFSCA/Anc.Aux/2020-21 dated February 10, 2021* has issued the framework for enabling Ancillary services at the IFSC across permissible service that of Legal, Compliance and Secretarial, Auditing, Accounting, Book-keeping and Taxation Services, Professional & Management Consulting Services, Administration, Assets Management Support Services and Trusteeship Services or any other services as approved by IFSC Authority. The regulations list, among other things, the eligibility conditions, service recipients, maintenance of books of accounts, report submissions and other compliance requirements and the detailed activities of permissible ancillary services. The issue of this framework enables availability of various ancillary and support services to not only the participants in the capital markets but across all financial services in the IFSC.

[* <https://ifsc.gov.in/Viewer/Index/143>]

x. Framework for Aircraft Operating Lease:

IFSC Authority, vide circular F. No. 28/IFSCA/ALF/2020-21 dated February 19, 2021* has issued the framework for Aircraft operating lease covering operating and financial lease and any hybrid of operating and financial lease of aircraft or helicopter and engines of aircraft or helicopter or any other part thereof. It covers, across other things, requirements and details of permissible activities, eligibility criteria for applicants, lessor registrations, maintenance of books of records and periodic reporting and compliances. Considering that Indian air operators are amongst the largest markets for aircraft leases, it is expected that aircraft leasing and allied services will establish the IFSC as a major financing centre and also give a fillip to the other nonbanking financial services in the IFSC.

[* <https://ifsc.gov.in/Viewer/Index/148>]

5. Introduction of Rupee Derivatives with settlement in foreign currency on the Exchange:

Reserve Bank of India (RBI) has allowed IBUs to participate in exchange traded currency derivatives on Rupee (with settlement in foreign currency) listed on stock exchanges set up at IFSCs vide RBI notifications dated January 20, 2020¹ on “Introduction of Rupee

derivatives of International Financial Services Centre” and (2) dated January 21, 2020² on “Setting up of IFSC Banking Units (IBU’s) – Permissible activities.” RBI has also issued notification dated April 01, 2015 (updated as on January 21, 2020)³ on “Setting up of IFSC Banking Units (IBUs)”. Accordingly, Banks are required to also ensure that their IBUs have necessary expertise to price, value and compute the capital charge and manage the risks associated with the products / transactions intended to be offered and have directed them to obtain their Board’s approval for undertaking such transactions. IBUs are also required to follow all prudential risk mitigation measures as applicable while participating in these products.

The Honourable Finance Minister had made an announcement in her Budget speech while presenting the Finance Bill 2020 of permitting Rupee derivatives to be traded in the IFSC. Later, SEBI vide its circular dated February 03, 2020⁴, prescribed the positions limits for eligible market participants for Currency Future and Options Contracts (involving Indian Rupee) on Exchanges in IFSCs.

Further to the above, India INX, had submitted contract specifications with SEBI and RBI and further to their approvals launched the trading in Rupee derivatives on May 08, 2020 at the august hands of Honourable Finance Minister. India ICC provides the clearing & settlement and risk management services to India INX for the Rupee based derivatives contracts.

Yet another favourable development has been that the RBI, on March 27, 2020, has permitted the IBUs to offer offshore non-deliverable Rupee derivative contracts to persons not resident in India. Given the above developments, it is expected that the IBUs will actively participate in the Rupee derivatives and contribute to the broader goal of on-shoring the NDF market for the Rupee which has hitherto being expanding in the offshore global financial centres.

(Notification ref nos: (1) RBI/2019-20/145, (2) RBI/2019-20/147, (3) RBI/2014-15/533, (4) SEBI/HO/ MRD2/DCAP/CIR/P/2020/17, (5) RBI/2019-20/193, AP (DIR Series) Circular No. 23 (6) <https://www.indiainx.com/circulars/20200506-1/20200506-1.pdf>)

6. Key developments / circulars pertaining to capital markets in the IFSC:

Some of the other key developments during the financial year basis circulars and press release issued by SEBI and IFSC Authority are as follows:

a) **Regulatory measures introduced vide SEBI Press Release dated March 20, 2020 and its periodic reviews by SEBI during the FY2020-21:**

SEBI vide Press Release dated March 20, 2020 had introduced certain regulatory measures in view of the then ongoing market volatility and keeping in view the objective of ensuring orderly trading and settlement, effective risk management, price discovery and maintenance of market integrity. The same were reviewed and periodically extended as required and were in force until November 26, 2020. Subsequently, based on market feedback and the market environment, the above regulatory measures had been finally reviewed and the same were revised subject to certain modifications till further directions. These measures covered stocks in derivatives segment, Index Derivatives and flexing of dynamic price bands for F&O stocks.

[* <https://www.indiainx.com/circulars/20201127-1/20201127-1.pdf>]

b) **Relaxation in timelines for compliance with regulatory requirements:**

In view of the situation arising due to COVID-19 pandemic, lockdown imposed by the Government and representations received from Stock Exchanges, SEBI had earlier provided relaxations in timelines for compliance with various regulatory requirements as of March 2020 by the trading members / clearing members / depository participants, vide circular nos. SEBI/HO/MIRSD/DOP/CIR/P/2020/61-62-68-72 dated 16th, 20th and 24th April, 2020.

Later, timelines / period of exclusion were further extended for certain compliance requirements. In view of the prevailing situation due to Covid-19 pandemic and representation received, the timelines for various compliance with the regulatory requirements by the trading members / clearing members were extended until September 30, 2020, December 31, 2020 and January 31, 2021. The Company had been keeping its members informed and has been monitoring the progress on the various member compliances.

[* [https://www.indiainx.com/Circulars/20201201-2/Annexure%201\\$4664b66d-0cd9-40a6-b1d5-e3813448368c.pdf](https://www.indiainx.com/Circulars/20201201-2/Annexure%201$4664b66d-0cd9-40a6-b1d5-e3813448368c.pdf)]

c) Operating Guidelines for Investment Advisers in International Financial Services Centre (IFSC) – Amendments:

SEBI, vide its circular SEBI/HO/IMD/DF1/CIR/P/2020/185 dated September 28, 2020* amended the provisions of the aforesaid operating guidelines issued earlier in January 2020.

Accordingly now any entity, being a company or a limited liability partnership (LLP) or any other similar structure recognised under the laws of its parent jurisdiction, desirous of operating in IFSC as an Investment Adviser (IAs), may form a company or LLP, excluding those where the applicant is already a company or LLP in IFSC, to provide investment advisory services. IAs to comply with the applicable guidelines issued by the relevant overseas regulator/ authority, while dealing with persons resident outside India and non-resident Indians and also conduct annual audits. Investment advisors, being an important participant in a financial centre, can benefit from the ease of doing business offered by the above amendment.

[* <https://www.indiainx.com/circulars/20200928-1/20200928-1.pdf>]

d) Operating Guidelines for Portfolio Managers in International Financial Services Centre (IFSC):

SEBI, vide its circular SEBI/HO/IMD/DF1/CIR/P/2020/169 dated September 09, 2020* put in place the operating guidelines for portfolio managers (PMs) in IFSC. The same details, inter alia, the applicability, conditions for registration, operational compliances, net worth requirements, client eligibility, segregation of funds, minimum investment amount etc.

[* [https://www.indiainx.com/Circulars/20200909-1/Annexure%20-%201\\$52a167f-d3cb-46e4-bcfb-2efacdf272e2.pdf](https://www.indiainx.com/Circulars/20200909-1/Annexure%20-%201$52a167f-d3cb-46e4-bcfb-2efacdf272e2.pdf)]

e) Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 – Amendments (on Accounting standards):

SEBI, vide its circular SEBI/HO/MRD1/DSAP/CIR/P/2020/154 dated August 21, 2020* amended provisions of the SEBI IFSC Guidelines, 2015. The entities issuing and/or listing their debt securities in IFSC may now prepare their statement of accounts in accordance with IFRS/ US GAAP/ IND AS or accounting standards as applicable to them in their place of incorporation. In case an entity does not prepare its statement of accounts in accordance with IFRS/ US GAAP/ IND-AS, a quantitative summary of significant differences between national accounting standards and IFRS shall be prepared by such entity and incorporated in the relevant disclosure documents to

be filed with the exchange. However, the quantitative summary of significant differences will not be required and a statement of differences between local accounting standards and IFRS/ US GAAP/ IND AS would suffice, if the issue is targeted to institutional investors, along with a disclaimer that issuer has not quantified the effect of applying IFRS/ US GAAP / IND AS to its financial information and investor may make their own judgment in accessing the financial information. This amendment offers ease of doing business for issuers considering listing their issue on the stock exchanges at the IFSC.

[* [https://www.indiainx.com/Circulars/20200825-1/Annexure-1\\$9807848f-5a59-49f3-bd0a-15e30447bb17.pdf](https://www.indiainx.com/Circulars/20200825-1/Annexure-1$9807848f-5a59-49f3-bd0a-15e30447bb17.pdf)]

f) Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 – Amendments (on intermediaries):

SEBI, vide its circular SEBI/HO/MRD1/DSAP/CIR/P/2020/155 dated August 21, 2020* amended provisions of the SEBI IFSC Guidelines, 2015 and enabled entities, based in India or in a foreign jurisdiction, to provide financial services in IFSC, subject to compliance with the applicable regulatory framework/ guidelines as specified by the Board.

[* [https://www.indiainx.com/Circulars/20200825-1/Annexure-2\\$9807848f-5a59-49f3-bd0a-15e30447bb17.pdf](https://www.indiainx.com/Circulars/20200825-1/Annexure-2$9807848f-5a59-49f3-bd0a-15e30447bb17.pdf)]

g) Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 – Amendments (on shareholding of stock exchanges):

On the eligibility and shareholding limit for stock exchanges desirous of operating in IFSC, SEBI vide its circular no. SEBI/HO/IFSC/CIR/P/2020/117 dated July 09, 2020, amended SEBI (IFSC) Guidelines, 2015 to allow, inter alia, the paid up share capital which is over and above the minimum of fifty one per cent to be held by any stock exchange from Indian or foreign jurisdiction, to be held by any other person, whether of Indian or foreign jurisdiction and such person shall not at any time, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than five per cent of the paid up equity share capital in a recognised stock exchange in IFSC.

[* https://www.sebi.gov.in/legal/circulars/jul-2020/securities-and-exchange-board-of-india-international-financial-services-centres-guidelines-2015-amendments_47034.html]

h) Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015-Amendment (on shareholding of clearing corporations):

In line with the amendment at (3) above, in the case of eligibility and shareholding limit for clearing corporations desirous of operating in IFSC, SEBI vide its circular no. SEBI/HO/MRD2/DCAP/CIR/P/2020/149 dated August 09, 2020, amended SEBI (IFSC) Guidelines, 2015 to allow, inter alia, the paid up share capital, which is over and above the minimum of fifty one per cent to be held by any stock exchange or clearing corporation from Indian or foreign jurisdiction, to be held by any other person, whether of Indian or foreign jurisdiction and such person shall not at any time, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than five per cent of the paid up equity share capital in a recognised clearing corporation in IFSC.

[* https://www.sebi.gov.in/legal/circulars/aug-2020/sebi-international-financial-services-centres-guidelines-2015-amendment_47281.html]

i) Clarification on Know Your Client (KYC) Process and Use of Technology for KYC:

Know Your Customer (KYC) and Customer Due Diligence (CDD) policies as part of KYC are the foundation of an effective Anti-Money Laundering process. The KYC process requires every SEBI registered intermediary (hereinafter referred to as 'RI') to collect and verify the Proof of Identity (PoI) and Proof of Address (PoA) from the investor.

The provisions as laid down under the Prevention of Money-Laundering Act, 2002, Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, SEBI Master Circular on Anti Money Laundering (AML) dated October 15, 2019 and relevant KYC / AML circulars issued from time to time shall continue to remain applicable.

SEBI vide its circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/73 dated April 24, 2020 has laid out detailed process for carrying out the KYC and using technology for the same. In order to enable the Online KYC process for establishing account based relationship with the RI, Investor's KYC can be completed through online / App based KYC, in-person verification through video, online submission of Officially Valid Document (OVD) / other documents under eSign. Validations for mobile, emails, Aadhaar, PAN, Bank accounts of investors can now be facilitated through One Time Password and verifications from the UIDAI, Income Tax database and by penny drop mechanism respectively. To enable ease of completing IPV of an investor, intermediaries may also use the Video based In Person Verification of an individual investor through their Apps.

These measures offer ease of doing business for on-boarding clients by the market intermediaries.

[*[https://www.indiainx.com/Circulars/20200424-1/Annexure%201\\$808b21ab-e022-40fa-b833-3a5b118e86f6.pdf](https://www.indiainx.com/Circulars/20200424-1/Annexure%201$808b21ab-e022-40fa-b833-3a5b118e86f6.pdf)]

7. Key Notifications issued by various authorities in FY20-21:

- i. List of notifications pertaining to the IFSCA are listed below:
 - a. Notification no. GSR1383E dated April 27, 2020 about date of establishment of IFSC Authority and the head office shall be at Gandhinagar
 - b. Notification no. GSR269E dated April 29, 2020 about IFSCA (Rules), 2020
 - c. Notification no. SO223 dated July 07, 2020 about appointment of Chairperson, IFSC Authority
 - d. Notification no. S2436E & SO2527E dated July 24, 2020 & July 30, 2020 about appointment of Members of the, IFSC Authority
 - e. Notification no. SO2844E dated August 21, 2020 about certain provisions of the IFSC Act, 2019 to come into force
 - f. Notification no.2957E dated August 31, 2020 notification by Dept. Of Economic Affairs, MoF about notification of bullion spot delivery contracts and bullion depository receipts with underlying bullion as Financial products and trading in bullion depository receipts with underlying bullion in relation to bullion spot delivery contracts and bullion financing, bullion based loans, bullion loans against collateral, bullion vaulting, clearing and settlement services in relation to bullion spot delivery contracts and bullion depository receipts as Financial services.
 - g. Notification no. RBI/2020-21/99 dated February 16, 2021 on Remittances to International Financial Services Centres (IFSCs) in India under the Liberalised Remittance Scheme (LRS).
 - h. The Central Government notified Aircraft Lease and Global in-House Centres in IFSCA Act, 2019 on October 16, 2020*. The same notified aircraft lease which includes operating and financial lease and any hybrid of operating and financial lease of aircraft or helicopter and engines of aircraft or helicopter or any other part thereof, as financial product. It also notified Global in-House Centres (GIC), as financial service to provide services relating to financial products and financial services to be prescribed by the Authority in regulations.

[*<https://ifsc.gov.in/Viewer/Index/98>]

Covid 19 : Seamless trading and settlement operations during a year of pandemic.:

Pursuant to the WHO's announcement of Covid-19 as a global pandemic, the Ministry of Home Affairs had issued an order (no. 40-3/2020-D) dated March 24, 2020, in which various guidelines had been issued laying down the measures to be taken by departments of the Government of India and the State Governments for containment of pandemic. While the Order, inter alia, provided that most commercial establishments should be closed down, the capital market services, being part of 'essential services', as notified by SEBI were exempted from such closures. Accordingly, INDIA INX / INDIA ICC, being SEBI/IFSCA recognized stock exchange / clearing corporation, continued to offer seamless trading and settlement services even during the current Lockdown. The Companies continue to note and follow all directions issued by the government and various authorities while striving to seamlessly conduct operations.

The management of India ICC, with an aim to conduct the normal operations and prompt identification and resolution of issues, if any, has been closely tracking the evolving situation. India ICC has activated its BCP framework and, as part of its BCP measures, it continues its systems operations from the "Primary Site" at GIFT IFSC, an isolated and quarantined location similar to a DR site, which has a resilient IT Infrastructure backbone with minimal required staff strength.

Additionally, readiness is maintained to utilize, if required, its DR Site at Hyderabad, notwithstanding the yet to be resolved matter of regarding trades executed at the DR site to be deemed to have been effected at GIFT SEZ and the resultant lenient tax treatment thereof. Employees have been given remote access to their computer systems using a framework called Virtual Private Network (VPN) keeping in mind the information security needs along with flexibility required in current situation which enables them to work remotely from their homes without affecting the information security protocol.

The Company has deployed minimum staff on shift basis for mission critical activities while adopting "Work From Home procedures" towards support for mission critical tasks and conduct of business critical activities. All necessary precautions and requirements with respect to frequent sanitisation, social distancing and wearing of masks is observed in the office. Communication lines with all stakeholders, IFSC Authority, banks, exchange and market participants have been kept active and constant monitoring is done of daily situation.

DIVIDEND

In view of the loss incurred by the company during the year under review, your board of Directors do not recommend any dividend for the F.Y. 2020-21.

TRANSFER TO RESERVES

In view of the loss incurred by the company during the year under review, your Board of Directors do not recommend appropriating any amount to be transferred to General Reserves for the F.Y. 2020-21.

ISSUE OF SHARES, ETC.

During the year under review, the authorized capital of the company has been increased from Rs. 115 Crores to Rs. 160 Crores vide resolution passed by members at its meeting held on November 9, 2020. The company has not made allotment of shares during the year under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During the year under review, the Company has not entered into any transactions pursuant to Section 186 of the Companies Act, 2013 and rules made thereunder.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has no subsidiaries, associates and joint ventures.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (“KMP”)

➤ Appointments

No Director or KMP has been appointed during the year under review.

The composition of Directors and KMPs of the Company is as under:

- **Directors**

The Board of Directors comprises of Shri Ashishkumar Chauhan-Chairman, Dr. Alok Mohan Sherry-Independent Director, Shri Balasubramaniam Venkataramani-Director, Shri Sameer Patil- Director and Shri Arup Mukherjee- Managing Director & CEO.

- **Key Managerial Personnel**

Shri Arup Mukherjee, Managing Director & CEO, Shri Deepak Khemani, Chief Financial Officer and Ms. Nikita Lakhiyani, Company Secretary are the Key Managerial Personnel of the Company pursuant to the Companies Act, 2013.

➤ **Cessation:**

No Directors or KMP ceased to hold the office during the year under review:

DECLARATION OF INDEPENDENCE

The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Companies Act, 2013. He has submitted a declaration that he meets the criteria of independence as provided in sub section (6) of Section 149 of the Companies Act, 2013. Further, In compliance with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Director of the Company has registered himself with the India Institute of Corporate Affairs (IICA), Manesar and has included his names in the databank of Independent Directors within the statutory timeline and he has also passed online self assessment proficiency test as applicable to them.

NUMBER OF MEETINGS HELD DURING THE FINANCIAL YEAR

During the financial year, five Board Meetings were convened and held on April 17, 2020; July 17, 2020; October 16, 2020, January 20, 2021 and March 18, 2021.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual evaluation of the performance of the Board and of Individual Directors and the Individual Directors: -

S. No.	Evaluation done by	Evaluation done for
1	Independent Directors	Non-Independent Directors
2	Independent Directors	Chairman
3	Independent Directors	Entire Board
4	Entire Board	All Individual Directors

S. No.	Evaluation done by	Evaluation done for
5	Entire Board	Independent Director
6	Entire Board	Chairman
7	Entire Board	Entire Board

Criteria for performance evaluation of the Individual Directors included aspects like knowledge and competency, ability to function as a team, initiatives, fulfillment of functions etc. Further, for the performance evaluation of the Board as a whole, aspects like roles and responsibilities of the Board & strategy and performance evaluation, governance and compliance, grievance redressal for investors & conflict of interest evaluation, stakeholder value and responsibility etc. formed part of the criteria.

A STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR

No appointment or reappointment of independent director made during the year under review.

AUDITORS & AUDITOR'S REPORT

Statutory Auditor

The Statutory Auditors, M/s. Dalal Doctor & Associates, (Firm Registration No. 120833W) were appointed as the Statutory Auditors of the company at the third Annual General Meeting (AGM) of the Company held on April 25, 2019 for a period of five years till the conclusion of the eighth AGM to be held in the year 2024.

The Report given by the Statutory Auditors on the financial statements of the Company is part of the Annual Report.

Secretarial Auditor

Pursuant to provisions of section 204 of the Companies Act, 2013 and rules framed thereunder, M/s. Yash Mehta & Associates, Practicing Company Secretaries, were appointed to undertake Secretarial Audit of the Company.

The Secretarial Audit Report forms part of the Directors' Report as **Annexure-1**.

Explanations or comments by the Board on qualification, reservation or adverse remark or disclaimer made by auditors:

There have been no qualifications, reservations, adverse remarks or disclaimers given by the Statutory Auditor and Secretarial Auditor in their Reports. No instance of fraud has been reported by the Auditors under sub-section (12) of Section 143 of the Companies Act, 2013.

Internal Auditor

Internal Audit for the year ended March 31, 2021 was done by M/s. S. Panse & Co., LLP and internal audit report at relevant intervals were placed before the Board.

POLICY MATTERS

Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters

The provisions of Section 178 of the Companies Act, 2013 in relation to policy on Directors' appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters are not applicable to the Company as per the exemption notification no. G.S.R. 08(E) dated January 4, 2017.

Corporate Social Responsibility

The provisions of Section 135 of the Companies Act, 2013 in relation to Corporate Social Responsibility are not applicable to the Company for a period of five years from the date of commencement of Business as per the exemption notification no. G.S.R. 08 (E) dated January 4, 2017.

Vigil Mechanism Policy

The provisions of Section 177 of the Companies Act, 2013, in relation to the Vigil Mechanism Policy are specifically exempted for IFSC Public Limited Company by Ministry of Corporate Affairs through exemption notification no. G.S.R. 08(E) dated January 4, 2017.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLCE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has always believed in providing a safe and harassment free workplace for every individual working in its premises through various policies and practices. The Company has always endeavored to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has adopted a policy on Prevention of Sexual Harassment at Workplace against women employees which aims at prevention of harassment of women employees and lays down the guidelines for identification, reporting and prevention of undesired behavior. An internal complaints committee has been set up by the senior management, as per requirement of the Act. This committee is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

During the year ended March 31, 2021, no complaints pertaining to sexual harassment have been received.

RISK MANAGEMENT MECHANISM

Risk Management is a vital activity for the Company and is the practice of identifying potential risks in advance, analyzing them and taking precautionary steps to reduce/curb the risk. It is an enterprise wide function at the Company, which covers major business and functional areas including strategy, operations, technology and compliance. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Several risks can impact the achievement of a particular business objective. Similarly, a single risk can impact the achievement of several business objectives. The focus of risk management is to assess risks, deploy mitigation measures and review them, including the risk management policy on a periodic basis. This is done through periodic review meetings.

The risk in relation to internal control over financial recording and reporting is reviewed by the Board. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. These systems are routinely tested and certified by Statutory as well as Internal Auditors. The Board reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's financial risk management policies and systems.

During the period, the Company initiated the periodic compliance audit with ISO 27001 Information Security Management System framework with the objective of continuous improvement. The risk management framework within ISO 27001 determines the probability and magnitude of harm that could come to an information system and ultimately the Company itself in the event of a security breach. By determining the amount of risk that exists, the Company will be in a better position to determine how much of that risk should be mitigated and what controls should be used to achieve that mitigation. The scope of ISO 27001 risk management pertains to any information system of the Company and it applies to various assets like information asset, IT assets, Business and operation's process or procedure and or legal, regulatory and contractual requirements by which these assets are administered and/or maintained.

In order to improve adherence to compliances of the various regulatory bodies governing us, Legatrix system has been implemented at the Company. Legatrix system can keep an automatic tracking of adherence to the various compliance and trigger automatic escalations in case of delay/noncompliance. This system is a comprehensive, robust, highly customizable legal support solution for tracking, managing and reporting on legal, regulatory and internal compliances. Each compliance can be added to a risk vector and, based on the periodicity defined of each compliance, the adherence report can be auto generated by the system. A workflow is defined in the system where each department head receives the MIS on the compliance related to their departments.

For each risk identified, risk reduction can be achieved through the implementation of a managed system architecture that includes the following components:

- Technical
- Financial
- Informational
- Operational
- Procedural
- Physical
- Personnel
- Cyber

The risk that the organization carries regarding the threat to its information is the result of a combination of factors. Any change to either of these factors will alter the risk profile.

Reviewing of Information Security on a regular basis is vital to ensure that the safeguards employed continue to offer the appropriate level of protection.

The Risk Assessment is reviewed at least once every year or in the event of any major changes brought about within the organization or any of its internal/external functional processes and

also in the event a security incident takes place which could have an impact on the Risk Profile.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has maintained adequate internal financial controls over financial reporting.

These includes policies and procedures –

- a. Pertaining to the maintenance of records that is reasonably detailed, accurately and fairly reflects the transactions and dispositions of the assets of the Company,
- b. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Indian Accounting Standards (“Ind AS”) notified under the Companies (Ind AS) Rules 2015 as amended from time to time, and that receipts and expenditures of the Clearing Corporation are being made only in accordance with authorization of management and directors of the Company, and
- c. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material impact on the financial statements. Such internal financial controls over financial reporting were operating effectively as of March 31, 2021.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the period under review the Company has entered into the transactions with related parties at arm’s length price as referred to in sub section (1) of Section 188 of the Companies Act, 2013, the details of which are provided in the financial statements of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Conservation of Energy

The Company is located at Gujarat International Finance Tech City (GIFT City), which is India’s model smart city. The city’s air-conditioning system runs on chilled water which is also used for offices located at GIFT City. This results in significant reduction in energy consumption. The floor has glasses all around and we also use the ambient light for lighting purposes as much as possible. This reduces the electricity consumption due to lesser need of lighting during the day. The Company also takes

appropriate steps for conservation of energy in its day to day operations by switching off lights, taking advantage of natural light wherever possible.

(B) Technology Absorption

At the outset, the Company is happy to mention that the uptime of collateral, clearing & settlement systems was 100% and there were no outages. With continuous and sustain efforts, the Company maintained the uptime of the all collateral, clearing & settlement systems. The company has not imported any technology during the year.

(C) Foreign Exchange Earnings and Outgo

The functional currency of company is USD and the presentation currency is INR. Foreign currency is a currency other than the functional currency of the entity. Hence, a) for the purpose of reporting of foreign exchange outgo, the conversion of amount from USD to INR is being considered for reporting herein. b) Company generates its revenue from operations and investment income in USD only. Only incentive from government authorities and refunds from authorities is being received in INR which is not being considered for reporting of foreign exchange earnings.

Foreign exchange earnings and outgo during the year under review:

Foreign Exchange Earnings – Nil

Foreign Exchange Outgo – USD 3,53,000 (P.Y.: USD 3,55,998)

During the year under review, Company received earning from outside India is USD Nil (P.Y. USD Nil) and payment towards expenses made outside India is USD 141,526 (P.Y. USD 14,594).

HUMAN RESOURCE

India ICC has laid down HR policies to make benefits and compensation more transparent and employee friendly. Also, the organizational structure of India ICC has enhanced the accountability and efficiency to align with the performance management and reward strategies.

The provisions of Section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 are not applicable to the Company.

DEPOSITS

Your Company did not accept any deposits within the meaning of provisions of Chapter V- Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub section (5) of Section 134 of the Companies Act, 2013, the Directors hereby confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii) they have selected such accounting policies and applied them consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year March 31, 2021 and of the losses of the Company for that period;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis;
- v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

OTHER DISCLOSURES

Extract of Annual Return

The provisions of Section 92(3) of the Companies Act, 2013 regarding providing an extract of return in Board's Report is specifically exempted by Ministry of Corporate Affairs through exemption notification dated January 4, 2017.

Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

There were no material changes and commitments that took place and had affected the financial position of the Company after the end of the financial period ended March 31, 2021.

Change in the Nature of Business

The Company has not undergone any changes in the nature of the business during the financial year.

Material orders passed by the regulators or courts or tribunals impacting the going concern status of the company.

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

ACKNOWLEDGMENTS

We take the opportunity to express gratitude to the Bankers, Statutory Authorities, Service Providers and Stakeholders for the support and co-operation extended by them from time to time.

For and on behalf of the Board of Directors,

Ashishkumar Chauhan
Chairman
DIN: 00898469

Date: April 20, 2021

Place: Mumbai

Registered Office: 1st Floor, Unit No. 102, The Signature, Building no. 13B, Road 1C, Zone 1, GIFT SEZ, GIFT CITY, Gandhinagar, Gujarat – 382355.

Note:

In this report:

(a) “Company” has been used to denote India International Clearing Corporation (IFSC) Limited

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2021

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

To,
The Members,
INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) LIMITED
CIN: U67190GJ2016PLC093683
1st Floor, Unit No. 102, The Signature Building No.13B,
Road 1C, Zone 1, GIFT SEZ, GIFT CITY,
Gandhinagar – 382355, Gujarat, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) LIMITED** a Subsidiary of BSE Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company is an IFSC (International Financial Service Centre) Company which has obtained necessary approval from Central Government for setting up its centre in SEZ. The Company provides clearing & settlement, risk management services.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **March 31, 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- 1) *The Companies Act, 2013 (the Act) and the Rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- 3) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
 - (a) The Securities and Exchange Board of India (Regulatory Fees on Stock Exchanges) Regulations, 2006

- (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (c) The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.
- (d) Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015:

As per SEBI circular no. SEBI/HO/MRD/DRMNP/CIR/P/2019/60, dated April 26, 2019, the Company was required to have a minimum net worth equivalent of rupees fifty crores initially and enhance its net worth to a minimum equivalent of rupees one hundred crores or risk based capital whichever is higher, over the period of three years from commencement of operations, i.e. by January 15, 2020.

However, the Company has received relaxation from SEBI vide letter ref no. MRD/DRMNP/OW/16849/1/2019 dated July 03, 2019 as follows;

“The net worth requirement of Rs. 100 Crore or risk based capital whichever is higher has been relaxed to Rs. 50 Crores or risk based capital whichever is higher for a period of one year.”

“further the Company is advised to maintain the aforesaid net worth of Rs. 50 crores or risk based capital whichever is higher at all times as per SEBI circular dated April 26, 2019.”

Further on November 10, 2020, the Company sought relaxation in the requirement of Networth of Rs. 100 Crore and it has been relaxed to Rs. 50 crore or risk based capital whichever is higher subject to maintenance of the minimum net worth of Rs. 50 crore at all times as mandated under clause 5(2) of SEBI (IFSC) Guidelines, 2015 by IFSCA* (International Financial Services Centres Authority) for the period of 1 year vide its letter ref no. 126/IFSCA/India ICC/2020-21 dated December 16, 2020.

- (e) Rules, Regulations, Circulars, Orders, Notifications and Directives issued under the above statute to the extent applicable.
- 4) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - 5) Foreign Exchange Management Act, 1999 and the Rules and Regulations framed thereunder and to the extent it is applicable to IFSC Company;
 - 6) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are **NOT APPLICABLE** to the Company as the Company's Securities are not listed on any Stock Exchange except those which are specifically applicable to IFSC Company and Clearing Corporations registered with SEBI:

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / The Securities and Exchange Board of India (Share Based Employees Benefits), Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (g) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018;
- (h) The Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (Came into force w.e.f.01.01.2019)
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Following Standards / Clauses / Regulations were not subject to our examination as the same are **NOT APPLICABLE** to the Company:

- i) Secretarial Standards with respect to the Meetings of the Board of Directors and Committee Meetings of the Board (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

We have relied on the representations made by the Company, its officers and on the reports given by designated professionals for systems and processes formed by the Company to monitor and ensure compliances under applicable Acts, Laws and Regulations to the Company.

Auditor's Responsibility

The responsibility of the Auditor is to express opinion on the compliance with the applicable laws and maintenance of records based on audit. The audit was conducted in accordance with applicable Standards and those Standards require that the Auditor comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of Records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not

be detected, even though the audit is properly planned and performed in accordance with the Standards.

We further report that:

During the year under review, the Company has **COMPLIED** with all the material aspects of the provisions of the Act, Rules, Regulations, Guidelines, and Standards etc. as mentioned above. The Board of Directors of the Company is duly constituted. The changes in the composition of Board that took place during the year under review were carried out in compliance of the provisions of Act.

Adequate notice is given to all the Directors to schedule the Board Meetings in advance in due compliances of law. Agenda and detailed notes on agenda were also sent in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of Board of Directors / Committees of the Company were carried through on the basis of majority. We were informed that there were no dissenting views by any members of Board / Committee in the meetings held during the year under review that were required to be captured and recorded as part of minutes

We further report that:

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that:

During the audit period, there were following instances of:

- a) Shri Sameer Patil was regularized as Non Executive Director of the company w.e.f. 17thApril, 2020.
- b) Reappointment of Dr. Alok Mohan Sherry as an Independent Director of the Company for a further period of three years commencing from March 14, 2020 to March 13, 2023 in the AGM held on 17.04.2020.
- c) Increase in Authorized Share Capital of the Company from Rs. 115,00,00,000.00/- divided into 115,00,00,000 equity shares of Rs. 1/- each to Rs. 160,00,00,000.00/- divided into 160,00,00,000 equity shares of Rs. 1/- each and alteration in Clause V of Memorandum of Association of the Company by the members of the Company at their Extraordinary General Meeting held on 09.11.2020.
- d) Issuance of 18,57,89,142 (Eighteen Crore Fifty Seven Lakh Eighty Nine Thousand One Hundred and Forty Two) Equity Shares of Re. 1/- (Rupee One Only) each, on a preferential basis to Institutional Investors in terms of Special Resolution passed at the Extra Ordinary General Meeting of the company held on 22.12.2020 which was not subscribed and allotted.
- e) Issuance of 18,52,75,000 (Eighteen Crore Fifty Two Lakh Seventy Five Thousand) Equity Shares of Re. 1/- (Rupee One Only) each, on a preferential basis to the

Institutional Investors and Individual Investors in terms of Special Resolution passed at the Extra Ordinary General Meeting of the company held on 29.03.2021.

There were no other instances of:

- a) Public issue / Right issue of Shares / Debentures / Sweat Equity etc.
- b) Redemption / Buy – Back of Securities.
- c) Merger / amalgamation / Reconstruction etc.
- d) Foreign Technical Collaboration.

**FOR YASH MEHTA& ASSOCIATES
COMPANY SECRETARIES**

Date : 20.04.2021
Place : Ahmedabad

**YASH MEHTA
PROPRIETOR
ACS : 45267
COP :16535
UDIN: A045267C000171041**

*Note1: The Company being an IFSC Company is exempted from complying with certain provisions of Companies Act, 2013 pursuant to the Notification issued by MCA dated January 4, 2017.

*Note 2: IFSCA is an Authority established under sub-section (1) of Section 4 of International Financial Services Centres Authority Act, 2019 to develop and regulate the financial services market in the International Financial Services Centres in India for matter connected therewith or incidental thereto.

Note 3: We have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 for the purpose of issuing this report.

This report is to be read with our letter of even date which is annexed as “ANNEXURE - A” and forms an integral part of this report

“ANNEXURE - A”

To,
The Members,
INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) LIMITED
CIN: U67190GJ2016PLC093683
1stFloor, Unit No. 102, The Signature Building No.13B,
Road 1C, Zone 1, GIFT SEZ, GIFT CITY,
Gandhinagar – 382355, Gujarat, India.

Our report of even date is to be read along with this letter:

1. Maintenance of Secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a responsible basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.

FOR YASH MEHTA & ASSOCIATES
COMPANY SECRETARIES

YASH MEHTA
PROPRIETOR
ACS : 45267
COP : 16535
UDIN : A045267C000171041

Date : 20.04.2021
Place : Ahmedabad



**INDIA INTERNATIONAL
CLEARING CORPORATION
(IFSC) LIMITED**

**Audited Financial Statement
For the Year ended March 2021**

Independent Auditor's Report

To the Members of India International Clearing Corporation (IFSC) Limited

Report on the Audit of Ind AS financial statements

Opinion

We have audited the accompanying Ind AS financial statements of **India International Clearing Corporation (IFSC) Limited** (herein after referred to as 'the Company') which comprise the balance sheet as at 31 March 2021, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as 'the Ind AS financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, the loss including total comprehensive income, 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 specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Ind AS Financial Statements.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the 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 during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Ind AS financial statements

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

In preparing the Ind AS financial statements, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Ind AS financial statements

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also

responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings 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 Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The balance sheet, the statement of profit and loss, the statement of cash flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the director is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's Internal financial control over financial reporting ;
 - (g) In terms of Notification No G.S.R. 08(E) dated January 4, 2017 issued by the Ministry of Corporate Affairs under section 462 of the Act and in pursuance of sub-section (2) of the said section of Companies Act 2013(18 of 2013), the provisions of section 197 in respect of the remuneration paid by the Company to its directors are not applicable to the Company. Hence reporting under section 197(16) of the Act is not applicable to the Company;
 - (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, to the best of our information and according to the explanations given to us we state that:
 - (i) there is no pending litigation against the Company
 - (ii) there are no material foreseeable losses on long term contracts including derivative contract where provision is required to be made by the Company under any law or accounting standards
 - (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Dalal Doctor & Associates
Chartered Accountants
FRN: 120833W

Amol Khanolkar
Partner
Membership No.: 116765
Date: April 20, 2021
UDIN: 21116765AAAADA1076

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year March 31, 2021, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme of physical verification of its fixed assets by which fixed assets are verified once every year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its asset. Pursuant to the program, the fixed assets were verified during the year. In our opinion and according to information and explanation given to us no material discrepancies were noticed on such verification.

(c) According to the information and explanation given to us and based on the examination of registered lease deed provided to us in respect of immovable property of office premise that has been taken on lease and disclosed as fixed asset, the lease agreement is in the name of the Company.

(ii) The Company is a service company, primarily rendering clearing and settlement services. Accordingly, it does not hold any physical inventories. Hence reporting under paragraph 3(ii) of the Order is not applicable to the Company.

(iii) To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the Order is not applicable.

(iv) To the best of our knowledge and according to the information and explanations given to us, the Company has not made any investment or provided any guarantee or security in terms of provisions of section 185 and 186 of the Act. Hence reporting under paragraph 3 (iv) of the Order is not applicable.

(v) To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted deposits from public and therefore, reporting under paragraph 3 (v) of the Order is not applicable.

(vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act in respect of rendered by the Company. Hence reporting under clause 3(vi) of the order is not applicable to the Company.

- (vii) According to information and explanations given to us and on the basis of our examination of the books of account, and records, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Excise duty, Cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2021 for a period of more than six months from the date on when they become payable.
 - (b) There were no material dues of Income Tax, Goods and Service Tax, Duty of customs, Duty of Excise as applicable that were not deposited by the Company on account of dispute.
- (viii) To the best of our knowledge and according to the explanations given to us, the Company has not taken any loans or borrowings from any financial institution, banks, government or has not issued any debentures. Hence reporting under paragraph 3 (viii) of the Order is not applicable to the Company.
- (ix) To the best of our knowledge and according to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments) and term loans and hence reporting under clause paragraph 3 (ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In terms of Notification No G.S.R. 08(E) dated January 4, 2017 issued by the Ministry of Corporate Affairs under section 462 of the Act and in pursuance of sub-section (2) of the said section of Companies Act 2013(18 of 2013), the provisions of section 197 in respect of the remuneration paid by the Company to its directors are not applicable to the Company. Hence reporting under clause paragraph 3 (xi) of the Order is not applicable to the Company.
- (xii) To the best of our knowledge and according to the information and explanations given to us, the Company is not a nidhi company. Hence reporting under the paragraph 3(xii) of the Order is not applicable.
- (xiii) In terms of Notification No G.S.R. 08(E) dated January 4, 2017 issued by the Ministry of Corporate Affairs under section 462 of the Act, the provisions of section 177 are not applicable to the Company. To the best of our knowledge and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Act, as applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has preferential allotment or private placement of shares or fully or partly convertible debentures during the year and in respect of which the Company complied with section 42 of the Act and amount raised have been applied for the purposes for which the funds are raised.
- (xv) To the best of our knowledge and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and thus provisions of section 192 of the Companies Act, 2013 are not applicable to the Company. Hence reporting under paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45 -IA of the Reserve Bank of India Act 1934.

For Dalal Doctor & Associates
Chartered Accountants
FRN: 120833W

Amol Khanolkar
Partner
Membership No.: 116765
April 20, 2021
UDIN: 21116765AAAADA1076

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of India International Clearing Corporation (IFSC) Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Dalal Doctor & Associates

Chartered Accountants

FRN: 120833W

Amol Khanolkar

Partner

Membership No.: 116765

April 20, 2021

UDIN: 21116765AAAADA1076

India International Clearing Corporation (IFSC) Limited					
Balance Sheet as at March 31, 2021					
Particulars	Note No.	As at March 31, 2021		As at March 31, 2020	
		(Rs)	(USD)	(Rs)	(USD)
		Audited	Audited	Audited	Audited
ASSETS					
1 Non-current Assets					
a. Property, Plant and Equipment	3	3,23,93,668	4,40,702	4,15,92,738	5,51,731
b. Intangible Assets	4	32,85,219	44,694	47,92,659	63,575
c. Financial Assets					
(i) Other Financial Assets	7	62,11,77,782	84,50,858	8,35,82,307	11,08,726
d. Non-current Tax Assets (net)		12,80,158	17,416	11,76,397	15,605
Total		65,81,36,827	89,53,670	13,11,44,101	17,39,637
2 Current Assets					
a. Financial Assets					
(i) Cash and Cash Equivalents	5 (a)	8,12,77,381	11,05,744	12,53,71,125	16,63,058
(ii) Bank Balances Other than (i) Above	5 (b)	3,15,59,757	4,29,357	-	-
(iii) Trade Receivables	6	2,91,299	3,963	20,279	269
(iv) Other Financial Assets	7	28,70,41,661	39,05,079	75,39,44,261	1,00,01,131
b. Other Assets	8	41,58,822	56,579	7,24,986	9,617
Total		40,43,28,920	55,00,722	88,00,60,651	1,16,74,075
Total Assets		1,06,24,65,747	1,44,54,392	1,01,12,04,752	1,34,13,712
EQUITY AND LIABILITIES					
1 Equity					
a. Equity Share Capital	9	88,79,02,331	1,31,18,318	88,79,02,331	1,31,18,318
b. Other Equity	10	2,50,83,521	(6,97,536)	43,21,608	(12,82,896)
Total		91,29,85,852	1,24,20,782	89,22,23,939	1,18,35,422
LIABILITIES					
2 Non-current Liabilities					
a. Financial Liabilities					
(i) Other Financial Liabilities	12	40,428	550	42,593	565
b. Provisions	13	6,58,529	8,959	5,64,942	7,494
c. Other Liabilities	14	10,11,939	13,767	19,78,126	26,240
Total		17,10,896	23,276	25,85,661	34,299
3 Current Liabilities					
a. Financial Liabilities					
(i) Trade Payables					
a. Total outstanding dues of micro enterprises and small enterprises	11	-	-	-	-
b. Total outstanding dues of creditor other than micro enterprises and small enterprises	11	16,39,155	22,300	21,45,935	28,466
(ii) Other Financial Liabilities	12	14,35,03,227	19,52,300	11,18,01,361	14,83,054
b. Provisions	13	13,84,314	18,833	12,03,159	15,960
c. Other Liabilities	14	12,42,303	16,901	12,44,697	16,511
Total		14,77,68,999	20,10,334	11,63,95,152	15,43,991
Total Equity and Liabilities		1,06,24,65,747	1,44,54,392	1,01,12,04,752	1,34,13,712
See accompanying notes forming part of the financial statements	1-2				
In terms of our report attached For Dalal Doctor & Associates Chartered Accountants Firm Reg. No.: 120833W		For and on behalf of the Board of Directors			
Amol Khanolkar Partner Membership No.: 116765	Ashishkumar Chauhan Chairman	Arup Mukherjee Managing Director & CEO			
Date: April 20, 2021 Place: Mumbai	Deepak Khemani Chief Financial Officer Place: Gandhinagar	Nikita Lakhiyani Company Secretary			

India International Clearing Corporation (IFSC) Limited
Statement of Profit and Loss for the year ended March 31, 2021

Particulars	Note No.	For the year ended March 31, 2021		For the year ended March 31, 2020	
		(Rs)	(USD)	(Rs)	(USD)
		Audited	Audited	Audited	Audited
1 Revenue from Operations	15	82,888	1,117	54,506	769
2 Investment Income		1,55,36,543	2,09,371	2,11,76,194	2,98,765
3 Other Income	16	23,33,328	31,444	16,02,576	22,610
4 Total Revenue (1+2+3)		1,79,52,759	2,41,932	2,28,33,276	3,22,144
5 Expenses					
Employee Benefits Expense	17	1,56,78,794	2,11,288	1,66,08,533	2,34,322
Administration and Other Expenses	18	2,26,40,189	3,05,100	1,39,16,404	1,96,340
Finance Costs		297	4	1,772	25
Depreciation and Amortisation Expenses	3&4	96,40,074	1,29,910	96,62,948	1,36,330
Total Expenses		4,79,59,354	6,46,302	4,01,89,657	5,67,017
6 Profit / (loss) before tax (4 - 5)		(3,00,06,595)	(4,04,370)	(1,73,56,381)	(2,44,873)
7 Tax Expense:					
Current tax and Deferred tax		-	-	-	-
8 Profit / (Loss) For The Year From Continuing Operations (6 - 7)		(3,00,06,595)	(4,04,370)	(1,73,56,381)	(2,44,873)
9 Profit from Discontinuing Operations		-	-	-	-
10 Tax Expenses of Discontinuing Operations		-	-	-	-
11 Profit from Discontinuing Operations (after tax) (9+10)		-	-	-	-
12 Profit / (Loss) For The Year (8 + 11)		(3,00,06,595)	(4,04,370)	(1,73,56,381)	(2,44,873)
13 Other Comprehensive Income					
A Items that will not be reclassified to profit or loss					
(i) Remeasurement of defined benefit plan		20,184	272	(8,505)	(120)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-	-
B Items that will be reclassified to profit or loss					
(i) Foreign Currency translation reserve		(2,19,81,489)	-	7,15,60,006	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-	-
Total Other Comprehensive Income For The Year		(2,19,61,305)	272	7,15,51,501	(120)
Total Comprehensive Income For The Year (12+13)		(5,19,67,900)	(4,04,098)	5,41,95,120	(2,44,993)
14 Earning Per Equity Share :	20				
Basic and Diluted before and after exceptional items		(0.034)	(0.0005)	(0.020)	(0.0003)
Per value of share Rs		1	NA	1	NA
Weighted average number of shares (Nos.)		88,79,02,331	88,79,02,331	85,76,40,873	85,76,40,873
See accompanying notes forming part of the financial statements	1-2				

In terms of our report attached
For Dalal Doctor & Associates
Chartered Accountants
Firm Reg. No.: 120833W

For and on behalf of the Board of Directors

Amol Khanolkar
Partner
Membership No.: 116765

Ashishkumar Chauhan
Chairman

Arup Mukherjee
Managing Director & CEO

Date: April 20, 2021
Place: Mumbai

Deepak Khemani
Chief Financial Officer
Place : Gandhinagar

Nikita Lakhiani
Company Secretary

India International Clearing Corporation (IFSC) Limited
Cash Flow Statement for the year ended March 31, 2021

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
A. Cash Flow From Operating Activities				
Profit / (Loss) For The Year	(3,00,06,595)	(4,04,370)	(1,73,56,381)	(2,44,873)
Depreciation and Amortisation Expenses	96,40,074	1,29,910	96,62,948	1,36,330
Contribution to Default Fund	-	-	(46,06,078)	(61,100)
Remeasurement of Defined Benefit Plan	20,184	272	(8,505)	(120)
Interest Income on Fixed Deposits	(1,55,36,543)	(2,09,371)	(2,11,76,194)	(2,98,765)
Foreign Currency Translation Reserve	(1,97,90,839)	-	6,48,73,680	-
<u>Adjustments for Changes in operating Liability and Assets</u>				
Trade Payable	(5,06,780)	(6,166)	4,29,379	3,650
Trade Receivables	(2,71,020)	(3,694)	29,870	456
Provisions	2,74,742	4,338	1,43,544	(32)
Other Liabilities	(9,68,581)	(12,083)	(5,86,925)	(12,326)
Other Financial Liabilities	3,16,99,701	4,69,231	2,51,33,717	2,30,061
Other Financial Assets	(2,31,694)	(3,197)	7,23,001	10,610
Other Assets	(34,33,836)	(46,962)	(27,462)	467
	(2,91,11,187)	(82,092)	5,72,34,594	(2,35,642)
Taxes Paid	(1,03,761)	(1,811)	(11,26,663)	(14,886)
Net Cash Generated From / (Used in) Operating Activities	(2,92,14,948)	(83,903)	5,61,07,931	(2,50,528)
B. Cash Flow From Investing Activities				
Purchase of Property, Plant & Equipment and Intangible Assets (Refer Note 3 below)	10,66,436	-	(41,90,967)	(1,941)
Investment in Fixed deposit	(84,20,38,550)	(1,17,33,432)	(1,04,33,89,515)	(1,30,68,400)
Proceeds of Maturity of Fixed Deposit	80,47,58,857	1,09,48,400	87,07,09,633	1,15,50,033
Interest Income Received	2,08,40,023	2,80,841	2,18,50,113	3,08,273
Net Cash Generated From / (Used in) Investment Activities	(1,53,73,234)	(5,04,191)	(15,50,20,736)	(12,12,035)
C. Cash Flow From Financing Activities				
Proceeds From Allotment of Equity Share	-	-	8,79,02,331	12,38,410
Receipt of Share Application Money	7,13,45,499	9,70,625	-	-
Net Cash Generated From Financing Activities	7,13,45,499	9,70,625	8,79,02,331	12,38,410
D. Net Increase / (Decrease) In Cash and Cash Equivalents	2,67,57,317	3,82,531	(1,10,10,474)	(2,24,153)
Cash and Cash Equivalents at the End of the Year				
In Current Account - Owned	7,24,56,817	9,85,744	1,64,47,696	2,18,180
In Current Account - Member Fund	88,20,564	1,20,000	3,76,930	5,000
In Deposit account - Own Fund	-	-	98,02,655	1,30,033
In Deposit account - Member Fund	-	-	2,78,92,783	3,70,000
	8,12,77,381	11,05,744	5,45,20,064	7,23,213
Cash and Cash Equivalents at the Beginning of the Year	5,45,20,064	7,23,213	6,55,30,538	9,47,366
Changes In Cash and Cash Equivalents	2,67,57,317	3,82,531	(1,10,10,474)	(2,24,153)
Cash and Cash Equivalents at the End of the Year	8,12,77,381	11,05,744	5,45,20,064	7,23,213
Cash and Bank Balance (Refer note 5 (a)) (Other than default fund)	8,12,77,381	11,05,744	5,45,20,064	7,23,213

See accompanying notes forming part of the financial statements

Note :

- Cash and cash equivalents comprise balances in current account with banks and fixed deposit having original maturity less than 3 months.
- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard - 7 "Cash Flow Statement".
- There is no purchase and sale of Property, Plant and Equipment and Intangible Assets, movement represent Forex conversion impact during the year ended March 2021.
- Movement in earmarked asset and liability is not considered.

In terms of our report attached
For Dalal Doctor & Associates
Chartered Accountants
Firm Reg. No.: 120833W

For and on behalf of the Board of Directors

Amol Khanolkar
Partner
Membership No.: 116765

Ashishkumar Chauhan
Chairman

Arup Mukherjee
Managing Director & CEO

Date: April 20, 2021
Place: Mumbai

Deepak Khemani
Chief Financial Officer
Place : Gandhinagar

Nikita Lakhiyani
Company Secretary

India International Clearing Corporation (IFSC) Limited
Statement of Changes in Equity for the year ended March 31, 2021

A. Equity Share Capital

Particulars	(Rs)	(USD)
Balance at April 01, 2019	80,00,00,000	1,18,79,908
Changes in Equity Share Capital during the year	8,79,02,331	12,38,410
Balance as at March 31, 2020	88,79,02,331	1,31,18,318
Balance at April 01, 2020	88,79,02,331	1,31,18,318
Changes in Equity Share Capital during the year	-	-
Balance as at March 31, 2021	88,79,02,331	1,31,18,318

B. Other Equity

Particulars	Reserve & Surplus				Share Application Money pending allotment (Rs)	Share Application Money pending allotment (USD)	Items of Other Comprehensive Income (Rs)	Total Other equity (Rs)	Total Other equity (USD)
	Retained earning (Rs)	Retained earning (USD)	Default Fund (Rs)	Default Fund (USD)					
	(Rs)	(USD)	(Rs)	(USD)					
Balance as at April 01, 2019	(14,18,08,425)	(21,41,299)	7,44,20,987	10,75,895	-	-	1,54,40,738	(5,19,46,700)	(10,65,404)
Contribution to Default Fund	(46,06,078)	(61,100)	46,06,078	61,100	-	-	-	-	-
Profit / (Loss) for the year ended March 31, 2020	(1,73,56,381)	(2,44,873)	20,73,188	27,501	-	-	-	(1,52,83,193)	(2,17,372)
Other Comprehensive Income for the year ended March 31, 2020	(8,505)	(120)	66,86,326	-	-	-	6,48,73,680	7,15,51,501	(120)
Balance as at March 31, 2020	(16,37,79,389)	(24,47,392)	8,77,86,579	11,64,496	-	-	8,03,14,418	43,21,608	(12,82,896)
Balance as at April 01, 2020	(16,37,79,389)	(24,47,392)	8,77,86,579	11,64,496	-	-	8,03,14,418	43,21,608	(12,82,896)
Contribution to Default Fund	-	-	-	-	-	-	-	-	-
Profit / (Loss) for the year ended March 31, 2021	(3,00,06,595)	(4,04,370)	-	-	-	-	-	(3,00,06,595)	(4,04,370)
Interest on Default Fund for the year ended March 31, 2021	-	-	13,45,136	18,300	-	-	-	13,45,136	18,300
Penalty transferred to Default Fund during the year ended March 31, 2021	-	-	39,178	533	-	-	-	39,178	533
Other Comprehensive Income for the year ended March 31, 2021	20,184	272	(21,90,650)	-	-	-	(1,97,90,839)	(2,19,61,305)	272
Share Application Money pending allotment	-	-	-	-	7,13,45,499	9,70,625	-	7,13,45,499	9,70,625
Balance as at March 31, 2021	(19,37,65,800)	(28,51,490)	8,69,80,243	11,83,329	7,13,45,499	9,70,625	6,05,23,579	2,50,83,521	(6,97,536)

In terms of our report attached
For Dalal Doctor & Associates
Chartered Accountants
Firm Reg. No.: 120833W

For and on behalf of the Board of Directors

Amol Khanolkar
Partner
Membership No.: 116765

Ashishkumar Chauhan
Chairman

Arup Mukherjee
Managing Director & CEO

Date: April 20, 2021
Place: Mumbai

Deepak Khemani
Chief Financial Officer
Place: Gandhinagar

Nikita Lakhiani
Company Secretary

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. General Information

India International Clearing Corporation (IFSC) Limited was incorporated in September 2016, to carry on business as a clearing corporation and to assist, regulate, control and/or otherwise associate with the business of clearing and settlement of debt securities, currency & interest rate derivatives, single stock derivatives, index based derivatives, commodities derivatives and such other securities/derivatives/products of any kind as may be permitted by IFSC Authority from time to time.

International Financial Services Centres Authority (IFSCA) is a unified authority for the development and regulation of financial products, financial services and financial institutions in GIFT IFSC. Prior to the establishment of IFSCA, the domestic Indian financial regulators, namely, RBI, SEBI, PFRDA and IRDAI regulated the business in the IFSC. W.e.f. October 01, 2020, IFSCA is the regulator for the Company. Prior to this SEBI was the regulator for the Company.

The financial statements were authorized for issuance by the Company's Board of Directors on April 20, 2021.

2. Significant Accounting Policies

2.1 *Basis of preparation of financial statements*

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and defined benefit and other long term employee benefits. The provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI)/ International Financial Services Centres Authority (IFSCA). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company has adopted all the Ind AS standards on date of incorporation i.e. September 12, 2016. The company has commenced its operation from January 16, 2017.

2.2 *Foreign currency translation and transactions*

a) Functional and presentation currency

United State Dollars (USD) is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. The financial statements are presented in Indian rupees. The presentation currency is different from functional currency to comply with Income tax and other statutory law.

b) Transactions and balances

A foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

At the end of each reporting period

- (a) foreign currency monetary items shall be translated using the closing rate;
- (b) nonmonetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and
- (c) nonmonetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined

c) *Translation to presentation currency (Foreign Currency Translation Reserve)*

For the Purpose of Preparation of financial statements in Indian rupees, income and expenses are translated at average rates and the assets and liabilities except equity share capital are stated at closing rate. The net impact of such changes is presented under foreign currency translation reserve.

2.3 *Use of Estimates and judgment*

The preparation of financial statements in conformity with Ind AS requires management to make judgments, 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.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- a. *Income taxes:* The Company's tax jurisdiction is in India. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Company is eligible to claim deduction of income, an amount equal to one hundred per cent of the income for any ten consecutive assessment years, out of fifteen years as per section 80LA of Income tax Act, 1961.
- b. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.
- c. *Property plant and equipment:* The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values at the end of its useful life of Group's assets are estimated by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The useful lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- d. Defined employee benefit obligations determined based on the present value of future obligations using assumptions determined by the Company with advice from an independent qualified actuary.
- e. *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer status, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.4 *Financial instruments*

Financial assets and financial liabilities are recognised when company becomes a party to the contractual provisions of the instruments.

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, loans and borrowings and payable are recognised net of directly attributable transactions costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: financial assets comprising amortised cost, financial assets (debt instruments) at fair value through Other Comprehensive Income (FVTOCI), equity instruments at FVTOCI and fair value through Profit and Loss account (FVTPL), financial liabilities at amortised cost or FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

Financial assets

- a. Financial assets at amortised cost: A financial asset shall be measured at amortised cost if both of the following conditions are met:
 - i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
 - ii. 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 (SPPI).

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Amortised cost are represented by investment in interest bearing debt instruments, trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.

b. Equity instruments at FVTOCI and FVTPL:

All equity instruments are measured at fair value other than investment in subsidiaries, joint venture and associate. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss.

c. Financial assets at FVTPL :

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL. In addition the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The Company has not designated any financial asset as FVTPL. Financial assets included within the FVTPL category are measured at fair values with all changes in the statement of profit and loss.

Earmarked Funds

Earmarked Funds represent deposits, margins, etc. held for specific purposes. These amounts are invested and the same are earmarked in the Balance Sheet. Investment income earned on financial instrument measured at amortised cost is credited to respective earmarked liabilities and not credited to the Statement of Profit or Loss. The Gain/ (Loss) on Fair Value of the investments from these earmarked funds are shown as liabilities/asset and are not routed through the Profit or Loss.

Financial liabilities

(a) Financial liabilities at amortised cost:

Financial liabilities at amortised cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

(b) Financial liabilities at FVTPL:

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and loss.

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.5 Property, plant and equipment

- a. *Recognition and measurement:* Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.
- b. *Depreciation:* The Company depreciates property, plant and equipment over the estimated useful lives on a Straight Line method basis from the date the assets are ready for intended use. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful lives and lease term. The estimated useful lives of assets of significant items of property, plant and equipment are as follows:

Category	Useful lives
Leasehold premises	30 years
Plant and Equipments	15 years
Electrical installations	10 years
Networking Equipments – Owned	6 years
Computers Hardware – Owned	3 years
Furniture, fixtures	10 years
Office equipment	5 years
Motor vehicles	8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work- in-progress.

2.6 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a “Straight Line method”, from the date that they are available for use. The estimated useful lives of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The estimated useful lives of intangibles are as follows:

Category	Useful lives
Computer software	6 years

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

2.7 Leases

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1. the contract involves the use of an identified asset;
2. the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
3. the Company has the right to direct the use of the asset.

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

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. .

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

As a Lessor:

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

2.8 Impairment

a. Financial assets carried at amortised cost and FVTOCI

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL. Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- i. All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- ii. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a detailed analysis of trade receivable by individual departments. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

b. Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss. An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. 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 the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

2.9 Employee benefit

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans.

Defined Contribution Plan

Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service.

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Defined benefit Plan

Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Company has the following employee benefit plans:

a. Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method.

Actuarial gains or losses are recognised in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through Other Comprehensive Income.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods

b. Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in statement of profit and Loss Account.

2.10 Provisions and Contingent liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract and is adjusted to the cost of such assets.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability

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

Provisions are reviewed at each balance sheet date adjusted to reflect the current best estimates.

2.11 Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured.

The Company accounts for volume discounts and pricing incentives to customers by reducing the amount of revenue recognized at the time of sale. Revenues are shown net of applicable discounts and allowances.

2.12 Investment income and interest expense

Investment income consists of interest income on funds invested, dividend income and gains on the disposal of financial assets measured at FVTPL and amortised cost.

Interest income on bond is recognised as it accrues in the Statement of Profit and Loss, using the effective interest method and interest income on deposits with banks is recognised on a time proportion accrual basis taking into the account the amount outstanding and the rate applicable.

Dividend income is recognised in the Profit or Loss on the date that the Company's right to receive payment is established.

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Interest expenses consist of interest expense on loans, borrowings and finance lease. Borrowing costs are recognised in the Profit or Loss using the effective interest method.

2.13 *Taxation*

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

a. Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

b. Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

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2.14 *Earnings per share*

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the net profit/loss after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

2.15 *Current and Non-current classification*

The company present assets and liabilities in the balance sheet based on current/non-current classification

Assets: An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within twelve months after the balance sheet date; or
- d. it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date

All other assets are classified as non-current.

Liabilities: A liability is classified as current when it satisfies any of the following criteria:

- (a) It is expected to be settled in, the entity's normal operating cycle;
- (b) It is held primarily for the purpose of being traded; it is due to be settled within twelve months after the balance sheet date; or
- (c) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

All other liabilities are classified as non-current.

Deferred tax assets, tax assets and Deferred tax liabilities are classified as non-current assets and liabilities.

Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating

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cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.16 *Government grants*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2.17 *Settlement Obligation*

Pay-in/Pay-out obligation (Settlement Obligation) of the Company are accounted based on settlement dates.

2.18 *Cash Flow Statement*

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.19 *Cash and cash equivalents (for purposes of Cash Flow Statement)*

Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

3. Property, Plant and Equipment						
(USD)						
Particulars	Leasehold Premises and Improvements	Electrical installations	Computers - Hardware and networking equipments - owned	Furniture & fixtures	Office equipments	Total
Gross Block						
Balance as at April 01, 2019	2,28,219	42,392	5,99,716	12,029	5,301	8,87,657
Additions during the year	-	579	257	1,105	-	1,941
Deductions / adjustments	-	-	-	-	-	-
Balance as at March 31, 2020	2,28,219	42,971	5,99,973	13,134	5,301	8,89,598
Accumulated Depreciation and Impairment						
Balance as at April 01, 2019	17,612	8,834	1,89,289	2,601	2,135	2,20,471
Depreciation for the year	7,621	4,261	1,03,219	1,233	1,062	1,17,396
Deductions / Adjustments	-	-	-	-	-	-
Balance as at March 31, 2020	25,233	13,095	2,92,508	3,834	3,197	3,37,867
Net Book Value						
Balance as at March 31, 2020	2,02,986	29,876	3,07,465	9,300	2,104	5,51,731
(Rs)						
Particulars	Leasehold Premises and Improvements	Electrical installations	Computers - Hardware and networking equipments - owned	Furniture & fixtures	Office equipments	Total
Gross block						
Balance as at April 01, 2019	1,57,86,205	29,32,310	4,14,83,135	8,32,062	3,66,677	6,14,00,389
Additions during the year	-	43,648	19,374	83,301	-	1,46,323
Deductions / adjustments	-	-	-	-	-	-
Currency Fluctuation	14,18,290	2,63,450	37,26,996	74,755	32,944	55,16,435
Balance as at March 31, 2020	1,72,04,495	32,39,408	4,52,29,505	9,90,118	3,99,621	6,70,63,147
Accumulated Depreciation and Impairment						
Balance as at April 01, 2019	12,18,245	6,11,059	1,30,93,366	1,79,915	1,47,681	1,52,50,266
Depreciation for the year	5,40,170	3,02,016	73,16,070	87,394	75,273	83,20,923
Deductions / Adjustments	-	-	-	-	-	-
Currency Fluctuation	1,43,797	74,103	16,41,542	21,721	18,057	18,99,220
Balance as at March 31, 2020	19,02,212	9,87,178	2,20,50,978	2,89,030	2,41,011	2,54,70,409
Net Book Value						
Balance as at March 31, 2020	1,53,02,283	22,52,230	2,31,78,527	7,01,088	1,58,610	4,15,92,738
(USD)						
Particulars	Leasehold Premises and Improvements	Electrical installations	Computers - Hardware and networking equipments - owned	Furniture & fixtures	Office equipments	Total
Gross Block						
Balance as at April 01, 2020	2,28,219	42,971	5,99,973	13,134	5,301	8,89,598
Additions during the year	-	-	-	-	-	-
Deductions / adjustments	-	-	-	-	-	-
Balance as at March 31, 2021	2,28,219	42,971	5,99,973	13,134	5,301	8,89,598
Accumulated Depreciation and Impairment						
Balance as at April 01, 2020	25,233	13,095	2,92,508	3,834	3,197	3,37,867
Depreciation for the year	7,600	4,297	96,759	1,313	1,060	1,11,029
Deductions / Adjustments	-	-	-	-	-	-
Balance as at March 31, 2021	32,833	17,392	3,89,267	5,147	4,257	4,48,896
Net Book Value						
Balance as at March 31, 2021	1,95,386	25,579	2,10,706	7,987	1,044	4,40,702
(Rs)						
Particulars	Leasehold Premises and Improvements	Electrical installations	Computers - Hardware and networking equipments - owned	Furniture & fixtures	Office equipments	Total
Gross block						
Balance as at April 01, 2020	1,72,04,495	32,39,408	4,52,29,505	9,90,118	3,99,621	6,70,63,147
Additions during the year	-	-	-	-	-	-
Deductions / adjustments	-	-	-	-	-	-
Currency Fluctuation	(4,29,326)	(80,838)	(11,28,670)	(24,707)	(9,973)	(16,73,514)
Balance as at March 31, 2021	1,67,75,169	31,58,570	4,41,00,835	9,65,411	3,89,648	6,53,89,633
Accumulated Depreciation and Impairment						
Balance as at April 01, 2020	19,02,212	9,87,178	2,20,50,978	2,89,030	2,41,011	2,54,70,409
Depreciation for the year	5,63,964	3,18,862	71,80,078	97,432	78,658	82,38,994
Deductions / Adjustments	-	-	-	-	-	-
Currency Fluctuation	(52,796)	(27,645)	(6,18,105)	(8,133)	(6,759)	(7,13,438)
Balance as at March 31, 2021	24,13,380	12,78,395	2,86,12,951	3,78,329	3,12,910	3,29,95,965
Net Book Value						
Balance as at March 31, 2021	1,43,61,789	18,80,175	1,54,87,884	5,87,082	76,738	3,23,93,668

4. Intangible Assets		
(USD)		
Particulars	Software	Total
Gross Block		
Balance as at April 01, 2019	1,13,266	1,13,266
Additions during the year	-	-
Deductions / adjustments	-	-
Balance as at March 31, 2020	1,13,266	1,13,266
Accumulated Depreciation and Impairment		
Balance as at April 01, 2019	30,757	30,757
Amortisation for the year	18,934	18,934
Deductions / Adjustments	-	-
Balance as at March 31, 2020	49,691	49,691
Net Book Value		
Balance as at March 31, 2020	63,575	63,575
(Rs)		
Particulars	Software	Total
Gross Block		
Balance as at April 01, 2019	78,34,756	78,34,756
Additions during the year	-	-
Deductions / adjustments	-	-
Currency Fluctuation	7,03,903	7,03,903
Balance as at March 31, 2020	85,38,659	85,38,659
Accumulated Depreciation and Impairment		
Balance as at April 01, 2019	21,27,501	21,27,501
Amortisation for the year	13,42,025	13,42,025
Deductions / Adjustments	-	-
Currency Fluctuation	2,76,474	2,76,474
Balance as at March 31, 2020	37,46,000	37,46,000
Net Book Value		
Balance as at March 31, 2020	47,92,659	47,92,659
(USD)		
Particulars	Software	Total
Gross Block		
Balance as at April 01, 2020	1,13,266	1,13,266
Additions during the year	-	-
Deductions / adjustments	-	-
Balance as at March 31, 2021	1,13,266	1,13,266
Accumulated Depreciation and Impairment		
Balance as at April 01, 2020	49,691	49,691
Amortisation for the year	18,881	18,881
Deductions / Adjustments	-	-
Balance as at March 31, 2021	68,572	68,572
Net Book Value		
Balance as at March 31, 2021	44,694	44,694
(Rs)		
Particulars	Software	Total
Gross Block		
Balance as at April 01, 2020	85,38,659	85,38,659
Additions during the year	-	-
Deductions / adjustments	-	-
Currency Fluctuation	(2,13,076)	(2,13,076)
Balance as at March 31, 2021	83,25,583	83,25,583
Accumulated Depreciation and Impairment		
Balance as at April 01, 2020	37,46,000	37,46,000
Amortisation for the Year	14,01,080	14,01,080
Deductions / Adjustments	-	-
Currency Fluctuation	(1,06,716)	(1,06,716)
Balance as at March 31, 2021	50,40,364	50,40,364
Net Book Value		
Balance as at March 31, 2021	32,85,219	32,85,219

5. Cash and Cash Equivalents and Bank Balances				
Particulars	As at March 31, 2021		As at March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
5 (a) Cash and Cash Equivalents				
Balance with Banks				
Own				
In Current Accounts	7,24,56,817	9,85,744	1,64,47,696	2,18,180
In Deposit Accounts - Original maturity less than 3 months	-	-	98,02,655	1,30,033
Member Fund				
In Current Accounts	88,20,564	1,20,000	3,76,930	5,000
In Deposit Accounts - Original maturity less than 3 months	-	-	2,78,92,783	3,70,000
Earmarked Fund - Default Fund				
In Current Accounts	-	-	5,352	71
In Deposit Accounts - Original maturity less than 3 months	-	-	7,08,45,709	9,39,774
Total	8,12,77,381	11,05,744	12,53,71,125	16,63,058
5 (b) Bank Balance Other than Above				
Own				
In Deposit Accounts	1,31,83,582	1,79,357	-	-
Member Funds				
In Deposit Accounts	1,83,76,175	2,50,000	-	-
Earmarked Fund - Default Fund				
In Deposit Accounts	-	-	-	-
Total	3,15,59,757	4,29,357	-	-
6. Trade Receivables				
Particulars	As at March 31, 2021		As at March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
Current				
Trade Receivables				
- Secured, Considered Good	-	-	20,279	269
Receivable from Group Company - Unsecured, Considered Good	2,91,299	3,963	-	-
Total Trade Receivables	2,91,299	3,963	20,279	269
7. Other Financial Assets				
Particulars	As at March 31, 2021		As at March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
Non Current				
Own				
Deposit with Banks (remaining maturity more than 12 months)**	56,02,54,514	76,22,023	8,35,82,307	11,08,726
Member Funds				
Deposit with Banks (remaining maturity more than 12 months)	4,41,02,820	6,00,000	-	-
Earmarked Fund - Default Fund				
Deposit with Banks (remaining maturity more than 12 months)	1,68,20,448	2,28,835	-	-
Total (A)	62,11,77,782	84,50,858	8,35,82,307	11,08,726
Current				
Own				
Deposit with Banks (Original maturity more than 12 months and remaining maturity less than 12 months)*	19,04,23,701	25,90,633	70,06,91,209	92,94,725
Member Funds				
Deposit with Banks (Original maturity more than 12 months and remaining maturity less than 12 months)	2,60,94,169	3,55,000	3,61,85,232	4,80,000
Earmarked Fund - Default Fund				
Deposit with Banks (Original maturity more than 12 months and remaining maturity less than 12 months)	7,01,59,795	9,54,494	1,69,35,518	2,24,651
Deposits with Public Bodies and Other Parties	2,27,571	3,096	44,553	591
Receivable towards Incentive Scheme	1,36,425	1,856	87,749	1,164
Total (B)	28,70,41,661	39,05,079	75,39,44,261	1,00,01,131
Total (A+B)	90,82,19,443	1,23,55,937	83,75,26,568	1,11,09,857

* Company has set up an overdraft limit of USD 10,00,000 with ICICI Bank and for which a lien is marked on principal value of fixed deposit amounting to USD 12,38,400.

** Company has set up an overdraft limit of USD 20,00,000 with SBI Bank and for which a lien is marked on principal value of fixed deposit amounting to USD 21,75,000.

8. Other Assets				
Particulars	As at March 31, 2021		As at March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
Current				
Advance to Vendors	36,826	501	37,241	494
Prepaid Expenses	38,64,289	52,572	4,53,672	6,018
Gratuity (Refer note 23.1)	3,528	48	-	-
Goods & Service Tax Receivable	2,54,179	3,458	2,34,073	3,105
Total	41,58,822	56,579	7,24,986	9,617
9. Equity Share Capital				
Particulars	As at March 31, 2021		As at March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
Equity Share Capital				
Authorised Share Capital:				
160,00,00,000 Equity Shares (Previous year - 115,00,00,000 Equity Shares) of Re. 1/- each with voting rights	1,60,00,00,000	Not Applicable	1,15,00,00,000	Not Applicable
Issued Share Capital: (Refer below note)				
1,07,31,77,331 Equity Shares (Previous year - 88,79,02,331 Equity Shares) of Re. 1/- each with voting rights	1,07,31,77,331	Not applicable	88,79,02,331	Not applicable
Subscribed and Fully Paid - up				
88,79,02,331 Equity Shares (Previous year - 80,00,00,000 Equity Shares) of Re. 1/- each with voting rights	88,79,02,331	1,31,18,318	80,00,00,000	1,18,79,908
Add: Addition during the year	-	-	8,79,02,331	12,38,410
88,79,02,331 Equity Shares (Previous year - 88,79,02,331 Equity Shares) of Re. 1/- each with voting rights	88,79,02,331	1,31,18,318	88,79,02,331	1,31,18,318
Note : Special Resolution by Members has been passed on March 29, 2021 for preferential issue of 18,52,75,000 equity shares of Rs. 1/- each and presently, the Company has issued offer letter on March 30, 2021, to prospective institutional and individual investors for 18,52,75,000 equity shares of Rs. 1/- each. As on March 31, 2021, Company has received the share application money of USD 9,70,625 against issuance of offer letter by the Company. Share application money received as on March 31, 2021 is shown under Other Equity as Share application money pending allotment.				
Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year				
Particulars	As at March 31, 2021		As at March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
No. of shares at the beginning of the year	88,79,02,331	-	80,00,00,000	-
Preferential allotment	-	-	8,79,02,331	-
No. of shares at the end of the year	88,79,02,331	-	88,79,02,331	-
Shareholders holding more than 5% of the shares in the company				
Equity Shares				
Name of Shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding
BSE Limited	80,00,00,000	90.10%	80,00,00,000	90.10%
ICICI Bank Limited	8,79,02,331	9.90%	8,79,02,331	9.90%
Total	88,79,02,331	100.00%	88,79,02,331	100.00%
10. Other Equity				
Particulars	As at March 31, 2021		As at March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
Share application money (Refer issue share capital note under note 9)	7,13,45,499	9,70,625		
Default Fund				
Opening Balance	8,77,86,579	11,64,496	7,44,20,987	10,75,895
Add: Contribution to Default Fund	-	-	46,06,078	61,100
Add: Foreign Currency Translation Reserve	(21,90,650)	-	66,86,326	-
Add: Penalty transferred During the Year	39,178	533	-	-
Add: Income Earned During the Year	13,45,136	18,300	20,73,188	27,501
Closing Balance (A)	8,69,80,243	11,83,329	8,77,86,579	11,64,496
Retained Earnings				
Opening Balance	(8,34,64,971)	(24,47,392)	(12,63,67,687)	(21,41,299)
Total Comprehensive Income During the Year other than FCTR	(2,99,86,411)	(4,04,098)	(1,73,64,886)	(2,44,993)
Foreign Currency Translation Reserve (FCTR)	(1,97,90,839)	-	6,48,73,680	-
Less : Contribution to Default Fund	-	-	(46,06,078)	(61,100)
Closing Balance (B)	(13,32,42,221)	(28,51,490)	(8,34,64,971)	(24,47,392)
Total	2,50,83,521	(6,97,536)	43,21,608	(12,82,896)

11. Trade payables				
Particulars	As at March 31, 2021		As at March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
Current				
Total outstanding dues of micro, small and medium enterprises (A)	-	-	-	-
Payable to Service Providers	15,07,582	20,510	10,99,428	14,584
Payable to Holding Company	1,31,573	1,790	4,02,108	5,334
Payable to Group Company	-	-	6,44,399	8,548
Total outstanding dues of creditor other than micro, small and medium enterprises (B)	16,39,155	22,300	21,45,935	28,466
Total (A+B)	16,39,155	22,300	21,45,935	28,466
Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006				
(a) Principal amount and interest thereon remaining unpaid at the end of year Interest paid including payment made beyond appointed day	-	-	-	-
(b) Interest due and payable for delay during the year	-	-	-	-
(c) Amount of interest accrued and unpaid as at year end	-	-	-	-
(d) The amount of further interest due and payable even in the succeeding year	-	-	-	-
12. Other Financial Liabilities				
Particulars	As at March 31, 2021		As at March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
Non Current				
Finance Lease Obligations	40,428	550	42,593	565
Total (A)	40,428	550	42,593	565
Current				
Accrued Employee Benefits	20,04,547	27,271	21,12,690	28,025
Deposits from Members	9,73,93,728	13,25,000	6,44,54,945	8,55,000
Deposits from Clearing Bank	4,41,02,820	6,00,000	4,52,31,540	6,00,000
Current Maturities of Finance Lease Obligations	2,132	29	2,186	29
Other Liabilities	-	-	-	-
Total (B)	14,35,03,227	19,52,300	11,18,01,361	14,83,054
Total (A+B)	14,35,43,655	19,52,850	11,18,43,954	14,83,619
13. Provisions				
Particulars	As at March 31, 2021		As at March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
Non Current				
Compensated Absences (Refer note 23.3)	6,58,529	8,959	5,64,942	7,494
Total (A)	6,58,529	8,959	5,64,942	7,494
Current				
Compensated Absences (Refer note 23.3)	13,84,314	18,833	10,78,998	14,313
Gratuity Liability	-	-	1,24,161	1,647
Total (B)	13,84,314	18,833	12,03,159	15,960
Total (A+B)	20,42,843	27,792	17,68,101	23,454
14. Other Liabilities				
Particulars	As at March 31, 2021		As at March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
Non Current				
Unamortised Portion of Capital Subsidy	10,11,939	13,767	19,78,126	26,240
Total (A)	10,11,939	13,767	19,78,126	26,240
Current				
Statutory Liabilities	3,25,479	4,428	3,58,083	4,750
Unamortised Portion of Capital Subsidy	9,16,824	12,473	8,86,614	11,761
Advance Revenue	-	-	-	-
Total (B)	12,42,303	16,901	12,44,697	16,511
Total (A+B)	22,54,242	30,668	42,22,823	52,751

15. Revenue from Operations				
Particulars	For the year ended March 31, 2021		For the Year ended March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
Processing Fees	-	-	35,440	500
Charges Recovered from Members	82,888	1,117	19,066	269
Total	82,888	1,117	54,506	769
16. Other Income				
Particulars	For the year ended March 31, 2021		For the Year ended March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
Miscellaneous Income	11,96,940	16,130	4,38,316	6,184
Incentives from Government Authorities	11,36,388	15,314	11,64,260	16,426
Total	23,33,328	31,444	16,02,576	22,610
17. Employee Benefits Expense				
Particulars	For the year ended March 31, 2021		For the Year ended March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
Salaries, Allowances and Bonus	1,37,12,712	1,84,793	1,46,43,835	2,06,603
Contribution to Provident and Other Funds	5,38,808	7,261	6,27,847	8,858
Staff Welfare Expenses	5,491	74	21,122	298
Compensated Absences	14,21,783	19,160	13,15,729	18,563
Total	1,56,78,794	2,11,288	1,66,08,533	2,34,322
18. Administration and Other Expenses				
Particulars	For the year ended March 31, 2021		For the Year ended March 31, 2020	
	(Rs)	(USD)	(Rs)	(USD)
	Audited	Audited	Audited	Audited
Advertising and marketing expenses	6,00,993	8,099	-	-
Travelling Expenses	1,187	16	4,17,832	5,895
Computer Technology Related Expenses	71,28,803	96,068	60,03,672	84,703
Bank Charges	66,117	891	1,19,786	1,690
Rent	2,86,434	3,860	7,65,920	10,806
Professional Fees	29,57,101	39,850	29,06,965	41,013
Rates & Taxes	34,18,364	46,066	1,02,491	1,446
Postage & Telephone Expenses	50,683	683	92,072	1,299
Auditors Remuneration (Refer note 1 below)	1,80,469	2,432	1,50,122	2,118
Director's Fees	1,50,267	2,025	2,56,866	3,624
Insurance Expenses	36,583	493	24,808	350
Building Repair and Maintenance	19,11,838	25,764	25,03,450	35,320
Regulatory Fees	56,25,022	75,803	-	-
Miscellaneous Expenses	59,884	807	4,63,833	6,544
Foreign Exchange (Gain)/Loss	-	-	1,08,587	1,532
Legal Fees	1,66,444	2,243	-	-
Total	2,26,40,189	3,05,100	1,39,16,404	1,96,340
Note 1 : Auditors Remuneration includes -	(Rs)	(USD)	(Rs)	(USD)
Statutory Audit Fees	1,46,037	1,968	1,40,412	1,981
Statutory Auditors Out of Pocket Expenses	16,771	226	9,710	137
Statutory Auditor Fees - Other services	17,661	238	-	-
Total	1,80,469	2,432	1,50,122	2,118
19. Exchange Rate :-				
Amounts of Balance Sheet other than shareholder funds in these financial statements have been translated into Indian rupees at the closing rate as at March 31, 2021 which is 1 USD = Rs 73.5047, amount of Statement of Profit and Loss at the average rate from April 01, 2020 to March 31, 2021 which is 1 USD = Rs 74.2058.				

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited
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20. Earnings Per Share

Particulars	For the year ended March 31, 2021		For the year ended March, 2020	
	(Rs)	(USD)	(Rs)	(USD)
Profit / (Loss) for the year	(3,00,06,595)	(4,04,370)	(1,73,56,381)	(2,44,873)
Weighted average number of equity shares (Nos)	88,79,02,331	88,79,02,331	85,76,40,873	85,76,40,873
Earnings per share basic and diluted	(0.034)	(0.0005)	(0.020)	(0.0003)
Face value per equity share	1	NA	1	NA

21. Segment Reporting

The Managing Director and CEO of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes. The Company operates only in one Business Segment i.e. "Clearing and Settlement Services", hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments". The reportable business segments are in line with the segment wise information which is being presented to the CODM.

22. Financial Instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.5 to the financial statements.

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within 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 are not based on observable market data (unobservable inputs).

The carrying value of financial instruments by categories as of March 31, 2021 is as follows and the Company consider that the carrying amounts of below mentioned financial assets and financial liabilities recognised in the balance sheet approximate their fair values.

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Particulars	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2020
	(Rs)	(USD)	(Rs)	(USD)
Financial Assets carried at amortised cost				
Other non-current financial assets	62,11,77,782	84,50,858	8,35,82,307	11,08,726
Cash and cash equivalents	8,12,77,381	11,05,744	12,53,71,125	16,63,058
Bank balance other than above cash and cash equivalents	3,15,59,757	4,29,357	-	-
Trade receivables	2,91,299	3,963	20,279	269
Other current financial assets	28,70,41,661	39,05,079	75,39,44,261	1,00,01,131
Total	102,13,47,880	1,38,95,001	96,29,17,972	1,27,73,184
Financial Liabilities carried at amortised cost				
Other non-current financial liabilities	40,428	550	42,593	565
Trade payables	16,39,155	22,300	21,45,935	28,466
Other current financial liabilities	14,35,03,227	19,52,300	11,18,01,361	14,83,054
Total	14,51,82,810	19,75,150	11,39,89,889	15,12,085

23. Disclosure as required on “Employee Benefits” is as under:

23.1 Defined Benefit Plan – Gratuity

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are typically based on years of service and the employee’s compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees.

Such plan exposes the Company to actuarial risks such as: investment risk, interest rate risk, demographic risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on government bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities and debt instruments.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan’s debt investments.
Demographic risk	This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, medical cost inflation, discount rate and vesting criteria.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan’s liability.

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- i. The following tables set out the funded status of the gratuity plans and the amounts recognized in the financial statements as at March 31, 2021.

Particulars	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2020
	Funded	Funded	Funded	Funded
	(Rs)	(USD)	(Rs)	(USD)
Change in benefit obligations				
Benefit obligations at the beginning	4,75,540	9,527	10,96,977	17,577
Current Service Cost	1,74,998	2,358	2,83,040	3,993
Interest on defined benefit obligation	32,469	438	53,103	749
Actuarial loss / (gain)	(30,826)	(416)	(77,364)	(1,091)
Liability assumed on transfer from group company (Transfer in/(out) obligation)	-	-	(47,851)	(660)
Benefit paid	-	-	(8,32,350)	(11,041)
Translation/ Forex impact	(9)		(15)	
Closing Defined Benefit Obligation (A)	6,52,172	11,907	4,75,540	9,527
Change in Plan assets				
Fair value of plan assets at the beginning	3,51,371	6,075	11,63,475	16,816
Employer Contribution	2,85,011	3,877	-	-
Interest income	29,939	403	1,23,213	1,738
Return on Plan assets	(10,642)	(143)	(85,869)	(1,211)
Assets assumed / settled	-	-	(17,098)	(227)
Benefits paid	-	-	(8,32,350)	(11,041)
Fair value of plan assets at the end	6,55,679	10,212	3,51,371	6,075
Funded status (B)	6,55,679	10,212	3,51,371	6,075
Translation/ Forex impact (c)	21	1,743	8	1,805
Payable / (Prepaid) gratuity benefit (a-b-c)	(3,528)	(48)	1,24,161	1,647
Current Assets (Refer note 7)	3,528	48	-	-
Current Provision (Refer note 13)			1,24,161	1,647

- ii. Amount recognised in the Statement of Profit and Loss

Particulars	For the Year Ended March 2021		For the Year Ended March 2020	
	(Rs)	(USD)	(Rs)	(USD)
Current Service Cost	1,74,998	2,358	2,83,040	3,993
Interest cost (net)	2,530	34	(70,110)	(989)
Total Included in "Employee Benefit Expense"	1,77,528	2,392	2,12,930	3,004

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

iii. Amount recognised in the Other Comprehensive Income

Particulars	For the Year Ended March 2021		For the Year Ended March 2020	
	(Rs)	(USD)	(Rs)	(USD)
Actuarial loss / (gain) arising from change in financial assumptions	8,268	111	47,405	669
Actuarial loss / (gain) arising on account of experience changes	(39,094)	(527)	(1,24,769)	(1,760)
Actual return on plan assets less interest on plan assets	10,642	144	85,869	1,211
Amount recognised in the Other Comprehensive Income	(20,184)	(272)	8,505	120

iv. Principle actuarial assumption

Assumptions	March 31, 2021	March 31, 2020
Discount Rate/Rate of return on plan asset	6.80%	6.90%
Salary escalation	7.00%	7.00%

- Discount Rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.
 - Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
 - The Company has considered past service on account of benefit amendment.
- v. Sensitivity Analysis:** The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points:-

Particulars	For the Year ended March 31, 2021		For the Year ended March 31, 2020	
	Discount rate	Salary escalation rate	Discount rate	Salary escalation rate
Impact of increase in 50 bps on defined benefit obligation	(6.07)%	6.64%	(5.76)%	6.38%
Impact of decrease in 50 bps on defined benefit obligation	6.78%	(6.00)%	6.27%	(5.71)%

Sensitivity for the significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 50 basis points, keeping all other actuarial assumption constant.

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited
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vi. Composition of Plan Assets

Particulars	March 31, 2021	March 31, 2020
Policy of insurance	99.993%	99.45%
Other investment	0.007%	0.55%
Total	100%	100%

Actual return on the assets for the year ended March 31, 2021 ₹ 19,297 (Previous Year: ₹ 37,344)

There is no compulsion on the part of the Company to fully pre fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of underfunding of the plan.

The plan assets in respect of gratuity represent funds managed by the India International Clearing Corporation (IFSC) Limited employee's Group Gratuity Fund. The Employer's best estimate of the contributions expected to be paid to the plan during the next year is ₹ 1,94,195

vii. Maturity profile of defined benefit obligations

Maturity Profile	March 31, 2021	March 31, 2020
Expected benefits for year 1	13,802	9,955
Expected benefits for year 2	15,671	11,033
Expected benefits for year 3	16,813	11,952
Expected benefits for year 4	1,18,404	12,721
Expected benefits for year 5	2,44,751	1,04,361
Expected benefits for year 6 to Year 10	54,505	2,46,257
10 year and above	15,88,330	10,22,034

The weighted average duration to the payment of these cash flows is 13.39 years (2020 : 12.72 years).

23.2 Defined Contribution Plan – Provident Fund, Pension Fund and National Pension Scheme (NPS)

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. The Company offers its employees defined contribution plan in the form of provident fund and family pension fund. Provident fund and family pension fund cover substantially all regular employees. While both, the employees and the Company pay predetermined contributions into the provident fund and National Pension Scheme, contributions into the family pension fund are made by only the Company. The contributions are based on a certain proportion of the employee's salary.

During the current year, provident fund contributions amounting to Rs 2,75,215 (USD – 3,709) (2020 : Rs 3,17,467 (USD – 4,479)) have been charged to the Statement of Profit and Loss, under Contributions to provident, gratuity and other funds in note 17 "Employee benefits expense".

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited

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During the current year, National pension scheme contributions amounting to Rs 86,032 (USD- 1,159) (2020: Rs 97,459 (USD-1,375)) have been charged to the Statement of Profit and Loss, under Contributions to provident, gratuity and other funds in note 17 “Employee benefits expense”.

23.3 Compensated absence

The liability for compensated absences as at the year ended March 31, 2021 is Rs 13,84,314 (USD- 18,833) (2020: Rs 10,78,998 (USD-14,313)) as shown under current provision and Rs 6,58,529 (USD 8,959) (2020: Rs. 5,64,942 (USD - 7,494)) as shown under non-current provision. Provision for compensated absence amounting to Rs 14,21,783 (USD-19,160) (2020: Rs 13,15,729 (USD-18,563)) have been charged to the Statement of Profit and Loss, under Compensated absence in note 18 “Employee benefits expense”.

24. Related Party Transactions

1. Names of related parties and nature of relationship

Category of related parties	Name
Holding Company	BSE Limited
Fellow Subsidiaries:	India International Exchange (IFSC) Limited
	Indian Clearing Corporation Limited
	BSE Technologies Private Limited (Formerly known as Marketplace Technologies Private Limited)
	BSE Investments Limited
	BSE Institute Limited
	BSE CSR Integrated Foundation
	BSE Sammaan CSR Limited
	BSE E-Agricultural Markets Limited (w.e.f December 1, 2020)
	BSE Administration & Supervision Limited (w.e.f March 5, 2021)
Subsidiary of Fellow Subsidiary	BSE Tech Infra Services Private Limited (Formerly known as Marketplace Tech Infra Services Private Limited)
	BFSI Sector Skill Council of India
	BIL Ryerson Technology start up Incubator Foundation
	BSE Institute of Research Development & Innovation
	India INX Global Access IFSC Limited
Direct Associate of Holding	Central Depository Services (India) Limited
	Asia Index Private Limited
Indirect Associate of Holding	CDSL Ventures Limited
	CDSL Insurance Repository Limited
	CDSL Commodity Repository Limited
	BSE EBIX Insurance Broking Private Limited
	Marketplace EBIX Technology Services Private Limited
	Pranurja Solutions Limited
Trust set up by the holding company	BSE Investors Protection Fund

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Category of related parties	Name
Trust set up by the company	India International Clearing Corporation (IFSC) Limited Employees Group Gratuity Cash Accumulation Scheme
Key Management Personnel	Mr. Ashishkumar Chauhan – Non Executive Chairman Mr. Arup Mukherjee - Managing Director and Chief Executive Officer Mr. Alok Sherry – Independent Director Mr. Balasubramaniam Venkataramani – Director Mr. Sameer Patil – Director

2. Transactions with Related Parties

(a) BSE Ltd (Holding Company):

Particulars	For the Year ended March 31, 2021 (Rs)	For the Year ended March 31, 2021 (USD)	For the Year ended March 31, 2020 (Rs)	For the Year ended March 31, 2020 (USD)
Reimbursement/ (Recovery) of Expenses/ Transactions				
Computer Technology Related Expenses	15,90,156	21,429	15,71,514	22,172
Reimbursement of Parents Insurance policy of Employees	1,33,199	1,795	1,58,840	2,241

Particulars	As at March 31, 2021 (Rs)	As at March 31, 2021 (USD)	As at March 31, 2020 (Rs)	As at March 31, 2020 (USD)
Liability-				
Payable	1,31,573	1,790	4,02,108	5,334

(b) India International Exchange (IFSC) Limited (Fellow Subsidiary):

Particulars	For the Year ended March 31, 2021 (Rs)	For the Year ended March 31, 2021 (USD)	For the Year ended March 31, 2020 (Rs)	For the Year ended March 31, 2020 (USD)
Reimbursement of Expenses				
Computer Technology Related Expenses	28,92,913	38,985	32,67,218	46,096
Postage and Telephone Expense	24,043	324	22,897	323
Salaries, allowances and bonus	1,90,189	2,563	1,05,575	1,490

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited

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Building repair and maintenance	7,05,549	9,508	7,35,764	10,381
Other Income				
Recovery of Computer Technology related expenses	(11,61,914)	(15,658)	(2,77,451)	(3,914)
Reimbursement of Other Transactions				
Recovery of insurance policy	-	-	19,421	274
Compensated absence liabilities – Transfer Out Obligation	-	-	97,531	1,316
Gratuity Liability - Transfer Out Obligation	-	-	14,955	196

Particulars	As at March 31, 2021 (Rs)	As at March 31, 2021 (USD)	As at March 31, 2020 (Rs)	As at March 31, 2020 (USD)
Liability				
Payable (net)	-	-	6,44,399	8,548
Receivable (net)	2,84,463	3,870	-	-

(c) Indian Clearing Corporation Limited (Fellow Subsidiary):

Particulars	For the Year ended March 31, 2021 (Rs)	For the Year ended March 31, 2021 (USD)	For the Year ended March 31, 2020 (Rs)	For the Year ended March 31, 2020 (USD)
Reimbursement of Transactions				
Travelling expenses	-	-	2,306	33

(d) India INX Global Access IFSC Limited (Subsidiary of Fellow Subsidiary):

Particulars	For the Year ended March 31, 2021 (Rs)	For the Year ended March 31, 2021 (USD)	For the Year ended March 31, 2020 (Rs)	For the Year ended March 31, 2020 (USD)
Reimbursement of Expenses				
Postage & Telephone Expense	6,901	93	-	-
Other Transaction				
Compensated absence liabilities – Transfer out obligation	-	-	24,799	350
Gratuity Liability - Transfer out obligation	-	-	32,896	464

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Particulars	As at March 31, 2021 (Rs)	As at March 31, 2021 (USD)	As at March 31, 2020 (Rs)	As at March 31, 2020 (USD)
Receivable	6,836	93	-	-

(e) BSE Investors Protection Fund (Trust set up by the Holding Company):

Particulars	For the Year ended March 31, 2021 (Rs)	For the Year ended March 31, 2021 (USD)	For the Year ended March 31, 2020 (Rs)	For the Year ended March 31, 2020 (USD)
Expenses				
Rent	34,579	466	3,80,831	5,373

(f) Central Depository Services (India) Limited (Associate of Holding Company):

Particulars	For the Year ended March 31, 2021 (Rs)	For the Year ended March 31, 2021 (USD)	For the Year ended March 31, 2020 (Rs)	For the Year ended March 31, 2020 (USD)
Expenses				
Professional Fees	74,577	1,005	77,561	1,094

(g) India International Clearing Corporation (IFSC) Limited Employees Group Gratuity Cash Accumulation Scheme (Trust setup by the Company):

Particulars	For the Year ended March 31, 2021 (Rs)	For the Year ended March 31, 2021 (USD)	For the Year ended March 31, 2020 (Rs)	For the Year ended March 31, 2020 (USD)
Asset/(Liability)				
Net defined benefit	3,528	48	(1,24,161)	(1,647)

(h) Key Managerial remuneration:

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particular	For the Year ended March 31, 2021 (Rs)	For the Year ended March 31, 2021 (USD)	For the Year ended March 31, 2020 (Rs)	For the Year ended March 31, 2020 (USD)
Salaries, allowances and bonus				
Mr. Arup Mukherjee - Managing Director and Chief Executive Officer*	54,55,155	73,514	53,28,268	75,174
Director Sitting Fees				
Mr. Alok Sherry – Independent Director	1,50,267	2,025	1,21,062	1,708
Mr. Arun Mehta – Independent Director	-	-	91,363	1,289
Other Committee Sitting Fees				
Mr. Alok Sherry – Independent Director	-	-	14,814	209

* The Company provides long term benefits in the form of Gratuity to Key managerial person along with all employees, cost of same is not identifiable separately and not disclosed.

25. Contingent liabilities and Capital Commitments

There are no contingent liabilities and Capital commitments as at March 31, 2021 (2020 : Nil).

26. Lease

Company has taken leasehold premises and improvements on lease term of 30 years. The minimum lease rentals along with their leased premium and the present value of minimum lease payments in respect of assets acquired under finance lease are as follows:

Particular	<i>Amount in Rs</i>			
	Payable not later than 1 year	Payable later than 1 year and not later than 5 year	Payable later than 5 year	Total
Minimum Lease Payments				
March 31, 2021	2,427	12,135	46,113	60,675
March 31, 2020	2,427	12,135	48,540	63,102
Finance Charge				
March 31, 2021	295	2,021	15,799	18,115
March 31, 2020	234	1,814	16,299	18,348
Present value of Minimum Lease Payments				
March 31, 2021	2,132	10,114	30,314	42,560
March 31, 2020	2,193	10,321	32,241	44,754

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Amount in USD

Particular	Payable not later than 1 year	Payable later than 1 year and not later than 5 year	Payable later than 5 year	Total
Minimum Lease Payments				
March 31, 2021	33	165	627	825
March 31, 2020	32	161	644	837
Finance Charge				
March 31, 2021	4	27	215	246
March 31, 2020	3	24	216	243
Present value of Minimum Lease Payments				
March 31, 2021	29	138	412	579
March 31, 2020	29	137	428	594

27. Capital management:

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Company is predominantly equity financed which is evident from the capital structure. Further, the Company has always been a net cash company with cash and bank balances along with investment which is predominantly investment in fixed deposit being far in excess of financial liabilities.

Compliance with externally imposed capital requirements:

In accordance with the SEBI (International Financial Services Centre) Guidelines, 2015, the Company shall have a minimum net worth equivalent of rupees fifty crores initially and it shall enhance its net worth to a minimum equivalent of rupees one hundred crores or risk based capital whichever is higher, over the period of three years from commencement of operations, i.e. by January 15, 2020. Further, SEBI has relaxed the net-worth requirement of rupees one hundred crores or risk based capital whichever is higher for a period of one year, i.e. till January 15, 2021, vide its letter dated July 3, 2019, subject to maintenance of minimum net-worth of rupees fifty crores or risk based capital whichever is higher at all times. Further IFSCA vide its letter dated December 16, 2020, has relaxed the networth requirement from Rs. 100 crores or risk-based capital whichever is higher to Rs. 50 crores or risk-based capital whichever is higher for a further period of one year i.e., till January 16, 2022 subject to maintenance of minimum net worth of Rs. 50 crores at all times. Further as per Notification No. IFSCA/2021-22/GN/REG011 of International Financial Services Centres Authority (Market Infrastructure Institutions) Regulation, 2021 dated 12th April, 2021, A recognized clearing corporation shall have net worth of at least USD 3 million at all times. The said notification will come into force on thirtieth day of its publication in the official Gazette.

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

28. Pursuant to MCA Notification dated January 04, 2017, Section 135 - Corporate Social Responsibility of Companies Act 2013, shall not apply for a period of five years from the commencement of business of a specified IFSC public company. Company is making losses in current year and also incurred losses in the previous years. Accordingly, Section 135 is not applicable to the company for the financial year 2020-21.
29. SEBI vide its circular no. SEBI/HO/MRD/DSA/CIR/P/2016/125 dated November 28, 2016, had inter alia specified that Clearing Corporations in IFSC shall establish and maintain a Fund to guarantee the settlement of trades executed in the stock exchanges in IFSC. To begin with such fund shall have a corpus equivalent to at least 10% of the net-worth of the clearing corporation. Clearing corporations shall evolve a detailed framework for the Fund, subject to approval of SEBI.

In view of the above, before commencement of operations, i.e. on January 10, 2017, a Core Settlement Guarantee Fund (Default Fund) of USD 8,75,926.05 (Rs 5,95,62,971.40) @ RBI reference rate i.e Rs 68/- has been created through earmarking investments. Default Fund size as on March 31, 2021 is Rs 8,69,80,243 (USD 11,83,329). Further company had applied to Central Board of Direct Tax for the purpose of issuance of notification notifying the Core Settlement Guarantee Fund (Core SGF – Default Fund) set up by the Company u/s 10 (23EE) of the Income Tax Act 1961 and approval of the same is awaited.

Further as per Notification No. IFSCA/2021-22/GN/REG011 of International Financial Services Centres Authority (Market Infrastructure Institutions) Regulation, 2021 dated 12th April, 2021, The fund shall have a corpus equivalent to at least the minimum required corpus as arrived at from the monthly stress test value or USD 1 million, whichever is higher. The said notification will come into force on thirtieth day of its publication in the official Gazette.

30. **Financial Risk Management**

The Company's principal financial liabilities, comprise trade and other payables. The main purpose of these financial liabilities is to support its operations. The Company's principal financial assets includes Cash and cash equivalents.

The Company's activities expose it to a variety of risks: Regulatory risk, Liquidity risk, Foreign Currencies risk, Interest rate risk.

Regulatory risk:

The company maintains an integrated and comprehensive view of risk and ensures that its risk management tools can manage and report on, all relevant risks. The Company's risk management policies, procedures, systems and controls form a part of a coherent and consistent governance framework which is reviewed and updated regularly. Participant Exposure and Settlement Default Risk, Credit Risk, Liquidity Risk, Legal Risk, Operational Risk, Custody and Investment Risk, Technology Risk, Clearing Bank Risk etc. are some of the risks that can be foreseen on a continuous basis. The Company has a sound framework for the comprehensive management of all material risks and established documented policies, procedures, systems and controls to identify, measure, monitor and manage such risks. The risk management policy of the Company shall be in accordance with the Principles for Financial Market Infrastructures ("PFMI") published by the Committee on Payments and Market

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Infrastructures (“CPMI”) and the Technical Committee of the International Organization of Securities Commissions (“IOSCO”).

Foreign currency risk

United State Dollars (USD) is the functional currency of the Company, thus the Company’s exchange risk arises from its foreign currency expenses. Currency other than USD is considered as foreign currency. Company is using Special Non-Resident Rupee account for discharging the liability of INR.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rates are sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the Company’s control. Interest rate risk can be controlled by the Company by making investments for tenors not exceeding the pre stipulated period and normally holding investments till its maturity.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due by having adequate liquid assets and realisable investments.

The table below provides details regarding the contractual maturities of significant financial liabilities as follows.

Particulars	<i>Amount in Rs</i>				
	On Demand	Payable within 1 year	Payable more than 1 year and less than 5 year	Payable more than 5 year	Total
Finance lease obligation					
March 31, 2021	-	2,427	12,135	46,113	60,675
March 31, 2020	-	2,427	12,135	48,540	63,102
Deposits from Members & Clearing Banks					
March 31, 2021	14,14,96,548	-	-	-	14,14,96,548
March 31, 2020	10,96,86,485	-	-	-	10,96,86,485
Trade payable					
March 31, 2021	-	16,39,155	-	-	16,39,155
March 31, 2020	-	21,45,935	-	-	21,45,935
Other financial liabilities					
March 31, 2021	-	20,04,547	-	-	20,04,547
March 31, 2020	-	21,12,690	-	-	21,12,690

INDIA INTERNATIONAL CLEARING CORPORATION (IFSC) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Amount in USD

Particulars	On Demand	Payable within 1 year	Payable more than 1 year and less than 5 year	Payable more than 5 year	Total
Finance lease obligation					
March 31, 2021	-	33	165	627	825
March 31, 2020	-	32	161	644	837
Deposits from Members & Clearing bank					
March 31, 2021	19,25,000	-	-	-	19,25,000
March 31, 2020	14,55,000	-	-	-	14,55,000
Trade payable					
March 31, 2021	-	22,300	-	-	22,300
March 31, 2020	-	28,466	-	-	28,466
Other financial liabilities					
March 31, 2021	-	27,271	-	-	27,271
March 31, 2020	-	28,025	-	-	28,025

31. The management of Company is seized of the evolving situation pertaining to the COVID 19 pandemic and continues to closely monitor it to ensure safety of all its staff members, the normal conduct of the market operations and prompt identification and resolution of issues, if any. Company continues to operate normally, accordingly there is no significant impact considered in the financial statement.
32. Previous year's figures have been regrouped / reclassified and rearranged wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report of attached

For and on behalf of the Board of Directors

For Dalal Doctor & Associates

Chartered Accountants

Firm Reg. No.: 120833W

Amol Khanolkar

Date: April 20, 2021

Place: Mumbai

Ashishkumar Chauhan

Chairman

Arup Mukherjee

Managing Director & CEO

Deepak Khemani

Chief Financial Officer

Place : Gandhinagar

Nikita Lakhiyani

Company Secretary