



AMC Repo Clearing Limited



First Annual Report

2021-22

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Corporate Information

Board of Directors	
Mr. Anand Sarveshwar Sinha	Public Interest Director (Resigned w.e.f. August 06, 2022)
Mr. Srinivasan Varadarajan	Public Interest Director
Mr. Krishnamurthy Vaidyanathan	Public Interest Director
Mr. Alok Chandra Jena	Shareholder Director

Key Managerial Personnel	
Mr. Natarajan Ramasamy	Chief Executive Officer
Mr. Ananth Kamath	Chief Financial Officer
Mr. Deepak Upadhyay	Head Risk
Mr. Venkataraman Rajagopal	Head – Operation
Mr. Ritesh Kadam	Company Secretary & Compliance Officer

Statutory Auditors
M.P. Chitale & Co. Chartered Accountants

Registrar and Share Transfer Agents
KFin Technologies Limited Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, Telangana Email ID: - venu.sp@kfintech.com

Registered Office
204, 205 & 206, The Empire Business Centre, 414, Empire Complex, Senapati Bapat Marg, Lower Parel(W) Mumbai 400013

Corporate Identity Number (CIN)
U65929MH2021PLC359108

Director's Report

To,
The Members,
AMC Repo Clearing Limited

Your Directors have pleasure in presenting the First Annual Report and Audited Financial Statements of the AMC Repo Clearing Limited ('referred herein as the 'ARCL' or 'the Company') for the year ended March 31, 2022.

1) State of the Company's affairs

Securities and Exchange Board of India (SEBI) has amended Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations) to make provisions for setting up of Limited Purpose Clearing Corporation (LPCC) with the objective to develop the corporate bond market. In line with the amendments to SECC regulations, the Company was incorporated on April 17, 2021, for providing Central Counterparty (CCP) services to the triparty repo transactions in corporate debt securities. ARCL has been granted recognition by SEBI vide letter dated January 18, 2022 for one year effective from January 17, 2022 which will be renewed by SEBI every year after assessing the performance and compliance of the Company under SECC Regulations. The Company had obtained the triparty repo product approval from SEBI vide mail dated August 13, 2021. The company had submitted application to RBI seeking its approval for offering triparty agency services under RBI's Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018. However, RBI has advised ARCL to indicate its willingness to seek authorization under Payment and Settlement Systems (PSS) Act, 2007. Since the Company has already been recognized as Limited Purpose Clearing Corporation under SECC Regulations 2018, the Company is coordinating with SEBI and RBI to get necessary regulatory approvals to offer triparty repo agent services along with clearing and settlement of triparty repo transactions in corporate debt securities.

The Company has put in place the following arrangements in compliance to SECC Regulations and circulars issued by SEBI for LPCC.

The Company has entered into agreement with National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) to offer the following services to the triparty repo transactions executed on the trading platforms of NSE and BSE:

- a. Collateral selection
- b. Repo Basket description
- c. Repo tenor
- d. Risk management
- e. Clearing and settlement

The Company has entered into outsourcing agreement with NSE Clearing Limited (NCL) and India Clearing Corporation Limited (ICCL) for leveraging their IT and operational infrastructure to carry out collateral, risk management, clearing and settlement services to the triparty repo transactions executed on their respective exchanges i.e. NCL for NSE transactions and ICCL for BSE transactions. There is no interoperability between NCL and ICCL for the triparty repo.

ARCL has been registered with NSDL and CDSL as limited purpose Depository Participant (DP) and has entered into agreement with both depositories for opening of demat accounts to manage collateral under triparty repo.

ARCL has initially empanelled HDFC Bank and ICICI Bank as clearing banks and has opened the following accounts with each clearing bank:

- Settlement account – will be used for effecting pay-in and pay-out of funds as per the funds obligation of members
- Margin account – will be used for collection and release of cash margin from/to members
- General account – Will be used for collection of transaction charges and other levies
- Core Settlement Guarantee Fund account – will be used for contribution and maintenance of Core SGF corpus

ARCL will empanel more number of clearing banks depending on growth in volume and also based on market requirement.

Indian Corporate Bond Market Overview:

This is discussed in detail under Management Discussion and Analysis forming part of the Annual Report.

2) Financial Results

The Company's Financial Results for the year ended March 31, 2022 are as follows:

Particulars	As on March 31, 2022
Total Income	2,82,89,591.21
Less: Expenditure	4,00,99,872.07
Profit Before Tax	(1,18,10,280.86)
Add/Less: Tax Expenses / (Income)	(9,321.65)
Profit after Tax	(1,18,00,959.21)
Add: Other Comprehensive Income (Net)	-
Balance carried to Balance Sheet	(1,18,00,959.21)

3) SEBI Recognition

The SEBI vide letter dated January 18, 2022, granted recognition to the Company as Limited Purpose Clearing Corporation for a period of one year commencing from January 17, 2022 and ending on January 16, 2023.

4) Dividend

Pursuant to regulation 22 (E) of SECC Regulations, for the first five years from the date of grant of recognition to ARCL as LPCC by SEBI, there shall be no distribution of dividend to the shareholders and the profits of ARCL shall be transferred to the Core Settlement Guarantee Fund as specified in regulation 37 of SECC Regulations.

In view of the SECC Regulations and losses for the financial year ending March 31, 2022, The Board of Directors of the company has not recommended dividend for the Financial Year 2021-22.

5) Transfer to Reserves

Your Company has not transferred any amount to Reserves for the Financial Year 2021-22.

6) Share Capital

The Company was incorporated on April 17, 2021, with the authorized share capital of Rs. 15,00,000/- divided into 1,50,000 Equity Shares of Rs. 10/- each. The company at Extra-Ordinary

General Meeting (EOGM) held on July 09, 2021, increased the Authorized Capital of the Company from Rs. 15,00,000 to Rs. 150,00,00,000. The additional share capital of Rs. 149,85,00,000 consisted of 14,98,50,000 Equity Shares of Rs 10/- each. The necessary amendments were made to Clause V in the Memorandum of Association.

The Company was incorporated on April 17, 2021, with paid up share capital of Rs. 70/- divided into 7 Equity Shares of Rs. 10/- each. The company on September 09, 2021, issued and allotted 14,70,68,708 equity shares of Rs. 10/- on private placement basis. Further on January 14, 2022, issued and allotted 7,60,462 equity shares of Rs. 10/- on private placement basis. The paid-up Share Capital of the Company as on March 31, 2022, was Rs. 147,82,91,770/- divided into 14,78,29,177 Equity shares of Rs.10/- each. The Company has not issued share with differential voting rights nor sweat equity. As on March 31, 2022, none of the Directors of the Company hold instruments convertible into equity shares of the Company

7) Secretarial Standards

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and approved by the Central Government under Section 118 (10) of the Companies Act, 2013 (the 'Act') for the Financial Year ended 2021-22.

8) Material changes and Commitment affecting the Financial Position of the Company

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of financial year of the Company to which the Financial Statements relate and the date of this Report.

9) Information Technology

Though ARCL is yet to commence its operations, it being a regulated entity, it has to ensure that it implements and follows all security norms as prescribed by the regulators. As per SEBI guidelines, ARCL has outsourced the core IT infrastructure for carrying out clearing and settlement activities and related activities to other recognised clearing corporations viz. NSE Clearing Limited (NCL) and India Clearing Corporation Limited (ICCL). Both NCL and ICCL are recognized clearing corporations and accordingly they are compliant to the technical standards for systems, system capacity, business continuity, cyber security etc. as prescribed by SEBI. ARCL has limited scope for implementation of security standards only to the extent of confining to its communication with exchanges and clearing corporations. Accordingly, the Company has implemented security solutions in the following areas:

- Multiple device access – A network security solution where there is a comprehensive check on the probable threats that may arise, irrespective of the users accessing the applications from any location, device or internet service provider.
- The Company will have in possession sensitive data pertaining to the member participants. As part of the Business activities, these data will be exchanged with the respective clearing corporations to whom our activities have been outsourced, on a regular basis during the day. This data will be exchanged through emails, SFTP or sharepoints. Security measures have been implemented to protect unauthorised data access and data leakage.
- From an internet security perspective, restrictions have been imposed on accessing webpages which are malicious and can pose security threats.

- Implementation of endpoint security to ensure that all the devices used by the Company for accessing the applications viz, Laptops, Desktops, mobile devices of employees, follow a definite level of compliance to standards.

ARCL has entered into an arrangement with Inniti Network Solutions LLP for implementing the above controls.

10) Human Resource

As of March 31, 2022, ARCL has a total of six employees comprising of 5 KMPs and 1 non KMP. The officials comprising of KMPs are Mr. Natarajan Ramasamy – Chief Executive Officer, Mr. Deepak Upadhyay – Head Risk, Mr. Venkataraman Rajagopal – Head Operations, Mr. Ritesh Kadam – Company Secretary and Compliance Officer, Mr. Ananth Kamath – Chief Financial Officer, and 1 non KMP i.e. Mr. Hari S Iyer – Finance & Accounts.

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

During the year under review, Company has not received any complaints on sexual harassment.

12) Particulars of Contracts and Arrangements with Related Parties:

All contracts / arrangements / transactions executed by the Company with the related parties during the financial year ended March 31, 2022, were in the ordinary course of business and on an arms' length and details of the same are provided in the notes to financial statements.

There are no transactions that are required to be reported in Form AOC-2 and as such do not form part of the Report.

13) Particulars of Loans, Guarantees or Investments:

No loan or guarantee is given to any person during the year. The investments made by Company during the year are in accordance with the provisions of the Act. The particulars of Investments made during the financial year are set out in the Notes to Accounts which forms part of this Annual Report.

14) Internal Financial Control:

In terms of Section 138 of Act, the Company proposes to appoint Internal Auditors of the Company in the next financial year i.e. 2022-23. The scope of the Internal Audit will be defined and approved by the Audit Committee.

Internal Financial Controls - ARCL has maintained adequate internal financial controls as per the approved policies. These controls include

- i) maker-checker in bank transactions and investments;
- ii) recording of transactions in a manner that facilitates preparation of financial statements as per the Generally Accepted Accounting Practices;
- iii) maintaining records that in reasonable detail, fairly and accurately reflect the transactions of ARCL;
- iv) ensuring that all expenditure and income are as per approval of the management; and

- v) providing reasonable assurance regarding prevention and timely detection of unauthorized acquisition, use or disposition of company's assets that could have material impact on the financials statement of the company.

These financial controls were operating effectively as of March 31, 2022.

15) Subsidiaries, Joint Ventures and Associate Companies

The Company don't have any subsidiary or Joint Ventures or Associate Company

16) Deposits

The Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

17) Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals Impacting the going concern status and company's operations in future

During the year under review, there were no significant or material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of your Company and its future operation.

18) Extract of Annual Return

The extracts of the annual return as on March 31, 2022, in Form MGT-7 prepared in accordance with Section 92(3) of the Act is hosted on the website of the company in the following link:

http://arclindia.com/spages/Disclosures/AnnualReturn_2021-22.pdf

19) Directors and Key Managerial Personnel

As per the provisions of SECC Regulations, the Governing Board of every recognized clearing corporation shall include (a) Public Interest Directors; (b) Shareholder Directors; and (c) Managing Director.

The Company was incorporated with 4 Directors namely Mr. Saurabh Manoj Nanavati, Mr. Nilesh Dhirajlal Shah, Mr. Vinay Muralidhar Tonse and Mr. Athmanathan Balasubramanian.

Mr. Srinivasan Varadarajan, Mr. Anand Sinha and Mr. Krishnamurthy Vaidyanathan were appointed as Public Interest Director w.e.f. January 17, 2022, for a period of 3 years.

Regulation 22C of SECC Regulations states that the representative of the issuers of debt securities may be appointed on the governing board of the recognized limited purpose clearing corporation on a rotational basis and such a director shall be deemed to be a shareholder director.

Explanation. — For the purpose of this sub-regulation, representative of issuers of debt securities during a financial year shall be one amongst the top three issuers, which are public sector undertakings, based on their issue size in the preceding financial year.

Pursuant to the above Regulation of SECC Regulations, the Shareholders at their EOGM held on September 29, 2021, had approved appointment of Mr. Alok C Jena (Chief General Manager – Accounts, NABARD) as Director on the Board of the Company under the 'Shareholder Director' category, liable to retire by rotation, subject to the approval of SEBI. SEBI had acceded to the appointment of Mr. Alok C Jena as Shareholder Director as approved by the Shareholders.

The composition of the Board is in conformity with the Act and SECC Regulations, enjoining a specified combination of Executive, Non-Executive and Public Interest Directors. The Chairman of the Board is a Non- Executive Director.

The initial four Directors of the Company namely Mr. Saurabh Manoj Nanavati, Mr. Nilesh Dhirajlal Shah, Mr. Vinay Muralidhar Tonse and Mr. Athmanathan Balasubramanian resigned from the board of the Company w.e.f. January 19, 2022, upon reconstitution of the board after appointment of Public Interest Directors. The Board acknowledged and placed on record its appreciation for the immensely valuable suggestions and insights provided by them during the deliberations at the meetings of Board.

The Board of Directors are of an opinion and declare that the Independent Director/Public Interest Director appointed during the year have requisite qualifications, knowledge, experience and expertise to act as an Independent Director of the Company and they hold highest standards of integrity.

Mr. Ritesh Kadam was appointed as the Company Secretary and the Compliance Officer of the Company w.e.f. December 09, 2021. Mr. Natarajan Ramasamy was appointed as Chief Executive Officer w.e.f. March 23, 2022 and Mr. Ananth Kamath was appointed as Chief Financial Officer of the Company w.e.f. March 31, 2022.

Pursuant to SECC Regulations, the Key Management Personnel of ARCL as of March 31, 2022, were

Mr. Natarajan Ramasamy, Chief Executive Officer
Mr. Deepak Upadhyay, Head-Risk
Mr. Venkataraman Rajagopal, Head-Operations
Mr. Ananth Kamath, Chief Financial Officer
Mr. Ritesh Kadam, Company Secretary & Compliance Officer

The Company has received the disclosures in the Form DIR-8 required under Section 164 of the Act and has noted that none of the directors have incurred any of the disqualifications on account of non-compliance with any of the provisions of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. Further, there were no acts of omission/commission by the company itself, leading to the disqualification of its directors.

20) Board Meetings

The Board met Eight times during the year on May 10, 2021, June 10, 2021, August 05, 2021, August 27, 2021, November 03, 2021, December 09, 2021, January 24, 2022 and March 23, 2022. The maximum gap between any two meetings was less than one hundred and twenty days.

For further details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this report.

Details of the composition of Committees of the Board, meetings held, attendance of the Directors at such Meetings and other relevant details are given in the Corporate Governance Report forming part of this Report.

21) Declaration By Independent Directors

Each PID has given a declaration of independence as required under the applicable laws as well as confirmation that he/ she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his / her ability to discharge his / her duties with an objective independent judgement and without any external influence and that he/she is independent of management and a confirmation that he/ she has read and understood the Company's code of conduct, as applicable to the Board of Directors of the Company and that he/ she affirms compliance with the said code of conduct during the financial year 2021-22. The enrollment of all PIDs in the Databank being maintained by the Indian Institute of Corporate Affairs to qualify as an Independent Director has been completed and they have all furnished the declaration affirming their compliance with the relevant provisions of Companies (Appointment & Qualification of Directors) Rules along with the Declaration of Independence given as per section 149(6) of the Act.

Based on the confirmation/declaration received from the independent directors, that he/she was not aware of any circumstances that are contrary to the declarations submitted by him/her, the Board acknowledged the veracity of such confirmation and takes the same on record.

In the opinion of the Board, all the aforesaid Independent Directors possess the requisite expertise and experience and they hold the highest standards of integrity.

22) Company's Policy on Directors' Appointment and Remuneration including criteria for determining qualifications, positive attributes & independence of Directors

Pursuant to requirements of the Act, the Company has framed policy on the appointment of Directors and Key Management Personnel (including Senior Management Personnel) i.e. Nomination and remuneration Policy. The Nomination and Remuneration Policy of the Company is given in **Annexure-A** and is also available at the website of the Company at <http://arclindia.com/spages/Disclosures/NominationandRemunerationPolicy.pdf>.

23) Directors Responsibility Statement

Your Directors confirm that –

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of ARCL at the end of the financial year i.e. March 31, 2022 and of the profits of ARCL for that year;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of ARCL and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a going concern basis;
- (v) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and were operating effectively.

24) Change in Registered Office of the Company

At the time of incorporation, the Registered Office of the Company was situated at 701, Tower 2, B Wing, One Indiabulls Centre 841, Senapati Bapat Marg, Elphinstone Road, Mumbai 400013. The name of property/premises/Office Complex where the registered office of the Company was situated was changed from 'One Indiabulls Center' to 'One World Centre' w.e.f. June 10, 2021 i.e. the registered office of the Company was updated to 701, Tower 2, B Wing, One World Centre, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai 400013. Further, the registered office of the Company was changed to 204, 205 & 206, The Empire Business Centre, 414, Empire Complex, Senapati Bapat Marg, Lower Parel (W), Mumbai 400013 effective from December 08, 2021.

25) Board Evaluation

As per the provisions of the Act, the Nomination & Remuneration Committee (NRC) shall specify the manner for effective evaluation of the performance of Board, its Committees and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance. The company is yet to commence its business operations. The existing Directors were appointed on the Governing Board w.e.f. December 09, 2021 and considering the short span of tenure of the Directors from their date of appointment till 31st March 2022, board evaluation shall be conducted from the next Financial Year.

26) Report on Corporate Governance

The Company is committed to maintain the highest standards of corporate governance and adhere to corporate governance requirements.

ARCL is a public limited company, whose securities are not listed on any of the stock exchanges. As per Regulation 33 of the SECC Regulations, the disclosure requirements and corporate governance norms as specified for listed companies are mutatis mutandis applicable to a recognised clearing corporation.

ARCL has always been involved in good governance practices and endeavors continuously to improve upon the same. A report on corporate governance for the financial year 2021-22 is furnished as part of the Annual Report for the information of all its stakeholders as **Annexure B**.

27) Committee of Board

Details of the composition of Committees of the Board, meetings held, attendance of the Directors at such Meetings and other relevant details are given in the Corporate Governance Report forming part of this Report.

28) Management Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review is presented in a separate section forming part of the Annual Report.

29) Vigil Mechanism

The Company is committed to adhere to the highest standards of ethical, moral, and legal conduct of business operations. To maintain these standards, AMC Repo encourages employees

who have concerns about suspected misconduct, to come forward and express these concerns without fear of punishment or unfair treatment.

Below mentioned are the guidelines for Vigil Mechanism: -

1. Employee should first try to resolve complaints with their Reporting Authority.
2. If the employee prefers, he/ she may elect to file a verbal or written complaint with the HR / Management.
3. A detailed description of the offensive conduct should be provided along with facts/ evidence that can be shared.
4. Disciplinary action may be required to ensure an effective resolution and compliance with this policy.
5. Any communication in respect of alleged wrongful conduct should be addressed to the Chairman of the Audit Committee of the Company.

30) Statutory Auditors

M/s M. P. Chitale & Co. Chartered Accountants [Firm Regn. No. 101851W] were appointed as the First Statutory Auditors of the Company to hold office till the conclusion of the first Annual General Meeting of the Company. The Statutory Auditors conducted the Statutory Audit of the Company for the financial year ended 31st March 2022.

The Company has received a written consent from M/s M. P. Chitale & Co. to act as Statutory Auditors, and a certificate, that they are eligible for appointment and satisfy the criteria provided in Section 141 of the Act and the Companies (Audit and Auditors) Rules, 2014 and does not suffer from any disqualification. The Board of Directors have recommended appointment of M/s M. P. Chitale & Co. as the Statutory Auditors of the Company for a period of 5 years commencing from the conclusion of ensuing Annual General Meeting upto the conclusion of the 6th Annual General Meeting to be held for the financial year ending March 31, 2027.

The Statutory Auditors' Report for the Financial Year 2021 -22 does not contain any qualification, reservation or adverse remarks.

Also, no frauds were reported by the Auditors in their report on the Financial Statements of the Company under Section 143(12) of the Act.

31) Particulars of Employee

As on March 31, 2022, there were 6 employees on the payroll of ARCL. A Statement of Particulars of Employees covered under the provisions of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as **Annexure C**. The ratio of compensation paid to each key management personnel, vis-a-vis. median of compensation paid to all employees of ARCL is enclosed herewith as **Annexure D**.

32) Conservation of Energy, Technology Absorption and Foreign Exchange Earnings / Outgo

A) CONSERVATION OF ENERGY

- i) The steps taken to or impact on conservation of energy – Although the Company is not engaged in manufacturing activities, as a responsible corporate citizen, we continue to pursue and adopt appropriate energy conservation measures. The

Company also takes significant measures to reduce energy consumption by using energy efficient computers and by purchasing energy efficient equipment. The Company purchases PCs, laptops etc. that meet environment standards, wherever possible.

- ii) The Steps taken by the Company for utilizing alternate sources of energy: - Not Applicable
- iii) The capital investment on energy conservation equipment's: - The Company constantly evaluates new developments and invests into latest energy efficient technology

B) TECHNOLOGY ABSORPTION

The Technology absorption is not applicable to the Company since the Company is in financial services sector.

C) Particulars of Foreign Currency Earnings and outgo

Particulars	March 31, 2022
Foreign exchange earned in terms of actual inflow	NIL
Foreign exchange outgo in terms of actual outflow	NIL

33) Acknowledgement

Your Directors would like to express their sincere appreciation to its Members, Government authorities and vendors for their cooperation and support and looks forward to their continued support in future.

Your Directors also place on record, their deep sense of appreciation for the committed services by the employees of the Company.

For and on behalf of the Board of Directors

Sd/-

Sd/-

**Place: Mumbai
Date: August 05, 2022**

**Srinivasan Varadarajan
Director
DIN: 00033882**

**Alok C Jena
Director
DIN: 09327319**

Annexure -A to BOARD'S REPORT

NOMINATION AND REMUNERATION POLICY

1) Introduction

AMC Repo Clearing Limited (hereinafter referred to as “ARCL” or “the company”) is governed by the Companies Act, 2013 (hereinafter referred to as “Act”) and rules notified thereunder; the Securities Contracts (Regulation) Act, 1956 read with rules notified thereunder and the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as “SECC Regulations”) including disclosure requirements and corporate governance norms as specified for listed companies to the extent applicable to stock exchanges/clearing corporations.

ARCL has adopted this Policy (the “Policy”) on Nomination and Remuneration Policy pursuant to the applicable provisions of the Act including rules thereof, applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [the “Listing Regulations, 2015”] and applicable provisions of SECC Regulations, collectively referred to as “Applicable Law”.

This Policy applies for nomination of and remuneration to the Directors and Key Managerial Personnel of ARCL.

2) Objective of this Policy are:

The Policy has been framed keeping in view the following objectives/purposes:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully and to ensure long term sustainability of managerial persons and create competitive advantage; and
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration payable to Key Managerial Personnel involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals and aligns with the long term interests of the company and its shareholders.

3) Constitution of the Nomination and Remuneration Committee

The Board has constituted the “Nomination and Remuneration Committee” of the Board.

4) General

This Policy is divided in three parts: -

- Part – A: Terms of Reference for the Nomination and Remuneration Committee;
- Part – B: Nomination of Directors and KMPs; and
- Part – C: Remuneration for Directors and KMPs

Part A – Terms of Reference for Nomination and Remuneration Committee

ARCL is required to constitute NRC to inter-alia determine the compensation of key management personnel in terms of compensation policy framed in accordance with the norms specified therein. The following are the terms of reference of NRC:-

- a. Identification of persons who are qualified to become Directors and recommend to the Board their appointment and removal
- b. Selecting the Managing Director.
- c. Framing & reviewing the performance review policy to carry out evaluation of every director's performance, including that of Public Interest Director (PID).
- d. Devising a policy on diversity of board of directors
- e. Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees
- f. Recommending whether to extend the term of appointment of the PID.
- g. Identifying a Key Management Personnel, other than personnel as specifically provided in its definition under SECC Regulations, 2018.
- h. Determining the tenure of a key management personnel, other than a director, to be posted in a regulatory department.

Part – B: Nomination of Directors and KMPs

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director of the Company and recommend to the Board his / her appointment. A person to be appointed as Director or KMP should possess adequate qualification, expertise and experience for the position he / she is considered.

Composition of the Governing Board:

As per the SECC Regulations the governing board of the company shall include:

- I) Shareholder Director (SHD)
- II) Public Interest Director (PID)
- III) Managing Director (MD)

The chairperson of the governing board shall be elected by the governing board from amongst the PIDs. The number of PIDs shall not be less than the number of SHDs on the governing board of the company. The managing director shall be included in the category of shareholder directors.

Appointment of Public Interest Director:

Public Interest Director means an independent director representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Board, is in conflict with his role.

- 1) The committee shall recommend a person to be appointed as Public Director to the Board of Director
- 2) The committee shall ensure that PID are selected from diverse field of work. While deciding to propose a particular person as a public interest director, the stock exchange/ clearing corporation shall also take into account the following factors:

- a) Qualification in the area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets.
- b) Atleast one person shall be inducted having experience and background in finance / accounts who may preferably be inducted in the audit committee.
- c) Persons currently holding positions of trust and responsibility in reputed organisations or person who have retired from such positions.
- d) Persons who are likely to have interested positions in commercial contracts and financial affairs of stock exchanges, may preferably be excluded. Persons who are regular traders/ speculators in the market or are director in the board of the promoter entity of the Stock Exchange or Clearing Corporation, shall be excluded.
- e) No trading member or clearing member or their associates and agents, irrespective of the stock exchange / clearing corporation of which they are members, shall be on the governing board of any recognised stock exchange or recognised clearing corporation.

Independent directors of the associates of Public Financial Institution or Bank in public sector, who are clearing member and/or trading member and where the majority shareholding is that of such public Financial institution or bank in the public sector, shall not be deemed to be a clearing member and / or trading member.

- 3) The names of persons to be appointed as PID shall first be approved by the governing board, before submitting the same to SEBI for approval. The Shareholders approval shall not be necessary for appointment of PID.
- 4) A minimum of two names shall be submitted to SEBI for each vacancy of PID.
- 5) Maximum age limit for PID shall be 75 years
- 6) Public interest directors shall be nominated for a term of three years, extendable by another term of three years, subject to performance review

The PIDs shall comply with the code of ethics and code of conduct as prescribed by the company.

Appointment of Shareholder Director:

As per the SECC Regulations, the representative of the issuers of debt securities may be appointed on the governing board of the recognized limited purpose clearing corporation on a rotational basis and such a director shall be deemed to be a shareholder director.

Explanation. — For the purpose of this sub-regulation, representative of issuers of debt securities during a financial year shall be one amongst the top three issuers, which are public sector undertakings, based on their issue size in the preceding financial year.

- 1) Company shall identify top three issuers of debt securities during a financial year and subsequently to approach them for nomination of shareholder director
- 2) The committee shall recommend a person to be appointed as Shareholder Director to the Board of Director
- 3) The names of persons to be appointed as shareholder directors shall first be approved by the governing board, followed by shareholders' approval before submitting the same to SEBI for approval.
- 4) Shareholder Director shall be appointed every year on rotational basis
- 5) The appointment and re-appointment of all shareholder directors shall be with the prior approval of SEBI.

Appointment of Managing Director:

As per the SECC Regulations, the governing board of every recognised clearing corporation shall include Managing Director.

- 1) The MD shall be selected through open advertisement in all editions of at least one national daily from amongst persons qualified in the fields of capital market/ finance/ management and possessing sufficient experience.
- 2) Nomination and Remuneration Committee (NRC) shall be responsible for selection of Managing Director.
- 3) NRC shall determine the qualification, manner of appointment, terms and conditions of appointment and other procedural formalities associated with the selection/ appointment of the MD
- 4) At the time of seeking approval of SEBI for the appointment of the managing director, the stock exchange/ clearing corporation shall seek approval for the compensation of the managing director from the SEBI
- 5) At least two names for the post of MD, without any order of preference, shall be forwarded to SEBI for approval.
- 6) Term of appointment of MD should not exceed five years. A person may be appointed as the Managing Director by the company for a maximum of two terms not exceeding five years each, subject to a maximum age limit of sixty five years.
- 7) Age limit for appointment of MD is upto 65 years of age.

Appointment of KMP's:

Any selection, appointment/ re-appointment and tenure of a KMP of the Company shall be governed by the provisions of the applicable laws.

The tenure of KMP's in a regulatory department would be till he/ she ceases to be the employee of the Company. However, the same shall be reviewed every 3 years unless any other tenure is specifically decided by the Committee.

Retirement / Resignation / Removal of Director/KMP's:

Directors and KMP's shall retire/cease to hold office as per the provisions of the applicable laws and the prevailing policy of the Company or in terms of which such appointment was made.

Owing to disqualifications for any reasons mentioned in the Act or rules made thereunder or under any other Act, Rules and Regulations as may be applicable and subject to the prevailing HR Policy of the Company, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director/KMP, subject to the provisions and compliance of the said Act, rules and regulations.

The Board will have the discretion to extend the term of a KMP, even after his/her attaining the age of superannuation, for the benefit of the Company.

Part-C: Remuneration to Directors and KMPs

As per the provisions of Applicable Laws, the Nomination and Remuneration committee is required to recommend to the Board a policy relating to the remuneration for the Directors and Key Managerial Personnel.

1) Factors Determining Remuneration

- a) financial condition / health of the company including revenues, net profits and other relevant financial parameters, if any
- b) average levels of compensation payable to employees in similar ranks, in the industry and industry standards
- c) shall not contain any provisions regarding incentives to take excessive risks over the short term,
- d) Role and responsibilities of the Director / KMP / Employees
- e) Performance of the KMP
- f) Attract and retain KMP / Employees and motivate them to achieve results with integrity and fairness, etc.

2) Compensation Structure

The Board of Directors of the Company shall decide the remuneration of Executive / Non-Executive Directors and KMP on the basis of recommendation of the Committee subject to the overall limits provided under Act and rules made thereunder, including any amendments, modifications and re-enactments thereto and in compliance with the provisions of applicable laws.

A) Directors

Public Interest Director and Shareholder Director:

The PIDs and SHDs shall be paid for Board Meetings and any Committee Meetings attended by them. The board of the company, in its meeting held on 09th December 2021, had approved the following sitting fees to the directors for the board and committee meetings:

For Board Meeting	: Rs.1,00,000 per meeting
For Committee Meeting	: Rs.50,000 per meeting

The above fee structure shall continue to be followed by the company. Any change in sitting fees will be recommended by the Committee and approved by the Board, if made within the limits prescribed under the Companies Act, 2013 for payment of sitting fees.

The Board considers the following factors while approving the change in the sitting fees to the Board/Committee members:

- (a) Contribution expected from Directors considering size and complexity of organization;
- (b) Comparison with the peers/ Industry benchmarking; and
- (c) Regulatory guidelines as applicable etc.

The Non-Executive Directors are also entitled to reimbursement of expenses for attending the Board and other Committee meetings including travelling, boarding and lodging expenses, shall be paid by the Company.

B) Key Managerial Personnel

The Committee shall recommend the remuneration of other KMP's to the Board for its approval, taking into consideration the following factors:

- a) Value added from time to time / their contribution to the Organization growth.

- b) Financial condition / health of the Clearing Corporation.
- c) Comparability to the industry standards
- d) Revenues, net profit of the Clearing Corporation;
 - average levels of compensation payable to employees in similar ranks
 - periodic review
- e) Ensure that the variable component of the remuneration of other KMP's is basis the Performance rating as per the matrix adopted by the Company which under any circumstances does not exceed one third of the fixed remuneration.
 - 50% of the variable component of the remuneration is paid only after the audited annual accounts for the year are approved by the Board of Directors and also subject to such payment being approved by the Board; and
 - the balance 50% of the variable pay will be paid on a deferred basis after three years. The payment of the entire variable component is subject to the provisions of 'malus' and/or 'clawback' provisions, as defined hereinafter.
- f) No incentives are provided for excessive risks in the short term.

ESOPs and other equity linked instruments in the clearing corporation shall not be offered or provided as a part of the compensation to the key management personnel.

Any financial disincentive specified by SEBI and/or any other regulatory/statutory authority shall be applicable to KMP's.

Any change in the remuneration of the KMP's shall be recommended by the Committee to the Board for its approval.

Malus and Clawback Provisions:

A malus arrangement permits the clearing corporation to prevent vesting of all or part of the amount of a deferred variable component.

A clawback is a contractual agreement between the employee and the clearing corporation in which the employee agrees to return previously paid or vested variable component to the clearing corporation under certain circumstances.

The aforesaid clauses shall be triggered under the following circumstances:

- a. Fraud
- b. Impersonation
- c. Gross negligence which have caused or may cause significant financial loss or reputational harm to the Company
- d. Misfeasance
- e. Any act amounting to criminal breach of trust
- f. Conviction for an offence involving moral turpitude
- g. Breach of confidentiality in trade secret
- h. Ethical misconduct
- i. Fraudulent financial reporting
- j. Overstating or misstating financial indicators or of the performance criteria either at the Company level or individual level with a view to get increased variable pay
- k. Non-compliance or insubordination in adhering to regulatory/policy guidelines
- l. Such other circumstances as the Committee and/or Board may decide.

General parameters to consider increase in the remuneration:

The salary increment budget would be ascertained by the Committee / Board every year, based on following parameters:

1. Company performance during the Financial Year;
2. Employee appraisal rating scale provided by HR;
3. Consumer Price Index.

C) Remuneration of other Employees of the Company:

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

ESOPs and other equity linked instruments in the clearing corporation shall not be offered or provided as a part of the compensation to the employees.

Note: In the event of any conflict between the provisions of this Policy and of the SECC Regulations, 2018, the Companies Act, 2013 and rules made thereunder and the Listing Regulations, 2015, the provisions of the SECC Regulations, 2018, the Companies Act, 2013 and rules made thereunder and the Listing Regulations, 2015 shall prevail over this Policy.

POLICY REVIEW:

This Policy shall be reviewed by the Nomination and Remuneration Committee as and when required or at least once in 2 years and changes made therein, if any, shall be approved by the Board.

Annexure 1 to Nomination and Remuneration Policy_Definitions

'Act' means the Companies Act 2013 and includes the Rules framed thereunder, as may be amended from time to time.

'Board' means the Board of Directors of the Company.

'Committee' means the Nomination and Remuneration Committee of the Company as constituted/ reconstituted by the Board of Directors of the Company, in accordance with the provisions of applicable Laws.

'Directors' means Directors of the Company.

'Fixed Remuneration' includes fixed wages, contribution to Provident fund and allowances/ benefits.

'Independent Director' means a Director referred in the provisions of applicable Laws.

Key Managerial Personnel' (the "KMP") as defined in Regulation 2 (1) (j) of the SECC Regulations "Key Management Personnel" includes a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of the department(s) in

the recognised stock exchange, or any person who directly reports to Chief Executive Officer or to the Director on the governing board of the recognised stock exchange, or any person up to two levels below the Chief Executive Officer or Managing Director, or any other person as may be identified by its Nomination and Remuneration Committee.

Note: KMP's includes the Senior Management Personnel of the Clearing Corporation. (as defined in the Listing Regulations, 2015)

'Public Interest Director' means an Independent Director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the SEBI, is in conflict with his role.

'Remuneration' means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

'Regulatory Department' refers to the following departments of the Company:

- Risk Management
- Membership
- Compliance

'SEBI' means the Securities and Exchange Board of India

Words and expressions used and not defined in this Policy but defined in the Companies Act or any rules framed thereunder or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the Listing Regulations, 2015 or the Indian Accounting Standards shall have the meanings assigned to them in these acts/regulations/Rules/Standards.

Annexure -B to BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

1) BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance is the application of best management practices, compliance of law and commitment to values and ethical business conduct to achieve the Company's objective of enhancing shareholder value and effective discharge of its social responsibility. AMC Repo Clearing Limited ("ARCL" or "the Company" or "Clearing Corporation") is a Company incorporated under the Companies Act, 2013 (the Act). The Securities and Exchange Board of India (SEBI) vide letter dated January 18, 2022 granted recognition to the Company as Limited Purpose Clearing Corporation for a period of one year commencing from January 17, 2022 and ending on January 16, 2023. The Company is in process of complying with the applicable provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations).

ARCL has focused on good governance practices and endeavors to improve the same in the corporate landscape. ARCL has rigorously stood by the core principles of corporate governance and considers integrity, transparency, fairness, accountability and adherence to the law as the pillars of its business practices. For the information of its stakeholders, ARCL is furnishing the Report on Corporate Governance for the financial year ended March 31, 2022.

2) Board of Director

A) Composition of the Board

As on March 31, 2022, the Board consists of 4 Directors of which one is Shareholder Director and three are Independent and Public Interest Directors. The appointments of Board of directors is based on meritocracy in the context of skills, diverse experience, independence and knowledge, which the Board as a whole requires to be effective, keeping in mind SEBI prescribed norms such as qualification (in the area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets), at least one person having experience and background in finance /accounts who may preferably be inducted in the audit committee, persons currently holding positions of trust and responsibility in reputed organizations or persons who have retired from such positions. Accordingly, the Directors are chosen from among eminent persons or experts in the field of law, finance, accounting, taxation, information technology, economics, commerce, management, etc. None of the Directors of the Company hold any shares in the Company and are not inter-se related to each other. The Board of Directors have nominated Mr. Anand Sinha Independent and Public Interest Director (Non-Executive Director) as Chairman of the governing Board and SEBI approval is awaited for the same. The Company is in process of appointment of Managing Director in compliance with the regulation 25 SECC Regulations.

The composition of the Board and Directorship / Committee positions of the Directors in other companies are as follows:

Name and DIN	Date of Appointment	Position / Category	Directorships in other Indian Public Limited Companies*	No. of Board Committees in which Chairman / Member#	
				Member	Chairman
Mr. Saurabh Nanavati [@] (DIN 02473929)	April 17, 2021	Non-Executive Director	-	-	-
Mr. Nilesh Dhirajlal Shah [@] (DIN 01711720)	April 17, 2021	Non-Executive Director	4 (1 Arvind Limited 2 Arvind Fashions Limited 3 Kotak Mahindra Asset Management Company limited 4 Kotak Mahindra Pension Fund Limited)	5	-
Mr. Vinay Muralidhar Tonse [@] (DIN 06695367)	April 17, 2021	Non-Executive Director	1 (1 SBI FUNDS MANAGEMENT LIMITED)	-	-
Mr. Athmanathan Balasubramanian [@] (DIN 02928193)	April 17, 2021	Non-Executive Director	2 (1 Aditya Birla Sun Life Amc Limited 2 Aditya Birla Sun Life Pension Management limited)	1	-
Mr. Anand Sinha [^] (DIN 00682433)	December 9, 2021	Public Interest Director (Non-executive Independent Director)	1 (Navi Technologies Limited)	1 (Navi Technologies Limited – Member of Audit Committee)	1 (Navi Technologies Limited – Chairman of Stakeholder Relationship Committee)

Mr. Srinivasan Varadarajan^ (DIN 00033882)	December 9, 2021	Public Interest Director (Non-executive Independent Director)	2 (INDIA DEBT RESOLUTION COMPANY LIMITED INSTITUTIONAL INVESTOR ADVISORY SERVICES INDIA LIMITED)	2 (INDIA DEBT RESOLUTION COMPANY LIMITED - Member of Audit Committee INSTITUTIONAL INVESTOR ADVISORY SERVICES INDIA LIMITED -- Member of Audit Committee)	-
Mr. Vaidyanathan Krishnamurthy^ (DIN 00693204)	December 9, 2021	Public Interest Director (Non-executive Independent Director)	-	-	-
Mr. Alok C Jena\$ (DIN 09327319)	December 9, 2021	Shareholder Director (Non-executive Director)	-	-	-

* Excludes directorships in private companies, foreign companies and alternate directorships.

Includes only Audit Committee and Stakeholders' Relationship Committee of other Indian public limited companies

@ Resigned from the Board of the Company with effect from January 19, 2022.

^ Appointed as Additional Directors (Non-Executive & Independent) on the Board of the Company with effect from December 9, 2021 and as Independent Director of the Company under 'Public Interest Director' category as per SECC Regulations for a period of 3 (three) year effective from January 17, 2022.

\$ Appointed as Non- Executive Director of the Company under the 'Shareholder Director' category with effect from December 09, 2021

B) Board Skill Matrix

The Board of Directors of ARCL comprises of qualified members who bring in the required skills, expertise and competence that allows them to make an effective contribution to the deliberations at the meetings of the Board and its Committees.

The Board members are committed to ensuring that the ARCL Board is in compliance with the highest standards of corporate governance.

The skills/expertise/competencies/positive attributes, etc. that are identified for appointment of a candidate as Director to function effectively, in the context of the business and sector of the Company are:

- Qualifications - law, finance, accounting, economics, management, administration, or any other area relevant to the financial markets.
- Experience - capital and financial Market, financial and Management skill, management of the finance function of an enterprise, accounting, economics, financial reporting process, financial securities, commodity market, derivatives market, futures market, equity market, debt market, index, SME Market, etc.
- Knowledge - understanding and knowledge of the entity and applicable regulatory norms, constructive and analytical decision-making abilities, understanding of the risk attached with the business structure, understanding of the role, responsibilities, and obligations, etc.
- Technology - Technical/Professional skills in relation of Company's business, analysing technological trends, innovation, creative ideas for business, research, and innovation, digitisation and allied knowledge in the field of science and technology
- Leadership - demonstrable leadership skills, leadership experience with regard to managing a company including practical understanding, risk management, processes, strategic planning, guiding and leading management teams to make decisions, facilitation skills, strong interpersonal and communications.
- Governance - corporate governance, compliance, transparency, board governance, accountability to stakeholders, corporate ethics, and values, strengthening regulatory functions, protecting shareholder interests, law and other areas relevant to business/sector and industry in which company operates.

Basis the above-mentioned skill matrix, the skills which are currently available with the Board have been mapped below:

Skills	Mr. Anand Sinha	Mr. Srinivasan Varadarajan	Mr. Vaidyanathan Krishnamurthy	Mr. Alok C Jena
Qualifications	✓	✓	✓	✓
Experience	✓	✓	✓	✓
Knowledge	✓	✓	✓	✓
Technology	✓	✓	✓	✓
Leadership	✓	✓	✓	✓
Governance	✓	✓	✓	✓

Board Diversity

ARCL has eminent persons from diverse fields to serve as Directors on its Board. Pursuant to the SEBI Listing Regulations, ARCL has ensured the diversity of the Board in terms of experience, knowledge, perspective, background, gender, age, and culture.

Chairman of Board

The Governing Board of ARCL had elected Mr. Anand Sinha, Independent and Public Interest Director as Chairman of the Governing Board of ARCL to hold office as Chairman of the Governing Board for a period effective from the date of approval from SEBI till the expiry of

his term as Public Interest Director on the Governing Board of ARCL. Further, ARCL has made application to SEBI for approval of Mr. Anand Sinha as Chairman of the Board and SEBI approval for the same is pending.

The role and responsibilities of the Chairman are as under:

- Leading, chairing and overseeing the performance of the Board and playing a pivotal role in the creation of the conditions necessary for overall Board and individual director effectiveness, both inside and outside the boardroom;
- Promoting and overseeing the highest standards of corporate governance within the Board;
- Leading the Board in discussions of proposals put forward by the management team including on strategy, risk management, governance, capital, financial reporting and business activity;
- Setting an agenda for the Board, which is focused on strategic matters, forward looking and evaluates and oversees the ARCL's businesses;
- Being a sounding board and mentor to the management team;
- Representing ARCL with external parties; and
- Fostering an open, inclusive discussion which challenges executives, where appropriate.

However,

- 1) The Chairman does not interfere in the day to day functioning of the Company and limits his role to decision making on policy issues and to issues as the Governing Board may decide.
- 2) The Chairman abstains from influencing the employees of the Company in conducting their day to day activities.
- 3) The Chairman does not be directly involved in the function of appointment and promotion of employees unless specifically so decided by the Governing Board.

Managing Director

The Company is in process of appointment of Managing Director in compliance with the regulation 25 of SECC Regulations.

Board Evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board will work with the Nomination and Remuneration committee to lay down the evaluation criteria for performance of the Chairman, the Board, the Committees and individual directors excluding the Director being evaluated.

C) Attendance of each Director at the Board Meetings and at the Annual General Meeting ('AGM')

During the financial year 2021-22, the Board met Eight times on May 10, 2021, June 10, 2021, August 05, 2021, August 27, 2021, November 03, 2021, December 09, 2021, January 24, 2022 and March 23, 2022. The Board met at least once in every calendar quarter and

the gap between any two Board Meetings did not exceed 120 days. The quorum for every Meeting of Board was met as per the Act and the Listing Regulations.

The details of the attendance of the Directors at the meetings are as follows:

Name	Number of Board Meetings attended	Attendance at AGM
Mr. Saurabh Nanavati	6 out of 6	First AGM of the Company will be held during the financial year 2022-23
Mr. Nilesh Dhirajlal Shah	6 out of 6	
Mr. Vinay Muralidhar Tonse	4 out of 6	
Mr. Athmanathan Balasubramanian	5 out of 6	
Mr. Anand Sinha	3 out of 3	
Mr. Srinivasan Varadarajan	3 out of 3	
Mr. Krishnamurthy Vaidyanathan	3 out of 3	
Mr. Alok C Jena	3 out of 3	

The Company conducts orientation programs for Directors covering various operations of the Company so as to familiarise themselves with the various functions being carried out by the Company.

D) Independent Directors/ Public Interest Directors (PID)

Independent Directors on the Board of ARCL are not less than 21 years in age and do not hold any shares in ARCL. The Company as a policy inducts only those persons as Independent Directors who have integrity, experience and expertise, foresight, managerial qualities, and ability to read and understand financial statements.

The tenure of Independent Directors is in line with the directives issued by SEBI from time to time.

The Company takes all possible efforts to enable the Independent Directors to perform their functions effectively. However, as per SEBI requirement, the elected directors shall not interfere in the day- to- day management of the Company and focus on the informed and balanced decision making especially on issues of strategy, performance, risk management, resources, key appointments and standard of conducts. The Company always strives to strike a balance between both the above requirements without compromising on compliance of such requirements. In the opinion of the Board, the Independent Directors fulfill the conditions specified in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015) and are independent of the management.

E) Code of Conduct:

A code of conduct for Directors and Key Management Personnel of the Company is framed. Directors and Key Management Personnel have affirmed compliance with the Code of Conduct. As per the requirement of SEBI (LODR) Regulations, 2015, the Code of Conduct, has been hosted on the website of the Company. The Company is in process of appointment of Managing Director of the Company, as per provisions of section 203 of

the Act. The Company has appointed Mr. Natarajan Ramasamy as Chief Executive officer of the Company who has affirmed to the Board of Directors that the Code of Conduct has been complied by the Directors and senior management personnel and the same is attached herewith and forms part of Corporate Governance Report.

As per the requirement of the SEBI (LODR) Regulations, 2015, the code of conduct, has been hosted on the website of the Company at <http://arclindia.com/spages/Disclosures/CodeofConduct.pdf>

F) Remuneration to Director

The Company pays only sitting fee to its Non-executive Directors. The terms and conditions of appointment of Independent Directors/Public Interest Directors and Shareholder Directors are governed by the provisions of the Act and Rules laid down thereunder, SECC Regulations., SEBI (LODR) Regulations, 2015 and the circulars issued thereunder by SEBI.

The sitting fees paid to the Non-Executive Directors for attending the meetings of the Board and its Committees during the year FY 2021-22 is given below: -

Name	Board Meeting	Board Committee	Total
Mr. Saurabh Nanavati [#]	-	-	-
Mr. Nilesh Dhirajlal Shah [#]	-	-	-
Mr. Vinay Muralidhar Tonse [#]	-	-	-
Mr. Athmanathan Balasubramanian [#]	-	-	-
Mr. Anand Sinha [^]	2,00,000	1,00,000	3,00,000
Mr. Srinivasan Varadarajan [^]	2,00,000	1,00,000	3,00,000
Mr. Krishnamurthy Vaidyanathan [^]	2,00,000	1,00,000	3,00,000
Mr. Alok C Jena [@]	2,00,000	-	2,00,000

[#] Resigned from the Board of the Company with effect from January 19, 2022.

[^]Appointed as Additional Director (Non-Executive & Independent) with effect from December 09, 2021.

[@]Appointed as Non- Executive Director of the Company with effect from December 09, 2021

3) Committees of Board

(A) Audit Committee: -

Board of Directors at their meeting held on March 23, 2022 have constituted Audit Committee in accordance with the requirement of Section 177 of the Act and SEBI (LODR) Regulations, 2015. The Audit committee consists of Mr. Krishnamurthy Vaidyanathan, Mr. Anand Sinha and Mr. Alok C Jena as its member with Mr. Krishnamurthy Vaidyanathan as its Chairman. The terms of reference of Audit Committee are as per the provisions contained in the Act and SEBI (LODR) Regulations, 2015.

Terms of reference of the Audit Committee inter alia include the following:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon with particular

reference to:

- i) matters required to be included in the director's responsibility statement to be included in the board's report;
 - ii) changes, if any, in accounting policies and practices and reasons for the same;
 - iii) major accounting entries involving estimates based on the exercise of judgment by management;
 - iv) significant adjustments made in the financial statements arising out of audit findings;
 - v) compliance with listing and other legal requirements relating to financial statements;
 - vi) disclosure of any related party transactions;
 - vii) modified opinion(s) in the draft audit report;
- d) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - e) Approval or any subsequent modification of transactions of the company with related parties;
 - f) Scrutiny of inter-corporate loans and investments (if any);
 - g) Valuation of undertakings or assets of the company, wherever it is necessary;
 - h) Evaluation of internal financial controls, risk management systems and risk-based auditing;
 - i) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - j) formulation and review of Compliance policy and ensuring adherence with the same;
 - k) Monitoring the end use of funds raised through public offers, right issue, preferential issue and reviewing the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and making appropriate recommendations to the board to take up steps in this matter;
 - l) Oversight of the financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - m) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 - n) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - o) discussion with internal auditors of any significant findings and follow up there on;
 - p) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - q) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - r) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - s) to review the functioning of the whistle blower mechanism;
 - t) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

No Audit Committee meeting was held during the financial year 2021-22.

(B) Nomination and Remuneration Committee: -

As per SECC Regulations, the Nomination & Remuneration Committee (NRC) shall consist of Public Interest Directors and shall be chaired by a Public Interest Director. However,

Independent External Person(s) may be part of the Committee for the limited purpose of recommendation relating to selection of Managing Director; wherein the number of PIDs shall not be less than the Independent External Persons.

Further, as per requirements of the Act, the Company is required to constitute NRC consisting of three or more non-executive directors out of which not less than one-half shall be independent directors. The Chairman of NRC shall be different from Chairman of the Board. The NRC was constituted by the Board for the purpose of discharging its functions required under both the Act and under SEBI requirements.

The NRC has laid down the policy for compensation of employees including Key Management Personnel in terms of the compensation norms prescribed by the SEBI. The NRC has also laid down performance evaluation criteria for the Board of Directors, individual directors (including independent directors) and Committees of the Board of Directors.

NRC comprises three Directors viz., Mr. Srinivasan Varadarajan, Mr. Anand Sinha and Mr. Krishnamurthy Vaidyanathan as its members with Mr. Srinivasan Varadarajan as its Chairman. The Committee met two time during the year i.e. February 02, 2022 and March 23, 2022 respectively.

The details of the attendance of members of NRC at their meetings held on the above dates are given hereunder: -

Name	Number of meetings attended
Mr. Srinivasan Varadarajan	2 out of 2
Mr. Anand Sinha	2 out of 2
Mr. Krishnamurthy Vaidyanathan	2 out of 2

The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Act, SEBI (LODR) Regulations, 2015 and the SECC Regulations.

The brief terms of reference of NRC are as follows:

A) Terms of reference as per the Act: -

The NRC shall -

- i. identify persons who are qualified to become directors;
- ii. recommend to the Board appointment and removal of Directors in accordance with policy and criteria laid down;
- iii. recommend to the Board appointment and removal of personnel in Senior Management in accordance with Policy and criteria laid down;
- iv. specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- v. formulate the criteria for determining qualifications, positive attributes and independence of a director
- vi. recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees

B) Terms of reference as per SECC Regulations: -

The NRC shall -

- i. Identifying a Key management personnel, other than personnel as specifically provided in its definition under SECC Regulations, 2018
- ii. Laying down the policy for compensation of key management personnel in terms of the compensation norms prescribed by SEBI.
- iii. Determining the compensation of KMPs in terms of the compensation policy
- iv. Determining the tenure of a key management personnel, other than a director, to be posted in a regulatory department.
- v. Selecting the Managing Director.
- vi. Framing & reviewing the performance review policy to carry out evaluation of every director's performance, including that of Public Interest Director (PID).
- vii. Recommending whether to extend the term of appointment of the PID.
- viii. Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as amended from time to time.

(C) Risk Management Committee (RMC): -

In terms of SEBI requirements, the Clearing Corporation is required to constitute a Risk Management Committee inter alia to formulate a detailed risk management policy. The Risk Management Committee shall comprise of the Public Interest Directors (PID) and independent external persons (IEP) and shall report to the Governing Board. The number of PIDs shall not be less than the number independent external persons.

The RMC was formed by the Board of Directors on April 15, 2022. The Committee consist of Mr. Anand Sinha (PID), Mr. Vaidyanathan Krishnamurthy (PID), Mr. Srinivasan Varadarajan (PID), Mr. Rahul Ghosh (IEP) and Mr. Siddhartha Roy (IEP).

The brief terms of reference of RMC are as follows: -

- To formulate a detailed Risk Management Policy which shall be approved by the Governing Board. Such detailed Risk Management Policy shall, inter-alia, include:
 - A framework for identification of internal and external risks specifically faced by the CC, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
 - Measures for risk mitigation including systems and processes for internal control of identified risks;
 - Business continuity plan
- To review the Risk Management Framework & Risk Mitigation Measures from time to time.
- To monitor and review Enterprise-wide Risk Management Plan and lay down procedures to inform Board members about the risk assessment and minimisation procedures.
- The Head of the Risk Management department shall report to the Risk Management Committee and to the Managing Director of the Clearing Corporation.

- The Committee shall monitor implementation of the Risk Management Policy and keep the SEBI and the Governing Board informed about its implementation and deviation, if any.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the CC;
- To monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of Risk Management Systems;
- To periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

No RMC meeting was held during the financial year 2021-22.

(D) Stakeholders Relationship Committee (SRC): -

In terms of regulations 20 of SEBI (LODR) Regulations, 2015, ARCL is required to constitute a Stakeholders Relationship Committee inter alia to look into various aspects of interest of shareholders and other security holders.

The Stakeholders Relationship Committee was constituted by the Board of Directors on April 15, 2022. The committee was constituted with Mr. Anand Sinha (PID), Mr. Alok C Jena (Shareholder Director) and Managing Director (Managing Director will be included in the committee post his appointment)

The brief terms of reference of Stakeholders Relationship Committee are as follows:

- Resolving the grievances of the security holders of the CC including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the CC in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the CC

No SRC meeting was held during the financial year 2021-22.

4) Management Discussion and Analysis

The Annual Report has a detailed report on Management Discussion and Analysis.

5) CEO/CFO Certification

The CEO and CFO certification of the financial statements for the financial year 2021-22 is enclosed at the end of the report.

6) General Body Meetings

a) **location and time, where last three annual general meetings held;** Not Applicable as ARCL was incorporated on April 17, 2021 and the upcoming annual general meeting (AGM) will be first AGM of the Company

b) **whether any special resolutions passed in the previous three annual general meetings;** Not Applicable please refer point no. a) as mentioned above for more details.

The Company did not pass any resolution through postal ballot in the last year. The requirement of passing any resolution by postal ballot is not applicable to ARCL as the number of shareholders of ARCL is less than 200.

7) Means of Communication

ARCL has been granted recognition by SEBI vide letter dated January 18, 2022 for one year effective from January 17, 2022. ARCL will adhere to the means of communication as specified by SEBI.

8) General Shareholder Information

a) **Annual General Meeting:** - The First Annual General of ARCL will be held on or before 31st December, 2022 depending on the approval by the Board, The venue for the 01st Annual General Meeting shall be the Registered Office of the Company. For details, please refer to the Notice convening this AGM.

b) **Financial Year:** - The company was incorporated on April 17, 2021, therefore the First Financial Year of ARCL is 17th April 2021 to 31st March 2022

c) **Dividend Payment date:** Not Applicable as company has not declared any dividend

d) **Registrar and Transfer Agent:** The address for communication and contact details of the Registrar and Transfer Agent are as under:

KFin Technologies Limited

Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, Telangana. Tel No.:- 91 40 6716 1602

e) **Share Transfer system:** The Equity Shares of ARCL are in dematerialized form.

f) **Distribution of shareholding:**

Sr. No	Category (No. of shares)	Shareholders		Shares held	
		No. of holders	% of Total	No. of Shares	% of Total
1	1-5000	2	5.13	2	0.00
2	10001-20000	1	2.56	1,200	0.00
3	50001-100000	1	2.56	8,700	0.01
4	100001 & Above	35	89.74	14,78,19,275	99.99
Total		39	100	14,78,29,177	100

- g) **Dematerialization of shares:** The Company's shares are fully dematerialised.
- h) **Plant Location:** None
- i) **Address for correspondence:** 204, 205 & 206, The Empire Business Centre, 414, Empire Complex, Senapati Bapat Marg, Lower Parel(W) Mumbai 400013.
- j) **Email ID:** riteshk@arclindia.com

9) OTHER DISCLOSURE:

a) Basis of related party transactions

All transactions executed by the Company with the related parties during the financial year ended March 31, 2022 were in the ordinary course of business and on an arms' length and details of the same are provided in the notes to financial statements.

b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by SEBI or any other statutory authority on any matter related to capital markets during the last three years:

None

c) Vigil mechanism / Whistle Blower Policy

The Company is committed to adhere to the highest standards of ethical, moral, and legal conduct of business operations. To maintain these standards, AMC Repo encourages employees who have concerns about suspected misconduct, to come forward and express these concerns without fear of punishment or unfair treatment.

Below mentioned are the guidelines for Vigil Mechanism: -

1. Employee should first try to resolve complaints with their Reporting Authority.
2. If the employee prefers, he/ she may elect to file a verbal or written complaint with the HR / Management.
3. A detailed description of the offensive conduct should be provided along with facts/ evidence that can be shared.
4. Disciplinary action may be required to ensure an effective resolution and compliance with this policy.
5. Any communication in respect of alleged wrongful conduct should be addressed to the Chairman of the Audit Committee of the Company.

d) Compliance with the mandatory and non-mandatory requirements:

ARCL has rigorously stood by the core principles of corporate governance and considers integrity, transparency, fairness, accountability and adherence to the law as the pillars of its business practices.

e) Loans and Advances:

During the period under review the company has not given any loans and advances.

f) Subsidiary Companies

As on March 31, 2022, ARCL has no subsidiary.

- g) Disclosure of Accounting Treatment in the preparation of Financial Statements**
ARCL follows the guidelines of Accounting Standards laid down by the Central Government under the provisions of Section 133 of the Companies Act, 2013 in the preparation of its financial statements.
- h) As required under Clause 10(i) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018, ARCL obtained a certificate from a Company Secretary in practice that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.** The same is given as an Annexure to the Board's Report.
- i) The Board has accepted recommendations of its committees, made during FY 2021-22, which are mandatorily required to be accepted.
- j) ARCL has no subsidiary, the details of the total fees for all services payable by ARCL to the statutory auditor are given below: -

Particulars	Amount
Audit Fees	100,000
Certification Matters	10,000
Total	1,10,000

- k) As of March 31, 2022, no complaint was filed during FY under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and hence no complaint was disposed-off and pending as at the end of FY 2022.

l) CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE NORMS

- i) As required under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, ARCL has obtained Corporate Governance compliance certificate from a Practicing Company Secretary. The same is given as an Annexure to the Board's Report.
- ii) As required under Clause 10(i) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018, ARCL obtained a certificate from a Company Secretary in practice that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The same is given as an Annexure to the Board's Report.
- m) The Board has accepted recommendations of its committees, made during FY 2020-21, which are mandatorily required to be accepted
- n) A declaration signed by Chief Executive Officer stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of board of directors and senior management is attached herewith and forms part of the Corporate Governance Report.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
AMC Repo Clearing Limited
204, 205 & 206, The Empire Business
Centre, 414, Empire Complex
Senapati Bapat Marg, Lower Parel (W)
Mumbai - 400013

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of AMC Repo Clearing Limited having CIN U65929MH2021PLC359108 and having registered office at 204, 205 & 206, The Empire Business Centre, 414, Empire Complex, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment in the Company
1	Mr. Anand Sinha	00682433	09/12/2021
2	Mr. Srinivasan Varadarajan	00033882	09/12/2021
3	Mr. Krishnamurthy Vaidyanathan	00693204	09/12/2021
4	Mr. Alok Chandra Jena	09327319	09/12/2021

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

For Pradeep Purwar & Associates
[Unique Identification No. S2003MH071600]
[PR: 599/2019]

Sd/-

Pradeep Kumar Purwar
Proprietor
CoP. No.: 5918
FCS No.: 5769
UDIN: F005769D000344888

Date: 19th May 2022
Place: Thane

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND KEY
MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

I hereby confirm that the Company has obtained from all the members of the Board and Key Management Personnel, affirmation that they have complied with the code of conduct for the Financial Year 2021-22.

For the purpose of this declaration, KMP's includes the Senior Management Personnel as defined in the SEBI Listing Regulations, 2015.

Date: May 19, 2022

Place: Mumbai

Sd/-

Name: Natarajan Ramasamy

Chief Executive Officer

CEO – CFO Certification

To
The Board of Directors,
AMC Repo Clearing Limited
204, 205 & 206, The Empire Business Centre, 414,
Empire Complex, Senapati Bapat Marg, Lower Parel (W), Mumbai 400013

Dear Sirs,

Pursuant to the requirement of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby certified that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2022 which are fraudulent, illegal and violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee that
 - (i) there were no significant changes in internal control over financial reporting during the year ended March 31, 2022;
 - (ii) there were no significant changes in accounting policies during the year ended March 31, 2022; and
 - (iii) there were no instances of significant fraud of which we have become aware and there are no instances of involvement of the management or any employee having as significant role in the Company's internal control system over financial reporting

For AMC Repo Clearing Limited

Sd/-

Natarajan Ramasamy
Chief Executive Officer

Place: Mumbai

Date: May 10, 2022

For AMC Repo Clearing Limited

Sd/-

Ananth Kamath
Chief Financial Officer

CERTIFICATE ON COMPLIANCE WITH THE COMPLIANCE OF CONDITIONS OF CORPORATE

To,
The Members,
AMC Repo Clearing Limited
204, 205 & 206, The Empire Business
Centre, 414, Empire Complex,
Senapati Bapat Marg, Lower Parel (W),
Mumbai 400013

1. This certificate is issued in accordance with the terms of our engagement letter dated 5th May, 2022.
2. We, Pradeep Purwar and Associates, Company Secretaries in Practice, have examined the compliance of conditions of Corporate Governance by **AMC Repo Clearing Limited** ('the Company'), to the extent applicable, for the year ended on 31st March 2022, as stipulated by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('LODR Regulations 2015').

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the LODR Regulations 2015.

Auditors' responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

6. Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in LODR Regulations 2015 to the extent applicable to the Company during the year ended 31st March, 2022.

7. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Pradeep Purwar & Associates
[Unique Identification No. S2003MH071600]
[PR: 599/2019]

Sd/-

Pradeep Kumar Purwar
Proprietor
CoP. No.: 5918
FCS No.: 5769
UDIN: F005769D000345163

Date: 19th May 2022

Place: Thane

Annexure -C to BOARD'S REPORT

STATEMENT PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 AND RULE 5(2) AND 5(3) THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE YEAR ENDED MARCH 31, 2022

A) Details of Top Ten Employees in terms of remuneration drawn: -

Sr. No	Employee Name	Designation	Gross Remuneration paid	Educational Qualifications	Experience (yrs)	Date of Joining	Age	Previous Employment and Designation
1	Mr. Natarajan Ramasamy #	Chief Executive Officer	81,54,839	CFA, FRM Diploma in Business Finance, M.Sc (Ag)	36 years	May 26, 2021	61	Head-Risk Analysis & Operations NSE Clearing Limited
2	Mr. Deepak Upadhyay #	Head – Risk (Vice President)	16,98,924	B.Sc., CFA, FRM	19 years	October 29, 2021	41	Junior VP Clearing Corporation of India Limited
3	Mr. Venkataraman Rajagopal #	Head – Operations (Assistant Vice President)	15,51,881	B. Com, MFM	17 years	July 29, 2021	39	Assistant Vice President Citicorp Finance India Limited
4	Mr. Ritesh Kadam #	Company Secretary & Compliance Officer (Manager)	8,08,333	B. Com, CS	7 years	September 01, 2021	32	Company Secretary DNEG India Media Services Limited
5	Mr. Anant Kamath #	Chief Financial Officer (Assistant Manager)	3,06,667	B. Com, CA	6 months	September 27, 2021	24	-
6	Mr. Hari Shrinivasan Iyer	Accounts & Finance	94,166	B. Com	30 years	December 08, 2021	57	Accountant Shilpa Global Pvt Ltd

Note:

- 1) None of the employees mentioned above is a relative of any Director
- 2) All Employees are in permanent employment of the company
- 3) Employees, whose names are marked with # are Key Management Personnel under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations).

- 4) None of the above employees is holding any equity share in the company within the meaning of clause (iii) of sub-rule 2 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
- 5) Being the first year of the Company all the employees were employed with the Company for part of the year.

B) DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22:**

Not Applicable.

The Company currently has 3 Independent Directors (Public Interest Director) and 1 Non-Executive Director (Shareholder Director). The Company paid only sitting fees to the Independent Director and Non-Executive Director and no remuneration was paid to them.

- ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;**

Nil

- iii) The percentage increase in the median remuneration of employees in the financial year;**

Not Applicable, as the company was incorporated on April 17, 2021 and the current financial year is the first financial year of the company and no comparative figures are available

- iv) The number of permanent employees on the rolls of company:**

As on March 31, 2022, there are 6 employees on the rolls of the Company.

- v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**

Not Applicable, as the Company was incorporated on April 17, 2021 and the current financial year is the first financial year of the company and no comparative figures are available. There was no other exceptional salary revision given in FY 2021-22.

Note: KMPs under Companies Act, 2013 and KMPs under SECC Regulations are considered as managerial personnel.

- vi) Affirmation that the remuneration is as per the remuneration policy of the Company;**

The remuneration is as per the remuneration policy of the Company.

Annexure -D to BOARD'S REPORT

INFORMATION REQUIRED UNDER REGULATION 27(5) & (6) OF THE SECURITIES CONTRACTS (REGULATION) (STOCK EXCHANGES AND CLEARING CORPORATIONS) REGULATIONS, 2018

Sr. No	KMP Name	KMP Compensation	Median of compensation of all employees	Ratio of median of compensation of all employees against KMP compensation
1	Mr. Natarajan Ramasamy	81,54,839	11,80,107	6.91
2	Mr. Deepak Upadhyay	16,98,924	11,80,107	1.44
3	Mr. Venkataraman Rajagopal	15,51,881	11,80,107	1.32
4	Mr. Ritesh Kadam	8,08,333	11,80,107	0.68
5	Mr. Anant Kamath	3,06,667	11,80,107	0.26

Note: All the employees were employed with the company for part of the year.

Management Discussion and Analysis

Indian Macroeconomic Overview

Since March 2020 Indian economy has witnessed lots of uncertainties and downside risks. It started with the Covid induced lockdown in first Quarter of FY 2020-21. This led to massive supply disruption and demand destruction. Income losses and unemployment were at unprecedented levels. As a result, GDP contracted by record 24.4% in Q1 2020-21. Subsequently economy opened up gradually with Covid infections coming down, aided with record low interest rates and liquidity, GDP registered a contraction of 6.6 % for full year 2020-21.

Q1 of FY 2021 -22 started with Covid second wave, which was much severe as compared to the first wave and country again witnessed a severe lockdown. But with vaccination gathering pace, earlier experience with lockdowns and also second wave subsiding by June 2021, Impact on supply was not as disruptive as initial lockdown. The third wave of Omicron (Covid variant) though spread faster but was less disruptive. Though higher Oil and commodity prices globally along with supply side disruption has pushed domestic inflation higher, but this is being considered transitory by RBI and hence policy rates were left unchanged at record low levels.

Government's thrust on capital expenditure and exports are expected to enhance productive capacity and strengthen aggregate demand. This would also crowd in private investment. The conducive financial conditions engendered by the RBI's policy actions will provide impetus to investment activity. Aided by lower rates, pent up demand & higher vaccination rate among population, India was able to register a GDP growth of 20.3%, 8.5% & 5.4 % for Q1, Q2&Q3 (FY 2021-22) respectively. India is expected to grow at 8.9% to 9.1% for full FY 2021-22.

The IIP (Index for industrial production) is still around the pre-pandemic period. IIP for consumer durables is yet to rise above 2019-2020 in a significant way. IIP for capital goods for October and November 2021 were also below the level compared to the same months for 2020. IIP witnessed higher growth from May 2021 to October 2021 but that was based on lower base effect. Since Nov 2021, IIP numbers are growing in range of 1.3% to 3%. The pattern in Index for industrial production (IIP) presents a mixed picture. The proposed increase in capital expenditure in Union budget will improve the overall investment demand.

The hardening of crude oil prices, however, presents a major upside risk to the inflation outlook. As per RBI MPC report, the inflation projection for 2021-22 is retained at 5.3 per cent, with Q4 at 5.7 per cent on account of unfavourable base effects that ease subsequently. Taking all these factors into consideration and on the assumption of a normal monsoon, RBI has projected CPI inflation for 2022-23 at 5.7per cent with Q1:2022-23 at 6.3 per cent; Q2 at 5.8 per cent; Q3 at 5.4 per cent; and Q4 at 5.1 per cent..

On the liquidity front, the Reserve Bank has turned to rebalancing liquidity on a dynamic basis, while maintaining adequate liquidity in support of its accommodative stance. This rebalancing has involved two-sided operations: first, rebalancing liquidity from the overnight fixed rate reverse repo towards the 14-day variable rate reverse repo (VRRR) auction as the main operation, supported by fine-tuning auctions of varying tenors as envisaged in the Revised Liquidity Management Framework of February 2020; and second, conducting repo auctions of 1-3 day maturities to meet transient liquidity mismatches and shortages.

As a result of RBI's rebalancing operations, the daily average absorption under the fixed rate reverse repo has moderated sharply since August 2021 when rebalancing started. Overall system liquidity, however, remains in large surplus, though it has moderated over the same period. The average daily volume in RBI LAF was around Rs.2,40,027 crores in FY 2021-22 and the average daily volume in overnight money markets was around Rs. 3,66,076 crores as per RBI.

Economic Outlook for India

Private consumption, the mainstay of domestic demand, continues to trail its pre-pandemic level. The persistent increase in international commodity prices, surge in volatility of global financial markets and global supply bottlenecks can exacerbate risks to the outlook. Considering the government's thrust on capital expenditure and the conducive financial conditions engendered by the RBI's policy actions will provide impetus to investment activity. Overall, there is some loss of the momentum of near-term growth while global factors are turning adverse. Looking ahead, domestic growth drivers are gradually improving. Considering all these factors, real GDP growth is projected at 7.2 per cent for 2022-23 with Q1:2022-23 at 16.2 per cent; Q2 at 6.2per cent; Q3 at 4.2 per cent; and Q4 at 4 per cent. Indian GDP is expected to grow at a rate of 7.8% to 8.5% in FY 2022-2023, based on the projected growth rates by various Global and domestic agencies. RBI in April Monetary policy has pegged expected GDP around 7.2%, Moody's expect Indian economy to grow at 8.4% for FY 2022-23, CRISIL and Fitch expects the Indian economy to grow at 7.8% and 8.5% respectively. FICCI, in a recent announcement, expects Indian economy to grow at 7.4%. These projections, however, carry a downside risk depending upon how the Ukraine war & inflation scenario (Global & domestic) evolves.

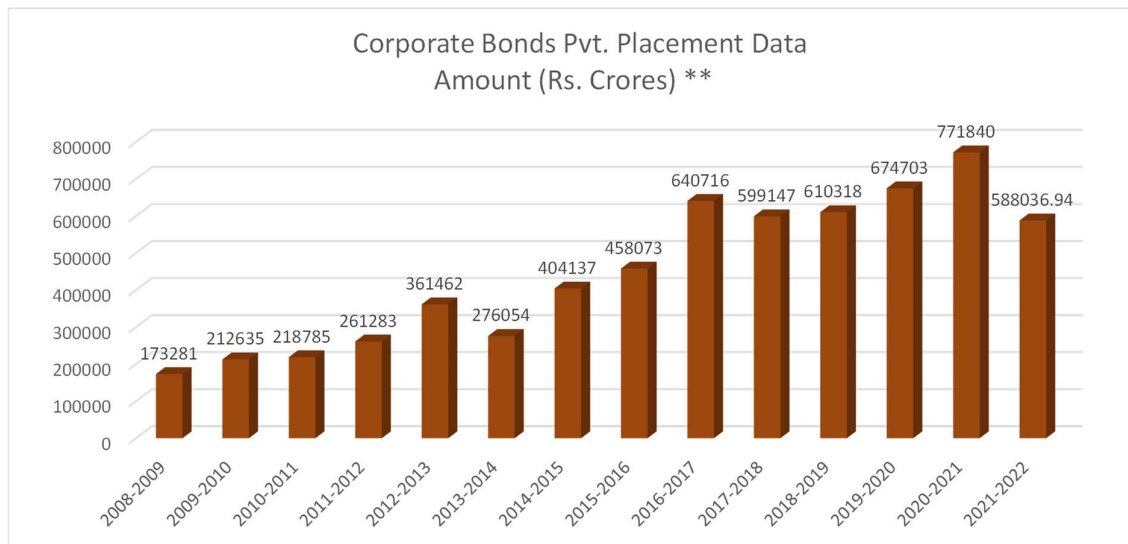
With higher rates of vaccinations among adult population and improved health care system readiness, the Covid related uncertainty is coming down. As per RBI MPC report, the contact intensive services sector and private consumption is still below pre-pandemic level, hence economic recovery is yet to be broad based. The surplus production of grains, higher Agri exports and Government's announcement in union budget 2022-23 on boosting infrastructure spending are expected to augment growth. The credit demand is also expected to pick up and with adequate liquidity, lower rates outlook for economic growth looks positive.

The higher inflation, rising oil prices and Russia Ukraine war are one of the major downside risks to the positive economic outlook. Russia Ukraine war is expected to lead into spike in commodity prices, risk to global economy from business and financial disruption and a dent in risk sentiments due to higher geopolitical risk. RBI has projected the inflation to be below 6% in coming fiscal but there is a risk to this view due to Oil moving above USD 100 per barrel.

Policy rate was raised to 4.40% from 4% by RBI MPC in an off-cycle MPC meeting on May 4 ,2022 to tame inflation which has been elevated for some tie now and upside risk increasing due to ongoing geopolitical scenario.This repo rate hike was first hike since August 2018 .RBI is expected to hike the repo rate by atleast 100 bps in coming MPC's in FY 2022-2023 as Oil prices are trading above USD 100 and are expected to remain elevated in near term due to evolving Russia-Ukraine war .RBI also raised CRR (cash reserve ratio) requirement from bank by 50 bps to 4.50% .This is expected to withdraw liquidity to tune of 87000 Cr from the system.

With a more restrictive global monetary policy setting as the base case and RBI also starting the rate hiking cycle to control inflation, the outlook on Indian yields would be a function of how the RBI addresses the challenging task of managing liquidity, controlling yields, moderating inflation, and

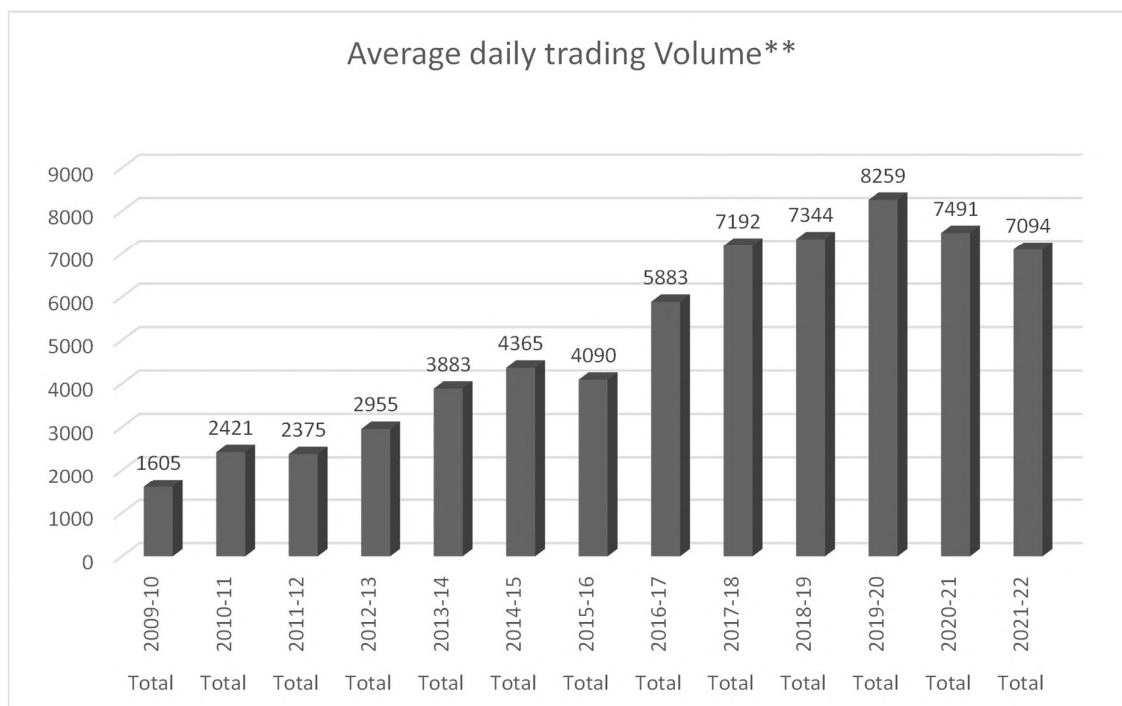
supporting growth. Given the contrasting objectives and with limited tools at its disposal, it is certain that this would entail significant volatility and maybe potential sub-optimal outcomes. In this context, one would expect that the primary action may continue to be liquidity modulation with an eventual target of aligning overnight rates closer to the policy repo rate. This would entail active absorption of durable liquidity that would have impact on yields.



**Source SEBI Website

The private placement which represents more than 90% of the total issuances has registered CAGR of 12 % since 2008-2009 when the reporting of OTC trades on the exchange platforms and settlement of OTC trades through clearing corporations of exchanges were mandated by the regulators till FY 2020-21. However, the financial year 2021-22 (FY22) has ended with the sharpest year-on-year drop in private placements. The total amount raised was Rs.5.88 trillion as of March 2022 which was a 24% decline over FY21's Rs.7.7 trillion. Companies are going slow on expansion after Covid-19 pandemic and there has been a general trend on reducing debt. Most companies are not able to fully use their existing production capacity, and this gives them little incentive to borrow and invest in new factories for creating additional capacity. The FY 2022-23 (FY23) holds promise for the local bond markets as companies may embark on expansion projects with intensifying vaccination drives.

As per the CRISIL debt market report, corporate bond issuances outstanding could more than double from ~ 33 lakh crore or 16% of the GDP at the fiscal 2020 to ~ 65 – 70 lakh crore or approx. 22% – 24% of GDP.



** Source SEBI website

SEBI former chairman Mr.Ajay Tyagi in one of his speeches stated that, as India is surging ahead to become an economic powerhouse, Indian capital market is expected to play a greater role and remain in the forefront in the days ahead. One of the crucial elements of Indian capital market is the corporate bond market. The persistent effort by the government and Sebi in the last few years enabled a nascent corporate bond market to move in the direction of maturity. The efforts on part of the government and Sebi is ongoing which will take Indian corporate bond market to greater heights.

On comparison of daily average trading volumes in secondary market for corporate bonds with outstanding value of corporate bonds which is very small, 0.18% as compared to outstanding corporate bonds. A liquid secondary corporate bond market will help in increasing the activity in primary market also, by attracting more investments and better price discovery. In the month of November 2021, SEBI came out with a consultation paper for market making in corporate bonds with a view to improve liquidity in secondary market for corporate bonds which would not only help in cheaper and easier access to issuers but would also help in widening the investor base.

Corporate Bond Repo Trade

Period	Average daily Corporate bond Repo Volumes in Crores
2019-20	436
2020-21	692
2021-22	1013

Average daily traded volumes in corporate bond repo OTC market are very low and is liquid for top rated issuers only. Inability to raise funds vide repo in corporate bonds is one the major reasons

hindering the development of secondary corporate bond markets. A vibrant corporate bond repo market will help increase liquidity in secondary market for corporate bonds.

Comparing the development of repo in government securities market, the average daily volume in repo in government securities [both triparty repo (Trepo) and market repo (CROMS)] for the financial year 2021-22 is around Rs. 4,00,993 Crore which is approximately 4.35 percent of the outstanding government securities. Whereas the daily volume in repo in corporate bonds for the financial year 2021-22 is around Rs1,013 crore which represents 0.02 percent of outstanding corporate bonds. Hence there exists a good potential for development of corporate bond repo market.

AMC repo will be offering the clearing and guaranteed settlement services for Triparty Repo with Corporate debt securities as underlying collaterals. The major risks that the clearing corporation would face, is the credit risk of the issuers i.e. default in coupon payment and/or redemption payment on the due dates by the issuer of the underlying collateral against which the borrowing is done by members of the clearing corporation and simultaneously the member also defaults in repayment obligation on the repayment of borrowing done through repo market. The clearing corporation addresses these issues by prescribing various prudential limits for members for their borrowing and lending and also in respect of collateral for borrowing. In addition to that, the company proposes to constitute Core Settlement Guarantee Fund (Core SGF) as per the guidelines issued by SEBI through various circulars. The core SGF will be used to meet any eventual loss as per the default waterfall mechanism as defined by SEBI.

INDEPENDENT AUDITOR'S REPORT

To the Members of

AMC REPO CLEARING LIMITED

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **AMC REPO CLEARING LIMITED ("the Company")**, which comprises the balance sheet as at March 31, 2022, the statement of Profit and Loss and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its loss and its cashflow for the period ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters ("KAM") are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole,



and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the 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.

Management's Responsibility for the standalone financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to



going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, in our opinion, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 auditors' 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), as amended, 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 paragraphs 3 and 4 of the Order.



As required by section 143 (3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.;
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.



- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (i) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (ii) The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (iii) Based on such audit procedures that the auditor has considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- v. The Company has not declared or paid any dividend during the financial year. There is no non-compliance with section 123 of the Companies Act, 2013.

For M. P. Chitale & Co
Chartered Accountants
Firm Reg. No. 101851W



Santosh More
Partner

M. No. 114236

Place: Mumbai

Date: May 19, 2022

UDIN: 22114236AJIKXY1580



“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2022:

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

- 1) In respect of the Company’s Property, Plant and Equipment and Intangible Assets:
 - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - (B) The Company has maintained proper records showing full particulars of intangible assets.
 - (b) The property, plant and equipment have been physically verified by the management during the year and no material discrepancies between the books records and the physical records have been noticed.
 - (c) The Company does not own any immovable property. Therefore, this sub-clause is not applicable;
 - (d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Therefore, reporting under this sub-clause is not applicable;
 - (e) According to the representation received from the Company, there are no proceedings which have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder;
- 2)
 - (a) The Company is engaged in the business of offering clearing and settlement services for all trades executed on triparty repo in corporate debt securities. Accordingly, it does not hold any physical inventories. Consequently, the reporting regarding inventories under clause 3(ii) (a)of CARO is not applicable to the Company.
 - (b) According to the books of accounts and other records verified by us, the Company has never been sanctioned any working capital limits during any point of time of the audit period from any bank or financial institution. So reporting under clause 3(ii)(b)



of the Order is not applicable;

- 3) According to information and explanations given to us, the Company has not made any investment in, or provided any guarantee or security or granted any loans or advances in the nature of loans, either secured or unsecured, to companies, firms, limited Liability partnership or any other parties. Consequently, the reporting under clause 3(iii) of the Order is not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 of the Companies Act, 2013 In respect of loans, investments, guarantees and securities.
- 5) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. Hence, reporting under clause 3(vi) of the Order is not applicable to the Company.
- 7) In respect of statutory dues:
 - (a) According to information and explanations given to us and on the basis of our examination of the books of accounts, and records, the Company has been generally regular in depositing undisputed statutory dues including Goods and Services tax, Provident Fund, Employees State Insurance, Income-Tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the records of the company and information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2022 for a period of more than six months from the date on when they become payable.
 - (b) According to the information and explanation given to us, there are no statutory dues referred to in sub clause (a) of this clause outstanding on account of any dispute.



- 8) This is the first period of reporting after incorporation of the Company. Therefore, reporting under clause 3(viii) of the Order about any transactions not recorded in the books of account, which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) is not applicable to the Company;
- 9) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender. According to the information and explanations given to us and on the basis of audit procedures performed by us, we report that the company has not been declared as the willful defaulter by any bank or financial institution or government or any government authority. The Company has not taken any loan either from financial institutions or from the government or from any other lender and has not issued any debentures. Therefore, reporting under sub clause (b), (c), (d) and (e) is not applicable in case of the Company.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised money by way of initial public offer or further public offer including debt instruments and term Loans during the year. Accordingly, the provisions of clause 3 (x) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- 11) (a) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- (c) According to the records maintained by the Company, there are no whistle blower complaints received during the year by the company. Therefore, no such complaints are required to be considered by the auditor;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.



- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) (a) The Company is incorporated during the audit period and it has not yet established the internal audit system commensurate with the size and nature of its business;
- (b) We have not considered any report of the internal auditor for the period under audit while preparing our report.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) (a) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.
- (b) Based on the audit procedures performed by us, we are of the opinion that the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;
- (c) in our opinion, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Therefore, reporting under this sub clause is not applicable to the Company;
- 17) As reported in the first audited financial statement of the Company, it has incurred a cash loss amounting to Rupees 11,525 thousand during the first reporting period after its incorporation.
- 18) The Company has appointed us as its first auditor and we hold this office till the conclusion of its first annual general meeting. Therefore, in our opinion, reporting



under clause 3(xviii) of the Order is not applicable to the Company;

- 19) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- 20) In our opinion, the provisions of section 135 of the Act regarding Corporate Social Responsibilities are not applicable to the Company. Therefore, reporting under sub clause (a) and (b) of clause 3(xx) of the Order is not applicable to the Company;
- 21) The Company does not have any subsidiary or an associate Company. On the basis of audit procedures performed by us and the records produced by the Company, in our opinion the requirement of preparation of Consolidated Financial Statements ("CFS") as prescribed under section 129(3) of the Act is not applicable to the Company. Therefore, in our opinion, reporting under this clause is not applicable in case of the Company;

For M. P. Chitale & Co
Chartered Accountants
Firm Reg. No. 101851W



Santosh More

Partner

M. No. 114236

Place: Mumbai

Date: May 19, 2022

UDIN: 22114236AJIKXY1580



**“Annexure B” to the Independent Auditor’s Report of even date on the Standalone
Financial Statements of AMC REPO CLEARING LIMITED**

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

To the Members of
AMC REPO CLEARING LIMITED.

We have audited the internal financial controls over financial reporting of AMC REPO CLEARING LIMITED (“the Company”) as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system 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 financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For and on behalf of
M. P. Chitale & Co
Chartered Accountants
Firm's registration number: 101851W



CA. Santosh More
Partner
Membership number: 114236



Place: Mumbai

Date: May 19, 2022

UDIN:22114236AJIKXY1580

AMC Repo Clearing Limited
CIN U65929MH2021PLC359108
Balance Sheet as at March 31, 2022

(Figures in Rs. thousands)

Particulars	Note No.	31.03.2022
<u>I. Equity and Liabilities</u>		
Shareholders' Funds		
Share Capital	2	14,78,292
Reserves and Surplus	3	(11,801)
Money Received against share warrants		-
Share application money pending allotment		-
Non Current Liabilities		
Long Term Borrowings		-
Deferred Tax Liability (Net)		-
Other Long-term liabilities		-
Long term provisions		-
Current Liabilities		
Short Term Borrowings		-
Trade Payables	4	
A) Total outstanding dues of micro and small enterprises		93
B) Total outstanding dues of creditors other than micro and small enterprises		1,766
Other Current Liabilities	5	1,124
Short Term Provisions		-
TOTAL		14,69,474
<u>ii. ASSETS</u>		
Non-current Assets		
Property Plant and Equipment		376
Intangible Assets	6	238
Capital Work - in - progress		-
Intangible assets under development		-
Non Current Investments		-
Deferred Tax Asset (Net)	7	9
Long term Loans and advances		-
Other Non-Current Assets	8	911
Current Assets		
Current Investments	9	14,24,341
Inventories		-
Trade Receivables		-
Cash and cash equivalents	10	23,569
Short term Loans and Advances	11	1,772
Other Current Assets	12	18,257
TOTAL		14,69,474

See accompanying notes to financial statements

The accompanying notes are an integral part of the Financial statements

As per our attached report of even date

For M.P. CHITALE & CO

Firm Registration Number : 101851W

Chartered Accountants

Sd/-

Santosh More

Partner

Membership Number: 114236

For and on behalf of the board of Directors

AMC REPO CLEARING LIMITED

Sd/-

Anand Sinha
Director

DIN : 00682433

Sd/-

Srinivasan Varadarajan
Director

DIN : 00033882

Sd/-

Natarajan Ramasamy
Chief Executive Officer

Sd/-

Ritesh Kadam
Company Secretary

Sd/-

Ananth Kamath
Chief Financial Officer

Place: Mumbai

Date: 19-05-2022

AMC Repo Clearing Limited CIN U65929MH2021PLC359108 Statement of Profit and Loss for the period ended 31 March 2022 (Figures in Rs. thousands)		
Particulars	Note No.	2021-22
Revenue:		
Revenue from Operations		-
Other Income	13	28,290
Total Revenue		28,290
Expense		
Employee Benefits expense	14	12,620
Finance Costs		-
Depreciation and amortization expense	6	285
Other expenses	15	27,194
Total Expenses		40,100
Profit before Exceptional, Extraordinary items & Tax		(11,810)
Exceptional Items		-
Profit before Extraordinary items & Tax		(11,810)
Extraordinary items		-
Profit before Tax		(11,810)
Tax Expense:		
Current Tax		-
Deferred Tax Charge / (Credit)		(9)
Profit/(Loss) for the period from continuing operations		(11,801)
Profit/ (Loss) from discontinuing operations		-
Tax expense of discontinuing operations		-
Profit/(Loss) from discontinuing operations (after tax)		-
Profit for the period		(11,801)
Earnings per share		
Basic		(0.08)
Diluted		(0.08)
See accompanying notes to financials statements		
The accompanying notes are an integral part of the Financial statements		
As per our attached report of even date For M.P. CHITALE & CO Firm Registration Number : 101851W Chartered Accountants	Sd/- Anand Sinha Director DIN : 00682433	Sd/- Srinivasan Varadarajan Director DIN : 00033882
Sd/- Santosh More Partner Membership Number: 114236	Sd/- Natarajan Ramasamy Chief Executive Officer	
	Sd/- Ritesh Kadam Company Secretary	Sd/- Ananth Kamath Chief Financial Officer
Place: Mumbai Date: 19-05-2022		

AMC Repo Clearing Limited
CIN U65929MH2021PLC359108
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2022

(Figures in Rs. Thousands)

Particulars	31.03.2022
A CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit before Taxation	(11,810)
Adjustments for:	
Depreciation on Fixed Assets	(285)
Interest received / accrued	(28,290)
Operating Profit / (Loss) before Working Capital changes	(39,815)
Adjustments for:	
(Increase) / Decrease in Trade Receivables	-
(Increase) / Decrease in Inventories	-
Increase / (Decrease) in Other Current Liabilities	1,124
Increase / (Decrease) in Short Term Borrowings	-
(Increase) / Decrease in Short Term Loans & Advances	(1,772)
(Increase) / Decrease in Other Non Current Assets	(16,349)
Increase / (Decrease) in Other Non Current Liabilities	-
Increase / (Decrease) in Trade Payables	1,859
Cash generated from Operations	(54,953)
Income Tax Paid	(2,819)
Net Cash Inflow from / (outflow) from Operating Activities	(57,771)
B CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets & capital advances	(900)
Proceed / (Repayment) of Non Current Investment	-
Investments	(14,24,341)
Net Cash used in Investing Activities	(14,25,241)
C CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	14,78,292
Share Application money	-
Interest received / (payment)	28,290
Proceeds / (Repayments) of borrowings (net)	-
Net Cash used in financing activities	15,06,581
Net increase / (decrease) in cash and cash equivalents (A+B+C)	23,569
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year (see Note 1)	23,569
NOTES:	
1) Cash and cash equivalents comprise of:	
Cash in hand	0
Cash at Bank	23,569
	23,569

See accompanying notes to financial statements

Notes: 1. Cash Flow Statement has been prepared under indirect method as set out in the Accounting Standard - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

As per our attached report of even date
For M.P. CHITALE & CO
Firm Registration Number : 101851W
Chartered Accountants

For and on behalf of the board of Directors
AMC REPO CLEARING LIMITED

Sd/-
Santosh More
Partner
Membership Number:114236

Sd/-
Anand Sinha
Director
DIN : 00682433

Sd/-
Srinivasan Varadarajan
Director
DIN : 00033882

Sd/-
Natarajan Ramasamy
Chief Executive Officer

Sd/-
Ritesh Kadam
Company Secretary

Sd/-
Ananth Kamath
Chief Financial Officer

Place: Mumbai
Date: 19-05-2022

NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2022 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE.

NOTE 1 (A): COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

Background

AMC Repo Clearing Ltd ("the Company") has been incorporated on 17th April 2021. It has registered office at 204, 205 & 206, The Empire Business Centre, 414, Empire Complex, Senapati Bapat Marg, Lower Parel(W) Mumbai - 400013 and its CIN is U65929MH2021PLC359108. The Company is to act as a Central Counter Party (CCP) offering clearing and settlement services for all trades executed on triparty repo in corporate debt securities with robust risk management along with guarantee mechanism.

i) **Basis of Preparation of Accounts:**

These financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act').

The accounts have been prepared on historical cost basis using the accrual basis of accounting. The preparation of financial statements as per this policy requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets / inputs for processing and their realisation in cash and cash equivalents, the Company has ascertained its normal operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

ii) **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the company, and that there is reasonable certainty of collection and it can be reliably estimated. Revenue from services rendered is recognized on an accrual basis as and when the services are rendered.

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and applicable interest rate.

iii) **Property, plant and equipment:**

Tangible Property, plant and equipment are stated at the cost of acquisition less accumulated depreciation. Cost includes incidental expenses incurred during the acquisition/ installation, and excludes taxes and duties for which credit has been claimed.

Intangible assets are recorded at the consideration paid for acquisition of such asset and are carried at cost less accumulated amortisation and impairment.

iv) **Depreciation:**

Depreciation on tangible property, plant and equipment is provided on pro-rata basis using the Written Down Value (WDV) basis over the useful life as specified in Schedule II of Companies Act, 2013.

The useful life considered by the Company for different asset categories is as follows :

Assets type	Useful Lives (in years)
Laptop & desktops	3
Server & networks	6
Furniture	10
Office equipment	5
Software	3

v) **Impairments**

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount. Recoverable amount is higher of an asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent carrying amount exceeds recoverable amount. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or many have decreased.

vi) **Employee Benefits**

Short-term employee benefits including salaries, wages, bonus and other benefits are recognised as expenses at the actual value as per contractual terms & charged to the profit and Loss Account for the year in which the related service is rendered. The employees are eligible for leave as per leave policy of the company. The un-utilised leave can be carried forward and utilised during the course of employment. No encashment is allowed of unutilised leave for the current year.

vii) **Accounting for Taxes**

Tax expenses comprises of current tax expense and deferred tax charge or credit. Provision for Current Taxation is based on the taxable profits if any of the Company computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing difference between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the reporting date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

viii) Investments

Long term investments are stated at cost, and provision for diminution is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Current investments are valued at lower of cost and net realizable value.

ix) Provision and Contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognised in the financial statements.

x) Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

xi) Miscellaneous Expenditure Including Share Issue Expenses

Preliminary and other miscellaneous expenses and share issue expenses are written off as and when incurred in accordance with the requirements of accounting standard 26.

xii) Goods and Services Tax (GST)

The Goods and Services Tax, namely CGST, SGST and IGST, hereinafter referred to as GST, was levied on the sale of products and services rendered by the Company and as per the provisions of the applicable GST Act. The Input tax Credit was claimed in respect of eligible expenses and shall be adjusted against the GST payable as per the provisions of the applicable GST Act. The unutilised input credit under the GST provisions as on the Balance Sheet date was disclosed as other current asset in the Balance Sheet.

xiii) Cash and Bank Balance

Cash is defined to include cash on hand and demand deposits with banks. Cash Equivalents are defined as short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Further, bank balances include balances held as margin money or security against borrowings, guarantees & other commitments.

AMC Repo Clearing Limited
CIN U65929MH2021PLC359108

Notes forming part of the Balance sheet as at 31st March, 2022 and Profit and Loss Account for the period ended on that date

Note 2

Share Capital	(Figures in Rs. thousands)
Particulars	31.03.2022
Authorised: 15,00,00,000 Equity Shares of Rs.10/- each fully paid up.	15,00,000
	15,00,000
Issued, Subscribed and Paid-up: 14,78,29,177 Equity Shares of Rs.10/- each fully paid up.	14,78,292
	14,78,292

i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	31.03.2022	
	No. of Shares	Amount in '000'
At the beginning of the period	-	-
Add: Equity shares issued during the year	14,78,29,177	14,78,291.77
Less: Shares bought back during the year	-	-
Outstanding at the end of the period	14,78,29,177	14,78,292

ii) Terms and Rights attached to equity shares

Equity shares are of face value Rs. 10/- and contain equal voting rights.

iii) No shares were issued by way of bonus, ESOPs or for consideration other than cash.

iv) Details of shareholders holding more than 5% shares in the Company:

Name	31.03.2022	
	No.	% holding
HDFC ASSET MANAGEMENT COMPANY LIMITED	2,21,74,376	15.00%
ICICI PRUDENTIAL ASSET MANAGEMENT COMPANY LIMITED.	2,14,71,482	14.52%
SBI FUNDS MANAGEMENT LIMITED	1,99,60,682	13.50%
ADITYA BIRLA SUN LIFE AMC LIMITED	1,68,45,293	11.40%
KOTAK MAHINDRA ASSET MANAGEMENT CO LIMITED	1,25,25,600	8.47%
IDFC ASSET MANAGEMENT COMPANY LIMITED	1,02,43,895	6.93%
NIPPON LIFE INDIA ASSET MANAGEMENT LIMITED	92,58,783	6.26%
AXIS ASSET MANAGEMENT COMPANY LIMITED	90,30,696	6.11%

v) Details of promoters shareholders holding in the Company:

Name	31.03.2022	
	No.	% holding
HDFC ASSET MANAGEMENT COMPANY LIMITED	2,21,74,376	15.00%
ICICI PRUDENTIAL ASSET MANAGEMENT COMPANY LIMITED	2,14,71,482	14.52%
SBI FUNDS MANAGEMENT LIMITED	1,99,60,682	13.50%
ADITYA BIRLA SUN LIFE AMC LIMITED	1,68,45,293	11.40%
KOTAK MAHINDRA ASSET MANAGEMENT CO LIMITED	1,25,25,600	8.47%
IDFC ASSET MANAGEMENT COMPANY LIMITED	1,02,43,895	6.93%
NIPPON LIFE INDIA ASSET MANAGEMENT LIMITED	92,58,783	6.26%
AXIS ASSET MANAGEMENT COMPANY LIMITED	90,30,696	6.11%
UTI ASSET MANAGEMENT COMPANY LIMITED	59,38,800	4.02%
DSP INVESTMENT MANAGERS PRIVATE LIMITED	37,34,496	2.53%
L&T INVESTMENT MANAGEMENT LIMITED	33,81,396	2.29%
EDELWEISS ASSET MANAGEMENT LIMITED	31,81,082	2.15%
TATA ASSET MANAGEMENT PRIVATE LIMITED	29,74,800	2.01%
LIC MUTUAL FUND ASSET MANAGEMENT LIMITED	14,21,796	0.96%
MIRAE ASSET INVESTMENT MANAGERS INDIA PRIVATE LIMITED	6,60,900	0.45%
HSBC ASSET MANAGEMENT (INDIA) PVT LIMITED	6,46,393	0.44%
BARODA ASSET MANAGEMENT INDIA LIMITED	5,99,100	0.41%
CANARA ROBECO ASSET MANAGEMENT COMPANY LIMITED	5,69,496	0.39%
SUNDARAM ASSET MANAGEMENT COMPANY LIMITED	5,19,300	0.35%
MAHINDRA MANULIFE INVESTMENT MANAGEMENT PRIVATE LIMITED	3,54,600	0.24%
JM FINANCIAL ASSET MANAGEMENT LIMITED	3,26,583	0.22%
IDBI ASSET MANAGEMENT LIMITED	2,09,796	0.14%
PGIM INDIA ASSET MANAGEMENT PRIVATE LIMITED	1,81,200	0.12%
UNION ASSET MANAGEMENT COMPANY PRIVATE LIMITED	1,70,883	0.12%
PPFAS ASSET MANAGEMENT PRIVATE LIMITED	1,09,683	0.07%
BOI AXA INVESTMENT MANAGERS PVT LIMITED	1,07,496	0.07%
MOTILAL OSWAL ASSET MANAGEMENT	99,300	0.07%
TRUST ASSET MANAGEMENT PVT LIMITED	77,400	0.05%
QUANTUM ASSET MANAGEMENT CO PRIVATE LIMITED	67,200	0.05%
IIFL ASSET MANAGEMENT LIMITED	61,500	0.04%
PRINCIPAL ASSET MANAGEMENT PRIVATE LIMITED	59,796	0.04%
ESCORTS ASSET MANAGEMENT LIMITED	25,596	0.02%
ITI ASSET MANAGEMENT LIMITED	15,000	0.01%
NAVI AMC LIMITED	11,893	0.01%
YES ASSET MANAGEMENT INDIA LIMITED	8,700	0.01%
TAURUS ASSET MANAGEMENT COMPANY LIMITED	1,200	0.00%
FRANKLIN TEMPLETON ASSET MANAGEMENT(INDIA) PRIVATE LIMITED	8,02,983	0.54%
RADHIKA GUPTA	1	0.00%
VENKATESH N S	1	0.00%

Note 3 Reserves and Surplus

Particulars	31.03.2022
Securities Premium Account	
Balance at the beginning of the period	-
Add: Further issue during the year	-
Balance at the end of the period	-
Surplus in Statement of Profit and Loss	
Balance at the beginning of the period	-
Add: Adjustments during the year	
Add: Transfer from Statement of Profit & Loss	(11,801)
	(11,801)
Less: Appropriations:	-
Balance at the end of the period	(11,801)
	(11,801)

AMC Repo Clearing Limited
CIN U65929MH2021PLC359108

Notes forming part of the Balance sheet as at 31st March, 2022 and Profit and Loss Account for the period ended on that date

Note 4 Trade Payable

Particulars	Outstanding for the following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
I) MSME	92.70	-	-	-	92.70
II) Others	1,766.45	-	-	-	1,766.45
III) Disputed Dues - MSME	-	-	-	-	-
IV) Disputed Dues - Others	-	-	-	-	-

AMC Repo Clearing Limited
CIN U65929MH2021PLC359108

Notes forming part of the Balance sheet as at 31st March, 2022 and Profit and Loss Account for the period ended on that date

Note 5 Other Current Liabilities

Particulars	31.03.2022
Professional Tax	1
TDS on Professional Fees	293
TDS on Salary	665
TDS on Rent	30
GST	135
	1,124

AMC Repo Clearing Limited
CIN U65929MH2021PLC359108

Notes forming part of the Balance sheet as at 31st March, 2022 and Profit and Loss Account for the period ended on that date

Note 6 : Property, plant and equipment and intangible assets

Property, Plant and Equipment and Intangible assets

Particulars	Rate	GROSS BLOCK				DEPRECIATION				NET BLOCK
		As at 1st April 2021	Additions	Deletion/ Adjustments	As at 31st March 2022	As at 1st April 2021	For the year	Deletion/ Adjustments	As at 31st March 2022	As at 31st March 2022
Property, plant and equipment										
Computer & Accessories	63.16%	-	553	-	553	-	177	-	177	376
Intangible Assets										
Intangible - Software	63.16%	-	347	-	347	-	108	-	108	238
TOTAL		-	900	-	900	-	285	-	285	614

AMC Repo Clearing Limited
CIN U65929MH2021PLC359108

Notes forming part of the Balance sheet as at 31st March, 2022 and Profit and Loss Account for the period ended on that date

Note 7 Deferred Tax Asset (Net)

Particulars	31.03.2022
Deferred Tax Asset	9
On account of Carried forward Loss	-
Less: Deferred Tax Liability	-
Net Deferred Tax Asset	9

Note 8 Other Non Current Assets

Particulars	31.03.2022
Security deposit	911
	911

Note 9 Current Investments

Particulars	31.03.2022
Investment in Government or trust securities (Quoted)	
Investment in Tbill at Cost (FMV as on 31st March 2022 is INR 48,850.57)	48,741
Other Invesments (Unquoted)	
Fixed Deposits with Banks	13,75,600
	14,24,341

Note 10 Cash and Bank Balance

Particulars	31.03.2022
Cash and Cash Equivalents	
Balances with Banks	23,569
Cash on Hand	0
	23,569

Note 11 Short Term Loans & Advances

Particulars	31.03.2022
Goods & Service Tax	1,298
Prepaid Expenses	442
Other advances and recoverable amounts	32
	1,772

Notes forming part of the Balance sheet as at 31st March, 2022 and Profit and Loss Account for the period ended on that date

Note 12 Other Current Assets

Particulars	31.03.2022
Accrued Interest	15,438
TDS AY 2022-23	2,819
	18,257

Note 13 Other Income

Particulars	31.03.2022
Interest Income	
On IT Refund	
Other Non Operating Income	
Interest on FD	28,187
Interest on T-bill	103
	28,290

Note 14 Employee Benefit Expenses

Particulars	31.03.2022
Salaries and Wages	12,615
Staff Welfare Expenses	6
	12,620

Note 15 Other Expenses

Particulars	31.03.2022
Preliminary Expenses	15,189
Advertising Expenses	71
Director Sitting Fees	1,100
GST Expense	159
DPM- Software Application Fees	86
Printing Stationery	64
Processing & Custody fees	40
Legal and Professional Fees	8,463
Professional Tax	3
Travelling Charges	23
Website design & Maintenance charges	150
Rent	1,342
Technical Related Expenses	274
Miscellaneous Charges	121
<u>Auditors' Remuneration:</u>	
Audit Fees	100
Others	10
	27,194

16 Earnings Per Share (EPS)

Earnings per share are calculated by dividing the profit/ (loss) attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the period. The numbers used in calculating the basic and diluted earnings per Equity Share are as follows:

Particulars	31.03.2022
Net Profit/(Loss) for calculation of Basic and Diluted EPS	(11,801)
Weighted average number of equity shares outstanding during the period	14,78,29,177
Basic and Diluted Earnings per share (Face Value - Rs. 10 each)	-0.08

17 Details of Dues to micro and small enterprises as defined under the MSMED Act, 2006

Trade Payable and Liabilities for expenses include Rupees 92.70 thousands due to small scale industrial undertaking. None of the said dues are outstanding for more than 15 days. The said information regarding small scale industrial undertaking has been determined to the extent such parties have been identified on basis of information available with the company.

18 Balances with Trade Receivables, Current & Non-assets and Trade Payables & Other current Liabilities are subject to confirmation by the concerned parties and subsequent reconciliation / adjustments if any.

19 Additional information pursuant to the Provision of Schedule III of the Companies Act, 2013 is either NIL or Not Applicable.

20 Segment Reporting

The Company is operating under one geographical segment and one business segments . Therefore, segment reporting on geographical and business basis are not applicable.

21 In the opinion of the directors and to the best of their knowledge and belief, the value on realization of Current Assets, Loans and Advances, in the ordinary course of business, would not be less than the amount at which they are stated in the balance sheet and provision for all known liabilities is adequate.

22 **Transactions in Foreign currencies**

Particulars	31.03.2022
Expenses in Foreign Currency	Nil
Earning in Foreign Exchange	Nil

23 **Details of movement in provisions and contingencies**

Particular	Rupees in "000"		
	Opening Balance 01.04.2021	Addition during the year	Deletion during the year
Professional fees	-	1,595	-
Audit Fees	-	100	-
Software and technical charges	-	337	-
Annual Maintenance Charges	-	2	-
			Closing Balance 31.03.2022
			1,595
			100
			337
			2

24 **Related Party Disclosures**

i) Parties that exercise Control

Name of the Party	Relationship	w.e.f date
Anand Sarveshwar Sinha	Chairman, Public Interest Director	9-Dec-2021
Srinivasan Varadarajan	Public Interest Director	9-Dec-2021
Krishnamurthy Vaidyanathan	Public Interest Director	9-Dec-2021
Alok Chandra Jena	Shareholder Director	9-Dec-2021
Natarajan Ramaswamy	CEO, Key Managerial Personnel	23-Mar-2022
Ritesh Rajendra Kadam	Company Secretary, Key Managerial Personnel	9-Dec-2021
Ananth Kamath	CFO, Key Managerial Personnel	31-Mar-2022

ii) Transactions with Related Parties

Particulars	Rupees in "000"	
	Transactions	Balance As On 31.03.2022
Remuneration to Key Managerial Personnel		
Natarajan Ramaswamy	237	Nil
Ritesh Kadam	464	Nil
Ananth Kamath	2	Nil
Director Sitting Fees		
Anand Sarveshwar Sinha	300	Nil
Srinivasan Varadarajan	300	Nil
Krishnamurthy Vaidyanathan	300	Nil
Alok Chandra Jena	200	Nil

25 **Contingent liabilities and commitments:**

Particular	Rupees in "000"
(i) Contingent liabilities :	
(a) Claims against the company not acknowledged as debt;	NIL
(b) Guarantees;	NIL
(c) Other money for which the company is contingently liable	NIL
(ii) Commitments:	
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for;	NIL
(b) Uncalled liability on shares and other investments partly paid	NIL
(c) Other commitments : Rental payment	5,643

26 Ratios

Particular	Amount(Rs.)	Numerator / Denominator	Ratio
Current Ratio	14,67,939	Current Assets	492.04:1 *
	2,983	Current Liabilities	
Return on Capital Employed	(11,810)	Earning Before Interest & Tax	-0.81%
	14,66,491	Capital Employed	
Return on Equity	(11,801)	Net Profit after tax	-0.80%
	14,66,491	Shareholder's Equity	
Net Profit Ratio	(11,801)	Net Profit	Not Applicable
	-	Turnover	
Debt - Equity Ratio	-	Total Debt	Not Applicable
	14,66,491	Shareholder's Equity	
Debt Service Coverage Ratio	-	Net Operating Income	Not Applicable
	-	Total annual Debt Obligation	
Inventory turnover Ratio	-	Total Sales	Not Applicable
	-	Average inventory	
Trade Receivable Turnover Ratio	-	Net credit sales	Not Applicable
	-	Average trade receivables	
Trade Payables Turnover Ratio	-	Net credit sales	Not Applicable
	930	Average trade payables	
Net capital turnover Ratio	-	Net Annual Sales	Not Applicable
	14,46,699	Working capital	
Return on Investment	28,290	Net Return on Investment	1.99%
	14,24,341	Cost of Investment	

*As this being the first year of Company, justification for variance for more than 25% as compared to previous year is not ascertainable.

27 Preliminary and Pre-incorporation expenses have been expensed out.

28 Transaction with Struck off company

The company has not entered into transaction with any of the struck off companies under section 248 of The Companies Act, 2013 and hence disclosure related to the same is not given.

29 Corporate Social Responsibility (CSR)

As the company does not meet the criteria of Section 135 of The Companies Act 2013, The company is not required to comply with the CSR requirements.

30 Impact on Covid 19

The COVID-19 pandemic is still unfolding and while it is challenging to predict the full economic fall out of the contagion, we have undertaken an assessment to understand the impact on our business.

However as the company was incorporated on 17th April 2021 and as on 31st March 2022 has still not started any operation, the impact of covid - 19 can not be determined.

As per our attached report of even date
For M.P. CHITALE & CO
Firm Registration Number : 101851W
Chartered Accountants

For and on behalf of the board of Directors
AMC REPO CLEARING LIMITED

Sd/-

Sd/-

Sd/-

Santosh More
Partner
Membership Number: 114236

Anand Sinha
Director
DIN : 00682433

Srinivasan Varadarajan
Director
DIN : 00033882

Sd/-

Sd/-

Sd/-

Natarajan Ramasamy
Chief Executive Officer

Ritesh Kadam
Company Secretary

Ananth Kamath
Chief Financial Officer

Place: Mumbai
Date: 19-05-2022