

# *UNLOCKING POSSIBILITIES REIMAGINING FUTURE*



**Annual Report  
2017-2018**

**MCX**  
METAL & ENERGY  
Trade with Trust

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## UNLOCKING POSSIBILITIES; RE-IMAGINING FUTURE

**“Use the wings of the flying Universe,  
Dream with open eyes;  
See in darkness.”**  
**– Dejan Stojanovic, Serbian, poet, essayist, philosopher**

Aiming high inspires us to take action. We aspire for greatness, visualise the possibilities, ideate on goals and relentlessly strive to achieve them. Though our goals may appear daunting, they do not overwhelm us for we have the right wherewithal and a burning desire to achieve what we have set our sights on. We started with small steps, and through a journey which saw as many rough patches as smooth sailings, have now reached a milestone from where we see the path going only upwards. Our resilience, a clear vision and our inimitable repertoire of resources consisting of people, product and technology, motivates us to challenge the present and re-imagine the future.

Rome was not built in a day. When John F Kennedy talked about putting a man on the moon in 1961, he did not plan to achieve this by the end of the month or year; he envisioned achieving this feat by the end of the decade. He knew big goals take time.

What is important is to be prepared for the big leap, to set eyes on a goal and build on the capabilities to reach there.

As we set out on the higher path, we remind ourselves that the journey to reach the stars may be long and arduous, but we do have all that are needed to reach there. It is this confidence in our capabilities and an unfailing belief in our vision that leads us towards exploring and unlocking new opportunities. Now. And in a re-imagined future.

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## CORPORATE INFORMATION

### Board of Directors (as on July 20, 2018)

Mr. Saurabh Chandra	Chairman, Public Interest Director
Mr. Amit Goela	Shareholder Director
Mr. Arun Bhargava	Public Interest Director
Mr. Basant Seth	Public Interest Director
Mr. Chengalath Jayaram	Shareholder Director
Dr. M. Govinda Rao	Public Interest Director
Mr. Hemang Raja	Shareholder Director
Ms. Madhu Vadera Jayakumar	Shareholder Director
Ms. Padma Raghunathan	Shareholder Director
Mr. Prithvi Haldea	Public Interest Director
Mr. Shankar Aggarwal	Public Interest Director
Mr. Mrugank Paranjape	Managing Director and Chief Executive Officer

### Company Secretary

Mr. Ashwin M. Patel

### Statutory Auditors

M/s. Shah Gupta & Co., Chartered Accountants

### Bankers (including clearing banks)

Axis Bank	Bank of India	Canara Bank
Citi Bank	Corporation Bank	Development Credit Bank
HDFC Bank	ICICI Bank	IndusInd Bank
Kotak Mahindra Bank	Punjab National Bank	State Bank of India
Tamilnad Mercantile Bank	Union Bank of India	Yes Bank

### Registrar and Transfer Agent

#### Karvy Computershare Private Limited

Karvy Selenium, Tower B  
Plot Nos. 31 & 32, Gachibowli  
Financial District, Nanakramguda  
Serilingampally  
Hyderabad 500 032  
Telangana, India  
Tel: +91 40 6716 2222  
Fax: +91 40 2300 1153  
Toll Free No.: 1800 345 4001  
Email: einward.ris@karvy.com

### Registered Office

#### Multi Commodity Exchange of India Limited

CIN: L51909MH2002PLC135594  
Exchange Square, Chakala  
Suren Road, Andheri (East)  
Mumbai 400 093  
Maharashtra, India  
Tel: +91 22 6731 8888  
Fax: +91 22 6649 4151  
Website: www.mcxindia.com  
Email id: info@mcxindia.com

## PROFILE OF ALL BOARD MEMBERS



**Mr. Saurabh Chandra, *Chairman, Public Interest Director***

- Former Secretary to the Ministry of Petroleum and Gas, Gol.
- Former Secretary in the Department of Industrial Policy and Promotion (DIPP).
- Has over 38 years of experience in various assignments, Spent over 17 years in the Secretariat, both with State & Central Govt.; worked in different capacities in the Ministry of Finance, Ministry of Commerce and Industry, Ministry of Chemicals & Fertilizers, in the Government of India.



**Mr. Amit Goela, *Shareholder Director***

- Partner at Rare Enterprises.
- Former AVP (Private Equity) Reliance Capital and CEO at Alchemy Share & Stock Brokers.
- Has over 21 years of experience in Capital Market.



**Mr. Arun Bhargava, *IRS (Retd.), Public Interest Director***

- Former Member of CBDT.
- Former Member of Securities Appellate Tribunal (SAT).
- Over 37 years of experience in Revenue Department.



**Mr. Basant Seth, *Public Interest Director***

- Qualified Chartered Accountant having experience of over 40 years' with expertise in finance, banking, management, administrative and quasi-judicial matters.
- Chairman and Managing Director of Syndicate Bank from 31st August 2009 to 28<sup>th</sup> February, 2012.
- Information Commissioner in the Central Information Commission from 1<sup>st</sup> March, 2012 to 15<sup>th</sup> February, 2017.



**Mr. Chengalath Jayaram, *Shareholder Director***

- Currently on the board of Kotak Mahindra Bank Ltd., as an Non-Executive and Non-Independent Director.
- Former Joint Managing Director of Kotak Mahindra Bank Limited.
- Over 39 years of diverse experience in Financial Sector & related businesses.



**Mr. Hemang Raja, Shareholder Director**

- Former, Country Advisor – India to Asia Growth Capital Advisors (AGCA) for managing India Investments.
- Former, MD and Head India at Ritchie Capital, a part of Credit Suisse Private Equity.
- Has over 34 year of experience in Financial Industry.



**Dr. M. Govinda Rao, Public Interest Director**

- Presently, Emeritus Professor at National Institute of Public Finance and policy (NIPFP).
- Former Member – 14<sup>th</sup> Finance Commission & Director of NIPFP.
- Former Member – Economic Advisory Council to the Prime Minister.



**Ms. Madhu Vadera Jayakumar, Shareholder Director**

- An independent investor in Financial Markets.
- Former, Founder CEO of E-Commodities Limited.
- Has over 14 years of experience in Financial Services Industry.



**Ms. Padma Raghunathan, Shareholder Director**

- Presently working as Chief General Manager in Finance Department at NABARD.
- Has closely worked with the community-centred institutions engaged in upliftment of livelihood prospects of rural poor.



**Mr. Prithvi Haldea, Public Interest Director**

- Founder Chairman of Praxis Consulting & Information Services Pvt. Ltd. (Prime Database).
- Worked at senior positions in the corporate sector in the areas of exports, consulting and advertising.



**Mr. Shankar Aggarwal, *Public Interest Director***

- Has held various positions under various Ministries including that of Secretary to Government of India in the Ministries of Women and Child Development, Urban Development and Labour and Employment and various departments of Government of India and Government of Uttar Pradesh.
- Held positions of Secretary and President in various social organizations



**Mr. Mrugank Paranjape, *MD & CEO***

- Over 26 years of diverse experience in Corporate Banking, Securities Markets, Technology, Asset Management, and Custodial Services.
- Former Managing Director of Deutsche Bank A.G.
- Held senior management roles in international organisations including Prudential ICICI AMC and Citibank.

## LETTER FROM THE CHAIRMAN



Dear Shareholders

Having successfully navigated through the turbulent times during the year 2016-17, I am happy to state that MCX's performance in terms of its business and financial results from operations for FY 2017-18 has been satisfactory. We are excited about the opportunities that lie ahead and remain committed to encash the same and further improve our overall performance.

For the year ended March 31, 2018, MCX's total income stood at ₹ 34,620 lakh, as against ₹ 37,587 lakh in FY 2016-17. The decline is primarily due to decrease in treasury income. Transaction revenue during FY 2017-18 was ₹ 23,892 lakh, a 2.5% increase from ₹ 23,304 lakh in the previous fiscal, despite limited price volatility in many commodities for the major part of the year. On the operational side, MCX clocked an average daily turnover (ADT) of ₹ 21,193 crore (single-side) in futures during FY 2017-18, while the ADT (notional) in the options segment, which was launched on October 17, 2017 was ₹ 89 crore.

As a result of continued focus on products and market services, MCX could maintain its leadership position with a market share of 89.58% during the year 2017-18. Likewise, your Exchange continued maintaining a high rank among global commodity futures exchanges during 2017, occupying the 7th position, as per data compiled by Futures Industry Association.

The achievements in the past year give us optimism about our capabilities to tap the opportunities available and address the challenges that lie ahead. During the year 2017-18, MCX became India's first exchange to launch commodity Options when it launched Options on gold futures on the auspicious day of *Dhanteras* in 2017. Subsequently, Options on futures of silver, crude oil, copper and zinc were also launched. The decision made by the Government of India to substantially reduce transaction tax on exercise of Commodity Options made trading in the product more attractive.

MCX partnered with Thomson Reuters and launched the Thomson Reuters-MCX India Commodity Indices (iCOMDEX) during the year. We hope to launch contracts on indices, once SEBI approves derivatives on intangibles such as commodity indices.

During last year, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) received an 'in-principle' approval from SEBI for commencing operations. A well-capitalised clearing entity, distinct from the exchange, helps in building confidence of exchange participants, particularly institutions having large positions. This would enable MCX to attract institutional participants to trade on its platform once permitted by SEBI.

On the participation front, the year 2017-18 was a watershed year as several significant regulatory changes were undertaken to bring in new categories of institutional participants in the market. Category III Alternative Investment Funds (AIFs) were allowed to trade. Banks were allowed to become Professional Clearing Members (PCM), while their subsidiaries were allowed to offer broking services in commodity derivatives. Brokerage houses were allowed to integrate their entities across commodities and other asset classes under a single license. SEBI also floated a discussion paper for enabling participation of Mutual Funds and Portfolio Managers in the commodity derivative markets. We believe that the entry of institutional participants will spur retail participation and ease the access of small stakeholders, including the hedgers, to the hedging and investment platform of commodity exchanges. Besides, financial institutions, by leveraging on their geographical reach, research expertise and capital strength can enable more efficient price discovery and take the benefits of the commodity markets to more participants. At the same time, we are confident of meeting any challenge thrown up by the possible entry of existing stock exchanges in the commodity space. With our leadership position in products, technology and human resources, we should be able to effectively thwart such possible future challenges, while at the same time, keep exploring the emerging opportunities in the changed regulatory landscape.

The Indian economy is undergoing a number of transformational changes. Various sectors of the economy are expanding fast. New industries are emerging. Commodity markets, as an integral part of the economy, too are expanding in response to the demand for commodities and provide a platform for risk management and price discovery of commodities. The commodity derivatives market is itself undergoing a metamorphosis with introduction of new products and participant categories, opening up new vistas of presenting commodities as an investible asset class. Together with enabling policy developments, such as introduction of GST, the scope for expansion of this market is truly large.

MCX is cognizant of the opportunities unfurling in the emerging scenario in India's commodity markets, especially those created by recent policy enablements in the broader commodity ecosystem. MCX is confident of its capabilities in unlocking these possibilities. With a number of new and innovative products, stress on continuous improvement and an established culture of serving its stakeholders, your Exchange is aiming at attaining greater heights and achieving the next stage of its growth.

**Saurabh Chandra**  
Chairman  
(DIN: 02726077)

July 20, 2018

## DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the Sixteenth Annual Report on the business and operations of your Company, along with the Audited Statement of Accounts and the Auditors' Report for the financial year (FY) ended March 31, 2018 ('year under review'), highlights of which are given below:

### FINANCIAL RESULTS

(₹ in lakh, except EPS)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Total Income	34,620	37,587	35,186	37,634
Total Operating Expenditure	18,552	17,968	18,798	17,981
<b>Profit before Interest, depreciation, exceptional items and tax</b>	<b>16,068</b>	<b>19,619</b>	<b>16,388</b>	<b>19,653</b>
Less: Depreciation	1,666	1,857	1,666	1,857
Less: Interest	–	20	4	20
<b>Profit after exceptional items but before tax</b>	<b>14,402</b>	<b>17,742</b>	<b>14,718</b>	<b>17,776</b>
Less: Provision for tax	3,767	5,115	3,882	5,117
<b>Profit after tax</b>	<b>10,635</b>	<b>12,627</b>	<b>10,836</b>	<b>12,659</b>
Add/(Less): Other Comprehensive Income (net of tax)	265	(1,852)	124	(1,859)
<b>Total Comprehensive Income for the period (Comprising Profit and Other Comprehensive Income for the period)</b>	<b>10,900</b>	<b>10,775</b>	<b>10,960</b>	<b>10,800</b>
<b>Earnings per share (EPS)</b>				
<b>a. Basic (₹)</b>	<b>20.91</b>	<b>24.84</b>	<b>21.31</b>	<b>24.90</b>
<b>b. Diluted (₹)</b>	<b>20.91</b>	<b>24.83</b>	<b>21.31</b>	<b>24.89</b>

The Ministry of Corporate Affairs (MCA), vide its notification dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Your Company falls within its ambit and in compliance with the same, the Company has, effective April 01, 2016 (transition date being April 01, 2015), adopted Ind AS prescribed under Section 133 of the Companies Act, 2013 read with the relevant Rules thereunder; and the financial statements have been prepared in accordance with Ind AS.

### GLOBAL ECONOMY AND COMMODITY MARKET

The year 2017 was a turning point for the global economy. While 2017 saw an end to the decline in the price of most commodities, favourable weather conditions capped the price rise of a number of agricultural crops as their supply increased. Bullion witnessed renewed pressure on account of the U.S. dollar strengthening in the run-up to the much-anticipated meeting of U.S. Federal Reserve, where the Fed was widely expected to lift its benchmark interest rates. However, in the final weeks of the year gold recovered most of its previous decline in price consequent to the U.S. central bank reiterating that a gradual rate increase was appropriate in light of the new tax regime.

Crude oil prices rose by more than 40% by the year-end from their lows in June 2017. Prices of many base metals touched multi-year highs largely due to tightening of supply following environmental concerns in large producing nations like China and Philippines.

In general, while international prices of the commodities were firm on a yearly basis, appreciation of the rupee capped rupee-denominated commodity prices. Given the backdrop of global commodity market and the Indian scenario, the operating environment for your Company during the year was challenging.

## FINANCIAL HIGHLIGHTS

The average daily turnover decreased from ₹ 22,560 crore in FY 17 to ₹ 21,193 crore in FY 18 (single side) while Average Realization Rate (ARR) increased from ₹ 1.99 per lakh to ₹ 2.22 per lakh. The increase in ARR was on account of the full year impact of the revision in the transaction charges which became effective from October 01, 2016. The total turnover of commodity futures traded on your Exchange stood at ₹ 53.83 lakh crore in FY 18 as against ₹ 58.66 lakh crore during FY 17, a decrease of 8.23%. The market share of your Company amongst all national exchanges offering commodity derivatives trading was 89.58% in FY 18 as against 90.37% in FY 17. The number of contracts traded on your Exchange in FY 18 stood at 2,060 lakh as compared to 2,220 lakh for FY 17, a decrease of 7.21%.

For FY 18, your Company's (standalone) total income stood at ₹ 34,620 lakh as compared to ₹ 37,587 lakh during FY 17. This was mainly attributable to decrease in other income from ₹ 11,643 lakh to ₹ 8,636 lakh, owing to mark to market losses arising out of increase in interest rates. The 10 year G Sec yield saw a steep run up from 6.69% at the beginning of the year to end at 7.40% on March 31, 2018. Your Company has investments in certain long duration Mutual Fund schemes, the yield on which was adversely affected due to mark to market losses. Further, your Company had recognised a gain on fair valuation of Bonds, amounting to ₹ 1,563 lakh in the previous financial year which increased the variance as compared to FY 17. The operating income during the year under review was ₹ 25,984 lakh as against ₹ 25,944 lakh in FY 17. The net profit after tax for the year ended March 31, 2018 stood at ₹ 10,635 lakh as against ₹ 12,627 lakh in FY 17. The net worth (including Settlement Guarantee Fund) as at March 31, 2018 stood at ₹ 155,687 lakh.

## SHARE CAPITAL

There has been no change in the share capital of your Company during the year under review. As on March 31, 2018, the paid-up share capital of your Company stood at ₹ 5,100 lakh comprising 50,998,369 Equity shares of ₹ 10 each fully paid. Your Company has, during the year under review, neither issued any Equity shares with differential voting rights nor any shares (including sweat equity shares) to its employees under any scheme save and except transfer of shares by the ESOP trust to eligible employees pursuant to the Employee Stock Option Scheme (ESOP 2008).

## TRANSFER TO RESERVES

For the year ended March 31, 2018, your Directors do not propose to transfer any amount to the General Reserve. An amount of ₹ 97,104 lakh is proposed to be retained as surplus in the statement of Profit and Loss Account under the heading 'Reserves and Surplus'.

## DIVIDEND AND DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the SEBI Listing Regulations, 2015), your Company has formulated a Dividend Distribution Policy which is attached as **Annexure I** to this Report. The same is also available under the weblink: [https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/dividend\\_distribution\\_policy\\_re.pdf?sfvrsn=2](https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/dividend_distribution_policy_re.pdf?sfvrsn=2)

As per the Dividend Distribution Policy of the Company, the Board, considering various parameters as mentioned in the Policy, shall endeavor to maintain a dividend pay-out (interim, if any, and final, put together) in the range of 30 to 50 per cent of profits after tax (PAT) every financial year on the standalone financials.

Considering the financial results for FY 18 and particularly in view of the fact that the Company has adequate existing cash/cash equivalent at its disposal, with no immediate cash outflow requirement coupled with no specific investment in the horizon, your Directors have recommended, for the financial year ended March 31, 2018, a dividend of ₹ 17 (170%) per equity share on a face value of ₹ 10 per share, aggregating ₹ 8,670 lakh, subject to the approval of shareholders at the ensuing Annual General Meeting (AGM). The outgo on account of the proposed dividend of 170% (PY 150%) and tax thereupon to be paid by the Company aggregates to ₹ 10,435 lakh (including the Dividend Distribution Tax of ₹ 1,765 lakh), being a payout of 98.12% of the profit after tax (PAT) for the year ended March 31, 2018 as against ₹ 9,207 lakh (being a payout of 73% of PAT) for FY 17.

## DEPOSITS

Your Company had not invited any deposits from the public, and as such, no amount of principal or interest related thereto was outstanding as on the date of the Balance Sheet i.e. March 31, 2018.

## **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

Your Company has, during the year under review, not given any loans, guarantees or provided security and has not made any investments in any body corporate in excess of limits specified under Section 186 of the Companies Act, 2013.

### **BUSINESS OPERATIONS**

There was no change in the nature of business of your Company during the year under review.

MCX crude oil futures, MCX crude oil mini futures and MCX natural gas futures were amongst the top 20 commodity futures and options contracts in the global ranking of commodity futures contracts in Calendar Year 2017 (CY17). (Source: FIA Annual Volume Survey March 2018).

Your Company, in its endeavor to explore and exploit the opportunities for unlocking the full potential of the Indian commodity derivatives market, launched many new contracts during FY 18 under different segments. MCX became India's first exchange to launch the much-anticipated Option Contracts, on introduction of Options on Gold (1 Kg) Futures. The product was launched on October 17, 2017, at an event in New Delhi by Shri Arun Jaitley, Hon'ble Union Finance Minister. Since its launch, the total volume traded in Gold Option in FY 18 was 34,752 lots, amounting to an aggregate notional turnover of ₹ 10,354 crore. Significantly, Union Budget for FY 2018-19 reduced the transaction taxes on exercise of commodity options from 0.125 per cent to 0.0001 per cent (on settlement value) w.e.f. April 1, 2018, which, we believe, would encourage hedgers and other participants to actively participate in exchange-traded commodity options.

MCX also became the world's first commodity exchange to launch Brass futures contract. This is the first non-ferrous contract with compulsory delivery option. Further, it is the first time ever that an alloy is being traded in the form of a futures contract on any domestic exchange.

Your Company also commenced futures trading in Refined, Bleached and Deodorized (RBD) Palmolein and Black Pepper thereby further expanding its basket of agricultural products being traded on its platform.

The Exchange also introduced a facility of disseminating Cotton Prices in Candy in order to cater to participants who want information of Cotton prices in Candy.

MCX in association with Thomson Reuters, launched co-branded commodity index series, Thomson Reuters-MCX India Commodity Indices (iCOMDEX) that track the performance of commodity contracts on the Exchange on a real-time basis.

Your Exchange joined hands with Confederation of Indian Textile Industry (CITI) and Northern India Textiles Mills' Association (NITMA) to engage in various education initiatives with their members and other relevant stakeholders of the industry. Further, your Company signed an Memorandum of Understanding (MOU) with Mahindra Agri Solutions Ltd., a wholly owned subsidiary of Mahindra and Mahindra, to provide agriculture related price information. The information is available on their recently launched mobile application- 'MyAgriGuru.'

In order to seamlessly integrate with the global commodities ecosystem, MCX continues to have strategic alliances with leading international exchanges viz. Mozambique Commodities Exchange (BMM), Singapore Diamond Investment Exchange, CME Group, London Metal Exchange (LME), Dalian Commodity Exchange (DCE), and Taiwan Futures Exchange (TAIFEX). MCX has also tied-up with various trade bodies, corporates, educational institutions and R&D centres across the country to improve trade practices, increase awareness, and facilitate overall improvement of the commodity market.

### **REGULATORY DEVELOPMENTS**

During the year under review, SEBI, the sectoral regulator, introduced several reforms paving the path for introduction of new products in commodity derivatives market; participation of Category III Alternative Investment Funds (AIF - CAT III) and strengthening the operational framework and risk management in commodity exchanges.

The presence of SEBI as the market Regulator has increased the confidence in the market and generated trust amongst all in the financial and commodity markets ecosystem, stakeholders and made the commodity markets more vibrant and built a level-playing field across both the commodities and securities markets.

The Goods and Service Tax (GST) came into effect on July 01, 2017, amalgamating a large number of Central and State level taxes into a single tax. GST has helped in mitigating double taxation and is paving the way for a common national market. Importantly, a single tax across the nation for a commodity, has significantly enhanced the relevance of exchange-discovered prices to the entire ecosystem and can increase reach of delivery of derivative contracts.

The important Regulatory developments during FY 18, *inter-alia*, includes the following:

- i) In terms of the stock selection criteria prescribed by SEBI, National Stock Exchange of India Limited (NSE) introduced trading on Futures & Options contracts on the securities of MCX w.e.f. April 28, 2017.

- ii) SEBI (Stock Brokers and Sub - brokers) Regulations, 1992 was amended, thereby integrating the broking activities in Equity Markets and Commodity Derivatives Markets under single entity.
- iii) The Product Design and Risk Management Framework for Options on Commodity Futures was issued on June 13, 2017. It provides for the eligibility criteria for selection of underlying commodity futures for options and the product design for options on commodity futures.
- iv) Guidelines issued for participation of Category III Alternative Investment Funds (AIFs) in Commodity Derivatives market.
- v) Detailed framework for determining the Position Limits for Agricultural Commodity Derivatives was issued after due consultation with various stakeholders and on the basis of recommendations of Commodity Derivatives Advisory Committee (CDAC). The framework requires categorization of commodities into 'Broad', 'Narrow' and 'Sensitive', based on which the numerical value of overall client level open position limits of agricultural commodities is determined.
- vi) The Criteria for Settlement Mode of Commodity Derivative Contracts, specifying the exemptions under which 'cash settlement' can be considered, instead of 'physical delivery' for the settlement of commodity derivative contracts, was finalised.
- vii) The Role of Independent Oversight Committee for Product Design was prescribed thereby bringing uniformity amongst commodity derivative exchanges.
- viii) Guidelines were issued for Liquidity Enhancement Scheme (LES) in Commodity Derivative Contracts allowing the same for the first time in commodity derivatives.
- ix) SEBI approved the proposal for amending the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (SECC Regulations), to permit trading of commodity derivatives and other segments of securities market viz. equity, equity derivatives, debt and currency derivatives segment, etc. on single exchange w.e.f. October 1, 2018.
- x) The Reserve Bank of India (RBI) permitted Banks to become Professional Clearing Member (PCM) at Commodity Derivatives Exchanges to offer clearing & settlement services to the trading members/clients of the Exchange. It also permitted Bank subsidiaries to offer broking services in commodity derivatives segment.
- xi) RBI issued revised guidelines for Hedging of Commodity Price Risk by Residents in overseas markets, which was effective from April 1, 2018.

Several other Regulatory developments are listed under the respective Section in this Report.

## **RISK MANAGEMENT AND RISK MANAGEMENT POLICY**

Your Company has a comprehensive Risk Management Policy for managing different risks including Regulatory & Compliance risks, Technology risks, Business risks, Operational risks, Credit risks and Market risks. Also, your Company has complied with SECC Regulations relating to risk management and has constituted a Risk Management Committee for, *inter-alia*, identification, measurement and monitoring risk profile of the Exchange. As on March 31, 2018, the said Committee comprised of two Independent Directors, one Shareholder Director and an Independent External Expert.

Your Company has successfully launched option contracts with a unique risk management feature of providing Sensitivity Report and levy of Devolvement Margins to options positions devolving into futures positions. This was a first of its kind initiative implemented in the Indian markets as a risk management solution. Your Company continues to implement robust risk management systems with margins being computed multiple times a day in order to minimize the default risk. During the year under review, there was no instance of member default on account of volatility observed in the markets.

As a part of risk mitigation plan for avoiding business disruption, your Company has focused on strengthening its core technology infrastructure so that there is no single point of failure thereby ensuring uninterrupted services. Your Company has a Disaster Recovery (DR) Site at GIFT city in Gandhinagar, Gujarat which has a robust infrastructure and accessibility. Your Company successfully conducted live trading from DR site on April 03, 2017. Further, your Company has Near Site in Mumbai with synchronous data replication to achieve zero data loss in case of any eventuality. Your Company has also strengthened its Business Continuity Plan and DR initiative and regularly conducts mock drills to test readiness and effectiveness of IT infrastructure at its Data Centre and also its DR site.

The details relating to 'Settlement Risk Management' and 'Risks and Concerns' of your Company are provided in the Management's Discussion and Analysis which forms part of this Annual Report.

### **INVESTOR (CLIENT) PROTECTION FUND (IPF)**

Your Company has established Multi Commodity Exchange Investor (Client) Protection Fund (IPF), to protect and safeguard the interest of investors (clients) by compensating eligible/legitimate claims on account of default by any member of the Exchange. The interest income on investment of surplus funds of IPF is used for imparting education to investors' (clients), conducting awareness programs, undertaking research activities or such other programs as may be specified by SEBI. As on March 31, 2018, the corpus of IPF stood at ₹ 17,070 lakh (provisional).

SEBI with the objective to align with the practices in securities markets, issued comprehensive guidelines on June 13, 2017 for Investor Protection Fund, Investor Service Fund and its related matters for National Commodity Derivatives Exchanges applicable from July 01, 2017. The said Circular, *inter-alia*, provided modification w.r.t. the constitution and management of the IPF, contribution to the IPF, determination of legitimate claims, power of the Exchange to fix IPF compensation limits in consultation with the IPF Trust, etc.

Pursuant to the aforesaid Guidelines, the IPF compensation limits have been increased to ₹ 25 lakh per client with no member wise limit for SEBI-registered members declared defaulter on or after January 24, 2018. Further, the limits of ₹ 2 lakh per investor per defaulter member and ₹ 200 lakh per defaulter member shall continue to be applicable for claims against members declared as a defaulter prior to January 24, 2018 and for non-SEBI registered members.

### **INVESTOR SERVICE FUND (ISF)**

Pursuant to SEBI circular dated June 13, 2017, your Company has set up an Investor Service Fund (ISF), for providing basic minimum facilities at various Investor Service Centres, as mentioned in the said Circular. SEBI has permitted utilisation of the corpus of ISF for conducting various investor education and awareness programs, capacity building programs and maintenance of all price ticker boards installed by the respective exchanges, cost of training of arbitrators etc. In addition to above, the corpus may be utilized in other manner as prescribed/permitted by SEBI in the interest of investors from time to time.

In terms of the said Circular, at an initial stage, your Company has contributed ₹ 10 lakh towards setting up the ISF. Subsequently, your Company has transferred 1% of the turnover fees charged from its members on a monthly basis.

Since ISF is of recent origin, its corpus may be inadequate. In view of the same, SEBI has permitted utilization of interest on IPF for activities of ISF for a period of 3 years starting from April 01, 2018.

### **SETTLEMENT GUARANTEE FUND (SGF)**

Pursuant to SEBI directives with respect to the Settlement Guarantee Fund (SGF), stress tests are required to be performed on quarterly basis, to determine the adequacy of balance in SGF. Accordingly, based on the stress tests performed, the balance in SGF at the end of FY 18 was determined to be adequate and hence no contribution to SGF has been made during the year under review.

Settlement related penalties and fines amounting to ₹ 24 lakh (net of tax) and income of ₹ 1,002 lakh (net of tax) earned from earmarked SGF investments were credited to the SGF during the year. After effecting the aforesaid transfers, the cash component of SGF stood at ₹ 18,060 lakh as at March 31, 2018.

### **WAREHOUSING**

To cater to the storage requirements of various members of the Exchange and their respective constituents/depositors, who are willing to store goods and give delivery on the Exchange platform, your Company has made necessary warehousing and logistics arrangements with Warehouse Service Providers (WSP)/Vault Service Providers (VSP). Your Exchange co-ordinates with WSPs/VSPs and undertakes accreditation of the warehouses/vaults, audit and inspection of warehouses/vaults for safe storage and preservation of goods deposited by various business participants for delivery on its platform. From FY 18, the Exchange has started surprise audits of warehouses based on defined criterion. Your Company has empaneled independent audit agencies to carry out third party audits as per Regulatory guidelines.

Currently, your Company operates through three WSPs for facilitating physical deliveries in agricultural commodities, viz. Origo Commodities India Private Limited, Yamada Logistics Private Limited and Navjyoti Commodity Management Services Limited. As on March 31, 2018, your Exchange has accredited 29 warehouses of these three WSPs. Out of the 29 warehouses, 26 warehouses are registered with the Warehousing Development & Regulatory Authority (WDRA), 2 warehouses for metals do not require WDRA registration and 1 warehouse is in the process of registration. These warehouses are located at Jalna & Yavatmal in Maharashtra, Kadi, Rajkot & Mundra in Gujarat, Adilabad & Warangal in Telangana for Cotton Bales, Vandanmedu in Kerala for Cardamom, Kadi and Deesa in Gujarat for Castor Seed, Barabanki and Chandausi in Uttar Pradesh for Mentha Oil, Kochi in Kerala for Black Pepper, Bhiwandi in Maharashtra for Aluminium,

Copper, Lead, Nickel and Zinc, Kandla for Crude Palm Oil & RBD Palmolein and Jamnagar in Gujarat for Brass. Your Company has put in place a detailed WSP Policy and a Warehouse Inspection Policy in compliance with the SEBI revised warehousing norms for agricultural and agricultural processed commodities traded on the National Commodity Derivatives Exchanges. During the year, the highest deliverable quantity of agricultural commodities stored in the Exchange accredited warehouses were:

- Cotton - 133100 bales of 170 kg each.
- Mentha Oil - 11918 drums of 180 kg each.
- Black Pepper - 1083 bags of 50 kg each.
- Cardamom - 462 bags of 50 kg each.
- Castor Seed - 1485 bags of 75 kg each.

Further, the highest value of bullion stored in the Exchange accredited vaults were:

- Gold (including all of its variants) - ₹ 26,569.3 lakh.
- Silver (including all of its variants) - ₹ 14,470.1 lakh.

Your Company is presently availing the services of Sequel Logistics Private Limited & Brinks India Private Limited as vault service providers for facilitating physical deliveries in bullion. The vaults of these agencies are located at Ahmedabad, Mumbai and New Delhi. Your Company is making serious efforts to bring in more credible and large players as Warehouse Service Providers and Assayers. Your Company has also launched & gone live with a web based application "ComRIS" (Commodity Receipts Information System) to maintain electronic record of commodities deposited at the Exchange accredited warehouses and ensure flow of real time information from January 01, 2018. The role of warehousing in Settlement Risk Management is included in the Management's Discussion and Analysis forming part of the Annual Report.

## TRAINING AND EDUCATION

The Training and Education Division has the following key objectives:

- (a) facilitation of structured learning of commodity trading to the community at large and investors in particular, and
- (b) augmentation of business development and product top lines through training of various market participants.

To achieve the said objectives, your Company in FY 18, registered 891 candidates for the MCX Certified Commodity Professionals (MCCP) examination and conducted 10 MCCP workshops. In conjunction with the Business Development and the Product teams, the Company conducted over 100,000 man hours of trainings for traders, farmers, students, bankers, teachers, etc. The team conducted 125 programs on sensitizing the community on Options in Commodities. The team has hosted and trained 3 International delegations, 10 student and corporate delegations respectively, to help them understand the operations of a commodity exchange. Training and Education department has conducted over 50 awareness programs on commodity futures and 4 Faculty Development Programs. There are now five institutions that are offering commodity asset class as part of their syllabus. Also, your Company has entered into MOUs with 4 more Educational Institutions during the year. The Team introduced webinar based training and delivered 165 basic option programmes. Sessions were also conducted in vernacular language. Your Company aims to increase its annual training sessions in the coming year to new participants from the banking and mutual fund segments.

## SUBSIDIARY

**Multi Commodity Exchange Clearing Corporation Limited:** MCXCCL, a wholly-owned subsidiary of your Company, was set up for having a separate clearing house to provide services such as clearing and settlement of trades and guaranteeing counter party risk. During the year under review, the Authorized Share Capital of MCXCCL was increased from ₹ 1,000 lakh to ₹ 15,000 lakh and your Company infused a capital of ₹ 10,000 lakh in MCXCCL to enable it to meet the minimum net worth criteria required for a clearing corporation. As on March 31, 2018 the company's paid-up capital is ₹ 10,600 lakh. Further, MCXCCL has not commenced its business yet.

The Board of your Company has approved transfer of its Clearing & Settlement function to MCXCCL. Also, SEBI vide letter no. CDMRD/DEA/OW/2017/17801/1 dated July 31, 2017 has granted in-principle approval for a period of one year, to MCXCCL to act as a Clearing Corporation subject to certain conditions as mentioned in the said letter.

Your Company is in the process of executing various agreements with MCXCCL as approved by the Board and taking effective steps to operationalize it.

**SME Exchange of India Limited:**

SME Exchange of India Limited (SME), a subsidiary of your company which was set up to provide a platform for transacting, clearing and settlement of trades in small and medium enterprises segment is under the process of members' voluntary winding up.

The requisite formalities for application of winding up of the company has been completed. The Registrar of Companies, on May 30, 2017, has approved the Liquidators statement showing the manner in which the winding up has been conducted and the property of SME has been disposed off. Also, "No Dues" certificate has been received from the Income Tax Department and the same has been filed with the Assistant Official Liquidator, High Court, Bombay on March 09, 2018. The Official Liquidator is expected to issue the final report on winding up of SME after receiving the 'No Objection Certificate' from the Registrar of Companies.

During the year under review, there were no companies which have become or have ceased to be the subsidiary or associate company of your Company. Further, neither the Managing Director & CEO nor the Whole-time Director of your Company receives any remuneration or commission from its subsidiary.

A report on the performance and financial position/salient features of the subsidiary as per the Companies Act, 2013 is provided as **Annexure II**.

In accordance with Section 136(1) of the Companies Act, 2013, the financial statements including consolidated financial statements and all other documents required to be attached thereto and audited annual accounts of MCXCCL, the wholly owned subsidiary company are available on our website under the weblink <https://www.mcxindia.com/investor-relations>. Shareholders interested in obtaining a copy of the audited annual accounts of the subsidiary company may write to the Company Secretary at the Company's registered office. Copies of the annual accounts of your Company and of its subsidiary company would be kept at the registered office of your Company for inspection by any shareholder.

**CONSOLIDATED FINANCIAL STATEMENT**

Your Company has, in accordance with Section 129(3) of the Companies Act, 2013, prepared consolidated financial statements, consolidating its financials with its wholly owned subsidiary company, MCXCCL. The audited consolidated financial statements have been prepared on the basis of the related Consolidated Financial Statements which is in accordance with the requirements of Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, as applicable, and other accounting principles generally accepted in India and forms part of this Annual Report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS STATEMENT**

Management's Discussion and Analysis Statement, as stipulated under the SEBI Listing Regulations, 2015, forms part of this Annual Report.

**COMMITMENT TO QUALITY**

Commitment to quality is necessary for enabling excellence in products, services offered, optimization and de-risking. Your Company continues to monitor and maintain its effective and well-crafted Quality Management Framework (QMF). QMF is aligned to the business objectives of the Exchange and ensures that your Company is focused on maintaining Quality Centric Approach towards its members and clients. Over the years, your Company has evolved robust processes and strives to improve them continuously. Your Company continues to comply with international management standards, and has successfully transitioned ISO 9001 to its latest version. This showcases your Company's dedication and commitment towards sustaining a customer centric and robust Quality and Security Management System.

**INFORMATION SECURITY**

In line with your Company's vision and commitment of ensuring information security and providing assurance to its stakeholders, your Company has developed and implemented simple, effective and robust processes and controls using latest international standard ISO/IEC 27001:2013 on Information Security Management System. It has also deployed a proactive Information Risk Management approach, and carries out risk assessment activities on a periodic basis. Your Company has driven large change initiatives for productivity improvements through automation. A dedicated group has worked with respective departments and used automation to improve productivity across the Exchange.

## RESEARCH AND DEVELOPMENT

Research activities are continuously undertaken by your Company for the development of new products viz. futures, options and indices, considering the evolving policy and regulatory landscape, risk management and global best practices. During the year, the Exchange launched various commodity futures contracts viz. RBD Palmolein on April 5, 2017, Black Pepper on July 24, 2017 and Brass on March 26, 2018. The Exchange also launched Options contracts with Gold (1 Kg) Futures as underlying on October 17, 2017.

The Exchange, in association with Thomson Reuters, launched co-branded commodity index series, Thomson Reuters-MCX India Commodity Indices (iCOMDEX) for tracking the performance of commodities listed on MCX. The Thomson Reuters-MCX iCOMDEX series, utilizes a similar methodology as other established commodity indices which are used by international investors, such as the popular Thomson Reuters/Core Commodity CRB index. Also, MCX has worked with the Indian investors to ensure that the new indices correctly represent Indian commodity markets, with Thomson Reuters validating this approach and ensuring the indices meet international standards such as the IOSCO principles for financial benchmarks.

The iCOMDEX series includes a composite index consisting of 11 commodities; sector indices for bullion and base metals, and individual commodity indices for gold, copper and crude oil. These indices have been designed to be tracked by derivatives and exchange traded funds, to allow investors to monetize views and manage investment risk. With SEBI beginning to open up commodities derivatives to institutional investors, these indices can be leveraged to benchmark performance and build products. Commodity index-based products, when allowed, would allow market participants to trade and invest in commodities on a short and long term basis.

Further, your Company undertook various research studies during the year under review. A survey study was carried out by Kerala Agricultural University (KAU) to analyse the economic benefits of futures market to the stakeholders in the cardamom value chain and to understand the changes in the cardamom ecosystem since the advent of futures contract. The study found that futures prices were used by the various stakeholders as a benchmark for taking informed decisions related to buying, selling or holding of cardamom. Based on the survey and study it has been concluded that cardamom futures has the potential to channelize market related information, make futures prices visible and empower the various stakeholders to take informed decisions to improve their economic returns.

In another study, the Fragrance & Flavour Development Centre undertook a comprehensive survey for analyzing the Quality of Mint Oil Crops in Different Districts of Uttar Pradesh. The survey found that new testing parameters (physico-chemical analysis, instrumental analysis etc.) are required on account of new cropping pattern of Mentha, advent of synthetic oil and other parameters.

## AWARDS

The initiatives taken by your Company for growth and market development have been recognized at various fora by several institutions. Your Company was honoured with the 'Best Bullion Exchange' Award at the Bullion Federation Global Convention organized by the Bullion Federation during August 2017 and with the 'Best Commodity Exchange of the year' at the International Gold Convention on August 2017. Your Company was also named 'Best Commodity Exchange of India' by PHD Chamber Of Commerce & Industry and as 'India's Leading Commodity Exchange and Introducing New Products in the Commodity Derivatives Market' by Assocham on December, 2017. Further your Company was also awarded as the 'Best Commodity Exchange' by Indian Bullion & Jewellers Association on March 2018.

## ENVIRONMENTAL RESPONSIBILITY

Given the nature of its operations, your Company has a very low impact on the environment. Notwithstanding, it is committed to minimising its environmental impacts through efficient use of natural resources, including electricity, which is the key touch point of the Exchange's technology-driven business. Your Company adheres to an effective Environmental Policy. Your Company cleared the ISO 14001:2004 surveillance audit, and continues to monitor its Environment Management Plan, which is developed on the basis of the Environment Review conducted annually to assess the impact of the Company's activities. Your Company has also developed an E-Waste Policy for the safe disposal of e-waste from its premises. Its tie-up with authorised e-waste recyclers helps it to dispose its e-waste in an eco-friendly manner. The e-waste disposal is in turn minimised through best practices in maintenance and re-use of resources.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR) provides an opportunity for companies to effectively align its values and strategy for the benefits of the society, by contributing to the social, economic and environmental development of the society at large.

The CSR Committee steers the CSR activities of your Company. The CSR Policy, formulated in accordance with the Companies Act, 2013 (as amended from time to time), guides the Company to serve the society. The CSR Policy and initiatives adopted by the Company on CSR during FY 18 are available at the web link <https://www.mcxindia.com/about-us/csr>.

Your Company has associated itself with NABARD in few watershed development programmes being implemented by them. Such programmes encourage harvesting of water source(s) and promotes its efficient distribution which results in overall income enhancement of the beneficiary households.

The Company has undertaken projects in association with Global Education Trust for teaching in BMC schools wherein our employees actively participate in such programme. Further, the Company has provided financial support for setting up of Science laboratory in Agricultural Polytechnic for practical orientation of students, from under-privileged and/or tribal areas.

The activities of the Gramin Suvidha Kendra (GSK) programme are directed to sub serve the needs of the farmers by making them aware of the new initiatives, techniques, know-how, etc., which leads to enhanced yield in the agricultural produce. MCX supports kitchen garden programme by encouraging women and other members of the farmer community to have a sustainable/alternate livelihood option by growing vegetables, fruits, etc. in their back yard.

Your Company's CSR spend for FY 18 was ₹ 181 lakh as against the prescribed amount of ₹ 287 lakh, owing to the reasons stated in the Annual Report on CSR activities forming part of this Report as **Annexure III**. Going forward, your Company shall endeavor to undertake projects in accordance with the Policy to meet its CSR requirement.

## **BUSINESS RESPONSIBILITY REPORT**

Pursuant to Regulation 34 of the SEBI Listing Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015, the Annual Report of top 500 listed entities, based on market capitalization, shall include the Business Responsibility Report (BRR) describing the initiatives taken by Company from an environmental, social and governance perspective.

As your Company falls within the top 500 listed Companies, the said Regulations are applicable to it. In compliance with the same, the BRR forms part of this Annual Report.

Further, your Company has evolved a Business Responsibility Policy, encompassing the broad scope of the initiatives, to be undertaken, to best sub serve the interest of all the Stakeholders.

## **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return of your Company pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management & Administration) Rules, 2014 is attached as **Annexure IV** to this Report.

## **CORPORATE GOVERNANCE**

Your Company is committed to good corporate governance aligned with the best corporate practices. The report on Corporate Governance as stipulated under Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, 2015 and the certificate from a Practicing Company Secretary regarding compliance with Corporate Governance norms, forms part of this Annual Report. The report on Corporate Governance also contains certain disclosures required under the Companies Act, 2013.

## **MEETINGS OF THE BOARD**

Eight meetings of the Board of Directors were held during FY 18. For further details, please refer report on Corporate Governance forming part of this Annual Report.

## **ETHICS AND GOVERNANCE POLICIES**

Your Company adheres to the highest ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Accordingly, your Company has adopted various codes and policies to carry out the duties in an ethical manner. Some of these codes/policies framed and implemented by your Company are Code of Conduct and Code of Ethics, Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy/Vigil Mechanism, Policy on Related Party Transactions, Policy for determining Material Subsidiaries, Corporate Social Responsibility Policy, Risk Management Policy, Nomination and Remuneration Policy, Policy for Appointment of Independent External Persons on Committees of the Board, Board Diversity Policy, Dividend Distribution Policy, etc.

## WHISTLE BLOWER POLICY/VIGIL MECHANISM

Your Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI Listing Regulations, 2015, the Board of Directors have implemented a vigil mechanism through the adoption of Whistle Blower Policy. For further details, please refer report on Corporate Governance forming part of this Annual Report.

## CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

Your Company has formulated the policy on materiality of related party transactions and dealing with related party transactions. The same is uploaded on the website of your Company and may be accessed at the web link: [https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/amended\\_policy\\_on\\_related\\_party\\_transactions\\_05may2016.pdf?sfvrsn=2](https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/amended_policy_on_related_party_transactions_05may2016.pdf?sfvrsn=2)

All related party transactions entered into by your Company are in the ordinary course of business and at arm's length pricing basis, except the transaction with MCXCCL, its wholly owned subsidiary, which is not in the ordinary course of business. Also, prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in ordinary course of business and are at arm's length. All the related party transactions entered into by your Company during the year under review, were placed and approved by the Audit Committee and/or by the Board, as applicable, in accordance with the Companies Act, 2013, SEBI Listing Regulations, 2015 and other applicable guidelines/directions from Regulator, if any.

SEBI directions provide that every national commodity derivatives exchange shall credit penalties, other than the settlement related penalties, to its Investor Protection Fund (IPF), for all transactions executed on the Exchange. IPF is held in trust and managed by the Trustees, who are appointed as per the provisions of the Trust Deed and the Rules, Bye-Laws and Regulations of the Exchange. The transactions with the MCX IPF Trust are regulated in accordance with the regulatory requirements/guidelines issued from time to time and is independently managed. Except for complying with the regulatory requirements, your Company does not have any pecuniary relationship with MCX IPF Trust. In view of clarification issued by Institute of Chartered Accountants of India, MCX IPF Trust was treated as a related party. However, pursuant to SEBI circular no. CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13, 2017, MCX IPF Trust has ceased to be a related party w.e.f. July 01, 2017.

Pursuant to Section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of material contracts or arrangements with related parties to be reported under Section 188 (1) of the Companies Act, 2013 is appended in Form AOC - 2 as **Annexure V** to this Report.

All Related Party Transactions as required under Ind AS 24 – Related Party Disclosures are reported in Note 37 of Notes to Accounts of the standalone and consolidated financial statements of your Company.

## DIRECTORS

Your Company being a recognized stock exchange under Securities Contract (Regulation) Act, 1956 (SCRA) is, *inter-alia*, regulated by SEBI.

As on the date of this Report, your Board comprises of 12 (twelve) Directors, of which 6 (six) are Public Interest Directors, 5 (five) are Shareholder Directors and 1 (one) Managing Director.

“Public Interest Director” under the SECC Regulations 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, and accordingly such directors are considered as Independent Directors for adhering compliance with the provisions under the SEBI Listing Regulations, 2015 and Companies Act, 2013.

Your Company has received confirmations from the respective Public Interest Directors to the effect that each of them meets the criteria of independence as prescribed under Regulation (16)(b) of the SEBI Listing Regulations, 2015 and Section 149(6) of the Companies Act, 2013. The nomination/appointment of Independent Directors/Public Interest Directors on the Board of your Company is in accordance with the eligibility conditions prescribed by SEBI.

Further, all the Directors have confirmed that they are ‘Fit and Proper’ in terms of the SECC Regulations. Your Company has also obtained affirmation of adherence to Schedule IV of the Companies Act, 2013 and the Code of Conduct of your Company in accordance with the SEBI Listing Regulations, 2015 from all the Directors as applicable.

Your Company has 2 (two) women Directors on the Board as against the stipulation of appointing at least one Woman Director on the Board.

In terms of SEBI approval, Mr. Shankar Aggarwal (DIN: 02116442) was appointed as a Public Interest Director on the Board of the Company w.e.f. October 01, 2017 to fill in the vacancy arising out of the completion of tenure of Ms. Pravin Tripathi (DIN: 06913463) as a Public Interest Director w.e.f. close of business hours on August 11, 2017.

Mr. Amit Goela (DIN: 01754804) and Ms. Padma Raghunathan (DIN: 07248423), Shareholder Directors of the Company, were liable to retire by rotation at the 15th AGM of the Company held on August 22, 2017 and being eligible offered themselves for re-appointment. The resolutions for their re-appointment were passed by the shareholders with requisite majority.

Mr. Parveen Kumar Singhal (DIN: 01237602) ceased to be a Shareholder Director and the President & Whole Time Director consequent to the expiry of his tenure w.e.f. the close of business hours on October 13, 2017.

In accordance with the provisions of the Companies Act, 2013, Ms. Madhu Vadera Jayakumar (DIN: 00016921) and Mr. Hemang Raja (DIN: 00040769), Shareholder Directors, who have been longest in office since their appointment, are liable to retire by rotation at the ensuing AGM and being eligible, are seeking re-appointment. The Board recommends their re-appointment.

### **KEY MANAGERIAL PERSONNEL**

Consequent to the expiry of the term of Mr. Ajay Puri as the Company Secretary of the Company, on attaining the age of sixty, being the age of retirement, he ceased to be a Key Managerial Personnel (KMP) w.e.f. June 30, 2017. Mr. Ashwin Patel was appointed as the Company Secretary and identified as a KMP w.e.f. July 01, 2017.

### **PERFORMANCE EVALUATION OF THE BOARD**

The performance evaluation of all the Directors, the Board and its Committees was conducted based on the criteria and framework adopted by the Board. The annual evaluation process and the criteria for the same are set out in **Annexure VI** to this Report.

### **AUDIT COMMITTEE**

The composition of Audit Committee is covered under the Corporate Governance Report. During the year under review, there were no instances, where the Board had not accepted any recommendation of the Audit Committee.

### **STATUTORY AUDITOR AND THEIR REPORT**

M/s. Shah Gupta & Co., Chartered Accountants (Firm Registration No. 109574W) were appointed as Statutory Auditor by the shareholders at their 13th AGM held on September 29, 2015 for a period of five years, subject to ratification by the shareholders at every AGM.

However, pursuant to Section 40 of the Companies (Amendment) Act, 2017, effective May 07, 2018, the requirement of ratification of appointment of Statutory Auditors by members at every AGM has been omitted. Accordingly, the same shall not form part of the Notice from next AGM onwards.

The Report given by the Auditor on financial statements of the Company forms part of the Annual Report. There is no qualification, reservation or adverse remark made by the Auditor in their report.

### **SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT**

M/s Rathi & Associates, Practicing Company Secretaries, were appointed as the Secretarial Auditor by the Board to conduct the secretarial audit of the Company for financial year 2017-18.

In accordance with Section 204(1) of the Companies Act, 2013, the Secretarial Audit Report for the financial year ended March 31, 2018 is annexed as **Annexure VII** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### **INTERNAL CONTROL AND THEIR ADEQUACY**

The Board of Directors confirms that your Company has laid down set of standards, processes and structure which enables to implement Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively. During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

No significant and material orders were passed, during the year under review, by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## **HUMAN RESOURCE DEVELOPMENT**

Your Company believes in strategic alignment of Human Resources to its business priorities and corporate objectives.

The Exchange as a part of its compensation philosophy, believes in benchmarking its compensation with market comparators to stay at par with industry practices.

To ensure that employees have avenues and opportunities to raise their concerns, share their suggestions and give their opinions, Town Hall & 'Chai pe Charcha' with MD across all level is organised in an informal setting every year.

Additionally, Exchange undertakes various staff welfare activities to strengthen unity, break the monotony and bring the peer groups together for collaborative decision-making.

To map employee engagement and evolve action plan towards enhancement of the same, the Exchange launched employee engagement survey – with focus on Workplace, Values, Culture, Career & Compensation. Clear ownership & real time analytics dashboards was ensured to take swift action, based on feedback received. Multiple initiatives (online) were designed for employees to be engaged in true sense.

Your Company continues to have in place an Anti-Sexual Harassment Policy in line with the requirements of "The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013". Also, your Company has an Internal Complaints Committee to redress complaints received regarding sexual harassment. No complaints were received during the financial year 2017-18 in relation thereto. Further, your Company has also imparted awareness training to all employees on the 'Anti-Sexual Harassment Policy during the year under review.

Further, the disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations 2014, Section 62 of the Companies Act, 2013 read with Companies (Share Capital and Debenture) Rules, 2014 as at March 31, 2018 in connection with the ESOP 2008 are set out in **Annexure VIII** to this Report.

## **PARTICULARS OF REMUNERATION**

Your Company has adopted a well-defined Nomination & Remuneration Policy for Directors, Key Managerial Personnel and other employees which forms part of this Report as **Annexure IX**.

The ratio of the remuneration of each Director to the median employee's remuneration and other details in accordance with Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report as **Annexure X**.

Further, in accordance with Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 27(5) of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, a statement containing particulars of employees as stipulated therein also forms part of this Report as **Annexure XI**.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO**

The disclosures to be made under Section 134 (3) (m) of the Companies Act 2013 read with Rule (8) (3) of the Companies (Accounts) Rules, 2014, are explained as under:

### **A) CONSERVATION OF ENERGY**

Your Company, not being energy intensive, takes various measures to reduce energy consumption by using energy-efficient computer systems and equipment. As an ongoing process, your Company evaluates new technologies and techniques to make its infrastructure more energy efficient.

#### **The steps taken for Conservation of Energy are given below:**

- a. Exchange Data Center has in-row cooling system for servers that cools equipment only and not the external environment to ensure that no energy is wasted in running compressors excessively, to maintain the desired temperature levels of external environment.

- b. Light Emitting Diode (LED) lights installed at Disaster Recovery site at GIFT City reduces the energy consumption and saves energy.
- c. The Compact Fluorescent Lamp (CFL) lights in Data Centre and in all conference rooms has been replaced with LED lights.
- d. Strict implementation and monitoring of equipment on/off schedule, helps in reducing wastage of energy.
- e. Some of the policies implemented by the Company on an ongoing basis as a part of energy conservation/saving includes:
  - Maintaining adequate capacitor bank for non-linear electrical loads like air-conditioning plant, pumps and Heat Recovery System, thereby reducing the drawing of extra energy and improving power factor.
  - Preventive maintenance of air conditioning system on scheduled basis and ensuring that the heat sensors and electronic components are properly functioning for compressors to achieve variable compression linked to heat levels for reduction in power consumption.

**No alternative source of energy is utilized by your Company.**

**The capital investment on energy conservation equipment is as herein under:**

During the year under review, ₹ 3 lakh were invested for installation of LED lights at the Data Centre and in all conference rooms.

## **B) TECHNOLOGY ABSORPTION:**

### **(i) The efforts made towards technology absorption:**

#### **Implementation of hyper converged infrastructure**

Your Company has moved its enterprise setup and peripheral systems on hyper converged infrastructure and achieved high availability and better disaster recovery capability. Servers have been replaced with newer technology which are more energy efficient enabling the Exchange to reduce the carbon footprint in the tune of 131 Metric Tonnes per quarter.

#### **Launch of mobile application**

Your Company has launched its mobile application which provides near to real time prices of contracts being traded on Exchange in addition to charting, market statistics, indices, education relation information.

#### **Automation of switchover/switchback between Primary & DR site**

MCX has successfully deployed automated process, to the extent possible, for switch-over from Primary site to Disaster Recovery Site, with reduced migration time duration.

#### **Cyber Security Framework**

Your Company lays special emphasis on improvement in its cybersecurity framework and information security management systems. There is an ongoing process to strengthen cyber security under the guidance from market regulator and other national agencies to provide increased resilience and rapid response to cyber threats throughout its IT infrastructure.

#### **Upgradation of Information Technology Systems**

The Company has regularly allocated substantial resources towards upgrading information technology systems, with the over-arching goal of achieving higher capacity and lower latency, improving market efficiency and transparency, enhancing user access and providing flexibility for future business growth and market needs.

### **(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:**

Your Company has implemented technologies which are best in class IT systems and practices in order to ensure that its technology platform becomes a strategic business tool for building competitive advantage. The Company's robust technology infrastructure has continued to provide uninterrupted trading experience and ensures no single point of failure. Through use of carefully evaluated and implemented technology solutions, your Company has been able to offer quality services at optimal costs.

**(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

Your Company has not directly imported any technology during the last three financial years.

**(iv) Your Company has incurred ₹ 22.84 lakh on Research and Development during the year under review.****C) FOREIGN EXCHANGE EARNINGS/OUTGO DURING THE YEAR UNDER REVIEW**

Your Company is engaged in the business of operating a commodity derivative exchange and aspire to avail opportunities as and when they arise for rendering its services internationally. The details of foreign exchange earnings and outgo forms part of the Significant Accounting Policies and Note no. 34 of Notes forming part of the standalone and consolidated financial statements.

**UPDATES POST MARCH 31, 2018:**

- i. Consequent to the cessation of Mr. Narendra Kumar Ahlawat as the Chief Regulatory Officer (CRO) and a KMP w.e.f. April 01 2018, the Board appointed Mr. Girish Dev as the CRO of the Company and also designated him as a KMP w.e.f. April 01, 2018 and April 28, 2018 respectively.
- ii. The transaction fee for Cardamom, Cotton, CPO & Mentha Oil was revised w.e.f. April 01, 2018.
- iii. Pursuant to the amendments in the Finance Act w.e.f. April 01, 2018, Commodity Transaction Tax ('CTT') is applicable on options on commodity derivatives in lieu of Securities Transaction Charges (STT).
- iv. Pursuant to SEBI circular dated March 26, 2018 your Company has introduced LES in Gold Options with effect from April 17, 2018
- v. Your Company participated in the rights issue by MCXCCL and further infused an additional capital of ₹ 4,399 lakh to meet the requirements as stipulated by SEBI for a clearing corporation.
- vi. Mr. Basant Seth was appointed as a Public Interest Director (PID) on the Board of your Company w.e.f. May 19, 2018, for filling one vacancy arising out of the expiry of the term of Mr. Subrata Kumar Mitra and Mr. Arun Kumar Nanda as PID's on May 18, 2018, and it was decided that the second vacancy need not be filled.
- vii. SEBI has increased the order per second limit for algorithmic trading in commodity derivatives.
- viii. Your Company launched options trading with Crude Oil (100 Barrels), Zinc (5MT), Silver (30 kg) and Copper (1 MT) futures as underlying.
- ix. Your Company entered into an agreement with CDSL and CDSL Commodity Repository Ltd. (CCRL) thereby investing ₹ 1,200 lakh in 1,20,00,000 equity shares of ₹ 10 each of CCRL, equivalent to 24% stake in CCRL.
- x. Status of compounding applications:

During FY 15, your Company had filed nine applications seeking compounding of offence of earlier years, under Section 621A of the Companies Act, 1956, against the Show Cause Notices received from the Registrar of Companies, Mumbai, Maharashtra. As on date of this Report, compounding has been effected in respect of 8 applications, 3 by Regional Director, Western Region Mumbai, and 5 by Hon'ble Company Law Board, Mumbai Bench (CLB), and the Compounding Authority, has imposed an aggregate compounding fee of ₹ 7,43,600/- on the Company and the amount has since been paid. In case of one compounding application towards violation of Section 301 of Companies Act, 1956, the Regional Director, Western Region, Mumbai, due to lack of jurisdiction, has referred back the matter to the Registrar of Companies, Mumbai for sending report to NCLT for appropriate action. The Company had received the copy of the Orders passed by the Regional Director, Western Region Mumbai, in respect of 3 compounding applications under Section 193(1), Section 301 and Section 301(1) of the Companies Act, 1956 in FY 17. Subsequently, the Company has received the Orders passed by NCLT in respect of the 5 applications compounded under Section 220, Section 372A, Section 372A(5), Section 224(8) and Section 297 of the Companies Act, 1956 in June 2018. The status of Compounding Applications as at March 31, 2018 is given in the Extract of the Annual Return in **Annexure IV**.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement of Section 134 of the Companies Act, 2013, your Directors confirm that:

- a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departures from the same;
- b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;

- c) they have 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 the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a 'going concern' basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **ACKNOWLEDGMENTS**

*The Board of Directors wish to place on record their sincere gratitude for the valuable guidance and continued support extended by the Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges, Ministry of Corporate Affairs, other government authorities, Banks and other stakeholders. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.*

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

Saurabh Chandra  
**Chairman**  
(DIN: 02726077)

Mumbai  
July 20, 2018

## ANNEXURE I

### DIVIDEND DISTRIBUTION POLICY

This Policy will regulate the process of dividend declaration and its pay-out by the Company in accordance with the provisions of Companies Act, 2013 read with the applicable Rules framed thereunder, as may be in force for the time being ("Companies Act").

#### Preamble

Dividend is the payment made by a company to its shareholders, usually in the form of distribution of its profits. The profits earned by a company can either be retained in business and used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. A company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these divergent needs. The dividend pay-out of a company is driven by several factors. Some companies pay a lower dividend. The idea is to retain profits and invest it for further expansion and modernization of the business. On the other hand, there are companies which prefer to pay higher dividend. These companies may not necessarily be growth oriented companies with greater emphasis on retaining their shareholder base.

The objective of this Policy is to ensure a balance between these apparently conflicting and divergent approaches, and adopt that while the Company recommends a regular dividend income for the shareholders. It shall keep the long-term capital appreciation for all its stakeholders. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes.

The Board of Directors will refer to the Policy while declaring/recommending dividends on behalf of the Company. Through this Policy, the Company would endeavour to maintain a consistent approach to dividend pay-out plans. The Company believes that it operates in the high potential and fast growing on-line commodity trading segment which is poised to witness new development in the near future. This offers huge investment opportunities. Therefore, the retention of surplus funds for future growth will equally be important as that of distribution of surplus by way of dividend to shareholders. However, considering the consistent and impressive generation of profits year on year, there is a need to provide greater clarity on the dividend pay-out philosophy of the Company.

#### The following financial parameters shall be considered while declaring dividend:

- i. Financial Performance and Profitability
- ii. Liquidity
- iii. Financial metrics (i.e. Financial Ratios)
- iv. Retained earnings
- v. Capital commitments going forward.

#### Utilisation of retained earnings

Where the Company predicts, based on appropriate analysis, that the Company can put retained earnings to better use and increase the earnings substantially or has the ability to increase earnings at a higher than market rate, the Board may utilize the retain earnings for the following purposes:

- i. To secure a durable competitive advantage in the Securities market;
- ii. To invest in research and development of the products/contracts in agri/non-agri sectors;
- iii. To expand business by potential acquisition opportunities, as permissible by law;
- iv. To invest in technology/modernisation plan so as to avoid technological obsolescence risks;
- v. To consider buy back of shares;
- vi. To expand capacity/facilities utilising internal accruals to capitalize upon new opportunities in view of regulatory changes;
- vii. Such other purposes, as the Board may think appropriate from time to time to maintain/enhance its competitive advantage.

## **Factors (internal and external) to be considered while declaring Dividend**

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Board of Directors will endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors and hence, an optimal balance needs to be arrived at considering the interest of shareholders and that of the Company.

The dividend pay-out decision of any company depends upon certain external and internal factors.

### **External Factors:**

#### **State of Economy**

In case of uncertain or recessionary economic and business conditions, Board will endeavour to retain larger part of profits to build up reserves to absorb future shocks.

#### **Capital Markets**

When the markets are favourable, dividend pay-out can be liberal. However, in case of unfavourable market conditions, the Board may resort to a conservative dividend pay-out in order to conserve cash outflows.

#### **Statutory Restrictions**

The Board will keep in mind the restrictions imposed by Companies Act, 2013 with regard to declaration of dividend.

### **Internal Factors:**

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring dividend, which, *inter alia*, will include –

- a. Profits earned during the year;
- b. Present & future capital requirements of the existing businesses;
- c. Brand/Business Acquisitions;
- d. Expansion/Modernization of existing businesses;
- e. Additional investments in subsidiaries/associates of the Company;
- f. Fresh investments into external businesses;
- g. Any other factor as deemed fit by the Board.

### **Category of Dividends**

The Companies Act, 2013 provides for two forms of Dividend-Final & Interim. The Board of Directors shall have the power to recommend Final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

#### **Final Dividend**

The Final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of Final dividend to the shareholders in a general meeting. The declaration of Final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

#### **Process for approval of Payment of Final Dividend**

Board to recommend quantum of Final dividend payable to shareholders in its meeting in line with this Policy, based on the profits arrived at as per the audited financial statements. Shareholders to approve in Annual General Meeting - once in a financial year.

#### **Interim Dividend**

This dividend can be declared by the Board of Directors one or more time in a financial year as may be deemed fit by it. The Board of Directors of the Company would declare an Interim dividend, as and when considered appropriate, in line with this Policy. Normally, the Board could consider declaring an Interim dividend after finalization of quarterly (or half yearly) financial accounts.

**Declaration of Dividend**

Subject to the provisions of Section 123 (reproduced below) of the Companies Act, 2013, dividend shall be declared or paid only out of:

- i. Current financial year's profit after (a) providing for depreciation in accordance with law and (b) transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion, or
- ii. The profits for any previous financial year(s) (a) after providing for depreciation in accordance with law; (b) remaining undistributed; or
- iii. Out of (i) and (ii) both.

**Dividend Distribution Range**

The Company stands committed to deliver sustainable value to all its stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business and investing activity, with the shareholders, in the form of dividend. As explained in the earlier part of this Policy, determining the dividend pay-out is dependent upon several factors, both internal to a business and external to it. Taking into consideration the aforementioned factors, the Board will endeavour to maintain a dividend pay-out (interim, if any, and final, put together) in the range of 30 to 50 per cent of profits after tax (PAT) every financial year on a standalone financials. However, the Board may amend the pay-out range, whenever considered appropriate by it, keeping in mind the aforesaid factors having a bearing on the dividend pay-out decision.

The Board may, after taking into consideration of the matters such as the financial position, investment plans, economic conditions and liquidity, declare or recommending dividend.

**Circumstances under which shareholders of the Company may not expect dividend**

The Board of Directors of the Company may abstain from declaring any dividend/lower percentage of dividend in a particular financial year, if they are of the view that the retained earnings/funds through internal accruals can be better utilised for the following purposes:

- a. Expansion/modernisation of the existing business operations;
- b. Seeking inorganic growth through acquisitions opportunities, within and outside India;
- c. Investment in Subsidiary and Associate Companies;
- d. Embark upon new product/line of business;
- e. Buyback of shares etc;
- f. Requirement of funds for identified purposes, if any.

Barring the above, shareholders can expect dividend in the normal course of business.

In case the Board of Directors abstains from declaring dividend, a justification thereof shall be provided to the shareholders in the Directors Report.

**Review**

This Policy is subject to review/revision by the Board of Directors whenever felt necessary.

## ANNEXURE II

### Statement containing salient features of the financial statement of subsidiary in Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014)

#### PART "A": SUBSIDIARY

₹ in lakh, except % of shareholding

Sr. No.	Particulars	Multi Commodity Exchange Clearing Corporation Limited (MCXCCL)
1.	% of Shareholding	100%
2.	Reporting Period	April 01, 2017 – March 31, 2018
3.	Reporting Currency	INR
4.	Share Capital	10,600
5.	Reserves & Surplus	422
6.	Total Assets	11,113
7.	Total Liabilities (including Share Capital and Reserves & Surplus)	11,113
8.	Investments	1,192
9.	Turnover	566
10.	Profit/(Loss) before taxation	317
11.	Provision for taxation	114
12.	Profit/(Loss) after taxation	203
13.	Proposed Dividend	–

#### Notes :

- Multi Commodity Exchange Clearing Corporation Limited, a wholly owned subsidiary of MCX, has been incorporated since August 01, 2008, and has not yet commenced operations.
- SME Exchange of India Limited, a subsidiary of MCX, is under liquidation. The requisite formalities for application of winding up of the company has been completed. The Registrar of Companies, on May 30, 2017, approved the Liquidators statement showing the manner in which the winding up has been conducted and the property of SME has been disposed off. Also, "No Dues" certificate has been received from the Income Tax Department and the same has been filed with the Assistant Official Liquidator, High Court, Bombay on March 09, 2018. The Official Liquidator is expected to issue the final report on winding up of SME after receiving the 'No Objection Certificate' from the Registrar of Companies.

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

Saurabh Chandra

**Chairman**

(DIN: 02726077)

Mumbai

July 20, 2018

## ANNEXURE III

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

Mission: In its endeavour to create economic, social and environmental capital, MCX is focused on creating a positive social and environmental impact by leveraging its resources and expertise.

The CSR Projects, Programmes and activities include to invest resources in the following CSR thrust areas:

- Rural development projects related to adoption of villages and rural community development;
- Creating inclusive and enabling infrastructure/environment for livable communities, *inter alia*, achieving health, hygiene, water, sanitation, housing, education, infra-structure or livelihoods especially for those form disadvantaged sections of society;
- Promoting education, including special education and employment enhancing vocation skills, especially among children, women, elderly, and the differently abled; livelihood enhancement projects; developing capability and self-reliance of beneficiaries at grass root level, especially women and children;
- Promoting preventive health care and improving sanitation;
- Providing toilets in village-level schools;
- Environment conservation;
- Promoting efficient use of energy and adopting environment-friendly technologies;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry and conservation of natural resources;
- Contributing to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development;
- Such other activities as may be prescribed in Schedule VII of the Companies Act, 2013, as amended from time to time, or prescribed by the Central Government and approved by the CSR Committee and the Company's Board, as the case may be.

Your Company is actively implementing and monitoring the CSR activities. The CSR activities undertaken are aimed to improve the quality of life through the activities under our Gramin Suvidha Kendra programme and projects like the water shed programme. Sustainable practices that have a positive impact on the society are encouraged through our support to projects that promote socio-economic development and upliftment of the underprivileged. Further, your Company, *inter alia*, encourages participation and engagements for employee-driven initiatives. **A brief of the CSR activities of your Company is provided in the Report annexed.**

The Company's CSR policy and the CSR activities are available on the Company's website at <https://www.mcxindia.com/about-us/csr>

**2. The Composition of the CSR Committee:**

The CSR Committee comprises of Dr. M. Govinda Rao, Mr. Amit Goela, and Ms. Padma Raghunathan.

**3. Average net profit of the Company for last three financial years: ₹ 14,352.14 lakh**

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 287.04 lakh**

**5. Details of CSR spent during the financial year:**

- (a) Total amount to be spent for the financial year: ₹ 287.04 lakh
- (b) Amount unspent, if any: ₹ 105.99 lakh

(c) Manner in which the amount spent during the financial year is detailed below:

(₹ in lakh)

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was taken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overhead:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Gramin Suvidha Kendra Programme	Rural empowerment (Agricultural Sector)	<b>GUJARAT:</b> Ahmedabad, Banaskantha, Devbhumi Dwarka, Mehsana, Morbi, Patan, Rajkot and Surendranagar; <b>MAHARASHTRA:</b> Akola, Amravati, Gondia, Jalgaon, Solapur, Wardha, Yavatmal; <b>MADHYA PRADESH:</b> Chhindwara; <b>UTTAR PRADESH:</b> Raebarelli, Meerut	125.00	104.25	104.25	Direct
2.	Water-shed Programme	Social & Economic Development	i – Nanded, Maharashtra ii – Yavatmal, Maharashtra	55.16	35.13	35.13	Indirect: i. Dilasa Janvikas Prastishsan ii. Maharashtra a Institute of Technology Transfer for Rural Areas (In collaboration with National Bank for Agriculture and Rural Development)
3.	Water for irrigation	Sustainable rural development	Raigad, Maharashtra	50.00	15.00	15.00	Indirect: Swades Foundation
4.	Laboratory to Agricultural college	Education	Thane, Maharashtra	6.07	6.07	6.07	Direct: Uttan Krishi Sanshodhan Sanstha, Uttan, Thane.
5.	Teaching in BMC School	Education to underprivileged Children	Mumbai, Maharashtra	21.00	20.60	20.60	Indirect: Global Education Trust
<b>TOTAL</b>				<b>257.23</b>	<b>181.05</b>	<b>181.05</b>	

**6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:**

In its endeavor to achieve greater public good in a socially responsible manner, your Company during the FY 2017-18, was looking for more holistic proposals with long-term cognizant benefits and wider stakeholder perspective.

In our endeavor to achieve the CSR objectives laid down by the Board, different proposals received were evaluated internally and most of them did not meet the CSR objectives of the Company. Unlike FY 2016-17, where the Company exceeded CSR expense in excess of the mandated amount, your Company during FY, was unable to meet the same during FY 2017-18. During FY 2017-18, the CSR amount remained unspent due the reason that in some ongoing projects, the demand raised was less than that envisaged, whereas in certain project the spend was marginally less than budgeted. Spend further diminished due to rains and other circumstances or want of approvals from concerned authorities.

Further, while pursuing various alternatives, emphasis was, inter alia, laid on CSR investments that create a social assets and contribute towards the developmental goals of the Country, which generally are multi-layer and long term projects and address the developmental challenges of our country. You shall appreciate that fact that the aforesaid multi-layer and long term projects adopted by the Company focuses on social value creation which ensures that the hitherto underserved communities/backward regions are transformed and strengthened.

**7. Responsibility Statement:-**

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**For Multi Commodity Exchange of India Limited**

Mrugank Paranjape  
**Managing Director**  
(DIN: 02162026)

Dr. M. Govinda Rao  
**Chairman of the Corporate Social Responsibility Committee**  
(DIN: 01982343)

Mumbai  
July 20, 2018

## REPORT OF THE CSR PROJECTS IMPLEMENTED IN FY 2017-18

### I. WATERSHED PROGRAM IN COLLABORATION WITH NABARD

Your Company provided the financial support, two Watershed programs, in collaboration with NABARD, in drought areas with erratic rainfall, low agricultural productivity, degraded resources and low economic status, namely, Ghotka Watershed Project in Loha Taluka, Nanded District implemented by Dilasa Janvikas Prastishsan and Shedechimad Watershed Project in Ralegaon Taluka of Yavatmal district, implemented by Maharashtra Institute of Technology Transfer for Rural Areas.

The core interventions for the success of such programs are financial support, capacity building and contribution by the community in the form of shramdaan. Through the intervention, more area is being available for cultivation, with employment opportunity thereby benefiting regional communities. Further, it has also increased water table and plantation resulting in retention of soil & moisture in the area. The said watershed projects are in Full Implementation Phase and nearing completion.



### 2. WATER FOR IRRIGATION

Your Company provided financial support for two Water for irrigation projects to Swades Foundation namely: Chalichakond, Poladpur block and Talashet, Mangaon block, both in Raigad district. Though farming is the major occupation, no crop other than paddy was cultivated in the area. Soil and water treatment measures and other intervention like water & sanitation, agriculture & dairy, livelihood options, education, health & nutrition, etc. were also carried on the said sites.

The water source(s) have been harvested and storage structure created by the intervention. Lifting and drip/surface irrigation promoted efficient distribution of water for facilitating cultivation of high value crops. This has, *inter alia*, resulted in income enhancement and overall sustainable rural development in the area of intervention.



### 3. SETTING OF SCIENCE LABORATORY

To facilitate, encourage and build the practical skill set of each student by providing quality education and practical orientation your Company provided financial support for setting up of Science laboratory for students of Agricultural Polytechnic (Three Year Residential Diploma Course) in Uttan Krishi Sanshodhan Sanstha, Uttan, Thane (UKSS). The Students in UKSS mainly belong to tribal or farmer families and scheduled caste/tribes, and/or other economical backward classes and are mostly from the backward areas of many districts. The laboratory has since been duly completed and available for the students for experimentation.



#### 4. IMPARTING EDUCATION TO BMC SCHOOLS STUDENTS, WITH EMPLOYEE ENGAGEMENT

For imparting qualitative education and grade improvement for the students studying in Brihanmumbai Municipal Corporation (MCGM/BMC) schools generally belonging to socially backward section. The Company provided the financial support Global Education Trust (Mahesh Tutorials) for the said coaching intervention, in which employees also participated. More than 6000 lectures were held which benefitting 2688 Students studying in V, VI, and VII standard at 15 BMC Schools in Mumbai.

Further, in addition to the teachers engaged by GET, the employees of the Company also voluntary participated in the same by teaching in various schools.



#### 5. GRAMIN SUVIDHA KENDRA PROGRAMME

Gramin Suvidha Kendra, a joint programme by your Company and India Post, seeks to include farmers in the modern commodity market ecosystem by enhancing their value realization from agricultural activities. It is a single window service designed to empower small and marginal farmers with knowledge about market prices of the locally produced commodities and best practices for enhancing quality standards of their produce and making farming economically sustainable. The Gramin Suvidha Kendra is a service to, and for the benefit of, the farmers by providing necessary assistance, guidance, and support in agriculture and allied activities to make farming viable and a profitable livelihood means.

Gramin Suvidha Kendra aims to empower farmers with knowledge on market price - spot (current) and futures prices of commodities grown locally and other information; thus, enabling them to take informed decisions, easy market accessibility and for prevention of distress sale. The activities help redress crop related query(ies), develop knowledge of new techniques, adopt good agricultural practices, etc. by providing various baskets of services at the doorstep and help them save time and money. The program is managed, reviewed and monitored, and the activities are modified through continuous field learning, interactions, advice and are introduced in the Program in the form of necessary service.

Conceptualized in 2006, this program provides value-added services by assisting farmers in formulating a cropping strategy and maximizing returns; creating awareness, providing knowledge/guidance and value added services helping the farmers to raise their standard of living. This basket of services has augmented manifold since its inception and the programme as on March 2018 operates across 4 states Maharashtra (7 Districts namely Jalgaon, Amravati, Akola, Wardha, Solapur, Yavatmal and Gondia), Uttar Pradesh (2 Districts namely Raebareli and Meerut), Gujarat (8 Districts namely Ahmedabad, Patan, Surendranagar, Banaskantha, Morbi, Devbhumi Dwarka, Rajkot and Mehsana), and Madhya Pradesh (1 District Chhindwara). The outreach, as on 31st March, 2018, the programme operates across 4 states (Maharashtra, Uttar Pradesh, Gujarat and Madhya Pradesh), 31 centres, reaching out +36000 farmers residing 2100 villages.

Activities undertaken under the Gramin Suvidha Kendra (GSK) Program during FY 2017-18 are as under:

**(1) Capacity Building Events for Knowledge Development:**



- **Farmer training and awareness programmes:** Through these programmes agricultural experts from different agricultural universities and Krishi Vigyan Kendras discuss the benefits of advanced agriculture techniques, etc. During the period, 148 such training programmes were conducted.
- **Farmer exposure visit:** To provide farmers with knowledge on productivity, quality management, crop diversification, marketing, newly developed seed varieties and other valuable agricultural information, exposure visits were organized to different agriculture colleges, universities, Krishi Vigyan Kendras, Krishi Melas, etc. During the fiscal, 10 exposure visits were conducted.
- **Awareness programme of the Postal staff:** Gramin Suvidha Kendra organized Branch Post Masters' training programme at Sausar (MP) and Tankara and Paddhari (Gujarat) with an objective to provide comprehensive knowledge on Gramin Suvidha Kendra programme.

- **Agri. expert visit/organizing field day:** To resolve the different problems related to various stages of crop cycle, field visit of the agri. expert and organizing field day has become a regular event across all Gramin Suvidha Kendra centres. It helps the farmers to interact with successful farmers and a learning opportunity of the recommended practices. Gramin Suvidha Kendra conducted 10 such events during this period.



## (2) Agriculture Productivity Enhancement Programme:



- **Front Line Demonstration (FLD) programme:** FLD is an agriculture technology which is evolved by the Indian Council of Agricultural Research. It's a field demonstration which is conducted under the close supervision of agri. scientist. The basic purpose is to demonstrate newly released crop varieties and its management practices in the farmers' field under different agro-climatic regions and farming situations. Total 248 were benefitted by this programme.
- **System Rice Intensification (SRI):** The System of Rice Intensification known as SRI is an agro ecological methodology for increasing the productivity of rice and more recently other crops by changing the management of plants, soil, water and nutrients. The objective of the programme is to increase the productivity of irrigated rice. However it helps to raise household incomes, enhance soil fertility, and protect crops against climatic, pest, and disease stresses. Total 319 farmers were benefitted during the year.

## (3) Income Enhancement:



- **Floriculture initiative for small and marginal farmers:** To increase the household income, Gramin Suvidha Kendra promoted floriculture with 108 farmers at different Gramin Suvidha Kendra centres of Madhya Pradesh, Uttar Pradesh and Maharashtra.
- **Kitchen garden initiative for empowering women:** To provide support to women farmers with a sustainable livelihood option, MCX has supported kitchen garden programme by encouraging women to grow vegetables in their back yard and help them to enhance income and better health. Through this initiative, around 471 women farmers across 30 centres were able to earn supplementary income from agricultural activities, thus empowering women farmers in financial decision making with respect to agriculture.

- **Wadi/Fruit orchard:** With an intent to provide an additional income and empower women, Wadi/ Fruit orchard program has been initiated. GSK assisted and has encouraged 76 women to develop fruit orchards by cultivation of drought tolerance fruit plants like mango, lime, jackfruit, etc.

**(4) Sustainable Practices:**



- **Construction of vermi compost:** To improve the soil quality for enhance yield, Gramin Suvidha Kendra provided 18 vermi bed at Dalmau GSK centre of Uttar Pradesh and Pandhurna, Sausar GSK centre of Madhya Pradesh.
- **Sustainable (Organic) Agriculture:** To enhance soil productivity with better quality of crop at low input cost, Gramin Suvidha Kendra has encouraged farmers to adopt sustainable organic or natural farming wherein productivity is increased by use of bio fertilizers and biological pest controls that help to conserve bio-diversity.
- **Soil testing initiative:** To assess soil fertility and recommend suitable and economic nutrient doses through chemical fertilisers and organic manure for different crops and cropping systems, the soil testing process was completed with 348 farmers.
- **Deepening/Renovation of dug well:** The Dug well intervention is the most effective in terms of its success, in providing water for irrigation and domestic requirements for household consumption and for livestock needs and promotes household livelihood security. This initiative has presently benefitted 16 farmers of various GSK centres of Gujarat.



**(5) Livelihood alternatives**

- **Nurseries for small and medium farmers:** For the purpose of creating local employment opportunity and making plants available locally for the purpose of the future Gramin Suvidha Kendra activities, the Company has contributed of setting of nurseries with the technical support of district horticulture department. Such local centers shall make available superior quality saplings at reduced cost and. This programme has been initiated mainly to enable the small and marginal farmers to earn additional income for the local community.



## (6) Other initiatives



- **Self Help Groups:** To bring women together for achieving social goals and to make women economically stable, Gramin Suvidha Kendra has formed 13 Self Help Groups at Wankaner, Muli and Babhulgaon centers. Capacity building and awareness programmes are regularly held to mobilize the women members and is in the process of building plans for the intended business activity.
- **Convergence with Government schemes:** For availing Government programmes/schemes, various training, orientation programmes, exposure visits were conducted. Further, necessary guidance is providing for availing Government schemes (e.g. Mushroom Farming, dairy, sericulture, good agriculture practices etc.), More than 350 farmers were directly benefitted by this initiative.
- **School level awareness programme:** To create awareness on health and hygiene among the students. 9 school level training programmes with more than 650 participants were conducted at various GSK location of Gujarat, Maharashtra and Madhya Pradesh with the support of Primary Health Centre (PHC).

### Impact of MCX Gramin Suvidha Kendra Program

Through the above services and interventions, MCX has demonstrated how farm activity can be economically sustainable while engaging the community on a continuous basis. Local agricultural experts, field visits and exposure visits enable farmers to adopt good agricultural practices, new techniques, processes and innovations maximise productivity and enhance their livelihoods and have social impact. Access to market price, redressal of crop related queries, exposure to different agriculture universities and Krishi Vigyan Kendras, technical knowledge of new techniques like FLD, SRI, organic farming, etc. save cost, enhance soil productivity and increase yield and enrich bio diversity. Training and orientation programmes provide an access to local youth on various employment opportunities like mushroom farming, dairy and sericulture, etc., and the assistance to avail various government schemes. The initiative of formation of women self-help groups shall take shape in the coming years and this intervention shall make women economically stable for social change. The awareness programme on health and sanitation is to promote cleanliness, and proper sanitation. Through the support to the sustainable agricultural practices, the Company ensures for the conservation of environment and its species. The many-fold objectives of the Programme are aimed at creating sustainable and viable model for future scalability and replication aspects.

## ANNEXURE IV

### FORM NO. MGT – 9

#### EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L51909MH2002PLC135594
ii)	Registration Date/Date of Incorporation	19 <sup>th</sup> April, 2002
iii)	Name of the Company	Multi Commodity Exchange of India Limited
iv)	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
v)	Address of the Registered office and contact details	Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai – 400 093. Tel: +91-22-67318888, Fax: +91-22-66494151 Website: www.mcxindia.com, Email: ig-mcx@mcxindia.com
vi)	Whether listed company	Yes. Listed on BSE Limited.  Further, in pursuance of Regulation 3.1.1 of the National Stock Exchange (Capital Market) Trading Regulations Part A and other relevant provisions, National Stock Exchange of India Limited (NSE) vide its Circular Ref. No.: 202/2012 dated March 7, 2012 notified that with effect from March 09, 2012 the Company's equity shares were permitted to be traded and admitted to dealings on NSE (Capital market segment).
vii)	Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Telangana – 500 032, Hyderabad. Tel: +91-40-67162222, Fax: +91-40-23001153 Toll Free no.: 1800-345-4001 Website: www.karvy.com, Email: einward.ris@karvy.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:-

Sr. No.	Name and Description of main Products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Facilitating Trading, Clearing and Settlement of Commodity Derivatives	Section K: Financial and Insurance Activities, Division 66: Other Financial Activities, Administration of Financial Markets, NIC Code – 6611	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Multi Commodity Exchange Clearing Corporation Limited (MCXCCL), Exchange Square, CTS 255, Suren Road, Andheri (E), Mumbai – 400 093.	U74999MH2008PLC185349	Subsidiary	100%	2(87)

**Note:** SME Exchange of India Limited, a subsidiary of MCX, is under liquidation. The requisite formalities for application of winding up of the Company has been completed. The Registrar of Companies, on May 30, 2017, has approved the Liquidators statement showing the manner in which the winding up has been conducted and the property of SME has been disposed off. Also, "No Dues" certificate has been received from the Income Tax Department and the same has been have filed with the Assistant Official Liquidator, High Court, Bombay on March 09, 2018. The Official Liquidator shall issue the final report on winding up of SME after receiving the No Objection Certificate from the Registrar of Companies.

**IV. SHARE HOLDING PATTERN (SHP) (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**
**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2017 i.e. on the basis of SHP of March 31, 2017)				No. of Shares held at the end of the year (as on March 31, 2018 i.e. on the basis of SHP of March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2) Foreign</b>									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any Other...	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds	8976815	0	8976815	17.60	10548381	0	10548381	20.68	3.08
b) Banks/FI	9567061	0	9567061	18.76	9161568	0	9161568	17.96	-0.80
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds/Alternate Investment Funds	75000	0	75000	0.15	0	0	0	0	-0.15
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs/FPIs	11395384	0	11395384	22.34	13484226	0	13484226	26.44	4.10
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others									
i. Foreign Bodies Corporate	0	0	0	0	0	0	0	0	0
ii. Qualified Foreign Investors	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1)</b>	<b>30014260</b>	<b>0</b>	<b>30014260</b>	<b>58.85</b>	<b>33194175</b>	<b>0</b>	<b>33194175</b>	<b>65.08</b>	<b>6.23</b>

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2017 i.e. on the basis of SHP of March 31, 2017)				No. of Shares held at the end of the year (as on March 31, 2018 i.e. on the basis of SHP of March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp. (Indian & Overseas)	4938948	0	4938948	9.68	3331521	0	3331521	6.53	-3.15
b) Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	8704369	1138	8705507	17.07	9355488	2513	9358001	18.35	1.28
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	5297448	0	5297448	10.39	3262929	0	3262929	6.40	-3.99
c) Others									
i. Trust*	158532	0	158532	0.31	135005	0	135005	0.27	-0.04
ii. Non-resident Indians	792058	0	792058	1.55	719714	0	719714	1.41	-0.14
iii. Non Resident Indian Non Repatriable	212275	0	212275	0.42	168659	0	168659	0.33	-0.09
iv. Clearing Members	74794	0	74794	0.15	299879	0	299879	0.59	0.44
v. Directors & their Relatives	116	0	116	0.00	100	0	100	0.00	0.00
vi. Foreign Nationals	600	0	600	0.00	500	0	500	0.00	0.00
vii. HUF	634258	0	634258	1.24	482310	0	482310	0.95	-0.29
viii. Beneficial holdings under MGT-4	2829	0	2829	0.01	0	0	0	0	-0.01
ix. NBFC	167344	0	167344	0.33	45576	0	45576	0.09	-0.24
<b>Sub-total(B)(2)</b>	<b>20982971</b>	<b>1138</b>	<b>20984109</b>	<b>41.15</b>	<b>17802181</b>	<b>2513</b>	<b>17804194</b>	<b>34.92</b>	<b>-6.23</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>50997231</b>	<b>1138</b>	<b>50998369</b>	<b>100.00</b>	<b>50995856</b>	<b>2513</b>	<b>50998369</b>	<b>100.00</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>50997231</b>	<b>1138</b>	<b>50998369</b>	<b>100.00</b>	<b>50995856</b>	<b>2513</b>	<b>50998369</b>	<b>100.00</b>	<b>0.00</b>

\* Includes MCX ESOP Trusts holding 130439 (0.26%) [FY 2016-17 – 141,066 (0.28%)] equity shares of the company and the same shall be construed as “non-promoter and non-public” under SEBI (Share Based Employee Benefits) Regulations, 2014.

**ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 1, 2017 i.e. on the basis of SHP of March 31, 2017)			Shareholding at the end of the year (as on March 31, 2018 i.e. on the basis of SHP of March 31, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**iii) Change in Promoters' Shareholding**

Name of the Share Holder	Shareholding		Date	Increase/Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
	No. of Shares at the beginning (01-04-17)/end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
	0	0		0	Not Applicable	0	0

**Shareholding Pattern of top ten Shareholders as at April 01, 2017 & March 31, 2018 (other than Directors, Promoters and Holders of GDR's and ADR's)**

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17)/end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Kotak Mahindra Bank Limited	7649755	15.00	01/04/2017			7649755	15.00
		<b>7649755</b>	<b>15.00</b>	<b>31/03/2018</b>			<b>7649755</b>	<b>15.00</b>
2.	UTI Mutual Fund <sup>5</sup>	459865	0.90	01/04/2017			459865	0.90
				21/04/2017	76328	Transfer	536193	1.05
				05/05/2017	40628	Transfer	576821	1.13
				12/05/2017	47000	Transfer	623821	1.22
				02/06/2017	11500	Transfer	635321	1.25
				16/06/2017	57000	Transfer	692321	1.36
				23/06/2017	-10000	Transfer	682321	1.34
				14/07/2017	-19500	Transfer	662821	1.30
				04/08/2017	23000	Transfer	685821	1.34
				08/09/2017	-25000	Transfer	660821	1.30
				15/09/2017	81107	Transfer	741928	1.45
				06/10/2017	15000	Transfer	756928	1.48
				13/10/2017	15000	Transfer	771928	1.51
				20/10/2017	4000	Transfer	775928	1.52
				31/10/2017	20000	Transfer	795928	1.56
		03/11/2017	41774	Transfer	837702	1.64		
		10/11/2017	205051	Transfer	1042753	2.04		
		08/12/2017	81000	Transfer	1123753	2.20		
		08/12/2017	-110500	Transfer	1013253	1.99		
		15/12/2017	310000	Transfer	1323253	2.59		

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17)/end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				15/12/2017	-152500	Transfer	1170753	2.30
				22/12/2017	180000	Transfer	1350753	2.65
				29/12/2017	90000	Transfer	1440753	2.83
				05/01/2018	54902	Transfer	1495655	2.93
				12/01/2018	-719	Transfer	1494936	2.93
				19/01/2018	192170	Transfer	1687106	3.31
				26/01/2018	125340	Transfer	1812446	3.55
				26/01/2018	-867	Transfer	1811579	3.55
				02/02/2018	28552	Transfer	1840131	3.61
				02/02/2018	-5189	Transfer	1834942	3.60
				09/02/2018	233862	Transfer	2068804	4.06
				23/02/2018	178483	Transfer	2247287	4.41
				23/02/2018	-2651	Transfer	2244636	4.40
				02/03/2018	44069	Transfer	2288705	4.49
				09/03/2018	11801	Transfer	2300506	4.51
				23/03/2018	54000	Transfer	2354506	4.62
				23/03/2018	-79000	Transfer	2275506	4.46
				30/03/2018	10000	Transfer	2285506	4.48
		<b>2285506</b>	<b>4.48</b>	<b>31/03/2018</b>			<b>2285506</b>	<b>4.48</b>
3.	Axis Mutual Fund*	2242486	4.40	01/04/2017			2242486	4.40
				21/04/2017	-20500	Transfer	2221986	4.36
				19/05/2017	-67900	Transfer	2154086	4.22
				02/06/2017	-45000	Transfer	2109086	4.14
				09/06/2017	-15000	Transfer	2094086	4.11
				23/06/2017	-10000	Transfer	2084086	4.09
				30/06/2017	-5000	Transfer	2079086	4.08
				14/07/2017	-35000	Transfer	2044086	4.01
				04/08/2017	-500000	Transfer	1544086	3.03
				08/12/2017	-25000	Transfer	1519086	2.98
				15/12/2017	356990	Transfer	1876076	3.68
				22/12/2017	10	Transfer	1876086	3.68
				02/02/2018	-3293	Transfer	1872793	3.67
				09/02/2018	-146157	Transfer	1726636	3.39
				16/02/2018	-24000	Transfer	1702636	3.34
				23/02/2018	200000	Transfer	1902636	3.73
				09/03/2018	100000	Transfer	2002636	3.93
				30/03/2018	100000	Transfer	2102636	4.12
		<b>2102636</b>	<b>4.12</b>	<b>31/03/2018</b>			<b>2102636</b>	<b>4.12</b>
4.	Jhunjhunwala Rakesh Radheshyam	2000000	3.92	01/04/2017			2000000	3.92
		2000000	3.92	31/03/2018			2000000	3.92

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17)/end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
5.	SBI Mutual Fund <sup>5</sup>	0	0.00	01/04/2017			0	0.00
				26/05/2017	91000	Transfer	91000	0.18
				02/06/2017	21000	Transfer	112000	0.22
				16/06/2017	-4500	Transfer	107500	0.21
				23/06/2017	-32500	Transfer	75000	0.15
				30/06/2017	4000	Transfer	79000	0.15
				04/08/2017	6500	Transfer	85500	0.17
				31/10/2017	15000	Transfer	100500	0.20
				08/12/2017	3000	Transfer	103500	0.20
				26/01/2018	1085798	Transfer	1189298	2.33
				02/02/2018	126202	Transfer	1315500	2.58
				09/02/2018	708000	Transfer	2023500	3.97
				23/02/2018	-27500	Transfer	1996000	3.91
				16/03/2018	-62000	Transfer	1934000	3.79
				<b>1934000</b>	<b>3.79</b>	<b>31/03/2018</b>		
6.	Reliance Mutual Fund <sup>#</sup>	1549991	3.04	01/04/2017			1549991	3.04
				28/07/2017	-50000	Transfer	1499991	2.94
				04/08/2017	-30000	Transfer	1469991	2.88
				29/09/2017	-243787	Transfer	1226204	2.40
				06/10/2017	-10000	Transfer	1216204	2.38
				20/10/2017	-297500	Transfer	918704	1.80
				27/10/2017	-234100	Transfer	684604	1.34
				31/10/2017	-31000	Transfer	653604	1.28
				12/01/2018	-337400	Transfer	316204	0.62
				23/03/2018	-30274	Transfer	285930	0.56
				30/03/2018	-285930	Transfer	0	0.00
				<b>0</b>	<b>0.00</b>	<b>31/03/2018</b>		
7.	IDFC Premier Equity Fund	1121048	2.20	01/04/2017			1121048	2.20
				23/06/2017	-121048	Transfer	1000000	1.96
				12/01/2018	-100000	Transfer	900000	1.76
		<b>900000</b>	<b>1.76</b>	<b>31/03/2018</b>			<b>900000</b>	<b>1.76</b>
8.	Baron Emerging Markets Fund <sup>#</sup>	1025000	2.01	01/04/2017			1025000	2.01
				07/04/2017	-39663	Transfer	985337	1.93
				26/01/2018	-985337	Transfer	0	0.00
		<b>0</b>	<b>0.00</b>	<b>31/03/2018</b>			<b>0</b>	<b>0.00</b>

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17)/end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
9.	TIAA-Cref Funds - TIAA-Cref Emerging Markets Equity Fund <sup>s</sup>	0	0.00	01/04/2017			0	0.00
				04/08/2017	390617	Transfer	390617	0.77
				11/08/2017	178183	Transfer	568800	1.12
				01/09/2017	165455	Transfer	734255	1.44
				08/09/2017	114845	Transfer	849100	1.66
				15/12/2017	169700	Transfer	1018800	2.00
		<b>1018800</b>	<b>2.00</b>	<b>31/03/2018</b>			<b>1018800</b>	<b>2.00</b>
10.	College Retirement Equities Fund - Stock Account & Global Equities Account <sup>s</sup>	14191	0.03	01/04/2017			14191	0.03
				28/04/2017	-770	Transfer	13421	0.03
				04/08/2017	139133	Transfer	152554	0.30
				11/08/2017	61969	Transfer	214523	0.42
				18/08/2017	274796	Transfer	489319	0.96
				25/08/2017	281438	Transfer	770757	1.51
				01/09/2017	50645	Transfer	821402	1.61
				08/09/2017	35155	Transfer	856557	1.68
				08/12/2017	-6099	Transfer	850458	1.67
				15/12/2017	45100	Transfer	895558	1.76
		<b>895558</b>	<b>1.76</b>	<b>31/03/2018</b>			<b>895558</b>	<b>1.76</b>
11.	Tata Mutual Fund <sup>#</sup>	793000	1.55	01/04/2017			793000	1.55
				07/04/2017	-60000	Transfer	733000	1.44
				21/04/2017	-113500	Transfer	619500	1.21
				28/04/2017	-192500	Transfer	427000	0.84
				16/06/2017	-50000	Transfer	377000	0.74
				07/07/2017	-50000	Transfer	327000	0.64
				14/07/2017	-75000	Transfer	252000	0.49
				06/10/2017	-30000	Transfer	222000	0.44
				20/10/2017	50000	Transfer	272000	0.53
				03/11/2017	-197000	Transfer	75000	0.15
				10/11/2017	-75000	Transfer	0	0.00
		<b>0</b>	<b>0.00</b>	<b>31/03/2018</b>			<b>0</b>	<b>0.00</b>

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17)/end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
12.	HSBC Global Investment Funds - Indian Equity <sup>5</sup>	0	0.00	01/04/2017			0	0.00
				12/01/2018	322745	Transfer	322745	0.63
				19/01/2018	141959	Transfer	464704	0.91
				26/01/2018	130224	Transfer	594928	1.17
				02/02/2018	139752	Transfer	734680	1.44
		<b>734680</b>	<b>1.44</b>	<b>31/03/2018</b>			<b>734680</b>	<b>1.44</b>
13.	Nomura Singapore Limited <sup>#</sup>	647830	1.27	01/04/2017			647830	1.27
				28/04/2017	-36828	Transfer	611002	1.20
				05/05/2017	-37829	Transfer	573173	1.12
				19/05/2017	-66312	Transfer	506861	0.99
				26/05/2017	-506861	Transfer	0	0.00
		<b>0</b>	<b>0.00</b>	<b>31/03/2018</b>			<b>0</b>	<b>0.00</b>
14.	JP Morgan Indian Investment Company (Mauritius) Limited	573106	1.12	01/04/2017			573106	1.12
				14/04/2017	102691	Transfer	675797	1.33
				21/04/2017	22018	Transfer	697815	1.37
				01/09/2017	69590	Transfer	767405	1.50
		<b>767405</b>	<b>1.50</b>	<b>31/03/2018</b>			<b>767405</b>	<b>1.50</b>
15.	Goldman Sachs India Limited	538420	1.06	01/04/2017			538420	1.06
		<b>538420</b>	<b>1.06</b>	<b>31/03/2018</b>			<b>538420</b>	<b>1.06</b>

**Note:** Date as mentioned aforesaid is the date of the shareholding statement i.e. the date on which the beneficiary position is downloaded.

\* Holding under different Mutual Fund schemes.

# A top ten shareholder as on 01.04.2017. However, ceased to be in the list of top ten shareholders as on 31.03.2018.

<sup>5</sup> Not in the list of top ten shareholders as on 01.04.2017. However, appears in the list of top ten shareholders as on 31.03.2018.

**iv) Shareholding of Directors and Key Managerial Personnel during the FY 2017-18**

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/Decrease in Share holding	Reason	Cumulative Shareholding during the Year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17)/end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Mr. Parveen Kumar Singhal President & Whole Time Director*	4600	0.0090	01/04/2017			4600	0.0090
		4600	0.0090	13/10/2017*			4600	0.0090
2.	Mr. Amit Goela Shareholder Director	100	0.0002	01/04/2017			100	0.0002
		100	0.0002	31/03/2018			100	0.0002
3.	Mr. Ajay Puri Company Secretary#	410	0.0008	01/04/2017			410	0.0008
		410	0.0008	30/06/2017#			410	0.0008
4.	Mr. Narendra Ahlawat Chief Regulatory Officer @	8	0	01/04/2017			8	0
				09/02/2018	-8	Transfer	0	0
		0	0	31/03/2018 @			0	0

\* Mr. Parveen Kumar Singhal ceased to be a President & WTD with effect from close of business hours on October 13, 2017.

# Mr. Ajay Puri ceased to be a Company Secretary with effect from close of business hours on June 30, 2017.

@ Mr. Narendra Kumar Ahlawat Ceased to be a CRO with effect from April 01, 2018.

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	Nil	Nil	Nil	Nil
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	Nil	Nil	Nil	Nil
<b>Change in Indebtedness during the financial year</b>	Nil	Nil	Nil	Nil
• Addition				
• Reduction				
<b>Net Change</b>	Nil	Nil	Nil	Nil
<b>Indebtedness at the end of the financial year</b>	Nil	Nil	Nil	Nil
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	Nil	Nil	Nil	Nil

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

In ₹

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Mrugank Paranjape	*Mr. Parveen Kumar Singhal (from April 01, 2017 to October 13, 2017)	
1.	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22,000,000	9,629,033	31,629,033
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	21,265	60,865
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2.	Stock Option**	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission	0	0	0
	– as % of profit			
	– others			
5.	Others:	3,300,000	4,962,692	8,262,692
	– Company contribution towards PF	0	0	
	– Reimbursement of expenses	0	0	
	– Variable Pay	3,300,000	3,000,000	
	– Leave encashment		1,962,692	
	<b>Total (A)</b>	25,339,600	14,612,990	39,952,590
	<b>Ceiling as per the Act</b>	108,931,000	(being 10% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)	

**Note:** The above mentioned remuneration excludes gratuity.

\* Mr. Parveen Kumar Singhal ceased to be a President & WTD with effect from close of business hours on October 13, 2017.

\*\* During the year no stock options were exercised.

**B. Remuneration (sitting fees) to other Directors during the FY 2017-18**
**1. Independent Directors (PID)**

In ₹

Particulars of Remuneration	Ms. Pravin Tripathi	Mr. Arun Kumar Nanda	Mr. Subrata Kumar Mitra	Dr. M. Govinda Rao	Mr. Saurabh Chandra	Mr. Prithvi Haldea	Mr. Arun Bhargava	Mr. Shankar Aggarwal	Total
Fees for attending Board/ Committee meetings	5,55,000	10,50,000	13,80,000	9,60,000	14,10,000	13,20,000	15,60,000	6,60,000	88,95,000
Commission	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5,55,000</b>	<b>10,50,000</b>	<b>13,80,000</b>	<b>9,60,000</b>	<b>14,10,000</b>	<b>13,20,000</b>	<b>15,60,000</b>	<b>6,60,000</b>	<b>88,95,000</b>

**2. Shareholder Directors**

Particulars of Remuneration	Mr. Amit Goela	Ms. Madhu Vadera Jayakumar	Ms. Padma Raghunathan	Mr. Hemang Raja	Mr. C. Jayaram	Total	
Fee for attending Board/committee meetings	7,65,000	5,70,000	4,35,000	12,00,000	13,20,000	42,90,000	
Commission	0	0	0	0	0	0	
Others	0	0	0	0	0	0	
<b>Total</b>	<b>7,65,000</b>	<b>5,70,000</b>	<b>4,35,000</b>	<b>12,00,000</b>	<b>13,20,000</b>	<b>42,90,000</b>	
<b>Total (B) = (1+2)</b>						<b>13,185,000</b>	
<b>TOTAL MANAGERIAL REMUNERATION (A+B)</b>							<b>53,137,590</b>
<b>Ceiling as per the Act</b>	10,893,000	<i>(being 1% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)</i>					
<b>Overall Ceiling as per the Act</b>	119,824,000	<i>(being 11% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)</i>					

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

In ₹

Sr. No.	Particulars of Remuneration	Mr. Ajay Puri*	Mr. Sanjay Wadhwa	Mr. Ashwin Patel*	Mr. Narendra Ahlawat	Mr. Rahi Racharla	Total
1.	<b>Gross salary</b>	1,595,328	6,522,634	2,418,750	7,698,601	7,976,640	26,211,953
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961						
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0	28,139	0	27,518	0	55,657
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	0	0	0	0	0	0
2.	Stock Option**	0	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0	0
4.	Commission	0	0	0	0	0	0
	– as % of profit						
	– others						
5.	Others:						
	– Company contribution towards PF	84,672	362,880	0	423,360	423,360	1,294,272
	– Reimbursement of expenses	0	0	0	0	0	0
	– Variable pay	837,500	0	0	1,000,000	1,250,000	3,087,500
	– Leave encashment	380,240	0	0	237,462	0	617,702
	<b>Total (A)</b>	<b>2,897,740</b>	<b>6,913,653</b>	<b>2,418,750</b>	<b>9,386,941</b>	<b>9,650,000</b>	<b>31,267,084</b>

**Note:** The above mentioned remuneration excludes gratuity.

\* Mr. Ajay Puri ceased to be company secretary (CS) with effect from close of business hours on June 30, 2017 and Mr. Ashwin Patel was appointed as the CS with effect from July 01, 2017.

\*\* During the Financial Year 2017-18, no stock options were exercised.

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding					
1.	Section 621A of Companies Act, 1956	Violation of Section 193(1) of Companies Act, 1956 i.e., Maintained minutes of the Board Meeting & General Meeting in loose leaves and kept in binder. Pages of the Minutes were not dated and consecutively numbered.	Compounding fee of ₹ 9,600/- was imposed on the Company.	Regional Director – Western Region, Mumbai. (Copy of order received form RD).	—
2.	Section 621A of Companies Act, 1956	Violation of Section 301(1)(e) and Section 301(2) of Companies Act, 1956 i.e. No detail about Directors voted for or against and remained neutral were given and all Directors who had attended the meeting have not signed the register.	Pending for hearing by Regional Director, Western Region.	Regional Director – Western Region, Mumbai.	—
3.	Section 621A of Companies Act, 1956	Violation of Section 301 of Companies Act, 1956 i.e. Company has entered names of only few related parties and not all related parties in the registers maintained u/s 301.	Compounding fee of ₹ 26,000/- was imposed on the Company.	Regional Director – Western Region, Mumbai. (Copy of order received form RD).	—
4.	Section 621A of Companies Act, 1956	Violation of Section 301 of Companies Act, 1956 i.e. There are some mistakes in the statutory Register maintained under Section 301 of the Companies Act, 1956.	Compounding fee of ₹ 8,000/- was imposed on the Company.	Regional Director – Western Region, Mumbai. (Copy of order received form RD).	—
5.	Section 621A of Companies Act, 1956	Violation of Section 220 of Companies Act, 1956 i.e. Details under Section 217(2A) not provided as an attachment to Directors Report filed with ROC for the financial year ended 31.03.2011 & 31.03.2012.	Compounding fee of ₹ 1,00,000/- was imposed on the Company.	Company Law Board (Dissolved); * Copy of order received from NCLT.	—
6.	Section 621A of Companies Act, 1956	Violation of Section 372A(1) of the Companies Act, 1956 i.e. Company exceeded the prescribed limits under Section 372A of the Companies Act, 1956, without approval of Shareholders by way of passing special resolution in a general meeting during FY 2010-11 & 2011-12.	Compounding fee of ₹ 1,00,000/- was imposed on the Company.	Company Law Board (Dissolved); * Copy of order received from NCLT.	—

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any
7.	Section 621A of Companies Act, 1956	Violation of Section 372A(5) of the Companies Act, 1956 i.e. Investments made subject to provisions of section 372A with respect to mutual funds were not entered into investment register.	Compounding fee of ₹ 2,00,000/- was imposed on the Company.	Company Law Board (Dissolved); * Copy of order received from NCLT.	—
8.	Section 621A of Companies Act, 1956	Violation of Section 224(8) of the Companies Act, 1956 i.e. Remuneration to be paid to the auditors were not fixed in the general meeting of the shareholders. Further, the Board also did not fix the remuneration before audit work started and the entire payment of audit fee was rather ratified by the Board in their subsequent meeting.	Compounding fee of ₹ 1,00,000/- was imposed on the Company.	Company Law Board (Dissolved); * Copy of order received from NCLT.	—
9.	Section 621A read with Section 629A of Companies Act, 1956	Violation of Section 297 of the Companies Act, 1956 i.e. Board has not passed any specific resolution with regard to related party transactions but only noted directors committee discussion on related party transactions.	Compounding fee of ₹ 2,00,000/- was imposed on the Company.	Company Law Board (Dissolved); * Copy of order received from NCLT.	—

**B. DIRECTORS**

Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

**C. OTHER OFFICERS IN DEFAULT**

Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

\* Copy of the Orders received subsequent to 31<sup>st</sup> March, 2018.

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

Saurabh Chandra  
Chairman  
(DIN: 02726077)

Mumbai  
July 20, 2018

## ANNEXURE V

### FORM NO. AOC-2

#### (Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

#### 1. Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered during the year ended March 31, 2018, which were not at arm's length basis.

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

Sr. No.	Particulars	Remark
(a)	Name(s) of the related party and nature of relationship	Multi Commodity Exchange Clearing Corporation Limited (Refer Note 1)
(b)	Nature of contracts/arrangements/transactions	Investment in equity
(c)	Duration of the contracts/arrangements/transactions	Refer Note 1
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Refer Note 1
(e)	Date(s) of approval by the Board, if any:	June 30, 2016
(f)	Amount paid as advances, if any	Nil

#### Note no. 1:

Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) is a wholly owned subsidiary of the Company. During the financial year 2017-18, your Company participated in the rights issue by MCXCCL and invested ₹ 10,000 lakh by subscribing to 100,000,000 equity shares of face value of ₹ 10/- each of MCXCCL.

For more details, please refer note no. 37 of Standalone Financial Statement.

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

Saurabh Chandra  
**Chairman**  
 (DIN: 02726077)

Mumbai  
 July 20, 2018

## ANNEXURE VI

### PERFORMANCE EVALUATION OF THE BOARD

In accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has formulated the criteria for performance evaluation of all the Directors, the Board, the Chairman and its Committees.

In line with the SEBI Guidance note on Board Evaluation, the forms for performance evaluation of the Board, its Committees, Chairman and individual directors was designed including the criteria as listed hereinafter. The said forms were circulated to all the directors of the Company for the annual performance evaluation.

Based on the assessment of the responses received from the directors on the annual evaluation of the Board, its Committees, Chairman and the individual Directors, the Independent Directors Committee evaluated the performance of the Non-Independent Directors, Chairman of the Company (taking into account the views of the Executive Director and the Non-Executive Directors) and the Board as a whole. Similarly, the Board at its meeting evaluated the performance of its Committees and the Independent Directors, excluding the Director being evaluated. Subsequently, the Nomination and Remuneration Committee reviews the outcome of the evaluation by the Board and the Independent Directors Committee and further evaluates the performance of every Director.

The criteria for performance evaluation, *inter-alia*, included the following:

#### i. Individual Director's Performance Evaluation

Attendance at meetings, being informed and the extent of preparedness for meetings, participation and contribution, independence of judgment, knowledge updation, displaying initiative, working relationships and guidance to senior management and board members, expressing views, understanding of the Company, industry, sector, geography, etc.

#### ii. Evaluation of the Board as a Whole

Proper mix of competencies, experience and qualification, adoption of proper, clear and transparent procedure to appoint directors, conducting meeting(s) on a regular basis, confirming agenda with all relevant information, providing entrepreneurial leadership to the Company, understanding of business, strategy and growth, responsibility towards stakeholders, risk management and financial controls, discussions through healthy debate, quality of decision making, monitoring performance of management, reviewing the CSR initiatives, grievance redressal mechanism, Analyse and examines governance and compliances related issues, maintaining high standards of integrity and probity, etc.

#### iii. Chairman's Performance Evaluation

Providing effective leadership, setting effective strategic agenda of the Board, encouraging active engagement by the Board members, providing guidance and motivation to the MD & CEO, impartiality in conducting discussions, establishing effective communication with all stakeholders, etc.

#### iv. Performance Evaluation of Board Committees

Sufficiency in the scope for addressing the objectives, effectiveness in performing the key responsibilities, adequacy in composition and frequency of meetings, quality of relationship of the committee with the Board and the management, clarity of agenda discussed, discussion on critical issues, clarity of role and responsibilities, etc.

The Directors were satisfied with the performance of the Board, its Committees, Chairman & individual Directors.

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

Saurabh Chandra  
**Chairman**  
 (DIN: 02726077)

Mumbai  
 July 20, 2018

## ANNEXURE VII

### SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

#### FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018.

To

The Members

#### **MULTI COMMODITY EXCHANGE OF INDIA LIMITED**

Exchange Square, Chakala,  
Suren Road, Andheri (East),  
Mumbai – 400 093

Dear Sirs,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Multi Commodity Exchange of India Limited (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31<sup>st</sup> March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Multi Commodity Exchange of India Limited ("the Company" or "MCX") as given in Annexure I, for the Financial Year ended on 31<sup>st</sup> March, 2018, according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (ii) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; and
    - (iii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
    - (iv) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the Financial Year under report:-
  - (i) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (ii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

- (iv) The Securities and Exchange Board of India (Registrars to a Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; and
  - (v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
3. Provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of External Commercial Borrowings were not applicable to the Company during the financial year under report.
  4. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the provisions of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, which is specifically applicable to the Company.

We have also examined compliance with the applicable clauses of Secretarial Standards including the amended Secretarial Standards applicable with effect from 1<sup>st</sup> October, 2017 issued by The Institute of Company Secretaries of India under the provisions of the Companies Act, 2013;

During the Financial Year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors in compliance with the provisions of the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Except in case of meetings convened on an emergent basis, adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance. Further, the system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through. There were no dissenting views from any member.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under report, the following event(s)/action(s)/approvals had a major bearing on the Company's affairs and in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

1. The National Stock Exchange of India Limited (NSE) vide circular dated 19<sup>th</sup> April, 2017 (which is based on the stock selection criteria as prescribed by Securities and Exchange Board of India (SEBI) vide circular dated 16<sup>th</sup> December, 2016), has notified the introduction of trading on Futures and Options contracts on the securities of MCX w.e.f. 28<sup>th</sup> April, 2017;
2. The Multi Commodity Exchange Clearing Corporation Limited (MCXCCL), Wholly Owned Subsidiary of the Company, received in-principle approval on 31<sup>st</sup> July, 2017 from SEBI to act as 'Clearing Corporation' as per Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, which is valid for a period of one year.

**For RATHI & ASSOCIATES  
COMPANY SECRETARIES**

**Himanshu S. Kamdar  
PARTNER  
FCS NO. 5171  
COP NO. 3030**

Place: Mumbai  
Date: 20/07/2018

**Note: This report should be read with our letter of even date which is annexed as Annexure-II and forms an integral part of this report.**

## **Annexure – I**

### **List of documents verified:**

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the Financial Year ended 31<sup>st</sup> March, 2017.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Investment Committee, CSR Committee and other Committees as per SEBI Regulations along with Attendance Registers held during the Financial Year under report.
4. Minutes of General Body Meetings held during the Financial Year under report.
5. Policies on Related Parties Transactions, Policies on Material Subsidiaries, Whistle Blower Policy, Corporate Social Responsibility Policy, Annual Evaluation Policy, Risk Management Policy, Nomination & Remuneration Policy, Code of Conduct for Independent Directors, Code for prevention of insider trading and Internal Financial Controls.
6. Statutory Registers viz. – Register of Directors & KMP – Register of Directors' Shareholding – Register of Employee Stock Options – Register of loans, guarantees and security and acquisition made by the Company.
7. Notice and Agenda papers submitted to all the directors/members for the Board Meetings and Committee Meetings.
8. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013.
9. Intimations received from Directors under the prohibition of Insider Trading Code.
10. e-Forms filed by the Company from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
11. Intimations/documents/reports/returns filed with the Stock Exchange pursuant to the provisions of SEBI Listing Regulations during the financial year under report.

## **Annexure – II**

To  
The Members

**Multi Commodity Exchange of India Limited**

Mumbai

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

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

**For RATHI & ASSOCIATES  
COMPANY SECRETARIES**

**Himanshu S. Kamdar  
PARTNER**

**FCS NO. 5171  
COP NO. 3030**

Place: Mumbai  
Date: 20/07/2018

## ANNEXURE VIII

Pursuant to the applicable requirements of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI Regulations), Section 62 of the Companies Act 2013 read with Companies (Share Capital and Debenture) Rules 2014, following disclosures as at March 31, 2018 are made in connection with the Employee Stock Option Scheme 2008 (ESOP 2008). These are to be read with the relevant notes to accounts wherein the relevant disclosures are made in terms of Indian Accounting Standard (IND AS) 102 issued by ICAI or any other relevant accounting standards as prescribed from time to time:

a. Shares allotted to MCX ESOP Trust	1,625,000 shares of ₹ 10/- each were allotted to MCX ESOP Trust under the "Employee Stock Option Scheme 2008 (ESOP 2008)", which was approved by the shareholders at the EGM held on February 27, 2008.			
b. Options granted by MCX ESOP Trust to employees	1,862,900* (no grants were made during FY 2017-18)			
c. Pricing Formula	For the options granted on July 2, 2008, August 23, 2008 and October 24, 2011, the pricing was on the basis of Valuation Reports obtained from an Independent Valuer/SEBI Registered Category I Merchant Banker, as applicable and post listing on BSE in March 2012, the pricing for options granted thereafter was at the latest available closing price at BSE prior to the date of respective grants.			
d. Exercise price per option	<b>Sr. No.</b>	<b>No. of Options</b>	<b>Granted on</b>	<b>Exercise Price per option (₹)</b>
	1.	1,305,750	July 2, 2008	144.00
	2.	7,500	August 23, 2008	144.00
	3.	331,750	October 24, 2011	390.00
	4.	10,000	October 03, 2012	1,282.75
	5.	25,300	April 19, 2013	855.70
	6.	10,000	February 19, 2014	516.50
	7.	172,600	November 11, 2014	851.10
e. Maximum term of options granted and the vesting requirements	The options granted can be exercised by eligible employees subject to vesting requirements. Out of the aforesaid, only one grant was subsisting as at March 31, 2018, with the following vesting schedule:			
	<b>Date of Grant</b>	<b>Vest Months</b>	<b>Vest %</b>	<b>Maximum period of Exercise</b>
	November 11, 2014:	12	10	One year from the date of vest
		24	20	One year from the date of vest
		36	30	One year from the date of vest
		48	40	One year from the date of vest
f. Number of options outstanding at the beginning of FY 2017-18	95,484			
g. Options vested	1,555,915 (FY 2017-18 = 37,906)			
h. Options exercised	1,494,559 (FY 2017-18 = 10,627)			
i. Total number of shares arising as a result of exercise of option	1,494,559 (FY 2017-18 = 10,627)			
j. Total number of options lapsed	291,540 (FY 2017-18 = 8,072)			

k. Variations in the terms of options	The vesting schedule was modified by the shareholders' resolution passed at the meetings held on August 1, 2009 and September 30, 2013, wherein the later provided for revision in the vesting schedule to 10%, 20%, 30% & 40% for the options granted on or after June 1, 2013. Consequent to the approval of the members in the EGM held on March 14, 2011 for consolidation and bonus, the Compensation Committee at its meeting held on March 25, 2011 has adjusted the options accordingly. Further, the shareholders at their meeting held on September 26, 2012 approved, <i>inter-alia</i> , the revision in exercise period to one year for fresh options granted or to be granted on or after October 24, 2011 and at meeting dated September 23, 2014 approved, subject to the minimum vesting period of one year, amendment to the scheme by permitting the eligible employees to exercise all the Options granted but not vested and/or options vested but not exercised after the expiry of one year of attaining the age of superannuation or expiration of the contract including extension thereof, if any, as the case may be.
l. Money realised on exercise of options by MCX ESOP Trust	₹ 3163.70 Lakhs (FY 2017-18 = ₹ 90.45 Lakhs)
m. Total number of options in force/ outstanding at the end of FY 2017-18	76,785
n. Number of options exercisable at the end of FY 2017-18	27,657
o. Employee-wise details of options granted:	
(i) Directors/Key Managerial Personnel/Senior Managerial Personnel.	Refer table on the next page
(ii) Employees who have received a grant in any one year of option amounting to 5% or more of options granted during that year.	Mr. V. Hariharan, Mr. Paras Ajmera, Mr. Shreekant Javalgekar and Dr. Manoj Vaish**
(iii) Employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant.	Nil
p. Diluted EPS	₹ 20.91
q. Method used to account for Options	Fair Value Method
r. Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on EPS of the company.	NA

s. Description of the method and significant assumptions used during the year to estimate the fair values of the options, including the following weighted average information:	<p>The intrinsic value of each option granted on July 2, 2008, August 23, 2008, October 24, 2011, October 3, 2012, April 19, 2013, February 19, 2014 and November 11, 2014 is ₹ Nil.</p> <p>The estimated fair value of each option granted on July 2, 2008 and August 23, 2008 is ₹ 15.64 and ₹ 16.62 respectively. The estimated fair value of each option granted on October 24, 2011, October 3, 2012, April 19, 2013, February 19, 2014 and November 11, 2014 is ₹ 324.99, ₹ 342.64, ₹ 202.34, ₹ 181.47 and ₹ 363.18 respectively.</p> <p>The weighted average fair values for the options granted on July 2, 2008 and August 23, 2008 have been determined using the Binomial Option Pricing Model and the weighted average fair values for the options granted on October 24, 2011, October 3, 2012, April 19, 2013, February 19, 2014 and November 11, 2014 have been determined using the Black Schole Formula, considering the following parameters:</p>
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	July 2, 2008	August 23, 2008	October 24, 2011	October 3, 2012	April 19, 2013	February 19, 2014	November 11, 2014
(i) Exercise price (in ₹)	90	90	390	1282.75	855.70	516.50	851.10
(ii) Expected volatility (%)	1	1	2.26	34.35	32.75	52.37	52.22
(iii) Determination of expected volatility and the extent to which it was based on historical volatility	The measure of volatility used is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. The Guidance note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India permitted a non-public entity to omit expected volatility in determining fair value of its options. It also states that if a newly listed enterprise does not have sufficient information on historical volatility, it should nevertheless compute historical volatility for the longest period for which trading activity is available and recommends including the historical volatility of the stock over the most recent period that is generally commensurate with the expected life of the option being valued. The volatility in each of the case has been considered based on these recommendations.						
(iv) Option life (in years)	3.5	3.5	1.5	2.6	2.6	3.5	3.5
(v) Expected dividends	25%	25%	Not considered	Based on dividend declared prior to the date of grant			
(vi) Risk free interest rate (%)	9.14	9.13	8.60	8.12	7.49	8.86	8.26
(vii) Dividend yield (%)	-	-	-	1.87	2.80	4.65	1.17
(viii) To allow for the effects of an early exercise, it is assumed that the employee would exercise the options after vesting date.	-	-	-	-	-	-	-

All options and the shares pursuant to the exercise of options have been computed after adjusting bonus and consolidation since institution of the employee stock option plan and fractional entitlements have been adjusted accordingly.

**Notes:**

\* includes lapsed options available for re-issuance.

\*\* Mr. V. Hariharan, Mr. Paras Ajmera, Mr. Shreekant Javalgekar and Dr. Manoj Vaish ceased to be Directors of the Company w.e.f. June 28, 2012, November 12, 2013, October 22, 2013 and May 10, 2014 respectively. Options granted to Mr. Shreekant Javalgekar and Dr. Manoj Vaish stood lapsed on account of their resignation from the Company.

**Details related to Trust****(i) General information**

Sl. No.	Particulars	Details
1	Name of the Trust	MCX ESOP Trust
2	Details of the Trustee(s)	Trustees as on March 31, 2018: Mr. Rajendra Gogate Mr. Dhawal Shah Mr. Sandeep Doshi Mr. Sunil Laad
3	Amount of loan disbursed by company/any company in the group, during the year	Nil
4	Amount of loan outstanding (repayable to company/any company in the group) as at the end of the year	Nil
5	Amount of loan, if any, taken from any other source for which company/any company in the group has provided any security or guarantee	Nil
6	Any other contribution made to the Trust during the year	Nil

**(ii) Brief details of transactions in shares by the Trust**

Sl. No.	Particulars	Details
1	Number of shares held at the beginning of the year	141,066 shares
2	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share	Nil
3	Number of shares transferred to the employees/sold along with the purpose thereof	10,627 shares transferred to employees upon exercise of their respective tranches being vested upon them in terms of the scheme
4	Number of shares held at the end of the year	130,439 shares

**(iii) Secondary acquisition of shares by the Trust – N.A.****For and on behalf of the Board of Directors**

Saurabh Chandra  
**Chairman**  
(DIN: 02726077)

Mumbai  
July 20, 2018

**Person-wise details of options granted under ESOP 2008 to Directors/Key Managerial Personnel/Senior Managerial Personnel of the Company as at March 31, 2018:**

Name	Designation	Options granted in November 2014	Exercise Price (in ₹)	Options Granted in February 2014	Exercise Price (in ₹)	Options Granted in April 2013	Exercise Price (in ₹)	Options Granted in October 2012	Exercise Price (in ₹)	Options Granted in October 2011	Exercise Price (in ₹)	Options Granted in July 2008*	Exercise Price (in ₹)
<b>Directors/KMP</b>													
Mr. Mrugank Paranjape	Managing Director & CEO	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.
Mr. Ashwin M. Patel	Company Secretary	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.
Mr. Sanjay Wadhwa	Chief Financial Officer	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.
Mr. Narendra Kumar Ahlawat#	Chief Regulatory Officer (CRO)	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.
Mr. Rahi Racharla	Chief Information Officer	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.
<b>Senior Managerial Personnel other than above</b>													
Dr. Venkatachalam Shunmugam	Head- Research	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.	3,125	144
Dr. Raghavendra Prasad <sup>§</sup>	Head- Corporate Legal	2,100	851.10	0	N.A.	0	N.A.	0	N.A.	4,500	390	0	N.A.
Mr. Rajendra Gogate	Head- Human Resources & Admin	1,300	851.10	0	N.A.	0	N.A.	0	N.A.	3,000	390	0	N.A.
Mr. Chittaranjan Rega	Head- Base Metal	1,300	851.10	0	N.A.	0	N.A.	0	N.A.	4,500	390	5,000	144
Mr. Naveen Mathur	Head- Business Development	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.
Mr. Girish Dev#	Head- Strategy & Risk Officer	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.
Mr. Deepak Mehta	Head- Energy & Agri	1,300	851.10	0	N.A.	0	N.A.	0	N.A.	4,500	390	3,125	144
Mr. Shivanshu Mehta	Head- Bullion	1,300	851.10	0	N.A.	0	N.A.	0	N.A.	2,000	390	1,875	144
Mr. Dhawal Shah	VP-Trading, Clearing & Settlement	1,300	851.10	0	N.A.	0	N.A.	0	N.A.	3,000	390	0	N.A.
Mr. Kamal Priyadarshi	VP-Warehousing Operations	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.	0	N.A.
<b>TOTAL</b>		<b>8,600</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>21,500</b>		<b>13,125</b>	

**Note:** \* Options granted, options exercised and exercise price has been computed after adjusting consolidation and bonus since institution of the employee stock option plan.

# Mr. Narendra Kumar Ahlawat Ceased to be the CRO w.e.f April 01, 2018 consequent to being appointed as the Managing Director of the subsidiary company, Multi Commodity Exchange Clearing Corporation Limited. Mr. Girish Dev was designated as the CRO w.e.f. April 01, 2018.

§ Not associated with the Company w.e.f. June 01, 2018.

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

Saurabh Chandra

**Chairman**

(DIN: 02726077)

Mumbai

July 20, 2018

## ANNEXURE IX

### REMUNERATION POLICY

Multi Commodity Exchange of India Limited (hereinafter referred to as the "Company") has adopted this Policy (the "Policy") on nomination and remuneration of Directors, Key Managerial Personnel (KMPs), Senior Management Personnel and Other Employees pursuant to the provisions of Section 178(4) of the Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [the "Listing Regulations, 2015"] and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 [SECC Regulations 2012].

#### Objectives/Purpose of the Policy:

The policy has been framed keeping in view the following objectives/purpose:

- (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 expert managerial persons and create competitive advantage;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration payable to directors, key managerial personnel and senior management involve 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 longer term interests of the Company and its shareholders.

#### Definitions:

**'Act'** means the Companies Act, 2013 and includes the Rules framed thereunder.

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

**'Directors'** means Directors of the Company.

**'SEBI'** means the Securities and Exchange Board of India.

**'SEBI Procedural Norms'** means the norms framed and as amended from time to time by SEBI for the effective implementation of the SECC Regulations with respect to Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations and includes any clarifications thereto by SEBI from time to time.

**'Independent Director'** means a director referred to in Section 149(6) of the Act and rules thereunder as well as the Listing Regulations, 2015.

**'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 Act and provisions of Listing Regulations, 2015 and/or SEBI Procedural Norms.

**'Key Managerial Personnel'** (the "KMP") means:

- the Managing Director or the Chief Executive Officer or the Manager and Whole-time Director;
- the Company Secretary;
- the Chief Financial Officer and
- any other person as identified by the Board.

**'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.

**'Senior Management'** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all functional heads.

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

## **APPOINTMENT AND REMOVAL OF DIRECTORS, KMPs AND SENIOR MANAGEMENT:**

### **Appointment:**

- **Criteria and qualifications:**

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

Additionally, while determining the qualifications and positive attributes for appointment of a person as a Director, the Committee shall also in addition to qualifications/disqualifications prescribed under provisions of the Act, take into consideration the factors defined by SEBI for a person to be "fit and proper".

The independence of a Director shall be determined based on the criteria defined from time to time in the Act, the Listing Regulations, 2015 and SEBI Procedural Norms or the SECC Regulations, 2012.

- **Manner of appointment and tenure:**

The appointment and tenure of the Directors of the Company shall be as approved by SEBI and be further governed by the provisions of the Act, the Listing Regulations, 2015, SEBI Procedural Norms, the SECC Regulations 2012 as well as the Articles of Association of the Company.

The term of KMPs shall be fixed by the Committee and their appointment be governed by the provisions of the Act, the Listing Regulations, 2015, SEBI Procedural Norms, the SECC Regulations 2012 etc.

The appointment and tenure of Senior Management Personnel shall be governed by the prevailing HR Policy of the Company and the provisions of the Act, the Listing Regulations, 2015, the SECC Regulations 2012, SEBI Procedural Norms etc, if any.

### **Removal/Retirement:**

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/Senior Management Personnel, subject to the provisions and compliance of the said Act, Rules and Regulations.

The Whole Time Directors, KMPs and Senior Management Personnel shall retire/cease to hold office as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company or in terms of which such appointment was made. The Board will have the discretion to extend their term, even after their attaining the age of superannuation, for the benefit of the Company.

## **REMUNERATION OF DIRECTORS INCLUDING MANAGING/WHOLE-TIME DIRECTOR, KMPs AND SENIOR MANAGEMENT:**

### **Remuneration of Executive Directors including Managing Director/Chief Executive Officer (CEO):**

The remuneration payable to managerial personnel shall be in accordance with the provisions of Section 197 read with Schedule V of the Companies Act, 2013 and the Rules made thereunder. The remuneration payable to them, shall upon recommendation by the Nomination and Remuneration Committee, be approved by the Board of Directors which shall be subject to the approval of shareholders of the Company and if required, of the Central Government.

At the time of seeking approval of SEBI for the appointment of the Managing Director/CEO, the Exchange shall also seek approval for his compensation from SEBI. Any change in the remuneration or conditions of service of Managing Director/CEO will also require prior approval of SEBI.

The Committee will determine the remuneration of Managing Director/CEO and recommend the same to the Board for its approval, taking into consideration the following factors:

- a) Role and responsibilities of the Managing Director/Chief Executive Officer;
- b) Financial condition/health of the Exchange;
- c) Comparability to the industry standards;
- d) Revenues, net profit of the Exchange
  - average levels of compensation payable to employees in similar ranks
  - periodic review

- e) Ensure that the variable component of the remuneration of Managing Director/Chief Executive Officer does not exceed one third of the total 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.

- f) No incentives are provided for excessive risks in the short term;
- g) 'Value Add' perceived by the Committee and Board based on the relevant experience of the candidate and his exposure to Commodity Market.

ESOPs and other equity linked instruments in the stock exchange/clearing corporation will not form part of the compensation for the Key Management Personnel.

#### **Remuneration of Non-Executive Directors:**

Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof, as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013, the Listing Regulations, 2015, the SECC Regulations 2012 and other regulatory guidelines, as amended from time to time. Any change in sitting fees approved by the Board of Directors, be also placed before the shareholders of the Company for their approval, in case the requisite disinterested quorum is not present.

The Board considers the following factors while approving the change in the sitting fees to the Board members;

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

The Non-Executive Directors are also entitled to reimbursement of expenses in lieu of arrangement made by the Exchange for participation in the meeting of the Board and the Committees thereof.

The Company does not pay any commission on profit to the Non-Executive Directors.

**Independent Directors:** As per the provisions of the Act, an independent director shall not be entitled to any stock option and may receive remuneration by way of fee provided under sub-section (5) of Section 197 of the Companies Act, 2013, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

#### **Remuneration of other KMPs and Senior Management:**

The Committee shall fix and recommend the remuneration of other KMPs and Senior Management to the Board for its approval, taking into consideration the following factors:

- a) Value added from time to time/their contribution to the Exchange growth;
  - b) Financial condition/health of the Exchange;
  - c) Comparability to the industry standards;
  - d) Revenues, net profit of the Exchange
    - average levels of compensation payable to employees in similar ranks
    - periodic review;
- e) Ensure that the variable component of the remuneration of other KMPs and Senior Management does not exceed one third of the total 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.

- f) No incentives are provided for excessive risks in the short term;
- g) 'Value Add' perceived by the Committee and Board based on the relevant experience of the candidate and his exposure to Commodity Market.

ESOPs and other equity linked instruments in the stock exchange/clearing corporation will not form part of the compensation for the Key Management Personnel.

**Malus and clawback arrangements:**

As defined in SEBI Procedural Norms,

- A malus arrangement permits the stock exchange/clearing corporation to prevent vesting of all or part of the amount of a deferred remuneration.
- A clawback is a contractual agreement between the employee and the stock exchange/clearing corporation in which the employee agrees to return previously paid or vested remuneration to the stock exchange/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.

Remuneration payable to Senior Management Personnel shall be fixed by the Committee based on standard market practices and prevailing HR practices of the Company based on candidate's qualification, experience, remuneration paid to other Senior Managerial Personnel in same grade.

**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.

## ANNEXURE X

### Disclosure pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Requirements	Disclosure
I	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18.	Managing Director – 22.3X President & Whole Time Director* – 10X
	<p><b>Note:</b> Fixed pay has been considered for the computation of the above ratios.</p> <p>* The ratio of the President &amp; Whole Time Director is based on that fact that he was on board for a period of 7 months during the financial year.</p>	
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 <sup>^</sup>	Managing Director – NA President & Whole Time Director – NA Company Secretary – NA Chief Financial Officer – 0% Chief Information Officer – 12% Chief Regulatory Officer – 4%
	<sup>^</sup> Also includes the Key Managerial Personnel as identified by the Board under the Companies Act, 2013.	
III	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 12%. The calculation of % increase in median remuneration is done based on comparable employees.
IV	The number of permanent employees on the rolls of Company	There were 364 <sup>#</sup> employees as on March 31, 2018.
	<sup>#</sup> The employee count includes only confirmed employees and excludes probationers & trainees.	
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	% increase of S1 Category i.e. office assistant was 25% as compared to 8% in managerial remuneration % increase.
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes. It is confirmed.

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

Saurabh Chandra  
**Chairman**  
 (DIN: 02726077)

Mumbai  
 July 20, 2018

## ANNEXURE XI

### Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Name of the employee	Age	Qualification	Designation of the employee	Total Remuneration (in ₹)	Approx. experience (in years)	Date of commencement of employment	Last Employment
<b>A. Employed throughout the Financial Year</b>								
1.	Mr. Mrugank M Paranjape	51	Bachelors of Electrical Engineering – IIT, Post Graduation – IIM, Ahmedabad	MD & CEO	2,53,39,600/-	28	9-May-16	Managing Director, Deutsche Bank A.G.
2.	Mr. Sanjay Wadhwa	45	Chartered Accountant, Company Secretary, Chartered Financial Analyst & Cost & Works Accountant	Chief Financial Officer	69,13,653/-	19	27-Feb-17	Chief Financial Officer, Reliance Money
3.	Mr. Narendra Kumar Ahlawat	56	Chartered Financial Analyst, Post, Graduate Diploma in Rural Management	Chief Regulatory Officer	93,86,941/-	32	31-Mar-14	CTO and Head Operations, MCX Stock Exchange Limited
4.	Mr. Naveen Mathur	47	Chartered Financial Analyst, Post Graduate Diploma in Financial Management, Bachelor's degree in Commerce	Head – Business Development	71,92,684/-	23	6-Oct-16	Associate Director- Commodities & Currencies Businesses, Angel Broking Limited
5.	Mr. Chittaranjan Rege	45	Masters of Business Administration	Head – Base Metal	70,31,705/-	22	1-Dec-06	Manager, Hindalco Industries Ltd.
6.	Mr. Rajendra Gogate	58	Bachelor's degree in Commerce, Diploma in Business Management	Head – Human Resources & Admin	74,84,847/-	36	26-Jul-07	General Manager- Facilities, Tata Teleservices
7.	Mr. Shivanshu Mehta	42	BE, Post Graduate Diploma in Business Management	Head – Bullion	71,13,606/-	19	1-Mar-07	Assistant Vice President- Metal, National Commodities and Derivatives Exchange
8.	Mr. Deepak Mehta	45	BE- Mechanical, Masters of Business Administration	Head – Energy & Agri	74,32,039/-	20	28-Nov-05	Assistant Manager, Mahanagar Gas Ltd.
9.	Dr. Raghavendra Prasad	52	Bachelor's degree in Commerce, Master's degree in Law, PhD	Head – Legal	68,95,320/-	26	23-Jul-08	Dy. Legal Advisor, Security & Exchange Board of India
10.	Mr. Rahi Racharla	52	Bachelor's Degree in Technology, MS Computer Science	Chief Information Officer	96,50,000/-	27	16-Dec-15	Executive Director, JP Morgan Chase
11.	Dr. V Shunmugam	49	Master's degree in Science, PhD	Head – Research	60,86,767/-	20	7-Mar-16	Chief Business Officer, Nomura Research Institute Fintech
12.	Mr. Girish Dev	45	Bachelors of Commerce	Head – Strategy	67,99,992/-	23	1-Dec-16	MD & CEO, Geofin Comtrade Ltd. (GCL)

Sr. No.	Name of the employee	Age	Qualification	Designation of the employee	Total Remuneration (in ₹)	Approx. experience (in years)	Date of commencement of employment	Last Employment
<b>B. Employed for part of the Financial Year</b>								
1.	Mr. Parveen Kumar Singhal*	63	Bachelor's degree in Commerce, Master's degree in Business Administration, Certification in Capital Markets and Diploma in Business Finance	President & Whole Time Director	1,46,12,990/-	42	1-Dec-09	Sr. Vice President & Head (North), MCX Stock Exchange Limited
2.	Mr. Ajay Puri^	61	Bachelor's degree in Commerce, Company Secretary, Bachelor's degree in Law	Company Secretary	28,97,740/-	33	30-Dec-13	President, LSI Financial Services Private Limited
3.	Ms. V N Saroja#	50	Post Graduate Diploma in Management, Bachelors of Arts in Mathematical Statistics	Head- Training & Education	38,01,181/-	28	17-Oct-16	Chief Executive Officer, Indian Agribusiness Systems Private Limited
4.	Mr. Ashwin Patel	48	Bachelor's degree in Commerce, Company Secretary, Bachelor's degree in Law	Company Secretary	24,18,750/-	26	4-Jul-16	Company Secretary & Legal Head, MT Educare Ltd.

\* Mr. Parveen Kumar Singhal ceased to be the President & Whole Time Director consequent to the expiry of his tenure w.e.f. the close of business hours on October 13, 2017.

^ Consequent to the expiry of the term on attaining the age of sixty, being the age of retirement, Mr. Ajay Puri ceased to be the Company Secretary w.e.f. June 30, 2017.

# Resigned thereafter

- The above list also includes the disclosure pertaining to the Key Managerial Personnel as stipulated under Regulation 27(5) of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012
- Total Remuneration includes salary, reimbursement, taxable value of perquisites etc. excluding gratuity.
- Mr. Mrugank M Paranjape was appointed as the MD&CEO of the Company w.e.f. May 09, 2016 for a period of three years.
- All other employees mentioned above are in permanent employment of the Company, governed by employment terms & service rules.
- None of the above employee is a relative of any Director of the Company within the meaning of relative under Companies Act, 2013.
- None of the employees was drawing salary in excess of that drawn by Managing Director/Whole Time Director.
- As at March 31, 2018, none of the above employees by himself or along with his spouse and dependent children, held 2% or more of the equity shares in the Company as referred to in sub-clause(iii) of Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- As at March 31, 2018 none of the employees of the Company are posted and working in a country outside India.

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

Saurabh Chandra  
**Chairman**  
 (DIN: 02726077)

Mumbai  
 July 20, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### ECONOMIC OVERVIEW

The Indian economy displayed a slightly slower growth in 2017-18, with GDP growth moderating to 6.6 percent according to the second advance estimates for 2017-18 by the Central Statistics Office (CSO), down from 7.1 percent a year ago. Nevertheless, India's economic growth continued to be significantly higher than most economies of the world. The International Monetary Fund in its World Economic Outlook has forecasted an improvement in growth in 2018 and 2019, supported by strong private consumption, as well as fading transitory effects of cancellation of legal tender status of high-denomination currency and implementation of the national Goods and Service Tax (GST). The continued implementation of structural reforms that raise productivity and incentivize private investment is expected to gradually improve the growth of the Indian economy, according to IMF.

### GLOBAL COMMODITY MARKETS

The global derivative markets in 2017 stayed roughly at around the same levels seen in 2016. The total number of futures and options contracts traded in 2017 were 25.20 billion lots, down 0.1% from 25.22 billion lots in 2016, according to the 2017 summary statistics for annual trading activity in global exchange-traded markets released by Futures Industry Association (FIA). In 2016, global derivatives volumes had touched a new annual record.

The number of futures contracts traded during the year reduced by 6.6% to 14.83 billion lots and accounted for 58.9% share of the total derivatives volumes in 2017. Meanwhile, the overall volumes of options contracts traded rose by 11% in 2017 to 10.36 billion contracts.

Trading activity in North America, which had the largest market share of 35.3% rose by 3.5% to 8.9 billion contracts during 2017. However, trading activity in Asia Pacific and Europe fell by 4.0% and 4.7% to 8.8 billion and 4.9 billion contracts respectively. The region-wise trading activity is provided in Table 1

**Table 1: Global Futures and Options Volumes by Region (in billion contracts)**

Region	CY 2017	CY 2016	% Change	CY 2017 Share (%)
North America	8.89	8.59	3.5	35.3
Asia-Pacific	8.81	9.18	-4.0	35.0
Europe	4.94	5.18	-4.7	19.6
Latin America	1.97	1.61	22.1	7.8
Other	0.59	0.65	-9.0	2.4
<b>Total</b>	<b>25.20</b>	<b>25.22</b>	<b>-0.1</b>	<b>100.0</b>

*Source: Futures Industry Association*

During CY 2017, contracts based only on equity index, individual equity and interest rates grew, with the strongest growth seen in interest rate derivatives. The total number of commodity futures and option contracts traded during CY 2017 fell by 13.2% to 5.50 billion contracts from 6.34 billion contracts traded during 2016. Commodity derivatives, which includes futures and options on energy, agriculture, precious metals and non-precious metals accounted for 21.8% of total global derivatives volumes, as against a market share of 25.1% in CY 2016. Details of category-wise trading activity is provided in Table 2

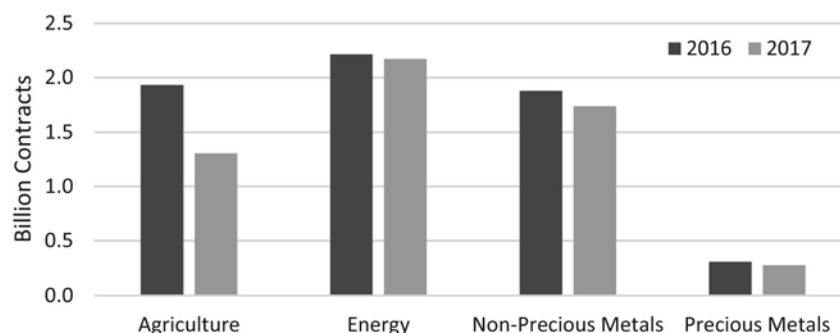
**Table 2: Global Futures and Options Volumes by Category (billion contracts)**

Region	CY 2017	CY 2016	% Change	CY 2017 Share (%)
Equity Index	7.52	7.12	5.6	29.8
Individual Equity	4.75	4.56	4.3	18.9
Interest Rates	3.97	3.51	12.9	15.7
Currency	2.98	3.08	-3.0	11.8
Energy	2.17	2.21	-1.9	8.6
Non-Precious Metals	1.74	1.88	-7.3	6.9
Agriculture	1.31	1.93	-32.4	5.2
Other	0.48	0.62	-22.1	1.9
Precious Metals	0.28	0.31	-10.6	1.1
<b>Total</b>	<b>25.20</b>	<b>25.22</b>	<b>-0.1</b>	<b>100.0</b>

Source: Futures Industry Association

Trading activity on contracts based on currencies and commodities decreased during 2017, with sharpest fall witnessed on derivative contracts based on agricultural commodities (Figure 1).

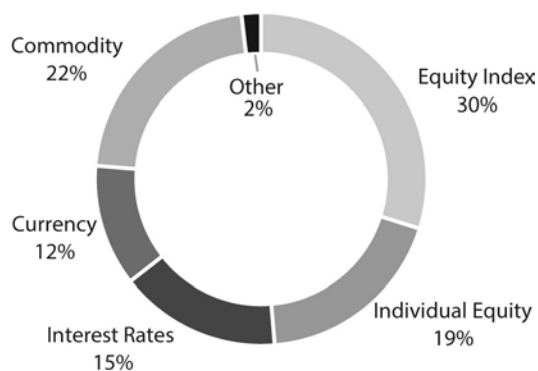
**Figure 1: Global Futures and Options Volumes - Commodity Segment**



Source: Futures Industry Association

Despite a drop in traded volumes, commodity derivatives remained the second largest category after equity index derivatives, ahead of trading in derivatives on individual equity, interest rates and currency. (Figure 2)

**Figure 2: Category-wise Market Share (2017)**



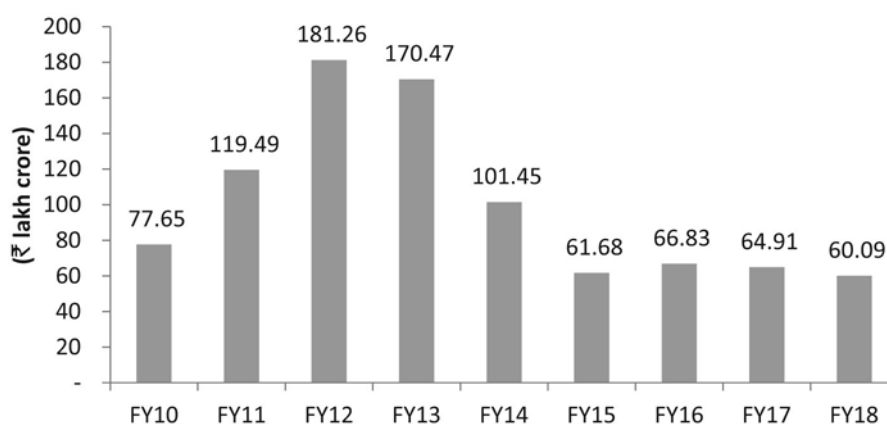
Source: Futures Industry Association

## INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian commodity derivatives exchanges are playing an important role in helping market participants to manage risk exposure on account of price volatility, in addition to making significant contributions for modernizing and improving the efficiency of our commodity sector.

With the launch of commodity options during 2017-18, both futures and options contracts are traded on India's commodity derivative exchanges. During 2017-18, volumes traded in the Indian commodity derivative exchanges dropped by 7%. The total value of commodity futures traded by all national commodity exchanges was ₹ 60.09 lakh crore, as against ₹ 64.91 lakh crore in the previous year. In its first year, commodity options registered a (notional) turnover of ₹ 10,652 crore in 2017-18 across all national commodity exchanges.

**Figure 3: Futures Turnover of Indian Commodity Exchanges**



Source: FMC, Exchange websites

## MCX BUSINESS OVERVIEW IN 2017-18

MCX clocked an average daily turnover of ₹ 21,193 crore (single-side) in futures during 2017-18 as against ₹ 22,560 crore achieved during the previous fiscal. The average daily turnover (notional) in the options segment, which was launched on October 17, 2017 was ₹ 89 crore. The total turnover of your Company stood at ₹ 53.83 lakh crore (futures) during FY 2017-18, as compared with ₹ 58.66 lakh crore in FY 2016-17. The total notional turnover in options segment at MCX was ₹ 10,354 crore. MCX's market share in Indian commodity F&O in FY 2017-18, across various segments were 99.84% for bullion, 100% for base metals, 100% for energy and 15.46% for agricultural futures contracts.

Your Company's ranking amongst global commodity futures exchanges remained stable during the year. MCX was ranked world's 7<sup>th</sup> largest commodity futures exchange based on the number of futures contracts traded, as per the 2017 summary statistics for annual trading activity in global exchange-traded markets released by Futures Industry Association (FIA). MCX's ranking amongst all exchanges across all asset classes was 20<sup>th</sup> in CY 17 as against 19<sup>th</sup> in CY 16. The overall growth of the Indian commodities markets with introduction of new products and participants can be expected to help MCX better its ranking amongst global exchanges in the years ahead.

## PRODUCT-WISE PERFORMANCE

Product-wise performance of your Company during 2017-18 is given in Annexure I

## FINANCIAL POSITION AND RESULT OF OPERATIONS

### Revenue:

The Company derives its revenues from transaction fees, admission fees, annual subscription fees, terminal charges, connectivity income, interest income, dividends from and gains on sale of investments, and other miscellaneous income.

During FY 2017-18, the Company reported a total income of ₹ 34,620 Lakh, as against ₹ 37,587 Lakh in FY 2016-17. The Company continued to perform well during the fiscal with a net profit margin of 31%. The operating expenses increased from ₹ 17,968 Lakh in FY 2016-17 to ₹ 18,552 Lakh in FY 2017-18, registering a rise of 3%.

The profit before tax for FY 2017-18 was ₹ 14,402 Lakh, as against ₹ 17,742 Lakh in the last financial year, registering a fall of 19%. During FY 2017-18, the profit after tax fell by 16% to ₹ 10,635 Lakh, as against ₹ 12,627 Lakh in FY 2016-17. The Company operates in a single segment business. Transaction fees comprise a significant portion (approximately 69%) of the Exchange's revenue. The transaction revenue during FY 2017-18 was ₹ 23,892 Lakh, as against ₹ 23,304 Lakh in the previous fiscal. The Company continued deployment of surplus funds in various debt instruments such as mutual funds, fixed deposits and tax-free bonds. The investment income was ₹ 8,579 Lakh in FY 2017-18 as against ₹ 11,434 Lakh for the previous year, including gain/(loss) on fair valuation of Mutual Funds and Bonds.

#### Expenses:

The Company's expenditure consists of employee benefit expenses, depreciation/amortization charges and other operating expenses (Table 3).

**Table 3: MCX's expenditure (₹ in Lakh)**

Particulars	FY 2017-18	FY 2016-17	Change %
Employee benefit expense	6,796	6,442	5
Depreciation and amortization	1,666	1,857	-10
Other expenses	11,756	11,546	2
<b>Total</b>	<b>20,218</b>	<b>19,845</b>	<b>2</b>

Other expenses principally comprise costs/charges pertaining to software support charges, communication expenses, advertisement, repairs and maintenance-others, license fees, legal and professional charges, etc.

#### Provision for taxation:

The Company's provision for tax decreased by 26% to ₹ 3,767 Lakh during FY 2017-18 from ₹ 5,115 Lakh in previous financial year.

#### Profit analysis:

The net profit margin stood at 31% in FY 2017-18. (Previous year: 34%)

#### Financial performance and operational performance parameters:

In terms of the Exchange's business strategy approach, members registering higher turnover were charged at a lower slab on the incremental turnover beyond the threshold limit for Group A Commodities (Non-Agriculture). For Group B Commodities (Agriculture) a flat rate on total turnover was levied. The transaction fees has increased by 3% from ₹ 23,304 Lakh in FY 2016-17 to ₹ 23,892 Lakh in FY 2017-18.

#### Shareholders' funds

##### Share capital:

As of March 31, 2018, the Company's share capital stood at ₹ 5,100 Lakh, i.e., 509.98 Lakh shares of ₹ 10 each. (Previous year: ₹ 5,100 Lakh)

##### Other equity:

The Company's other equity increased to ₹ 1,32,527 Lakh as on March 31, 2018 from ₹ 1,30,777 Lakh as on March 31, 2017. The net worth (including SGF) stood at ₹ 1,55,687 Lakh as on March 31, 2018 as against ₹ 1,52,926 Lakh as on March 31, 2017.

##### Secured loans:

The Company had no secured loans in its books as on March 31, 2018 as well as on March 31, 2017.

##### Fixed assets:

The Company's fixed assets stood at ₹ 16,177 Lakh as at March 31, 2018, as against ₹ 15,214 Lakh as at March 31, 2017.

##### Investments:

As on March 31, 2018, the Company's investments (Non-current and Current) stood at ₹ 1,41,613 Lakh, as against ₹ 1,19,480 Lakh as on March 31, 2017.

**Current assets and current liabilities:**

The current assets (excluding current investments) was ₹ 15,155 Lakh as at March 31, 2018, as compared to ₹ 10,986 Lakh as at March 31, 2017.

The current liabilities consisting of creditors, trading margins from members, security deposits, and others, stood at ₹ 36,360 Lakh as at March 31, 2018, as against ₹ 29,448 Lakh as at March 31, 2017.

In accordance with SEBI Circulars relating to SGF, the Company has transferred settlement related penalties (net of tax) of ₹ 24 Lakh and income from earmarked investments (net of tax) of ₹ 1,002 Lakh to SGF. There was net outflow of Base Minimum Capital of ₹ 23 Lakh from SGF during FY 2017-18. There was recovery of dues of ₹ 8 Lakh from defaulting member in FY 2017-18. Accordingly, the cash component of SGF Corpus was ₹ 18,060 Lakh as at March 31, 2018 (₹ 17,049 Lakh as at March 31, 2017).

**OPPORTUNITIES AND THREATS**

Currently, policies are being formulated and efforts being made to develop and integrate commodity markets in a phased manner. These favourable policy and regulatory changes and continuing reforms in marketing of commodities are bringing in various opportunities for MCX. The Indian commodity derivatives markets came under the regulatory regime of SEBI from September 2015, following which there has been expansion of products and participants suite of the commodity markets. The year 2017-18 has been of great significance with the regulator enabling a regime conducive for launching new products and increasing the categories of participants in our market.

During 2017-18, your Company commenced trading in options on gold futures in mid-October, a momentous landmark in the history of the Indian commodity derivatives market, as it is expected to usher in a new era in price risk management for various stakeholders. Commodity options have futures as their underlying and positions are created in the underlying futures contract on exercise. In May 2018, your Company received approval from SEBI for launching options in four more commodities – Crude Oil, Copper, Silver and Zinc – which have also been made available for trading. The Union Budget 2018-19 significantly reduced the transaction taxes on exercise of commodity options. We are hopeful that the launch of options in more commodities, reduction of taxes coupled with intensive efforts will result in options contracts contributing more significantly to MCX's volumes in 2018-19.

Liquidity Enhancement Scheme (LES) was approved for the first time in commodity derivatives by SEBI in April 2018. The scheme approves market making for improving liquidity and tightening the spread between bid-ask quotes. Your Company launched LES in Gold options from April 23, 2018, which initially will be offered for six months. We believe that it will help to make the Gold options contract liquid. A liquid Gold options along with options in the other commodities, is expected to enhance interest from market participants, especially hedgers, in such options contracts going forward.

MCX's approach always has been to design products that serve the dynamic needs of market participants. During 2017-18, we launched the world's first Brass futures contract, being India's first deliverable non-ferrous metal contract. The Brass futures contract has physical delivery as its mode of final settlement. Deliverable metal(s) contracts and increasing the reach of delivery in our existing futures contracts can be a big opportunity for your Company, given that the GST regime aids in making deliveries happen pan-India.

Trading on Index derivatives is another major development that can possibly be approved during 2018-19, which will open opportunities for launching derivative contracts on commodity indices and other intangibles like weather, freight etc.

Prior to 2017-18, only non-financial firms and individuals were permitted to take positions in Indian commodity derivative markets. The year 2017-18 saw major steps being taken by regulators enabling domestic financial institutions to participate in our markets. Alternative Investment Funds – Category III (AIF-Cat III) is the first category of domestic financial institutions to receive such permission. During the year, SEBI released a discussion paper for enabling participation of Mutual Funds and Portfolio Managers in the commodity derivative markets and we are hopeful of them being permitted during 2018-19. The opportunity before commodity exchanges is significant, considering that multiple other financial institutions like banks, insurance companies, pension funds, foreign institutions etc. could also be permitted in the coming days. Financial institutions, by leveraging on their geographical reach, research expertise and capital strength can enable more efficient price discovery and take the benefits of the commodity markets to more participants. Further, their long term strategies have high potential to improve the liquidity in the farther month contracts, which will be of immense benefit to physical market participants.

A major decision in 2017-18 that has the potential of contributing positively to the business of the Company is enhancing distribution. Bank's broking subsidiaries have been allowed to distribute commodity derivatives and brokerages houses have been allowed to integrate their entities across commodities and other asset classes under a single license. In order to encourage existing Members of MCX/Members of Equity Exchanges (duly registered with SEBI) to avail the facility of

Integration of Broking Activities, the Exchange has granted a waiver of Admission Fees/Transfer Fees. Banks also have been permitted to become Professional Clearing Members (PCMs) of commodity exchanges, which would make it easier and more attractive for financial institutions to trade in commodity derivatives, as and when permitted.

Pursuant to announcement made in the Union Budget 2017-18, the Government of India had set up an Expert Committee in June 2017 to study and promote creation of an operational and legal framework to integrate spot market and derivatives market for commodities trading. The Committee submitted its report in February 2018, setting out various suggestions for the development and modernization of India's commodity markets. Setting up of pan-India electronic trading platforms/spot exchanges well regulated under appropriate regulations is also suggested by the Committee, which can be an important opportunity in the future for your Company.

SEBI Board has approved a proposal to permit trading of commodity derivatives and other segments of securities market on a single exchange, by making suitable amendments to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations, 2012 (SECC Regulations). Such amendments would be effective from October 1, 2018. We believe liquidity will remain strong in the segments where MCX has a definitive competitive advantage. We also ensure that our products are relevant to various stakeholders, physical market participants are able to undertake effective price risk management using them, continue to match the technological standards of the market and remain cost competitive.

## INITIATIVES

The year 2017-18 shall remain etched forever in the history of Indian commodity derivatives markets, as this year saw multiple new 'beginnings'. MCX launched India's first Commodity Options on October 17, 2017 on the auspicious day of *Dhanteras* at the hands of Hon'ble Union Minister of Finance and Corporate Affairs, Shri Arun Jaitley, who was the Chief Guest of the inauguration ceremony. The launch of Gold options marked a momentous landmark in the modern history of Indian commodity derivatives market. Considering the need to develop the market, transaction charges were waived off by the Exchange from the start of trading in options contracts. Further to this, the Exchange has also launched options in other commodities.

Indian commodity derivative markets witnessed participation of financial institutions for the first time this year, which is being awaited for the last 14 years since inception of national multi commodity exchanges. Category III Alternative Investment Funds (AIFs) was the first category of financial institutions to be allowed.

MCX in association with Thomson Reuters launched Thomson Reuters-MCX India Commodity Indices (iCOMDEX) on September 26, 2017. The Exchange shall be able to launch derivative contracts on such indices at an opportune time, once SEBI approves derivatives on intangibles, including commodity indices.

Another major initiative taken during the year was the commencement of trading in Brass Futures contract on March 26, 2018 marking the first time that a Brass Futures contract was traded on an organised exchange anywhere in the world. The Exchange also launched futures contracts on Black Pepper and RBD Palmolein during the year.

Further, MCX continued to take up various initiatives for the development of the commodity derivatives market during 2017-18. Various modes were used to spread awareness amongst various stakeholders about the benefits of a well-functioning, efficient, transparent commodity derivatives market. With an aim to develop a culture of risk management, your Company undertook various measures to educate potential hedgers on the necessity, benefits and modalities of price risk management, using exchange traded commodity derivatives.

Awareness programmes for various stakeholders, hedgers and potential hedgers in association with various entities like exchange members, media, industrial associations, banks etc. was one of the primary modes adopted for spreading awareness amongst various stakeholders. During 2017-18, MCX conducted 883 awareness programmes across the country. An exclusive awareness event for institutional participants was held, in association with the Federation of Indian Chamber of Commerce and Industry (FICCI) on September 26, 2017 while another full-day programme titled '*COMMRISK*', to promote commodity price risk management and disclosure by corporate India and SMEs, was conducted on March 23, 2018. These events were well attended by officials of companies exposed to commodity price risks, financial institutions, regulatory bodies, traders, brokers, and other stakeholders of India's commodity markets.

Further, MCX also conducted 156 farmers' training programmes, covering 4896 farmers during the year, to spread awareness amongst the farming community about how the price discovery and price dissemination initiatives of commodity exchanges can enable them to realize better prices while selling their agricultural produce. Your Company also has 24 tie-ups with educational institutions across the country for disseminating knowledge about the commodity derivatives markets and amongst these five institutions are now offering courses on commodity asset class as part of their syllabus.

MCX observed 'India Commodity Day' on November 10, 2017, to observe the exchange's foundation day, as well as to recognize the importance of commodity trading and encourage trading across the country. The event was well attended by eminent personalities, industry experts, regulators, corporate bodies, and financial institutions who participated in discussions and debates on global trends influencing domestic futures & local scenarios reflecting in international markets.

MCX publishes various articles in print media and engages with the electronic media to create awareness about the benefits of the commodity derivatives markets, as well as for sensitizing policy-makers about various policy changes that can further the growth. Articles written by our senior management on various aspects of the market are regularly published in various publications including *Forum Views*, *Dalal Street Investment Journal*, *Metals and Minerals Review*, *ASSOCHAM Bulletin* and various magazines, mainstream national/regional newspapers and trade publications. Awareness about commodity markets, including the 'dos and don'ts' of trading, is also created through various channels of the electronic media, including regional channels. 'Commodity Insights Yearbook 2017', a resource for spreading market intelligence and a repertoire of analytical articles was released by your Company on India Commodity Day. MCX in association with Deloitte also released a Manual for Hedging Price Risk for Corporates on the same day. The aim of these publications is to spread knowledge and promote research in commodity eco-system. Our periodic newsletters, which are widely circulated and uploaded on our website are other effective tool used by us to regularly communicate with our stakeholders. Various commodity-specific brochures on hedging, in multiple languages are also published to spread awareness amongst potential hedgers about the benefits and modalities of hedging on a commodity exchange, which are also present on our website.

## **OUTLOOK**

The Indian commodity derivative markets have been witnessing various regulatory and business enablements since SEBI has taken over the reins in 2015. The commodity options contracts, which have just been launched has the potential to contribute significantly to the turnover and revenue of the Exchange, especially with the rationalization of transaction taxes at exercise, commencement of Liquidity Enhancement Scheme in Gold options and the availability of option contract in a suite of products. Options trading in commodities provides an opportunity to risk averse physical market players to manage their risks which will also immensely benefit the small and medium enterprises and the farming community.

The Thomson Reuters-MCX India Commodity Indices (iCOMDEX series), launched by MCX in association with Thomson Reuters, track the performance of commodities listed on MCX. Investors will be able to leverage these indices not only to benchmark performance but to also build products. Commodity index-based products would allow market participants to trade and invest in commodities on a short and long term basis.

During 2017-18, various enabling provisions for improving distribution also have a significant potential to improve the reach of the markets your Company serves. Common registration of members' entities operating in commodity and other asset classes and approval for bank broking subsidiaries to offer commodity derivatives are important steps towards making the commodity markets investor-friendly. The reduction in compliance costs can surely incentivise your Company's member brokers to focus their energies on bringing the excluded classes and geographies, into their fold.

Participation by institutional investors, most notably Mutual Funds, Portfolio Management Service providers, etc. is anticipated soon. Such positive policy actions can lead to dynamism in India's commodity derivatives market considering the strong presence of these institutions in the other segments in the securities market and their wherewithal to reach out to the excluded classes of the public and provide multifarious and cost-effective services.

Rationalisation of the Commodity Transaction Tax (CTT) is a reform that can significantly contribute to the development of our markets as in its current form, the transaction tax is the single largest component in the cost of transactions. While the tax has had deleterious effects in the commodity market, some research studies have proven that CTT has in fact been revenue negative. The collection from this tax has failed to compensate for the loss from lower income, corporate and service taxes as a result of the steep fall in volumes.

The outlook of your Company and India's commodity markets in general would improve if CTT is rationalised to a level which reflects the fundamental characteristics of commodity derivatives as a hedging instrument, compared to other financial instruments, the rationalized tax contributing to least distortion to the market while being revenue positive.

## **MEDIUM-TERM AND LONG-TERM STRATEGY**

Your Company will look forward to augment product offerings after seeking necessary regulatory approval by enabling options trading in multiple commodities as well as trading in indices and exotic derivative products such as weather derivatives. It will also work towards developing deliverable contracts based on market feedback.

Your Company looks forward to regulatory permission for the participation of institutional players such as Mutual Funds, Portfolio Managers etc. in commodity derivatives that should provide much desired liquidity to the existing markets. On evolving regulatory developments, your Company will explore opportunities in commodity eco system including building and developing spot trading platforms for commodities such as gold, natural gas and others. Further, as a part of your Company's commitment toward financial literacy in commodity derivatives, it endeavours to reach out to a larger number of market participants and develop a healthy ecosystem of stakeholders.

Your Company will keep on with its research activities for the development of new products taking into account/considering the emerging policy and regulatory developments/scenarios in an effort to enhance value proposition to stakeholders.

## **STAKEHOLDER ENGAGEMENTS**

MCX participates in various conferences organized by trade bodies, stakeholders' associations for spreading awareness and as a forum for policy advocacy. During 2017-18, some of the major conferences in which the Company has participated include the WFE-IOMA Conference, International Futures Industry Conference by FIA, Annual FIA Asia Derivatives Conference, FIA Expo, IOSCO Annual Conference, etc.

MCX enters into tie-ups with industry associations to jointly engage with them for educating the associations' members and other relevant stakeholders on the use and benefits of commodity derivatives. During 2017-18, some of the industry associations with which your Company entered into such tie-ups include Northern India Textiles Mills' Association (NITMA), Confederation of Indian Textile Industry (CITI), Indian Institute for Materials Management (IIMM), etc.

The second MCX Awards was organized on May 04, 2018 to bring together various participants of the commodity derivatives industry and celebrate their achievements. Ernst and Young LLP was the official tabulator for the Awards. MCX Awards 2018 were given under seven categories like 'Fulcrums of the Commodity Derivatives Market', 'Pillars of the Commodity Derivatives Market', 'Connectors of the Commodity Derivatives Market', 'Enablers of the Commodity Derivatives Market', 'Integrators of the Commodity Derivatives Market', 'First Foot Forward on Evolving Regulatory Developments' and 'Torchbearers of Commodity Derivatives Market'.

Your Company also undertook various initiatives for knowledge sharing with global exchanges and regulators. Senior management of the Exchange visited global exchanges such as CME and LME and regulators like CFTC during the year. Further, the Exchange also welcomed international delegations comprising of senior government and business officials from Nepal and Thailand who visited MCX to acquire knowledge about market structures, products, processes and various regulatory aspects connected to commodity derivatives.

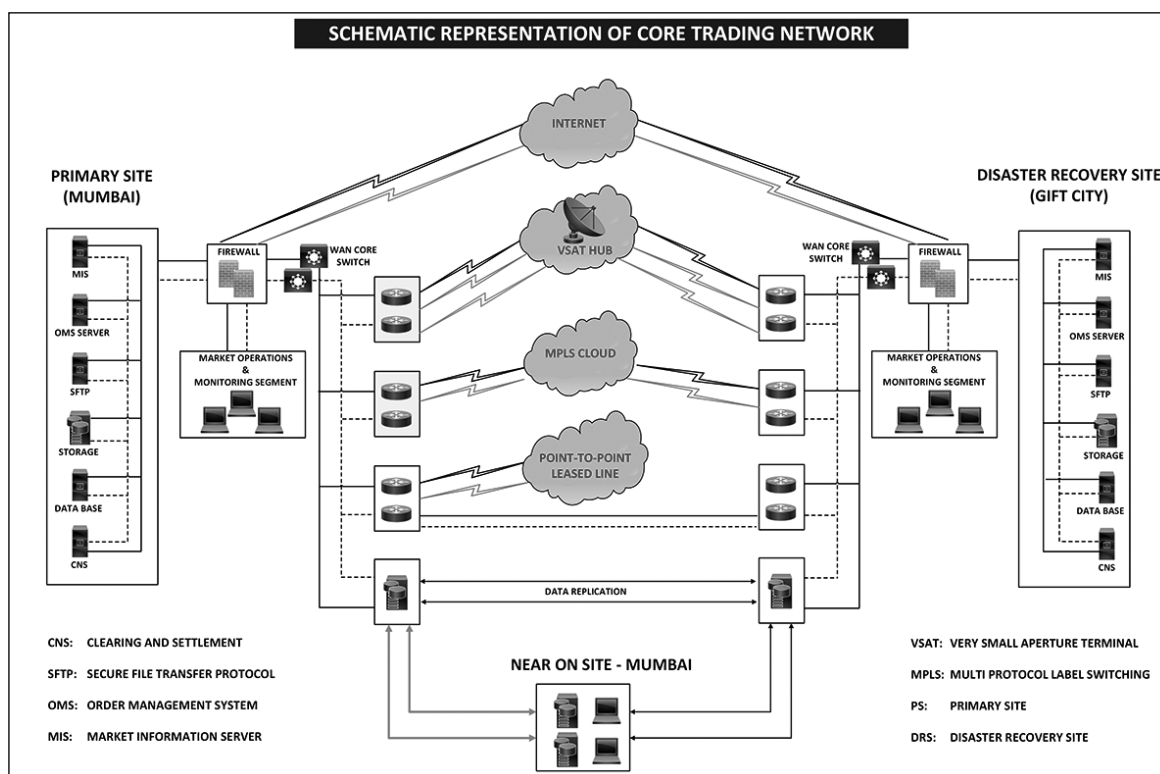
## **ROLE OF TECHNOLOGY**

Technology has been the backbone of the Company's business, and the Exchange's consistent efforts to upgrade and enhance its technology systems, has helped it to stay ahead of time in the dynamic commodity business. With continuous contribution from client experience and to enhance member satisfaction, our focus is towards technical enhancements with cost effective options on technology platforms. The Company strives to provide best-in-class technology to the members of the Exchange with innovation and cutting-edge technology in order to enhance user access and participation. In the previous year, MCX has spent towards providing robust trading technology with lower latency, higher capacity and better operational experience for trading, surveillance, seamless clearing & settlement processes. The upgraded technology platform (MCX Enhanced Exchange Trading System – MEETS) with its scalable architecture is capable of adapting to innovations and new market solutions.

A well-designed new platform along with a structured technology road map ensures reliability, integrity and security in addition to scalability. Exchange has always focused on developing, implementing and maintaining enhanced functionalities required by its members, while ensuring that such technology is not vulnerable to security and operational risks. The upgraded version of the Exchange's system has enabled it to handle even the peak volumes with ease and better efficiency. At present, it has a handling capacity of 90,000,000 transactions (Orders and Trades put together) per day, which is well above the record volumes witnessed by the Exchange till date.

The Company's technological infrastructure is built on the next generation technology mechanism, which can cater to all market participants by virtue of being fast, secure, cost effective, transparent and regulated. This has enabled the Exchange to attain and retain its members' confidence and market leadership position on a consistent basis. The Exchange's online trading platform is accessible to the Members through trader workstations (TWS) or computer-to-computer links (CTCL), over a Point to Point and MPLS leased lines, satellite data connections (VSATs), and the Internet, through secure Virtual Private Networks (VPN) with two factor authentication (2FA). The Exchange always strive to provide better connectivity

options at cost effective solution. Exchange has provided option of higher bandwidth connectivity to its members over point to point and MPLS leased lines. The Schematic representation of our Core Trading Network is depicted below:



Exchange has adopted a multi-level defence-in-depth security strategy at its facilities. The Company is committed to provide continuous delivery of their services through an effective and efficient response to unforeseen disruptions while ensuring security of all employees and critical assets. The Business Continuity and Disaster Recovery site of the Exchange is located at GIFT City, Gandhinagar and Exchange carries out periodical market mock trading from its DR site to ensure the readiness in accordance with its Business Continuity Plan. Last year, Exchange has successfully carried out live trading session from DR site.

The robust technology of the Exchange enables it to adopt market safeguards through real time risk monitoring system and execution of adequate mechanisms that tracks the members' margin utilisations and mark-to-market (MTM) losses online against their deposits made available to the Company. The system automatically generates alerts and takes pre-decided actions which provides flexibility to Exchange users and trading members to manage and control the risks, monitoring and surveillance.

## MEMBERSHIP

As on March 31, 2018, the Company has national reach with 683 members, having 52,497 Authorised Persons, operating through 1,280,431 terminals including Computer to Computer Link (CTCL), Internet Based Trading and Wireless Trading across 1,194 cities/towns in India.

## SETTLEMENT RISK MANAGEMENT

The Company uses market safeguards and risk management techniques to ensure that its members meet their financial obligations promptly and Exchange is protected from undesirable events. Some of the risk management mechanisms are listed below:

### Minimum net worth requirements:

The Exchange necessitates all its members to have a certain minimum net worth. Members are required to confirm their net worth on an annual basis, which enables the Company to monitor and ensure their financial strength.

**Margin Requirements:**

To mitigate risks associated with daily price movements in commodities, the Exchange imposes margins. The Company necessitates members to pay a security deposit at the time of registration, which serves as the initial deposit. Members are required to place collateral deposits to avail margin limits. The initial margin requirement is computed using SPAN™, which is a portfolio-based margining system used under license from CME, to identify the overall risk in a portfolio of contracts for each client of a member. The margins are applicable at the client-level and grossed up at the member-level. Further, once a member's margin utilisation breaches the eligible deposits available with the Exchange, the system automatically shifts such member to square-off mode, where no order that can create any fresh position is accepted by the system. The system only allows order(s) which can reduce or liquidate the member's outstanding position. This is monitored online on a real time basis by the system.

**Mark-to Market (MTM) loss Monitoring:**

The trading system of the Exchange tracks losses incurred by a member on a real-time basis by comparing the difference between the contracted price/previous settlement price and the last trade price on the market. Alerts are transmitted to a member whenever the member's MTM loss amounts exceed certain percentages of the MTM limit.

**Insurance Coverage:**

To minimise operational risks, the Exchange advises its members to avail Indemnity Insurance Policy. The policy provides indemnity in respect of members' erroneous transactions, forgery, dishonesty of employees, computer crimes, electronic transmissions and electronic securities.

**Warehousing:**

Warehousing is a key element in instrumenting all the physical deliveries happening on exchange platform. MCX delivery centres were present in 6 states spanning over 17 locations with 35 warehouses/vaults. Of all the Agriculture and Non-Agriculture commodities being traded on MCX, physical deliveries in five Agriculture commodities i.e. Mentha Oil, Castor Seed, Cotton Bales, Black Pepper & Cardamom and in two Non-Agriculture commodities i.e. Gold and Silver, have been observed in past. MCX handles all these physical deliveries through its logistics arms being Exchange accredited warehouse service providers or better called WSP's. These WSP's are empanelled with MCX on the basis of SEBI's criteria and guidelines. All these WSP's are national level warehousing service providers and operated Pan India. These WSP's operate as per warehousing policy/guidelines laid down by MCX & Regulator (SEBI/Warehousing Development & Regulatory Authority (WDRA)). Exchange has done due-diligence for risk assessment/mitigation.

All the warehouses meant for storage of Agriculture & Agriculture processed commodities are accredited by WDRA, which is the apex regulatory body for Agriculture warehouses in India. MCX also appoints assaying agencies which assays all the incoming material which gets delivered on Exchange platform and ensures that it meets Exchange prescribed specifications.

Key responsibility of WSP includes; ensuring proper inward of commodity from the depositor, management of quality & quantity during storage and delivery to client as per simplified operating procedure defined for Exchange operations. The WSP hold accountability of any quality or quantity loss at the time of lifting goods from Exchange accredited warehouses. In case of any losses to stock arising due to natural calamity or incidents like theft, fire etc., such losses are settled with the owner of stock by the WSP's through their insurance policy. Daily monitoring of the Financial Security Deposits (FSD) vis-à-vis the value of the commodities stored in the warehouses of WSP is done so as to ensure that the minimum stipulated FSD are always maintained with the Exchange in addition to the security deposit.

In case of Non-Agriculture commodity, delivery happens mostly in Bullions i.e. Silver and Gold. MCX has appointed Vaults Service Providers to handle the physical delivery of bullions. All these stocks are insured by the service provider and likewise in case of Agriculture WSP's, these vaults service providers are accountable for any quantity related risk of these commodities.

MCX has launched a web based application "ComRIS" (Commodity Receipts Information System) in order to maintain electronic record of commodities deposited at the Exchange accredited warehouses and ensure flow of real time information from the warehouse. There are regular periodic stock reports including daily stock report, stock valuations and insurance updates, Warehouse Utilization report, current stock holder report etc. Apart from this, warehouse inspection team conducts periodic Stock/Operational Audit (through internal staff & Independent Audit agencies), Risk Based Audit & Quality Audit as per need. Further, WSPs are also mandated to conduct Stock/Operational Audit through WSP Internal Team as well as Independent Audit agencies.

## RISKS AND CONCERNS

Your Company's business performance and financial position depends on various factors, of which the following are of particular importance:

### a. **Falling prices yielding declining contract values:**

As the Exchange's transaction fee is calculated on the basis of the value of commodity futures contracts traded on the Exchange, the volume and value of contracts traded on it have a direct impact on the Company's revenues. The trading volumes and value of contracts are affected by external factors including commodity-specific events and factors such as the construction of new production facilities or processes, new uses or discontinuance of historical uses, mine/plant closures, adoption of new technology by the commodity-specific industry, weather, natural disasters, etc. trade policies and regulations; and geopolitical events involving governments or economic paradigms; all affecting level of production and consumption of commodities.

### b. **Falling yield on Treasury Income:**

Treasury income comprises of Dividend Income, Interest Income, Gain/Loss on sale of investments and on account of fair valuation of financial assets at each balance sheet date. The fair valuation is impacted by the movement in interest rates, which have witnessed high volatility during the current financial year. The rise in interest rates results in Mark to Market losses which can be substantial in instruments which have longer duration. Your Company has investments in Long Term Tax free bonds and in certain long duration Mutual Fund schemes. The Company's endeavor is to reduce the overall duration in the portfolio to minimise fluctuations in treasury income on a quarterly basis.

### c. **Technology: cutting edge and vulnerability:**

One of the most significant enablers for the Company to experience high inclusive growth has been its technology. The innovation in products and processes, which has made the Company an undisputed leader in the industry has been made possible by use and deployment of state-of-the-art technology. The successful operations of your Company's business and operating results are dependent in part on the use and deployment of technology. However, technology is susceptible to obsolescence, and increasingly, to cyber-attacks from across the globe. To continue to be the 'exchange of choice' to its stakeholders, your Company needs to be at the cutting edge of technological infrastructure and connectivity, meeting the ever-evolving demands of its stakeholders with safe and multiple choices of connectivity as per the participant needs. Thus, maintenance of such technology is the highest priority for Company business. On the other hand, the Company expects that advancements in technology, technological infrastructure and connectivity options will enable it to provide more efficient trade execution services, and increase its economies of scale. This is expected to have a positive impact on its revenues.

Your Company sources its core trading software platform from third party vendor and does not own intellectual property rights of the said software. In case the third party vendor is unable to provide services, it may have some impact on technology operations and technology enhancements required, if any.

### d. **Macro-economic Trends:**

India's commodity derivatives market is impacted by both the domestic and the global economic conditions. Thus, as a part of the Indian commodity derivatives market, the results of your Company's operations are significantly impacted by these economic conditions. Events such as the country's industrial growth, global financial crisis, recession, regional economic disintegration, inflation, etc. influence the commodity fundamentals and hence the market. The demand and supply of commodities is driven by the growth in the economy, which in turn affects the overall volume of commodities being traded in India. Generally, an increase in demand for commodities along with increased price volatility has a positive impact on your Company's operational results. The Company constantly monitors emerging economic trends, and realigns its business strategy, as and when required.

### e. **Imposition or enhancement of statutory costs:**

The imposition of Commodity Transaction Tax (CTT) on the sale of non-agricultural commodity futures contracts led to a steep decline in the volumes traded on your Company's trading platform, as compared to the volumes seen in pre-CTT period. Any new tax or increase in a tax like CTT or a new statutory levy may, likewise, dampen volumes, thereby impacting your Company's profitability.

**f. Enhanced pressure from competition:**

SEBI has approved a proposal to permit trading of commodity derivatives and other segments of securities market on a single exchange, by making suitable amendments to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations, 2012 (SECC Regulations). Such amendments would be effective from October 1, 2018. This is likely to bring competition from NSE/BSE in the equity/commodity market and a potential area of risk to your Company. Your Company tries to mitigate the impact of competition by continuously improving its products, technology and processes; introducing new products; and having a customer-focused approach endeavouring to be a platform of choice for participants and enhancing the products besides connecting with various market participants.

**g. Adverse regulatory and policy decisions:**

All aspects of your Company's operations are subject to regulatory oversights. Changes in laws, regulations, taxation etc., or new rules, regulations or policies may necessitate the Company to allocate more resources for compliance. This may impede the Company's ability to operate and grow its business or may affect the economic prospects for market intermediation. Some policies or regulations may also have adverse repercussions on the Exchange's business. For example, the fall in volumes in the bullion segment during the year 2017-18 is attributed largely to tepid business in the underlying gold physical market following demonetization, uncertainties following initiation of the GST regime, etc.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Board has put in place various internal controls to be followed by your Company to ensure that the internal control mechanisms are adequate and effective. The Board has also put in place state-of-the-art technology and has automated most of the key areas of operations and processes, to minimize human intervention.

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

The operational processes are adequately documented with comprehensive and well defined Standard Operating Procedures which, also include the financial controls in the form of maker and checker being with separate individuals.

The Board has approved a scheme of financial sub-delegation to officials of your Company for incurring expenses. The Board with a view to ensure transparency, has also formulated various policies and has put in place appropriate internal controls for the procurement of services, materials, fixed assets, monitoring income streams, investments and financial accounting.

Internal control measures includes adherence to systemic controls, information security controls as well as role based/need based access controls. Further, the existing systems and controls are periodically reviewed for change management in the situations of introduction of new processes/change in processes, change in the systems, change in personnel handling the activities, etc.

The Audit Committee of the Company periodically reviews and recommends the unaudited quarterly financial statements and also the annual audited financial statements to the Board for approval.

Your Company has appointed a firm of Chartered Accountants to conduct independent financial and operational internal audit in accordance with the scope as defined by the Audit Committee. The reports from the Internal Auditors are reviewed by the Audit Committee on periodic basis and the Internal Auditor have been advised to issue flash reports, if required.

Further, all related party transactions are placed before the Audit Committee and are approved/ratified by it after deliberations.

**MATERIAL DEVELOPMENTS IN HUMAN RESOURCES**

As on March 31, 2018, your Company employed 413 employees. Your Company continues to attract, retain and nurture talented workforce in its endeavour to be an employer of choice.

Cultural integration being the integral part of management philosophy, the Exchange launched multiple employee initiatives during the year. The primary focus was on delivering a premium employee experience and building organisational capabilities.

Premium Employee experience was actualized by the launch of MERIT & Long Service Awards to recognize the contribution & value add of deserving employees.

Structured 'Internal Job Posting' platform was enabled to provide an opportunity to aspiring and deserving employees to be considered for lateral & hierarchical career growth within the organization.

The Exchange continues to drive its Management Trainee programme to partner with select institutes in recruiting fresh talent to provide major boost to qualitative aspects of its workforce.

**New HR Portal called 'HR-Connect'**, was commissioned for enhanced transparency in Employee Lifecycle Management and Performance Evaluation Systems enabling employees to receive timely feedback, chalkout personal development plan, identify training needs and decide on suitably rewarding deserving employees.

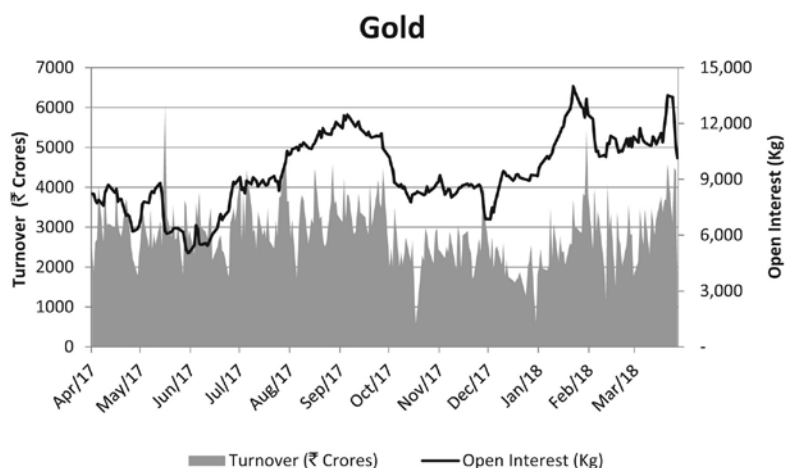
### CAUTIONARY STATEMENT

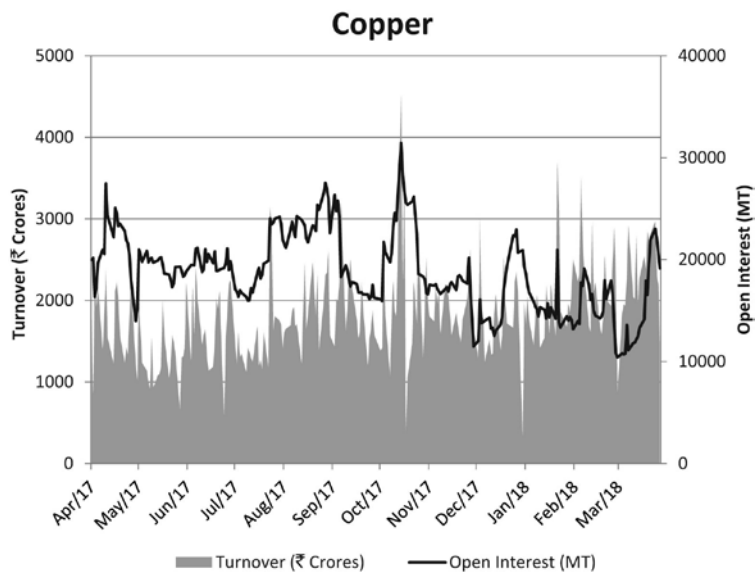
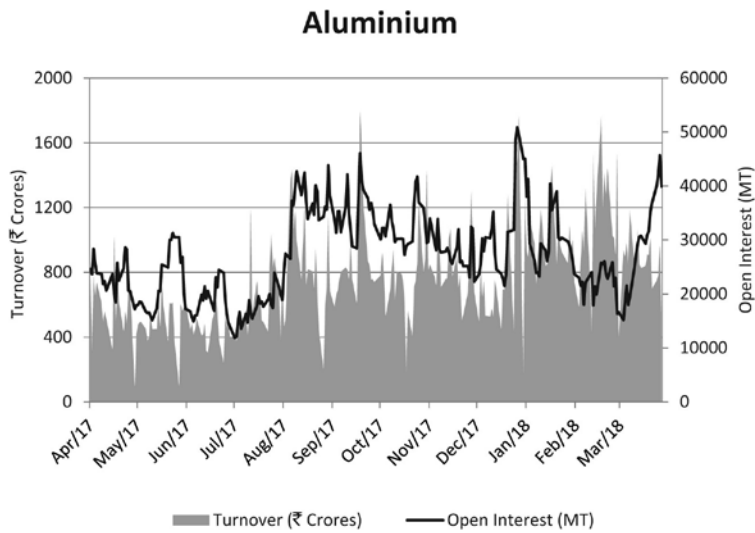
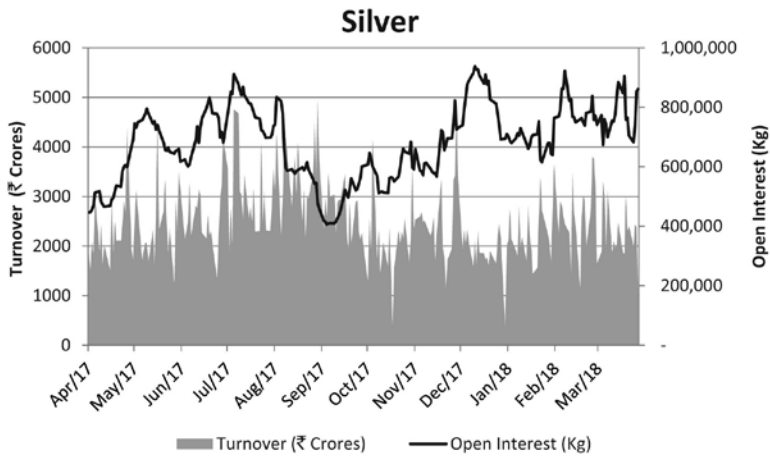
In this Annual Report we have disclosed some future developments expected to take place soon so that investors can better understand the Company's future prospects and make informed decisions while interacting with the Exchange. This Annual Report and other written and oral statements that we make from time to time may contain such forward looking statements that set out anticipated results based on management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words and terms of similar substance in connection with any discussion on future operations or financial performance. We cannot guarantee that any forward-looking statement will be realised, although, we believe, we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should 'known' or 'unknown' risks or uncertainties materialise, or should the underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## ANNEXURE - I

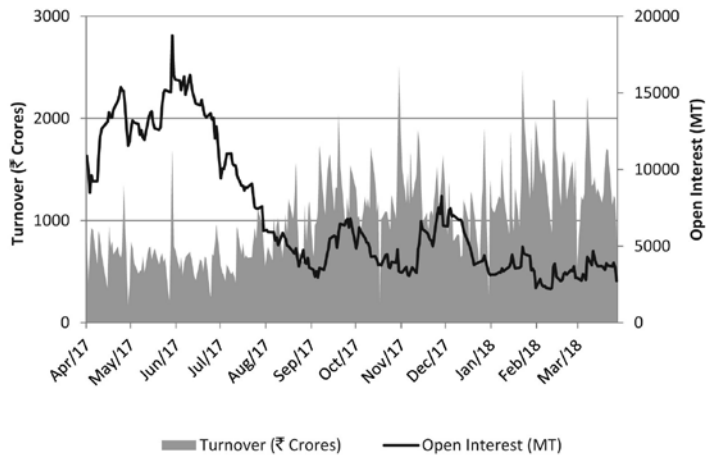
### Turnover and Open Interest of Commodity Futures Contracts Traded on MCX in 2017-18

(All variants of each commodity combined)

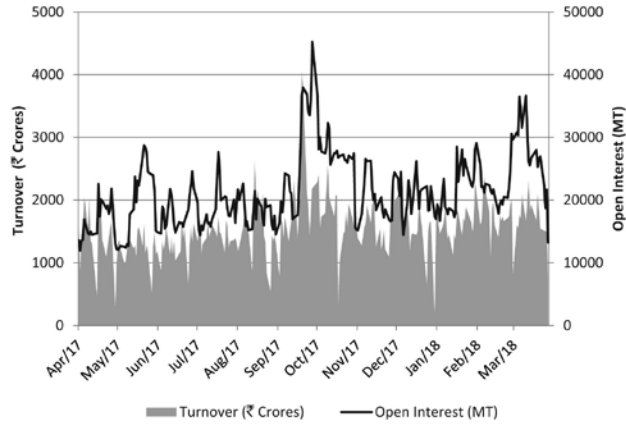




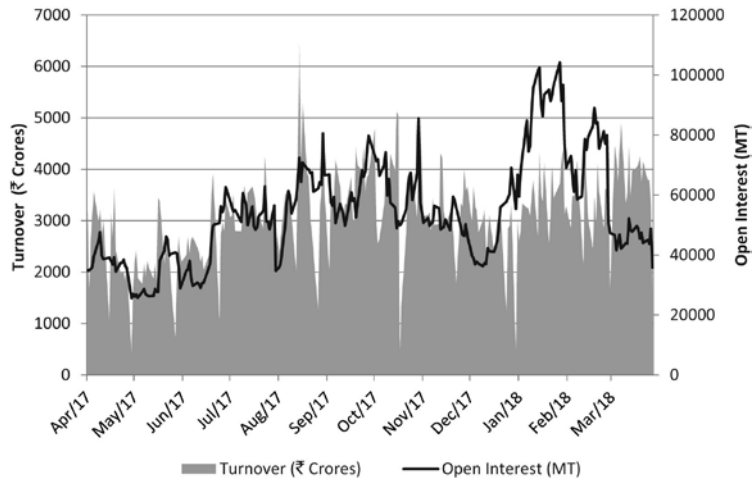
### Nickel



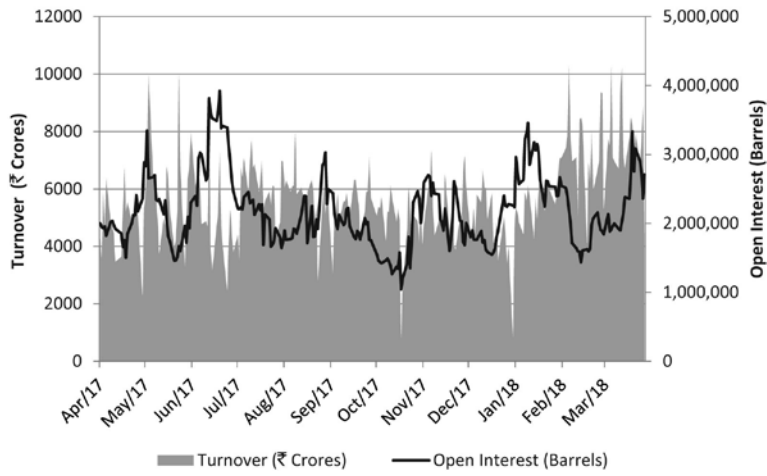
### Lead



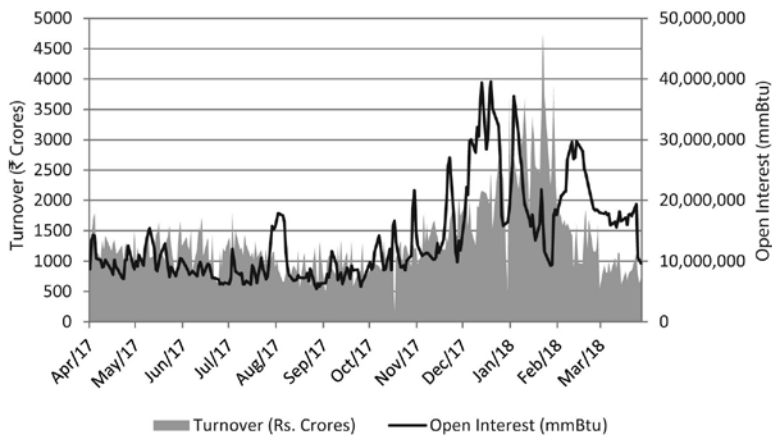
### Zinc



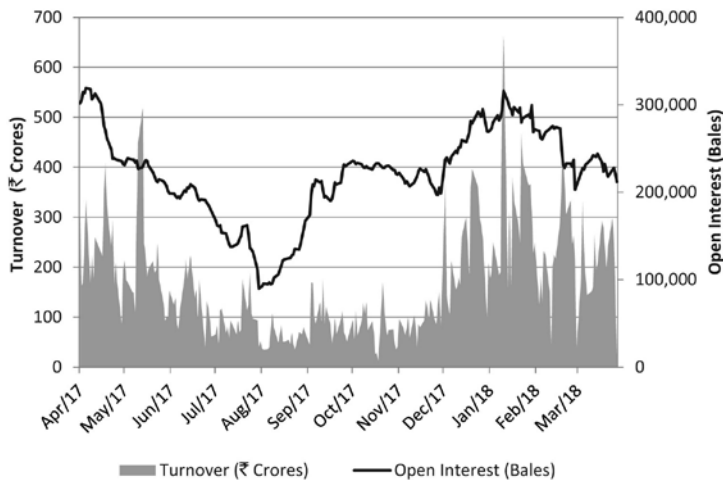
### Crude Oil



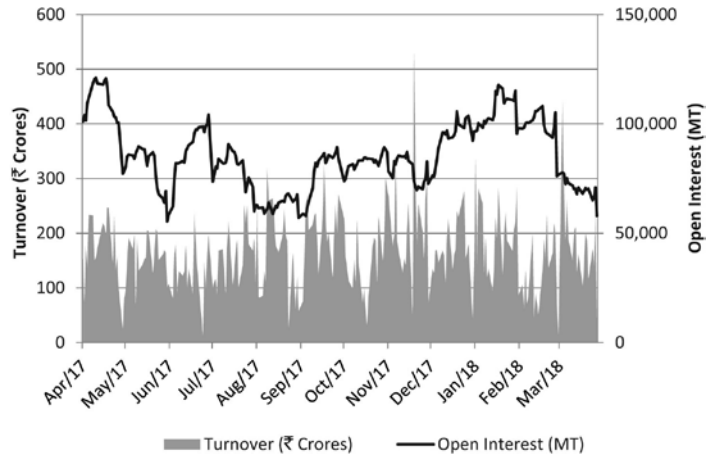
### Natural Gas



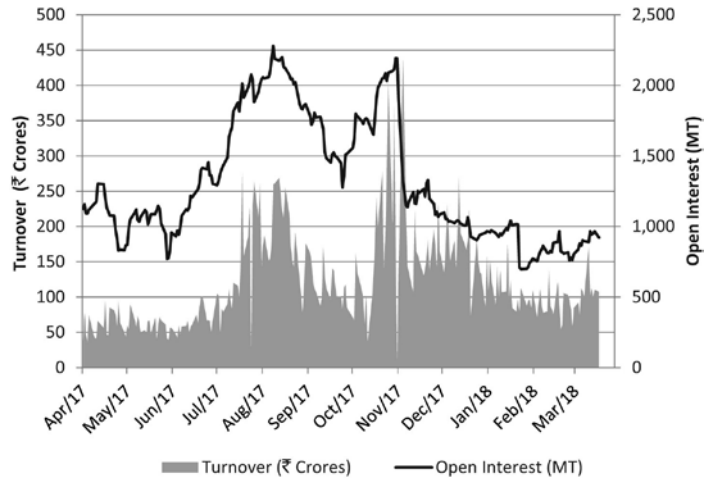
### Cotton



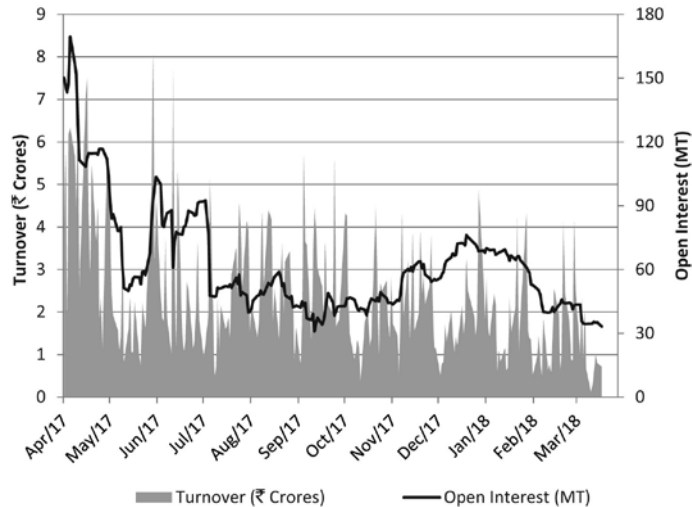
### Crude Palm Oil (CPO)



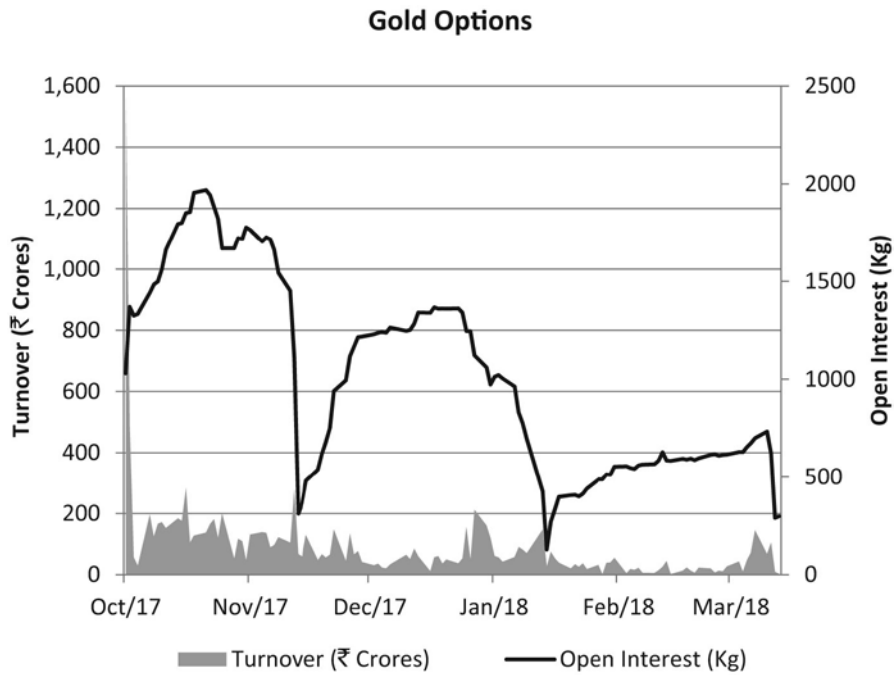
### Mentha oil



### Cardamom



**Turnover and Open Interest of Gold Options Contracts Traded on MCX in 2017-18**



\*MCX Gold options was launched on 17th Oct, 2017

## CORPORATE GOVERNANCE REPORT

Corporate Governance is about commitment to values, ethical business conduct and transparency. We, at Multi Commodity Exchange of India Limited (hereinafter referred to as 'the Company' or 'Your Company' or 'MCX'), have exhibited our commitment by making good governance an integral part of our business culture.

The Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'the SEBI Listing Regulations'), as applicable, with regard to Corporate Governance. The detailed report on Corporate Governance for the Financial Year (FY) 2017-18 demonstrating the Company's accountability to its stakeholders is set out hereunder:

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Transparency, integrity, comprehensive disclosures, professionalism and structured accountability are the cornerstones of your Company's value system. Our actions are governed by these values and principles, which are reinforced at all levels within the Company. These principles, along with fair and transparent disclosures, guide your Company's Management to serve and protect long-term interests of all its stakeholders, including shareholders, customers, employees, farmers, members of the Exchange and the communities in which it operates. This philosophy of the Company has been further strengthened with the adoption of the MCX Code of Conduct for Board of Directors and Senior Management of the Company, MCX Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

### 2. BOARD OF DIRECTORS:

#### (A) Composition of the Board:

The Company's Board has an optimum combination of Executive and Non-Executive Directors with 2 (two) Women Directors, all being expert professionals having experience in diverse areas such as management, technical, finance and legal.

As on March 31, 2018, the Board comprised 13 (thirteen) members, of which 7 (seven) were Public Interest Directors (i.e. Independent Directors), 5 (five) Shareholder Directors and the Managing Director and Chief Executive Officer (MD&CEO). Except Mr. Mrugank Paranjape who is an Executive Director, others including the Chairman are Non-Executive Directors.

The tenure of Ms. Pravin Tripathi as an Independent Director on the Board of MCX completed w.e.f. close of business hours on August 11, 2017. To fill up the vacancy caused due to completion of her tenure, Mr. Shankar Aggarwal was nominated by SEBI, on the recommendation of the Board of Directors of MCX, to be appointed as an Independent Director. His appointment was effective October 01, 2017. Mr. Parveen Kumar Singhal ceased to be a Shareholder Director and the President & Whole Time Director consequent to the expiry of his tenure w.e.f. the close of business hours on October 13, 2017.

The Company has complied with the provisions of Securities Contracts (Regulation) Act, 1956 and the regulations, rules, guidelines etc. made thereunder. Provisions with respect to composition of the Board of Directors as prescribed in the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (hereinafter referred to as 'the SECC Regulations, 2012') and the Procedural Norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations (hereinafter referred to as 'the SEBI Procedural Norms') issued by SEBI have also been complied with.

Further, in compliance with the requirement of Regulation 17(1)(b) of the SEBI Listing Regulations, more than one-third of the Board members are Independent Directors with a Non-Executive Director, Mr. Saurabh Chandra, as the Chairman of the Board.

The Board's composition and in respect of each Director, the nature of directorship, the number of meetings attended during the year, directorship(s) in other companies, chairmanship(s) and membership(s) of Committees of the Board in other companies are given below:

Sr. No.	Name and DIN of the Director	Nature of Directorship	Board Meetings		Attendance at the last AGM held on August 22, 2017	Directorship(s) in other companies (*) as on March 31, 2018	Chairmanship(s) and Membership(s) of Board Committees in other Companies (**) as on March 31, 2018	
			Held <sup>#</sup>	Attended			Chairman	Member
1.	Mr. Saurabh Chandra (DIN: 02726077)	Chairman, Non-Executive, Independent	8	8	Yes	2	0	1
2.	Mr. Amit Goela <sup>1</sup> (DIN: 01754804)	Non-Executive, Non-Independent	8	7	Yes	7	0	0
3.	Mr. Arun Bhargava (DIN: 02375147)	Non-Executive, Independent	8	8	Yes	0	0	0
4.	Mr. Arun Kumar Nanda (DIN: 00010029)	Non-Executive, Independent	8	8	Yes	6	2	0
5.	Mr. Chengalath Jayaram (DIN: 00012214)	Non-Executive, Non-Independent	8	8	Yes	5	0	2
6.	Mr. Hemang Raja (DIN: 00040769)	Non-Executive, Non-Independent	8	8	Yes	2	1	1
7.	Dr. M. Govinda Rao (DIN: 01982343)	Non-Executive, Independent	8	8	Yes	0	0	0
8.	Ms. Madhu Vadera Jayakumar (DIN: 00016921)	Non-Executive, Non-Independent	8	6	Yes	3	0	2
9.	Ms. Padma Raghunathan <sup>2</sup> (DIN: 07248423)	Non-Executive, Non-Independent	8	5	No	0	0	0
10.	Mr. Prithvi Haldea (DIN: 00001220)	Non-Executive, Independent	8	8	Yes	7	1	2
11.	Mr. Shankar Aggarwal <sup>3</sup> (DIN: 02116442)	Non-Executive, Independent	4	4	N.A.	4	1	0
12.	Mr. Subrata Kumar Mitra (DIN: 00029961)	Non-Executive, Independent	8	8	Yes	3	1	2
13.	Mr. Mrugank Paranjape (DIN: 02162026)	Executive, Non-Independent	8	8	Yes	1	0	0
14.	Ms. Pravin Tripathi <sup>3</sup> (DIN: 06913463)	Non-Executive, Independent	3	3	N.A.	N.A.	N.A.	N.A.
15.	Mr. Parveen Kumar Singhal <sup>4</sup> (DIN: 01237602)	Executive, Non-Independent	5	5	Yes	N.A.	N.A.	N.A.

**Note:** There are no inter-se relationships between the Board Members

# No. of meetings held during the tenure of the Director on the Board.

\* Excludes directorship(s) in foreign companies and partnerships in LLPs.

\*\* Only Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies have been considered.

The number of Directorships, Committee Membership(s)/Chairmanship(s) of all Directors is within respective limits prescribed under the Companies Act, 2013 and the SEBI Listing Regulations.

<sup>1</sup> Mr. Amit Goela was liable to retire by rotation at the 15th Annual General Meeting (AGM) of the Company held on August 22, 2017 and being eligible, offered himself for re-appointment. The resolution of his re-appointment was passed by requisite majority.

<sup>2</sup> Ms. Padma Raghunathan was liable to retire by rotation at the 15th Annual General Meeting (AGM) of the Company held on August 22, 2017 and being eligible, offered herself for re-appointment. The resolution of her re-appointment was passed by requisite majority.

<sup>3</sup> In terms of SEBI approval, Mr. Shankar Aggarwal was appointed as an Independent Director on the Board of the Company w.e.f. October 01, 2017 to fill in the vacancy arising out of the completion of tenure of Ms. Pravin Tripathi w.e.f. close of business hours on August 11, 2017.

<sup>4</sup> Mr. Parveen Kumar Singhal ceased to be a Shareholder Director and the President & Whole Time Director consequent to the expiry of his tenure w.e.f. the close of business hours on October 13, 2017.

### (B) Number of Board Meetings held, the dates thereof, and the information provided to the Board:

Except in case of emergent meetings, *inter-alia*, to take care of exigencies of business, the Company gives adequate notice of meetings to the Board of Directors. The meetings held at a shorter notice were attended by adequate number of Independent Directors and were in compliance with the provisions of the Companies Act, 2013. During the Financial Year 2017-18, 8 (Eight) meetings of the Board of Directors were held and the gap between any two meetings did not exceed one hundred and twenty days. The said Board meetings were held on May 04, 2017, May 27, 2017, July 13, 2017, August 22, 2017, October 13, 2017, December 5, 2017, January 16, 2018, February 26, 2018. In certain cases, the Board's approval was taken by passing resolutions through circulation, as permitted by law, which were confirmed in the subsequent meeting of the Board of Directors.

During the year under review, the information mentioned in Part A of Schedule II of the SEBI Listing Regulations, was periodically placed before the Board for their consideration, to the extent applicable and deemed appropriate by the Management. This information was made available either as a part of the agenda papers or tabled at the Board Meeting/s.

**(C) Independent Directors:**

The Company appoints Independent Directors on the Board in accordance with the provisions of the SECC Regulations, 2012 and the Procedural Norms prescribed by SEBI in this regard. The Independent Directors have varied experience and expertise in their respective field / profession which they bring to all the deliberations. Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations. The Independent Directors are complying with the provisions relating to limit of directorships as required under Regulation 25(1) of the SEBI Listing Regulations. The Company issues a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed on the website of the Company. **The Independent Directors met once during the financial year i.e. on October 13, 2017. During their meetings, the** Independent Directors review, among other critical issues, the following:

- a) Status of compliance with SEBI letters/circulars.
- b) The functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions.
- c) The performance of non-independent directors and the Board as a whole;
- d) The performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- e) Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**(D) Familiarisation Programme for Directors:**

The Board Members are provided with the documents sought by them that enable them to have a good understanding of the Company, its operations, procedures and practices. Periodic presentations are made at the Board/Committee Meetings on business development plan and performance, risk management, technology, etc. Also, updates on relevant statutory changes and letters received from SEBI are regularly circulated to the Directors at the Board Meetings. The appointment letter issued to the Independent Directors, *inter-alia*, sets out the expectation of the Board from the Directors so appointed, their fiduciary duties and the accompanying liabilities. The Independent Directors are also apprised about their role at their separate meeting/s. Further, all Directors at the time of their appointment as well as annually affirm adherence to the Code of Conduct of the Company and Code of Ethics which, *inter-alia*, sets out their role, responsibilities, etc. The Company has conducted familiarisation programmes for the Independent Directors in order to familiarise them with the nature of the industry, operations of the company, functioning of various departments etc.

The details of familiarisation programme for Directors have been posted on the website of the Company at [https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/familiarisation-programme-for-independent-directors\\_07sept2017.pdf?sfvrsn=a0a9e890\\_2](https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/familiarisation-programme-for-independent-directors_07sept2017.pdf?sfvrsn=a0a9e890_2).

**(E) Compliance reports of applicable laws:**

The Board periodically reviews compliance reports pertaining to all laws applicable to the Company received from the heads of various departments from time to time as well as steps taken by it to rectify instances of non-compliances, if any.

**(F) Code of Conduct:**

The Company has formulated and implemented a comprehensive Code of Conduct for the Board of Directors and Senior Management of the Company which is available on the website of the Company at <https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/code-of-conduct.pdf?sfvrsn=2>. The Board Members and the Senior Management Personnel affirm compliance with the Code of Conduct at the time of their appointment and thereafter on an annual basis. The necessary declaration by the MD & CEO as required under Regulation 34(3) read with Schedule V(D) of the SEBI Listing Regulations, regarding adherence

to the Code of Conduct has been obtained for the Financial Year 2017-18 and forms part of this Annual Report. Further, all Directors and Key Management Personnel have affirmed compliance with the Code of Ethics as prescribed by SEBI. All employees of the Company also, at the time of joining, affirm compliance with the Code of Ethics of the Company.

**(G) Code of Conduct for Prevention of Insider Trading and Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information:**

The Company has adopted a Code of Conduct for Prevention of Insider Trading in accordance with requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Companies Act, 2013, with a view to regulate trading in securities by the Designated Persons of the Company.

Further, the Company has also adopted the Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information under the aforesaid SEBI Regulations for preserving the confidentiality of unpublished price sensitive information and preventing misuse of such information and also ensuring timely, fair and adequate disclosure of events and occurrences that could impact price discovery in the market for the Company's securities.

**(H) Directors' Remuneration and Shareholding:**

**i. Remuneration of the Executive Directors and their Shareholding**

The aggregate value of salary and perquisites paid/payable for the year ended March 31, 2018 and the outstanding stock options along with the shareholding as at March 31, 2018 is as below:

Particulars	Mr. Mrugank Paranjape (MD & CEO)# (Amount in INR)	Mr. Parveen Kumar Singhal (President & Whole Time Director)* (Amount in INR)
<b>Remuneration</b>		
<b>Fixed Component:</b>		
Salary and allowances	2,20,00,000.00	96,29,033.00
Monetary value of perquisites	39,600.00	21,265.00
Retiral Benefits	-	-
Reimbursement of expenses	-	-
<b>Variable Component:</b>		
Commission	-	-
<b>Bonus/ Incentive/Variable pay*</b>	<b>33,00,000.00</b>	<b>30,00,000.00</b>
<b>Total</b>	<b>2,53,39,600.00</b>	<b>1,26,50,298.00</b>
Leave Encashment	-	19,62,692.00
<b>Gross Total</b>	<b>2,53,39,600.00</b>	<b>1,46,12,990.00</b>
<b>Directors Sitting Fees for FY 2017-18</b>	-	-
<b>Outstanding Stock options (in Nos.) as at March 31, 2018**</b>	<b>NA</b>	<b>NA</b>
<b>Shareholding as at March 31, 2018 (in Nos.)</b>	-	<b>NA</b>

*Note: The above mentioned figures exclude gratuity.*

# Mr. Mrugank Paranjape was appointed as the Managing Director & CEO of the Company w.e.f. May 09, 2016. He is not entitled to any severance allowance and his employment can be terminated in accordance with the Company's policy and/or his employment contract, the notice period being 3 months. The performance criteria are covered under the Remuneration Policy of the Company which is annexed to the Directors Report as **Annexure IX**.

@ Mr. Parveen Kumar Singhal was appointed as the Joint Managing Director of the Company for a period of three years w.e.f. October 14, 2014, subsequent to the approval of the shareholders and the Forward Markets Commission. His designation was then changed to "President & Whole-Time Director". He ceased to be a Shareholder Director and the President & Whole Time Director consequent to the expiry of his tenure w.e.f. the close of business hours on October 13, 2017. He was not entitled to any severance allowance and his employment was subject to termination in accordance with the Company's policy. The performance criteria are covered under the Remuneration Policy of the Company which is annexed to the Directors Report as **Annexure IX**.

\* In terms of the provisions of the SECC Regulations, 2012 read with the SEBI Procedural Norms, 50% of the variable pay to Key Management Personnel is to be paid on deferred basis after 3 years.

\*\* In terms of the provisions of the SECC Regulations, 2012 read with the SEBI Procedural Norms, ESOPs and other equity linked instruments in the stock exchange will not form part of the compensation for the key management personnel. Accordingly, the KMPs will not be granted any ESOPs by the Company.

- ii. Remuneration paid to the Non-Executive Directors for attending the Board and Committee Meetings during the year ended March 31, 2018, outstanding stock options and their shareholding as at March 31, 2018 is as below:

Name of the Director	Gross Sitting Fees (Amount in INR)		Outstanding Stock options (in Nos.)	Shareholding in the Company as at March 31, 2018 (in Nos.)
	Board Meetings	Committee Meetings		
Mr. Saurabh Chandra	600,000	810,000	N.A.	-
Mr. Amit Goela	525,000	240,000	N.A.	100
Mr. Arun Bhargava	600,000	960,000	N.A.	-
Mr. Arun Kumar Nanda	600,000	450,000	N.A.	-
Mr. Chengalath Jayaram	600,000	720,000	N.A.	-
Mr. Hemang Raja	600,000	600,000	N.A.	-
Dr. M. Govinda Rao	600,000	360,000	N.A.	-
Ms. Madhu Vadera Jayakumar	450,000	120,000	N.A.	-
Ms. Padma Raghunathan*	375,000	60,000	N.A.	-
Ms. Pravin Tripathi	225,000	330,000	N.A.	-
Mr. Prithvi Haldea	600,000	720,000	N.A.	-
Mr. Subrata Kumar Mitra	600,000	780,000	N.A.	-
Mr. Shankar Aggarwal	300,000	360,000	N.A.	-

\* *Sitting fees of Ms. Padma Raghunathan was credited to the bank account of National Bank for Agriculture and Rural Development, the organization where she is employed, as per instructions received by the Company to this effect.*

There were no pecuniary relationships or transactions between the Non-Executive Directors and the Company during FY 2017-18, except for sitting fees paid to the Non-Executive Directors.

During FY 2017-18, the Non-Executive Directors were entitled to sitting fees of INR 75,000/- per meeting for attending the Meetings of the Board and INR 30,000/- per meeting for attending the Meetings of the Committees of the Board. The sitting fees paid to the Non-Executive Directors and/or Independent Directors is within the limits prescribed under the Companies Act, 2013.

Further, during FY 2017-18, few Board Committees have co-opted independent outside experts as mandatorily prescribed by the Regulator and/or to the extent it was considered appropriate to assist functions. The outside experts were entitled to sitting fees of INR 30,000/- per meeting for attending the Committee Meetings.

The criteria of making payments to Non-Executive Directors is available on the website of the Company at [https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/criteria\\_of\\_making\\_payments\\_to\\_non-executive\\_directors.pdf?sfvrsn=2](https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/criteria_of_making_payments_to_non-executive_directors.pdf?sfvrsn=2).

### 3. BOARD COMMITTEES:

The Board has constituted various Committees to take informed decisions in the best interest of the Company. Such Committees are constituted in accordance with the provisions of the Companies Act, 2013, the SEBI Listing Regulations and the SEBI Procedural Norms read with the SECC Regulations, 2012, as applicable, in order to ensure effective oversight on the functioning of Exchange and to facilitate cohesive decision making.

The committees monitor the activities falling within their terms of reference. During the year, the committees were reconstituted, wherever required, *inter-alia*, to provide for appropriate representation of the members of the Board in terms of the regulatory requirements and to ensure smooth functioning.

The Chairman of the Board/Chairman of the respective Committees, in consultation with the Company Secretary and the MD & CEO, determine the schedule for the Committee Meetings. The minutes of all the Committee Meetings are placed at the respective subsequent Meetings and also before the Board for its noting. The recommendations of Committees are submitted to the Board for approval, wherever required.

The details w.r.t. composition, terms of reference, meetings and attendance for Audit Committee, Nomination and Remuneration Committee and the Stakeholders' Relationship Committee are given below:

**i. Audit Committee:**

The Audit Committee plays a vital role in ensuring high level of governance standards by overseeing, monitoring and advising the Company's management and auditors in conducting audits and preparation of financial statements.

**(A) Terms of Reference:**

The terms of reference of the Audit Committee shall, *inter-alia*, include:

1. Recommendation for appointment, remuneration and terms of appointment of Auditors of the company;
2. Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
3. Examination of the Financial Statement and the Auditors' Report thereon;
4. Approval or any subsequent modification of transactions of the Company with related parties;
5. Scrutiny of inter-corporate loans and investments;
6. Valuation of undertakings or assets of the Company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters.

**(B) Powers of the Committee:**

The Audit Committee shall have following powers:

1. To investigate any activity/matter within its terms of reference and have full access to information contained in the records of the company;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice;
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**(C) Role of the Committee:**

The role of the Audit Committee shall, *inter-alia*, include the following:

1. Review and discuss with the Management, the Statutory Auditor and the Internal Auditor, the Annual Audited Financial Statements (including the related notes) and Quarterly Audited/Unaudited Financial Statements, including the form of audit opinion to be issued by the auditors on the financial statements before submission to the Board, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - b) Changes, if any, in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by Management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions;
  - g) Qualifications/modified opinion(s) in the draft audit report.
2. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements depict transparent, correct, sufficient and credible information about the Company's performance;
3. Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
4. Review and discuss with Management and the Statutory Auditors all releases, including the type of information to be included and its presentation, to ensure all compliances with the Corporate policies;
5. Formulating, implementing and monitoring of the budget for the forthcoming year and monitoring on a quarterly basis;

6. Reviewing and discussing with the Management the reasons for the significant variance noticed between the budgeted and actual performance;
7. Recommendation for appointment, remuneration and terms of appointment of Auditors;
8. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
9. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee;
10. Reviewing of the Internal Audit Report and action taken thereon;
11. Reviewing the adequacy of internal audit function, including the scope of Audit, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the officials heading the Department, reporting structure, coverage and frequency of internal audit;
12. To discuss and deliberate with the Internal Auditors on the significant findings and follow-up thereon;
13. Reviewing with the Management, the performance of Statutory and Internal Auditors, the adequacy of internal control systems;
14. Reviewing the findings of any internal investigations by the Internal Auditors into the 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;
15. Consider and review the following with the Management, Internal Auditor and the Statutory Auditor:
  - a) Significant findings during the year/period, including the status of action taken report and recommendations of previous audit;
  - b) Any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles;
  - c) Effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements;
  - d) Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information, and Management's response;
  - e) Any significant disagreements between Management and the Statutory Auditor; and
  - f) Any changes required in the planned scope of the internal audit plan.
16. The adequacy and effectiveness of internal controls, including any significant deficiencies or material weaknesses in the framework or operation of, and any material changes in, the Company's internal controls and any special audit steps adopted in light of any material control deficiencies, and any fraud involving Management or other employees with a significant role in such internal controls;
17. Evaluate the qualifications and Matters of emphasis as highlighted by the Auditors;
18. To review and monitor the Auditor's independence and performance, and effectiveness of audit process;
19. To review and discuss with the Management on the Letter of Representation issued by the Auditors from time to time;
20. Discussion with Statutory Auditors before the commencement of audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
21. 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;
22. Review with the Auditor on the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources;
23. Consider and pre-approve all audit and other necessary non-audit services to be provided by the auditors within the permissible regulatory ambit, and establish policies and procedures for the Committee's pre-approval of permitted services by the Company's Statutory Auditors on an ongoing basis;
24. Review and pre-approve/ratify all related party transactions of the Company including subsequent modification of transactions of the Company with related parties. For this purpose, the committee may, if required, designate one of its members who shall be responsible for pre-approving related party transactions;

25. To review, discuss and deliberate on the details of material transactions with related parties or others, which are not on arm's length basis and seek justification from the Management for the same;
26. To assess and review the details and basis of material transactions with related parties which are not in the normal course of business;
27. To approve appointment of the Chief Financial Officer (CFO) (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
28. Reviewing the functioning and compliances as regards the Company's Whistle Blower Policy/mechanism;
29. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
30. Reviewing the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including recommending disciplinary action) of any instances of non-compliance;
31. Reviewing the findings of any examinations by regulatory agencies and any Auditor observations;
32. Provide an open avenue of communication between the Statutory Auditor, Internal Auditor and the Board;
33. Oversee compliance with the requirements of Securities and Exchange Board of India (SEBI), and the applicable regulations as the case may be, for disclosure of Auditors' services and Audit Committee members, member qualifications and activities;
34. Review, in conjunction with Management and the Statutory Auditor, if required, any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies. Similarly, review, in conjunction with the counsel/legal dept., any legal matters that could have a significant impact on the Company's financial statements or the Company's compliance procedures;
35. As appropriate, engage independent counsel or other advisors as it deems necessary or appropriate to carry out its duties. The committee shall set the compensation, and oversee the work of, any independent counsel or other advisors retained by it. The Company will provide appropriate funding, as determined by the committee, to pay the independent auditor, any other accounting firm, any independent counsel and any other outside advisors hired by the Committee and any administrative expenses of the Committee that are necessary or appropriate in carrying out its activities;
36. Establish procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees, of concerns regarding questionable accounting or auditing matters;
37. Report periodically to the Board on significant results of the foregoing activities;
38. Carry out additional functions as may be delegated by the Board or contained in the listing agreement or other regulatory requirements applicable to the Company or as mentioned in the terms of reference of the Audit Committee.

**(D) Review of information by Audit Committee:**

The audit committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
3. Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

6. Statement of deviations:

- (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(E) Composition, meetings and attendance during the year:**

During the Financial Year 2017-18, 6 (six) Audit Committee Meetings were held and the gap between any two meetings did not exceed one hundred and twenty days. The said meetings were held on May 04, 2017, May 27, 2017, July 13, 2017, October 13, 2017, January 16, 2018 and February 26, 2018. The constitution and the number of meetings attended by the members are as under:

Members *	Category	Meetings held#	Meetings attended
Mr. Subrata Kumar Mitra (Chairman)	Non-Executive, Independent	6	6
Mr. Arun Bhargava	Non-Executive, Independent	6	6
Mr. Chengalath Jayaram	Non-Executive, Non-Independent	6	6
Mr. Shankar Aggarwal	Non-Executive, Independent	2	2
Ms. Pravin Tripathi	Non-Executive, Independent	3	3

\* During the year, the Audit Committee was re-constituted on November 01, 2017. The Committee comprised of Mr. Subrata Kumar Mitra, Mr. Arun Bhargava, Mr. Chengalath Jayaram and Mr. Shankar Aggarwal as on March 31, 2018.

# No. of meetings held during the tenure of the Director in the Committee.

Invitees to the Audit Committee Meetings included the CFO, MD&CEO, President & Whole Time Director and Partners/Representatives of the Statutory Auditors and Internal Auditors. Executives from various departments attend the Audit Committee Meetings where matters relating to their respective departments are discussed. The Company Secretary is the Secretary of the Committee.

All members of the Audit Committee are financially literate and have adequate accounting and related financial management expertise.

Mr. Subrata Kumar Mitra, Chairman of the Audit Committee, attended the last Annual General Meeting of the Company held on August 22, 2017.

**ii. Nomination and Remuneration Committee:**

The Board has constituted Nomination and Remuneration Committee to attract, retain and reward the Executive Directors and the Senior Management Personnel.

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as **Annexure IX** to the Directors' Report. The said Policy is directed towards rewarding performance, based on periodic review of achievements. Further, the Company has formulated the criteria for performance evaluation of individual Directors, Board Committees and the Board as a whole. The details relating to the same is annexed as **Annexure VI** to the Directors' Report.

**(A) Broad Terms of Reference:**

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration/compensation of the Directors, Key Managerial Personnel (in terms of the compensation norms prescribed by SEBI) and other employees which shall be disclosed in the Board's report;

The Committee shall, while formulating the aforesaid policy, ensure that:

- (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;

- (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) Remuneration to Directors, Key Managerial Personnel and Senior Management 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.
2. Formulation of criteria for evaluation of Independent Directors and the Board and carry out evaluation of every Director's performance;
  3. Devising a policy on Board diversity;
  4. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
  5. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
  6. Determining the tenure of the Key Management Personnel to be posted to a regulatory department.
  7. Administration and superintendence of the ESOP Schemes including:
    - Number of options to be granted to an employee, and in the aggregate;
    - The manner of administering and implementing the scheme including setting up of a trust;
    - Terms on which the options will vest;
    - The conditions under which options vested in employees may lapse;
    - The exercise period within which an employee should exercise the option, and lapsing of options on failure to exercise the options within the exercise period;
    - The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of the employee;
    - The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  8. The committee shall, *inter-alia*, formulate the detailed terms and conditions of the schemes which shall include the provisions as specified by SEBI in this regard. It shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the trust, the company and its employees, as applicable.

**(B) Composition, meetings and attendance during the year:**

During the Financial Year 2017-18, 5 (Five) meetings of the Nomination and Remuneration Committee were held. The said meetings were held on May 27, 2017, August 03, 2017, October 13, 2017, December 05, 2017 and February 14, 2018. The constitution and the number of meetings attended by the members are as under:

Members *	Category	Meetings held#	Meetings attended
Mr. Arun Kumar Nanda (Chairman)@	Non-Executive, Independent	5	5
Mr. Saurabh Chandra	Non-Executive, Independent	5	5
Mr. Chengalath Jayaram	Non-Executive, Non-Independent	5	5
Mr. Shankar Aggarwal	Non-Executive, Independent	2	2
Ms. Pravin Tripathi (Chairman)@	Non-Executive, Independent	2	2

\* During the year, the Nomination and Remuneration Committee was reconstituted on November 01, 2017. The committee comprised of, Mr. Arun Kumar Nanda, Mr. Saurabh Chandra, Mr. Chengalath Jayaram and Mr. Shankar Aggarwal as at March 31, 2018.

# No. of meetings held during the tenure of the Director on the Committee.

@ The tenure of Ms. Pravin Tripathi as an Independent Director on the Board of MCX completed w.e.f. close of business hours on August 11, 2017. Thereafter, Mr. Arun Kumar Nanda was the Chairman of the Committee.

Mr. Chengalath Jayaram attended the last Annual General Meeting of the Company held on August 22, 2017 as a representative of the Committee.

### iii. Stakeholders' Relationship Committee:

The Company has constituted the Stakeholders' Relationship Committee primarily with the objective of redressing shareholders' complaints/grievances.

#### (A) Broad Terms of reference:

The terms of reference of the Committee shall, *inter-alia*, include:

- Considering and redressing grievances/complaints from shareholders or investors or security holders such as non-receipt of declared dividend, non-receipt of annual report, transfer of shares, issue of duplicate share certificates, etc.
- Monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of shares and bonds issued by the Company.

#### (B) Composition, meetings and attendance during the year:

During the financial year 2017-18, 2 (two) meetings of the Stakeholders' Relationship Committee were held. The said meetings were held on May 03, 2017 and October 13, 2017. The constitution and the number of meetings attended by the members are as under:

Members	Category	Meetings held#	Meetings attended
Dr. M. Govinda Rao (Chairman)	Non-Executive, Independent	2	2
Ms. Padma Raghunathan	Non-Executive, Non-Independent	2	0
Mr. Amit Goela	Non-Executive, Non-Independent	2	2

# No. of meetings held during the tenure of the Director on the Committee.

Dr. M. Govinda Rao attended the last Annual General Meeting of the Company held on August 22, 2017.

Mr. Ashwin Patel, Company Secretary of the Company, was the Secretary of the Committee.

Mr. Ashwin Patel can be reached at the registered office address of the Company (email: ig-mcx@mcxindia.com, Tel: +91-22-6731 8888, Fax: +91-22-6649 4151).

Details of the number of complaints received from shareholders and attended during the financial year ended March 31, 2018 are given below:

Opening balance	Received	Attended	Closing balance
0	31	31	0

The complaints were attended to the satisfaction of shareholders by the Company and/or its Registrar & Share Transfer Agent (RTA) – Karvy Computershare Private Limited, and no complaints remained pending to be attended as at March 31, 2018.

Details of shares lying in the suspense account as at March 31, 2018 (Pursuant to Regulation 34(3) and Schedule V Part F of the SEBI Listing Regulations):

Sr. No.	Particulars	No. of shareholders	No. of shares
1.	Aggregate number of shareholders and the outstanding shares in the suspense account lying as at April 01, 2017	7	50
2.	Number of shareholders who approached the issuer for transfer of shares from suspense account during the year	1	6
3.	Number of shareholders to whom shares were transferred from suspense account during the year	1	6
4.	Aggregate number of shareholders and the outstanding shares in the suspense account lying as at March 31, 2018	6	44

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

**The broad terms of reference & constitution as at March 31, 2018 of other Board Committees are as under:**

- i. **Investment Committee:** The Investment Committee approves the overall investment policy of the Company as well as any subsequent changes therein within the overall scope and framework of the policy and oversees the implementation of the policy. Following were the members of the Committee:

Mr. Subrata Kumar Mitra (C)

Mr. Arun Kumar Nanda

Mr. Hemang Raja

Mr. Chengalath Jayaram

- ii. **Disciplinary Action Committee:** The Disciplinary Action Committee, *inter-alia*, formulates the policy for regulatory actions to be taken for various violations by the members of the Exchange and considers cases of violations observed during inspection, etc. and imposes appropriate regulatory measure on the members of the Exchange. Following were the members of the Committee:

Mr. Arun Bhargava (C)

Mr. Shankar Aggarwal

Mr. Prithvi Haldea

Mr. R.S. Loona (Outside expert)

Mr. Mrugank Paranjape

- iii. **Defaulters' Committee:** The Defaulters' Committee, *inter-alia*, identifies and notifies a member as defaulter and realizes all the assets/deposits of the defaulter/expelled member and appropriate the same amongst various dues and claims against the defaulter/expelled member in accordance with the Rules, Byelaws and Business Rules of the Exchange; looks after the management of the Settlement Guarantee Fund and such other matters as the Board may direct, from time to time. Following were the members of the Committee:

Mr. Arun Bhargava (C)

Mr. Prithvi Haldea

Mr. R.S. Loona (Outside expert)

- iv. **Standing Committee on Technology:** The said Committee, *inter-alia*, monitors the adequacy of system capacity and efficiency at the Exchange and investigates into problems of computerized trading system such as hanging/ lowdown/breakdown and performs such other functions as prescribed by the Regulator and the Board. Following were the members of the Committee:

Mr. Chengalath Jayaram (C)

Mr. Saurabh Chandra

Mr. Prithvi Haldea

Mr. Amit Goela

Dr. Kavi Arya (Outside expert)

Dr. Anil Vaidya (Outside expert)

Mr. Mrugank Paranjape

- v. **Risk Management Committee:** The said Committee, *inter-alia*, monitors implementation of the risk management policy, oversees Exchange's integrated risk measurement system and risk and control measures that are needed to be built into the system. Following were the members of the Committee:

Mr. Subrata Kumar Mitra (C)

Mr. Arun Bhargava

Mr. Hemang Raja

Mr. Udayan A Maroo (Outside expert)

- vi. **Corporate Social Responsibility (CSR) Committee:** The Committee, *inter-alia*, formulates and recommends to the Board, a CSR policy (including changes thereto) and institutes a transparent monitoring mechanism for implementation of the CSR projects/programs/activities as per the said policy and recommends the expenditure to be incurred on such activities. Following were the members of the Committee:
- Mr. Arun Kumar Nanda (C)
  - Dr. M. Govinda Rao
  - Ms. Padma Raghunathan
- vii. **Independent Directors/Public Interest Directors' Committee:** The Committee assesses the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties, reviews the performance of the Chairperson, Non-Independent Directors and the Board as a whole and performs such other functions as prescribed in the Companies Act, 2013, the SEBI Listing Regulations and the SECC Regulations, 2012 and the rules/norms prescribed thereunder. The Committee comprises of all Independent Directors on the Board of MCX. Following were the members of the Committee:
- Mr. Saurabh Chandra (C)
  - Mr. Arun Bhargava
  - Mr. Arun Kumar Nanda
  - Dr. M. Govinda Rao
  - Mr. Prithvi Haldea
  - Mr. Shankar Aggarwal
  - Mr. Subrata Kumar Mitra
- viii. **Ethics Committee:** This Committee oversees the implementation of the Code of Ethics for Directors and Key Managerial Personnel of the Exchange. Following were the members of the Committee:
- Ms. Madhu Vadera Jayakumar (C)
  - Mr. Subrata Kumar Mitra
  - Mr. Mrugank Paranjape
  - Mr. Narendra Kumar Ahlawat
- ix. **Independent Oversight Committee of the Governing Board for Member Regulation:** The said Committee oversees matters related to member regulations such as admission of members, inspection, disciplinary action, etc. Following were the members of the Committee:
- Mr. Shankar Aggarwal (C)
  - Mr. Prithvi Haldea
  - Mr. Arun Bhargava
  - Ms. Padma Raghunathan
  - Mr. R.S. Loona (Outside expert)
- x. **Independent Oversight Committee of the Governing Board for Trading and Surveillance Function:** The said committee oversees matters related to trading and surveillance related functions such as monitoring of market through order and trade level alerts, commodity level alerts, processing of alerts, price band changes, rumour verification, shifting of commodities for trade-for-trade settlement, details of investigation undertaken, disciplinary action, etc. Following were the members of the Committee:
- Mr. Arun Bhargava (C)
  - Mr. Saurabh Chandra
  - Mr. Subrata Kumar Mitra
  - Mr. Hemang Raja
  - Mr. Udayan A Maroo (Outside expert)
- xi. **Advisory Committee:** The Committee advises the Governing Board on non-regulatory and operational matters including product design, technology, charges and levies. It comprises of trading members of the Stock Exchange and the Chairperson of the Board as the head of the Committee. The MD & CEO is a permanent invitee to the meetings.

- xii. **Oversight Committee for Product Design:** The Committee oversees matters related to product design such as introduction of new products/contracts, modifications of existing product/contract designs etc. and review the design of the already approved and running contracts. Following were the members of the Committee:
- Mr. Prithvi Haldea (C)
  - Mr. Saurabh Chandra
  - Mr. Chengalath Jayaram
  - Ms. Madhu Vadera Jayakumar
  - Mr. Amit Goela
  - Mr. C.S. Verma (Outside expert)
- xiii. **Membership Selection Committee:** The Committee looks into selection/admission of members to the various segments of the Exchange. Following were the members of the Committee:
- Mr. Arun Kumar Nanda (C)
  - Mr. Saurabh Chandra
  - Dr. M. Govinda Rao
  - Mr. P.V. Ananthakrishnan (Outside expert)
  - Mr. Mrugank Paranjape
- xiv. **Investor Services Committee:** The Committee supervises the functioning of Investors' Services Cell of the Exchange which includes review of complaint resolution process, review of complaints remaining unresolved over long period of time and estimating the adequacy of resources dedicated to investor services, etc. Following were the members of the Committee:
- Dr. M. Govinda Rao (C)
  - Mr. Prithvi Haldea
  - Mr. Shankar Aggarwal
  - Mr. Ashok K Dhere (Outside expert)
  - Mr. Narendra Kumar Ahlawat
- xv. **Sub-Committee for Monitoring Compliance of suggestions given in SEBI Inspection report:** The Committee reviews the actions taken to implement the suggestions of SEBI's Inspection Reports, places the same before the Board and ensures compliance/implementation of the inspection observations. Following were the members of the Committee:
- Mr. Subrata Kumar Mitra (C)
  - Mr. Arun Bhargava
  - Mr. Shankar Aggarwal
  - Mr. Hemang Raja
  - Mr. Mrugank Paranjape
- xvi. **MCX Investor (Client) Protection Fund (IPF) Trust:** The trust has been created, *inter-alia*, for the protection, awareness and education of the Investors of the Commodity Exchange, in such manner as may be permitted by the Regulator and decided by the Trustees from time to time. Following were the members of the Trust:
- Mr. Subrata Kumar Mitra (C)
  - Dr. M. Govinda Rao
  - Mr. Shankar Aggarwal
  - Mr. Ashok K. Dhere
  - Mr. Narendra Kumar Ahlawat

#### 4. GENERAL BODY MEETINGS:

##### (A) Details of the last three Annual General Meetings (AGMs) held:

Financial Year	Date	Time	Venue of the meeting
2016-2017 – 15 <sup>th</sup> AGM	August 22, 2017	11.30 a.m.	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai – 400018
2015-2016 – 14 <sup>th</sup> AGM	September 19, 2016	11.00 a.m.	Navinbhai Thakkar Auditorium, Near Rajpuria Hall, Shraddhanand Road, Vile Parle (East), Mumbai – 400 057
2014-2015 – 13 <sup>th</sup> AGM	September 29, 2015	11.00 a.m.	

**(B) Particulars of Special Resolutions passed in the last three AGMs:**

Date	Particulars
August 22, 2017	➤ No Special Resolutions were passed.
September 19, 2016	➤ Approving foreign investment through Automatic Route upto 34% of the paid-up share capital of the Company vis-a-vis the limit of 49%, being the sectoral cap/statutory ceiling prescribed for Commodity Exchange
September 29, 2015	➤ No Special Resolutions were passed.

**(C) Postal Ballot:**

During the Financial Year 2017-18, no special resolution was passed through postal ballot. Also, no business required to be transacted through postal ballot is being proposed on or before the ensuing Annual General Meeting of the Company.

**(D) Extra-ordinary General Meeting:**

There was no Extra-ordinary General Meeting held during the Financial Year 2017-18.

**5. DISCLOSURES:**

**(A) Disclosures on materially significant related party transactions**

The shareholders at the Annual General Meeting of the Company held on September 19, 2016 approved entering into material related party transactions with Multi Commodity Exchange Investor (Client) Protection Fund (MCX IPF). Repetitive transactions with MCX IPF were granted an omnibus approval by the Audit Committee. There were no material transactions with MCX IPF in the first quarter of FY 2017-18. In the light of circular dated June 13, 2017 issued by SEBI on "Comprehensive guidelines for Investor Protection Fund, Investor Service Fund and its related matters at National Commodity Derivatives Exchanges", MCX IPF Trust, effective July 1, 2017, ceased to be a Related Party of MCX.

During the FY 2017-18, the Company has made an investment of ₹ 100 crores as share application money in its wholly owned subsidiary, Multi Commodity Exchange Clearing Corporation Limited. The investment, though material in nature, does not require prior approval of shareholders in terms of Regulation 23(5)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A detailed note on related party transactions is provided in the Directors' Report. Details of material contracts or arrangements or transactions at arm's length basis forms part of Annexure V to the Directors' Report. The transactions with related parties have been disclosed in Note 37 of Notes to Accounts of Standalone as well as Consolidated Financial Statements of your Company. Further, the Related Party Transaction Policy of the Company is available on the website of the Company at [https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/amended\\_policy\\_on\\_related\\_party\\_transactions\\_05may2016.pdf?sfvrsn=2](https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/amended_policy_on_related_party_transactions_05may2016.pdf?sfvrsn=2).

**(B) Penalties or strictures imposed by Stock Exchanges, SEBI or any statutory authority, on any matter related to the capital markets during the last three years**

There were no instances of penalties or strictures imposed by Stock Exchanges, SEBI or any statutory authority, on any matter related to the capital markets, during the last three years.

**(C) Whistle Blower Policy**

Your Company has established a Vigil Mechanism/Whistle Blower Policy to enable Directors, Stakeholders, including individual employees and their representative bodies to report, in good faith, illegal or unethical practices/behavior, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy. The said mechanism ensures that the whistle blowers are protected against victimization/any adverse action and/or discrimination as a result of such a reporting. This Policy, *inter-alia*, provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no personnel of the Company have been denied access to the Audit Committee. 7 (seven) complaints were received during the FY 2017-18 which were dealt with by the Audit Committee. The Whistle Blower Policy has been disclosed on the website of the Company at <https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/whistle-blower-policy.pdf?sfvrsn=2>.

**(D) Management's Discussions and Analysis**

The Management's Discussion and Analysis is covered elsewhere in this Annual Report.

**(E) CEO/CFO Certification**

The certificate signed by the CEO and CFO in terms of Regulation 17(8) of the SEBI Listing Regulations was placed before the Board of Directors at its meeting held on April 28, 2018. This certificate is covered elsewhere in this Annual Report.

**(F) Practicing Company Secretary's certificate on Corporate Governance**

The Practicing Company Secretary's certificate regarding the compliance of conditions of Corporate Governance is covered elsewhere in this Annual Report.

**(G) Compliance with Regulation 34(3) read with Schedule V of the SEBI Listing Regulations**

**Mandatory Requirements**

The Company has complied with all mandatory requirements of corporate governance report as mentioned in sub para (2) to (10) of Schedule V(C) of the SEBI Listing Regulations.

**Non-Mandatory Requirements**

**The Board** – The Company maintains a Chairman's office at the Company's premises at its own expense and also reimburses expenses incurred by the Non-executive Chairman, Mr. Saurabh Chandra, in performing his duties.

**Shareholder Rights** – The Quarterly financial results as well as all significant information/events disseminated to BSE Ltd. are uploaded on the website of the Company and is available to all the shareholders.

**Modified opinion(s) in audit report** – The Auditors' Report on statutory financial statements of the Company is unmodified.

**Separate posts of Chairman and CEO** – The Company has separate posts of the Chairman and CEO.

**Reporting of Internal Auditor** – The Internal auditor reports directly to the Audit Committee.

**6. SUBSIDIARY:**

The Board/Audit Committee periodically reviews significant developments, transactions and arrangements entered into by the Unlisted Subsidiary Company, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL). The Board/Audit Committee also reviews the Financial Statements of the Subsidiary Company, including investments made by the Company. The minutes of the Board meetings of the Subsidiary Company are periodically placed before the Board of Directors of the Company. The Company has formulated a Policy on Material Subsidiaries which has been disclosed on the website of the Company at <https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/material-subsidiaries-policy.pdf?sfvrsn=2>.

Further, since MCXCCL is not a material unlisted subsidiary, MCX is not required to nominate its Independent Director on the Board of MCXCCL.

**7. MEANS OF COMMUNICATION:**

The quarterly, half yearly, annual results of the Company are generally published in the newspapers, namely, Business Standard/Economic Times – English daily newspapers with circulation in the whole or substantially the whole of India and Navshakti/Maharashtra Times – Marathi daily newspapers. The financial results, shareholding pattern, press releases, stock information, annual reports, investor presentations are uploaded on the website of the Company [www.mcxindia.com](http://www.mcxindia.com).

The financial results, investors' presentations and other information are also disseminated to the Stock Exchange (i.e. BSE Ltd.) where the securities of the Company are listed, as required/prescribed under the SEBI Listing Regulations.

Significant events, if any, during the financial year, are reported to the Stock Exchange and also posted on the website of the Company [www.mcxindia.com](http://www.mcxindia.com) from time-to-time. The Company's website gives information on trading, clearing & settlement, circulars issued by the Exchange, market data, Exchange Rules, Bye-Laws, Business Rules, products, contract specifications of products and membership related information etc.

**Go Green Initiative:**

As a part of its green initiative, the Company has taken necessary steps to send documents viz. notice of the general meeting, annual report, etc. at the registered email addresses of shareholders. Those who have not yet registered their email ids are requested to register the same with the Registrar & Share Transfer Agent (RTA)/ Depository, to enable the Company to send the documents by the electronic mode. Physical copies shall be sent to all those members whose email addresses are not registered with the Company/RTA/Depository and to those who have requested the Company that they wish to receive the documents in physical mode.

## 8. GENERAL SHAREHOLDER INFORMATION:

1. Day, Date, Time and Venue of Annual General Meeting (F.Y. 2017-18)	Friday, August 31, 2018 at 11:30 a.m. at Yashwantrao Chavan Auditorium, General Jagannath Bhosale Marg, Opposite Mantralaya, Nariman Point, Mumbai – 400021
2. Financial year	April 1, 2017 to March 31, 2018
3. Book Closure date	The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 25, 2018 to Friday, August 31, 2018 (both days inclusive) for the purpose of payment of dividend for the Financial Year ended March 31, 2018 and the AGM of the Company to be held on August 31, 2018.
4. Dividend payment date	Dividend for the financial year ended 31st March, 2018, as recommended by the Board of Directors of the Company, if approved at the AGM, will be paid to the Members on/after Monday, September 10, 2018 as under: i) To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on Friday, August 24, 2018; ii) To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on Friday, August 24, 2018.
5. Mode of payment of dividend	The dividend shall be remitted through electronic mode where the requisite details are available with the Company, and in all other cases, through account payee/not negotiable instruments.
6. Listing on Stock Exchanges	The equity shares of the Company are listed on BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The annual listing fee for the year 2018-19 has been paid to BSE Limited. Further, in pursuance of Regulation 3.1.1 of the National Stock Exchange (Capital Market) Trading Regulations Part A and other relevant provisions, National Stock Exchange of India Limited (NSE) vide its Circular Ref. No.: 202/2012 dated March 7, 2012 notified that with effect from March 09, 2012 the Company's equity shares were permitted to be traded and admitted to dealings on NSE (Capital market segment).
7. Stock Market Code	BSE 534091 Reuters MCEI.BO Bloomberg MCX:IN
8. Registrar & Share Transfer Agent	<b>Karvy Computershare Private Limited</b> Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana – 500 032. Ph: 040-67162222, Fax: 040-23001153 Toll Free no.: 1800-345-4001 Email: einward.ris@karvy.com
9. Share Transfer system	99.99% of the equity shares of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. Attention of the shareholders is drawn to the recent amendment to Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective December 05, 2018, which provides that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. Further, as per Regulation 46 of the SECC Regulations, 2012, securities of a recognised stock exchange shall be in dematerialised form. Therefore, shareholders are requested to get their physical shares dematerialised. In terms of the said Regulation and the directions of SEBI in this regard, any rematerialisation request from shareholders will not be entertained by the Company.

10. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	As at March 31, 2018, the Company did not have any outstanding GDRs/ADRs/ Warrants or any convertible instruments.
11. Commodity price risk or foreign exchange risk and hedging activities	Not applicable
12. Exchange operations are located at	Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai – 400 093, India.
13. Address for Correspondence	<b>Registered Office:</b> Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai - 400 093, India. Tel: +91-22-6731 8888 Fax: +91-22-6649 4151 Website: <a href="http://www.mcxindia.com">www.mcxindia.com</a>
14. Depository for Equity shares	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)
15. Demat International Securities Identification Number (ISIN) allotted to the equity shares of the Company under the Depository System	INE745G01035
16. Corporate Identification Number (CIN) of the Company	L51909MH2002PLC135594

### Unclaimed Dividend

As per the provisions of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, dividends which are unpaid/unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Further, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.

Shareholders who have not yet encashed/claimed their dividend are requested to encash/claim the same from the Company /RTA of the Company before it is transferred to the IEPF. The details of the unpaid/unclaimed amounts lying with the Company are available on the website of the Company at <https://www.mcxindia.com/investor-relations/iepf-unclaimed-unpaid-amount>.

Shareholders whose dividend/shares are transferred to the IEPF Authority can now claim the same from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority.

### Dematerialisation of Shares and Liquidity:

The shares of the Company are tradable compulsorily in dematerialised (electronic) form, and through Karvy Computershare Private Limited, Registrar & Share Transfer Agent, we have established connectivity with both the depositories viz. NSDL and CDSL. The bifurcation of the category of shares in physical and electronic mode as on March 31, 2018 is given below:

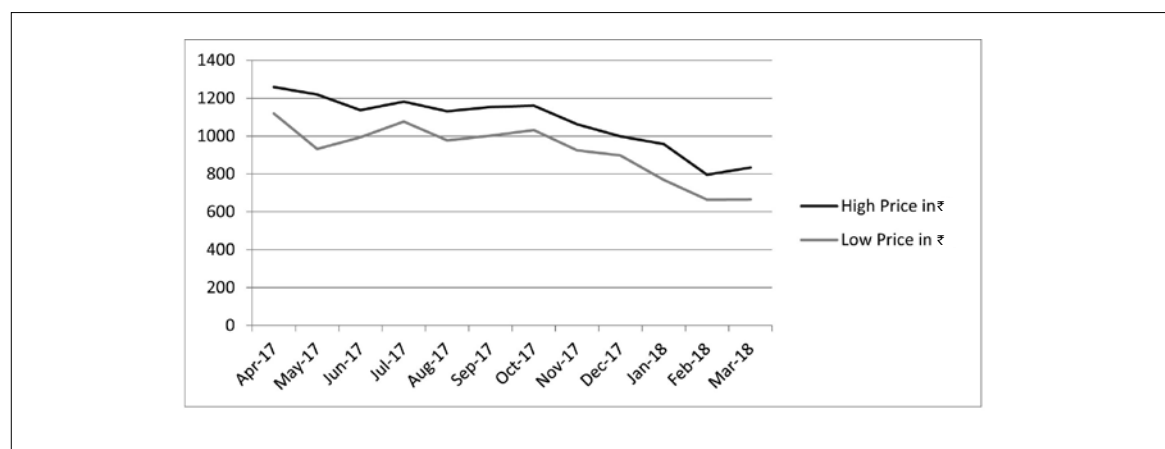
Category	No. of shareholders	% of shareholders	Total Shares	% of Equity
PHYSICAL	11	0.0069	2,513	0.0049
DEMAT				
– NSDL	99,528	62.6715	38,673,845	75.8335
– CDSL	59,270	37.3215	12,322,011	24.1616
<b>Sub Total</b>	<b>158,798</b>	<b>99.9931</b>	<b>50,995,856</b>	<b>99.9951</b>
<b>Total</b>	<b>158,809</b>	<b>100.00</b>	<b>50,998,369</b>	<b>100.00</b>

### 9. MONTH-WISE STOCK MARKET DATA:

High, Low during each month and trading volumes of the Company's Equity shares during the last financial year at BSE are given below:

Month	BSE Limited		
	High Price in ₹	Low Price in ₹	No. of shares traded during the month
Apr-17	1258.2	1119	948,564
May-17	1220	931.85	1,019,126
Jun-17	1136.6	992.95	891,083
Jul-17	1181.9	1076.1	701,628
Aug-17	1130.2	977.15	746,210
Sep-17	1152.95	1001.2	416,126
Oct-17	1159.9	1031	561,018
Nov-17	1061.9	924.5	577,880
Dec-17	997.85	897.2	992,621
Jan-18	958.25	769	1,686,317
Feb-18	795.9	665	1,387,714
Mar-18	833.45	665.45	1,104,588

### MCX Share Price Data on BSE



### 10. SHARE PRICE PERFORMANCE IN COMPARISON TO BROAD BASED INDICES:

Performance of the Company's closing price of shares vis-a-vis the Sensex at a common base of 100 is given below:



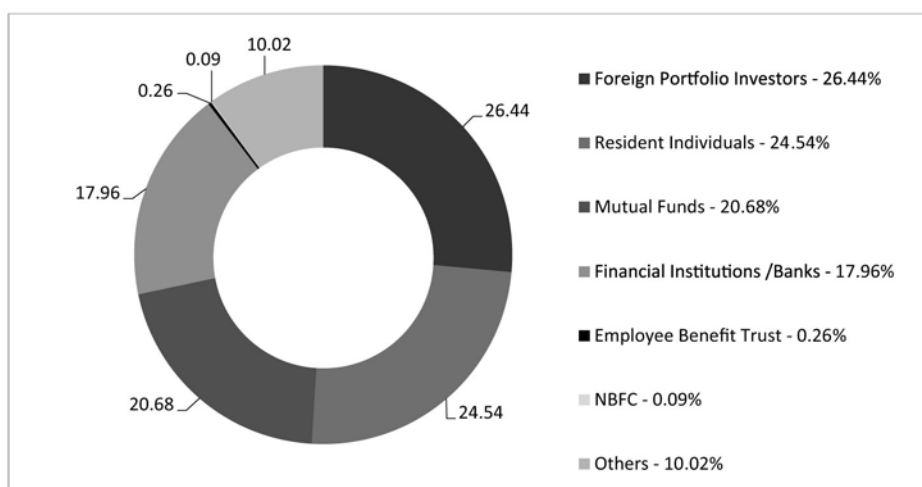
## 11. DISTRIBUTION OF SHAREHOLDING & SHAREHOLDING PATTERN AS ON MARCH 31, 2018:

### Distribution of Shareholding:

Sr. No.	Category (Amount)	Shareholders		Shares held	
		No. of holders	% of Total	No. of shares	% of Total
1.	1 - 5000	155,088	97.6569	6,430,767	12.6098
2.	5001 - 10000	1,982	1.248	1,476,835	2.8958
3.	10001 - 20000	862	0.5428	1,239,192	2.4299
4.	20001 - 30000	270	0.17	682,664	1.3386
5.	30001 - 40000	105	0.0661	370,118	0.7257
6.	40001 - 50000	91	0.0573	423,186	0.8298
7.	50001 - 100000	156	0.0982	1,136,544	2.2286
8.	100001 & Above	255	0.1606	39,239,063	76.9418
	<b>Total</b>	<b>158,809</b>	<b>100.00</b>	<b>50,998,369</b>	<b>100.00</b>

### Shareholding pattern:

Sr. No.	Category	No. of shares held	% of shareholding
1.	Foreign Portfolio Investors	13,483,226	26.44
2.	Resident Individuals	12,516,673	24.54
3.	Mutual Funds	10,548,381	20.68
4.	Financial Institutions /Banks	9,161,568	17.96
5.	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	130,439	0.26
6.	NBFC	45,576	0.09
7.	Others	5,112,506	10.02
	<b>Total</b>	<b>50,998,369</b>	<b>100.00</b>



## **12. RECONCILIATION OF SHARE CAPITAL AUDIT:**

As stipulated by SEBI, a qualified Practising Company Secretary carries out, on a quarterly basis, Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital and the report thereon is submitted to BSE Limited, where the Company's shares are listed. Based on the audit report, it is certified/confirmed that the total listed and issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

### **For Multi Commodity Exchange of India Limited**

Saurabh Chandra  
**Chairman**  
(DIN: 02726077)

Mumbai  
July 20, 2018

## CEO/CFO CERTIFICATION FOR THE FY 2017-18

**The Board of Directors,  
Multi Commodity Exchange of India Limited**

Exchange Square, CTS No. 255,  
Suren Road, Andheri - East,  
Mumbai – 400 093.

We, Mrugank Paranjape, Chief Executive Officer and Sanjay Wadhwa, Chief Financial Officer of Multi Commodity Exchange of India Limited, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2018 and to the best of our knowledge and belief, subject to Emphasis of Matter highlighted by the Statutory Auditors in their even dated report read along with the notes to accounts in the financial statements.
- (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 the 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 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept the responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of internal control systems of the Company pertaining to the financial reporting and have disclosed to the Statutory Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls.
- (d) We have indicated to the Statutory Auditors and the Audit Committee:
- (i) significant changes in internal control over financial reporting during the year;
- (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

The aforesaid are subject to the matters that have been highlighted by the Statutory Auditors in their report giving Emphasis of Matter, read along with the notes to accounts in the financial statements.

**For Multi Commodity Exchange of India Limited**

Mrugank Paranjape  
Chief Executive Officer

Sanjay Wadhwa  
Chief Financial Officer

Mumbai  
April 28, 2018

**DECLARATION BY CHIEF EXECUTIVE OFFICER UNDER REGULATION 34(3) READ WITH SCHEDULE V OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IN RESPECT OF COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the members of Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of Multi Commodity Exchange of India Limited, as applicable to them, for the Financial Year ended March 31, 2018.

Mumbai  
July 20, 2018

**Mrugank Paranjape**  
MD & CEO

## **CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
**Multi Commodity Exchange of India Limited**  
Exchange Square, Chakala, Suren Road,  
Andheri (East), Mumbai – 400 093

We have examined the compliance of conditions of Corporate Governance by Multi Commodity Exchange of India Limited ('the Company') for the year ended March 31, 2018 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further 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 RATHI & ASSOCIATES,  
COMPANY SECRETARIES**

**HIMANSHU S. KAMDAR  
PARTNER**

**FCS NO.: 5171  
COP NO.: 3030**

**Place: Mumbai  
Date: July 20, 2018**

## BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34(2)(f) of Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L51909MH2002PLC135594
Name of the Company	Multi Commodity Exchange of India Limited
Registered address	Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai – 400093, Maharashtra, India.
Website	<a href="http://www.mcxindia.com">www.mcxindia.com</a>
E-mail id	<a href="mailto:info@mcxindia.com">info@mcxindia.com</a> , <a href="mailto:ig-mcx@mcxindia.com">ig-mcx@mcxindia.com</a>
Financial Year reported	April 01, 2017 – March 31, 2018
Sector(s) that the Company is engaged in (industrial activity code-wise)	Multi Commodity Exchange of India Limited (MCX) is a commodity derivatives Exchange governed by the Securities Contracts (Regulation) Act, 1956 and the regulations made thereunder. Section K: Financial and Insurance Activities, Division 66: Other Financial Activities, Administration of Financial Markets, NIC Code - 6611
List three key products/services that the Company manufactures/provides (as in balance sheet)	MCX is a widely held commodity derivatives Exchange engaged in providing a platform to facilitate nationwide online trading, clearing & settlement operations of commodities derivatives transactions.
Total number of locations where business activity is undertaken by the Company: (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	The Exchange operations are carried out from its Mumbai location. Additionally, the Company has Branch offices in 10 (Ten) other locations within India.
Markets served by the Company – Local/State/ National/International	National

### SECTION B: FINANCIAL DETAILS OF THE COMPANY AS ON MARCH 31, 2018

1.	Paid up Capital (INR)	5,099.84 Lakh
2.	Total Revenue (INR)	34,620 Lakh
3.	Total profit after taxes (INR)	10,635 Lakh
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	181 Lakh (1.70% of PAT)
5.	List of activities in which expenditure in 4 above has been incurred	List of activities in which expenditure has been incurred for the CSR activities is covered in Annexure III of the Directors Report.

### SECTION C: OTHER DETAILS

Sr. No.	Particulars	Remark
1.	Does the Company have any Subsidiary Company/Companies?	Yes
2.	Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No In future, MCX intends to expand its boundaries for implementation of the sustainability policies and practices amongst the relevant stakeholders.

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR:

(a)	<b>Details of the Director responsible for implementation of the BR policy/policies (F.Y. 2017-18)</b>	<b>Details</b>
	DIN Number	02162026
	Name	Mr. Mrugank Paranjape
	Designation	MD & CEO
(b)	<b>Details of BR head (F.Y. 2017-18)</b>	<b>Details</b>
	DIN Number (if applicable)	NA
	Name	Mr. Ashwin Patel
	Designation	Company Secretary
	Telephone number	022-67318888
	e-mail id	<a href="mailto:ashwin.patel@mcxindia.com">ashwin.patel@mcxindia.com</a>

### 2. Principle-wise (as per National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business issued by Ministry of Corporate Affairs, Government of India) BR Policy/policies:

#### (a) Details of compliance (Replied in Y/N):

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for #	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders? (Wherever 'Y', Refer Note 1)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (50 words) (Wherever 'Y', Refer Note 2)	Y	Y	Y	Y	Y	Y	Y	Y	N.A.
4	Has the policy being approved by the Board and has been signed by Company Secretary. (Wherever 'Y', Refer Note 3)	Y	Y	Y	Y	Y	Y	N	Y	N
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy? (Wherever 'Y', Refer Note 4)	Y	Y	Y	Y	Y	Y	N	Y	N
6	Indicate the link for the policy to be viewed online? (Wherever 'Y', Refer Note 5)	Y	Y	Y	Y	Y	Y	Y	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders? (Wherever 'Y', Refer Note 6)	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	N.A.	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency? (Wherever 'Y', Refer Note 7)	Y	Y	Y	Y	Y	Y	N	Y	Y

#### Notes:

- All the policies have been formulated in accordance with the legal stipulations governing them and/or in consultation with the Management of the Company.

2. Policies are formulated ensuring adherence to the applicable laws of the country. Further, MCX Environment Policy also conforms to ISO 14001:2004 and the Standard Operating Procedure conforms to ISO – 9001, ISO 14001, ISO- 27001.
3. The policy(ies) are approved by the Board of Directors/Committee of the Board of Directors/Senior Management of the Exchange.
4. The Board has appointed Mr. Mrugank Paranjape, MD & CEO, to oversee the implementation of various policy(ies) formulated by the Company.
5. These policies are either available on the website of the Company/on the intranet (available to employees). The web links of the policies as available on the website of the Company are as follows:

MCX Code of Conduct for Board of Directors and Senior Management	<a href="https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/code-of-conduct.pdf?sfvrsn=2">https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/code-of-conduct.pdf?sfvrsn=2</a>
Code of Ethics for Directors and Key Management Personnel of Stock Exchanges	<a href="https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/code_of_ethics_for_directors_and_key_management_personnel_22june2017.pdf?sfvrsn=2">https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/code_of_ethics_for_directors_and_key_management_personnel_22june2017.pdf?sfvrsn=2</a>
Bye law 14 of Bye laws of the Company	<a href="https://www.mcxindia.com/docs/default-source/about-us/legal-framework/bye-laws_pdf.pdf?sfvrsn=2">https://www.mcxindia.com/docs/default-source/about-us/legal-framework/bye-laws_pdf.pdf?sfvrsn=2</a>
Policy relating to avoidance by Directors and Key Managerial Personnel of Conflict of Interest	<a href="https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/policy_relating_to_avoidance_of_conflict_of_interest_by_directors_and_kmps_22june2017.pdf?sfvrsn=2">https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/policy_relating_to_avoidance_of_conflict_of_interest_by_directors_and_kmps_22june2017.pdf?sfvrsn=2</a>
Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information	<a href="https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/code_of_practices_and_procedures_for_fair_disclosure_of_unpublished_price.pdf?sfvrsn=2">https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/code_of_practices_and_procedures_for_fair_disclosure_of_unpublished_price.pdf?sfvrsn=2</a>
Code of Conduct for Prevention of Insider Trading	<a href="https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/code_of_conduct_for_prevention_of_insider_trading_03apr2017.pdf?sfvrsn=2">https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/code_of_conduct_for_prevention_of_insider_trading_03apr2017.pdf?sfvrsn=2</a>
Whistle Blower Policy	<a href="https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/whistle-blower-policy.pdf?sfvrsn=2">https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/whistle-blower-policy.pdf?sfvrsn=2</a>
Policy Disclosure of Material Events and Information	<a href="https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/policy-on-disclosure-of-material-events-and-information.pdf?sfvrsn=2">https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/policy-on-disclosure-of-material-events-and-information.pdf?sfvrsn=2</a>
Criteria for Eligibility, Retention and re-introduction of derivative contracts on Commodities	<a href="https://www.mcxindia.com/docs/default-source/default-document-library/circular-024-2017.zip">https://www.mcxindia.com/docs/default-source/default-document-library/circular-024-2017.zip</a>
Corporate Social Responsibility Policy	<a href="https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/mcx_csr_policy.pdf?sfvrsn=2">https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/mcx_csr_policy.pdf?sfvrsn=2</a>
CSQ Service Policy	<a href="https://www.mcxindia.com/docs/default-source/about-us/csq-service_policy.pdf?sfvrsn=fe9bc4902">https://www.mcxindia.com/docs/default-source/about-us/csq-service_policy.pdf?sfvrsn=fe9bc4902</a>

6. The policies have been uploaded on the website/intranet. Further, these policies have also been formally communicated to relevant key stakeholders, as the case may be.
7. The Company carries out independent audit of the working of certain policies by external agency/(ies). The evaluation of the working of other policies is generally done through internal mechanism. In future, MCX may intend to carry out independent audit/evaluation of the working of those other policies also by an external agency. The Exchange is a regulated entity. SEBI being the sectoral regulator carries out inspection for each financial year wherein an independent evaluation of the working of the statutory Committees and policies are undertaken by them, besides the operations of the Exchange.

### 3. Governance related to BR:

a.	Frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company.	The BR policy became statutorily applicable to the Company since last year only. Going forward, the Company proposes to assess its BR performance annually.
b.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The BR report for FY18 can be accessed under the Annual Report heading through the link: <a href="https://www.mcxindia.com/investor-relations">https://www.mcxindia.com/investor-relations</a> It is proposed to be published annually.

#### # Principle wise Policies/Practices:

##### P 1 ETHICS, TRANSPARENCY AND ACCOUNTABILITY

###### Policies:

MCX Code of Conduct for Board of Directors and Senior Management, Code of Ethics for Directors and Key Management Personnel of Stock Exchanges, Code of Ethics for Executives of the Exchange (MCX), MCX Code of Conduct for Members, Policy relating to avoidance by Directors and Key Managerial Personnel of Conflict of Interest, Code of Practices & Procedures For Fair Disclosure of Unpublished Price Sensitive Information, Code of Conduct for Prevention of Insider Trading, Policy for appointment of Independent External Persons on Committees of the Board, Whistle Blower Policy, Policy Disclosure of Material Events and Information, Clauses on prevention of Fraud and Anti Money Laundering are included in MCX Employee Handbook.

##### P 2 PRODUCT LIFECYCLE SUSTAINABILITY

###### Procedure:

Standard Operating Procedure (SOP)

SEBI Circular relating to Criteria for Eligibility, Retention and re-introduction of derivative contracts on Commodities.

###### Practices:

- The commodity derivative contracts are the principal products of the Exchange. All products i.e. the Commodity derivatives contracts, launched by the Company are in accordance with the regulatory approvals. The Exchange strives to engage stakeholders at every stage of product design and reviews the factors affecting the performance of the products on a regular basis. The practical experience garnered by the Exchange coupled with domain expertise backed by extensive research enables the Exchange to assess the market needs and introduce new products on a regular basis. The Exchange regularly organizes stakeholder meets with an aim to discuss issues with an objective to make the market more participant-friendly. Product Advisory Committee is an institutional mechanism to gather stakeholders' feedback on the products, which helps in building sustainability of the products.
- The Exchange strives to enhance awareness and understanding of exchange-enabled trades in commodity derivatives, and towards that end, conducts a large number of awareness programmes across the country. It makes constant efforts to create products that enable stakeholders to minimize the adverse effects of price volatilities; providing commodity ecosystem participants with neutral, secure and transparent trade mechanisms; formulating quality parameters, trade regulations and effective risk management systems with approval of the regulatory authority.
- Adopting advancements in technology enables the Exchange to provide more efficient trade execution services, increases economies of scale and reach of the Exchange, maximizes the use of environment-friendly processes and contributes to the sustainability in the Exchange's business operations.
- The Exchange strives for the growth of India's commodity derivatives market through conduct of awareness programmes and education initiatives, often in association with educational institutions. The Exchange also engages with publications and media houses to spread awareness about risk management using commodity derivatives, targeted at specific stakeholder groups such as farmers, small and medium enterprises, commodity traders, processors, etc.

### P 3 EMPLOYEE WELLBEING

**Policies:**

Whistle Blower Policy; Prevention, Prohibition and Redressal of Sexual Harassment to women at workplace Policy; Remuneration Policy for Directors, Key Managerial Personnel, Senior Management Team and other employees; Insurance Policy; Gratuity Policy; Leave Policy; Retirement Policy; Office Timing Policy; Maternity Benefits Policy; Crèche Policy, Affirmation Action Policy; Provident Fund Policy.

**Practices:**

Town Hall, Skip Level Meeting, Discussion with HR.

### P 4 STAKEHOLDER ENGAGEMENT

**Policies:**

Affirmative Action Policy, Corporate Social Responsibility Policy.

### P 5 HUMAN RIGHTS

**Policies:**

Equal opportunity Policy, Prevention, Prohibition and Redressal of Sexual Harassment to women at workplace Policy, Affirmative Action Policy, Code of Ethics, Disciplinary Action Policy.

### P 6 ENVIRONMENTAL MANAGEMENT

**Policies:**

MCX Environment Policy, MCX E-waste Management Policy, Corporate Social Responsibility Policy.

**Practices:**

- Maintaining adequate capacitor bank for non-linear electrical loads like air-conditioning plant, pumps and Heat Recovery System, thereby reducing the drawing of extra energy and improving power factor.
- Preventive maintenance of air conditioning system on scheduled basis and ensuring that the heat sensors and electronic components are properly functioning for compressors to achieve variable compression linked to heat levels for reduction in power consumption.
- Exchange Data center has in-row cooling system for servers that cools equipment only and not the external environment to ensure that no energy is wasted in running compressors excessively, to maintain the desired temperature levels of external environment.
- LED lighting at Exchange Square, Data Centre and in all the conference rooms to reduce the energy consumption.
- LED lighting at Disaster Recovery site at GIFT City to reduce the energy consumption and achieve energy savings.
- Strict implementation and monitoring of equipment on/off schedule thereby facilitating reduction in wastage of energy.
- Recycling of e-waste through authorized agencies.
- Rain water harvesting.
- Reuse of fountain water for cleaning purpose of external areas.

### P 7 PUBLIC ADVOCACY

**Policies:**

Policy for responsible advocacy.

**Practices:**

- Your Exchange aims to encourage enterprises and physical market participants to take advantage of price discovery and hedging mechanisms that the Exchange facilitates; and to make policy-makers, academia and think tanks aware of the policy issues that impact the growth of the commodity derivatives market and its ecosystem.
- Your Exchange endeavors to drive its advocacy primarily on issues and towards objectives which are of significance to all stakeholders of the commodity derivatives market and for making the market more relevant and inclusive.

- Your Exchange follows an approach of evidence-based advocacy for creating a facilitative policy environment with governments, regulatory bodies and other key stakeholders. It undertakes objective assessments of the socio-economic implications of the exchange-traded products, as also their impacts and ability to perform an important role in efficient price discovery, reduction in spot price volatility and reduction in information asymmetry, leading to the breaking down of certain commodity cartels. As part of the evidence-based advocacy efforts, it endeavors to widely disseminate the outcomes of such objective assessments among key stakeholders including policymakers, regulatory bodies, media, academia, etc.
- Your Exchange also makes representations at various forums on the need to have more congenial tax laws and policy environment to facilitate growth of India's commodity markets.
- Your Exchange endeavors to pursue policy advocacy using the platforms like trade and industry chambers and associations and towards this end engages extensively with local, national and international industry associations and trade bodies specific to commodities.
- Your Exchange engages with national and global thought leaders, the press and electronic media to generate and propagate ideas aimed at positively impacting India's commodity market and the economy at large.
- Your Exchange maintains total transparency in its advocacy efforts and insists and encourages the same with its partner organizations involved in such efforts.

## **P 8 GROWTH AND EQUITABLE DEVELOPMENT**

### **Policies:**

Corporate Social Responsibility Policy, Affirmative Action Policy

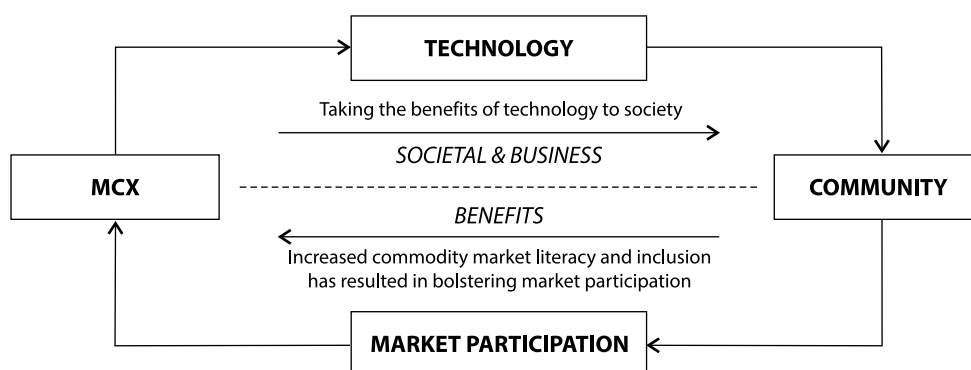
## **P 9 VALUE FOR CUSTOMERS AND CONSUMERS**

### **Practices:**

- The commodity derivative contracts are the principal products of the Exchange. Your Exchange after obtaining permission from the regulator (SEBI) launched Options contracts in Gold on October 17, 2017 and the world's first delivery based contract on BRASS futures on March 26, 2018. Your Exchange on May 04, 2018 has received permission from SEBI to launch 4 more Options contracts in Crude Oil, Zinc, Copper & Silver, of which Options for Crude Oil was launched on May 15, 2018, Copper on May 21 2018, and Silver on May 24, 2018.
- Your Exchange regularly publishes relevant updates and notifications through its circulars, periodic publications, reports, Do's and Don'ts to all members/clients to spread awareness of products, benefits and risks to enable all stakeholders to trade responsibly.
- Your Exchange conducts educational, training and awareness sessions to educate the members/clients on efficient usage of its products and services.
- Your Exchange also ensures that all its promotional and awareness activities are carried out to provide clarity to members/clients regarding participation in the derivatives market by educating market participants of the risks of trading in such products, advertising Do's and Don'ts etc. to inculcate participation through behaviours compliant and in line with the guidelines laid down by the regulator.
- Your Exchange has launched a web based application "ComRIS" (Commodity Receipts Information System) on January 01, 2018 integrating all the service providers and market participants in the physical commodity value chain. This was done to maintain electronic record of commodities deposited at Exchange accredited warehouses and ensure flow of real time information from the warehouse. 56 members have registered as ComRIS Participants with the Exchange as on March 31, 2018. Over the period, delivery settlement for all the Agri commodities except, Mentha Oil have been successfully migrated to ComRIS thereby, doing away with the conventional mode of exchanging physical warehouse receipts. In 2018-19, ComRIS will be further scaled to cover delivery settlement of other commodities to electronic mode.

- Your Exchange also transitioned to client level delivery settlement, an equal opportunity proposition when compared with member level delivery settlement and the same was well received by the market. It also managed the seamless transition to Goods and Service Tax (GST) regime from the erstwhile Value Added Tax (VAT) regime.
- Your Exchange; being a Self-Regulatory Organisation (SRO), with no direct access to investors; regulates members who advertise products traded on the exchange and deal with investors/clients. It inspects members and checks whether members have followed the code of advertisement issued to members vide its circular Schemes/Leagues/Competitions launched by registered Stock Brokers; Code of Advertisement and Compliance requirements.
- Your Exchange has a set mechanism in place to handle any grievances/complaints raised by any of the customers through Customer Service and Quality (CSQ) desk and/or Investor Service Centres. The CSQ department jointly with other internal departments are working to launch an Online Query Portal in FY 2018-19 that will act as the centralized automated platform across all departments, to assist all members and provide an end-to-end solution bringing in transparency with respect to the real time status of their queries, turn-around-time etc.
- Your Exchange gathers annual feedback from members on the services provided by it which becomes basis for changes in various operational processes related to members.

## SECTION E: PRINCIPLE-WISE PERFORMANCE



## PRINCIPLE 1: BUSINESS SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/Others?

At MCX, the governance is grounded on the foundation of ethics, driven by robust mechanisms, policies, processes and practices, ensuring high standards of accountability and transparency. MCX is committed to acting professionally, fairly and with integrity in all its dealings with the stakeholders that includes Members, Clients, Directors, Employees, Shareholders/investors, Regulatory authorities, physical market participants, suppliers/vendors etc.

To this effect the Company pursues the following practices and have policy, wherever feasible. The Company presently extends such policy(ies) to the following:

- a. **Directors/Employees:** Your Exchange enacted a "Code of Conduct" for Board of Directors and Senior Management and "Code of Ethics" for Directors, Key Management Personnel and Executives of the Exchange with the underlying philosophy of conducting the business in an ethical, transparent and responsible manner. Further, the Company also obtains declarations with respect to the 'fit & proper criteria' as defined under Regulation 20 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 from its Directors/Key Management personnel.

- b. **Members:** The Exchange also ensures compliance of ethical standards by its Members through appropriate clauses in the undertakings which they are obligated to comply with like observing high standards of commercial honour of just and equitable principles of trade. The Code of Conduct for Members obligates them that they shall not guarantee any profits, returns or avoidance of loss to any client.
- c. **Suppliers/vendors:** The Exchange communicates to all vendors during the registration phase, in the Solicitation Documents and in the Contract documents that in their dealings with the Exchange they shall adhere to the highest ethical standards at all times including during the bidding process and the execution of a contract.
- d. **Shareholders/Investors:** The Company obtains declarations from certain specified shareholders, either annually (shareholder holding more than 2%) or otherwise, confirming compliance with 'fit & proper criteria' as defined under Regulation 20 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

Further, in its commitment to maintain high ethical standards in its business and practices, the Company intends to advise that similar practices be perused in its wholly owned subsidiary, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) on its operationalization.

## 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

Your Exchange generally receives complaints from the following stakeholders:

### A. Members:

All complaints received in Customer Service & Quality (CSQ) either pertains to Networking or System related issues/grievances from Members:

- i. Networking related complaints include Leased Line, VSAT & Internet connectivity related issues, and
- ii. System related problems/complaints include Exchange Problems such as Login Problems, or problems in placing orders and other System issues.

Under CSQ, your Exchange bifurcates query/complaint & suggestions as mentioned below:

- i. Query: Calls/Emails which does not hamper trading activities of MCX Member.
- ii. Complaint: Calls/Emails pertaining to connectivity issues of the Members with MCX, other system issues, etc. and which hampers trading activities of MCX Member.
- iii. Suggestion: Calls/Emails pertaining to suggestion or improvement required on MCX Operations, Customer Support, Systems & Networking, Membership and Compliance processes which will improve customer responsiveness.

### B. Investors (Client):

Investors/Clients can approach the Investors Grievance Department of the Exchange for redressal of their grievance against the registered member of the Exchange. Investors/Clients may lodge the complaints in the format prescribed along with supporting documents/by sending email on [grievance@mcxindia.com](mailto:grievance@mcxindia.com)/ submitting their complaint to the nearest Investor Service Centre/online mode through Exchange website. Few complaints are also routed by SEBI through their online portal SCORES. Generally, the complaints which falls within the purview of the Exchange are taken up for resolution by the Exchange. Details of the same are provided on the Exchange website.

### C. Arbitration:

Arbitration is a quasi-judicial process of settlement of disputes between Members and its Client/investors. Arbitration aims at quicker resolution of the disputes. When either of the parties is not satisfied with the complaint resolution process or the complaint is not resolved amicably between parties, the parties may choose the route of arbitration as per Rules, Byelaws and Business Rules of the Exchange.

**D. Shareholders:**

Shareholders generally approach the Company with their complaints either directly or through SCORES/BSE i.e. the Exchange where the shares are listed/Karvy i.e. Company's Registrar and Share Transfer Agent.

Complaints from:	As at April 01, 2017	Received during the year	Disposed off	% Satisfactorily resolved	Pending as at March 31, 2018
Members	0	Calls: 2366 E-mail: 147	2366 147	100%	0
Investor (Client)	17	792	767*	94.81	42
Arbitration	37	167	195	95.59%	9
Shareholders	0	31	31	100%	0

\* Includes 199 complaints against the defaulter member, M/s Aadya Commodities Pvt. Ltd., whose complaints have been disposed off. However, the claims received from these investors against the defaulter member are being dealt as per the default process of the Exchange.

**PRINCIPLE 2: BUSINESS SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The following are some of the initiatives undertaken by the Company to address social concerns and/or avail opportunities:

**a. Agri Related:**

- i. Awareness programs with Farmers and Farmer Producer Organisations to make them understand price risk management and hedging.
- ii. Involving all physical market stakeholders at every stage of product design and its review, to make the products relevant to the stakeholders. Product Advisory Committee is an institutional mechanism to gather stakeholders' feedback on the products.
- iii. Tie ups with associations to reach out to physical stakeholders at the farm level, remote areas to spread awareness about futures market.
- iv. Continuously engaging with *Gramin Suvidha Kendra*, an initiative of MCX in association with India Post for empowering farmers and making farming economically viable through different initiatives for capacity building agriculture advancement, productivity enhancement and price dissemination on agricultural commodities to rural communities.

**b. Bullion Related:**

- i. Introduction of Gold and Silver Options to enable Physical value chain participants to manage their price risk volatility more efficiently.
- ii. Continuously engaging with physical industry participants for creating awareness among value chain participants on futures and options, having conducted 101 seminars with 66 Apex and Regional Bullion & Jewellery associations in 71 locations covering more than 16000 entities from physical industry held in FY 17-18.

**c. Base Metals related:**

- i. Introduction of Brass PHY delivery-based contracts to cater to Physical value chain participants to manage their price risk and volatility in Brass and use MCX as a hedging platform efficiently.
- ii. Continuously engaging with physical industry for creating awareness among value chain participants on metals like Aluminium, Copper, Lead, Nickel, Zinc and Brass by conducting seminars, trainings, and risk management workshops.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

(b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Not applicable

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

In sourcing of vendors, your Exchange emphasizes that the suppliers are sourced locally without compromising on quality not only to reduce the cost on delivery but also to reduce the carbon footprint. We do take confirmation on Environmental & CSR policies from existing vendors and give preferences to those vendor who are having these policies. Further, the Greenhouse Gas Emission (GHG) due to energy savings have reduced from 1649 MT CO<sub>2</sub> in 2015-16 to 1581 MT CO<sub>2</sub> in 2017-18.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

More than 95% of the procurement is done from the local market for product and services. Your Exchange creates a pool of database of local suppliers who can be approached for future requirements. During festive season, MCX organises sale of products made by local tribals/communities through NGOs. Further, by providing training and support, farmers were empowered to set nursery and for various programs of the Gramin Suvidha Programme, plants/saplings are procured from them.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

All dry garbage including old Cardboard, newspapers, plastic & packing materials are sent to the NGO who further direct such supplies to recycling units. Approx. 95% E-waste is disposed off through e-waste recycling agencies. Approx. 10% of water is reused for cleaning of the premises.

### **PRINCIPLE 3: BUSINESS SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES**

1. Please indicate the Total number of employees:

As at March 31, 2018 - 414 (including Trainees & Probationary)

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis:

As at March 31, 2018 - 5 (Five)

3. Please indicate the Number of permanent women employees:

As at March 31, 2018 - 78 (Seventy Eight)

4. Please indicate the Number of permanent employees with disabilities:

As at March 31, 2018 - 1 (One)

5. Do you have an employee association that is recognized by management:

No

6. What percentage of your permanent employees is members of this recognized employee association?

N.A.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	0	0
2	Sexual harassment	0	0
3	Discriminatory employment	0	0

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- a. Permanent Employees: 78%
- b. Permanent Women Employees: 90%
- c. Casual/Temporary/Contractual Employees: 60%
- d. Employees with Disabilities: 100%

**PRINCIPLE 4: BUSINESS SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALIZED.**

**1. Has the company mapped its internal and external stakeholders?**

The Exchange engages with myriad stakeholders and has mapped its key stakeholder's viz. Members, employees, physical market participants, Shareholders and investors, regulatory authorities, suppliers/vendors etc.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

The Exchange strives to reach out to the vulnerable sections of society lying at the bottom of its pyramid. It believes that one of the important factor is the lack of knowledge among Indian farmers about various aspects of their occupation and hence your Exchange strives to create awareness amongst them through dissemination of prices, providing future price signals, farmer training and/or awareness programmes, organizing farmers field day events, informing them about new agricultural techniques and wherever feasible impart training in using the same, creating livelihood opportunities through wadi and kitchen garden programmes etc.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

One of the objectives of the Exchange is to demonstrate the utility of the derivatives market to marginalised players in the commodities ecosystem by creating sustainable and viable models, whereby they de-risk themselves from the vagaries of the price fluctuations. As a part of our commitment to the community we operate in, we make efforts to develop and demonstrate sustainable ways of getting the markets to work for the farmer. We take small, yet significant steps to do this through:

- 1. Our social inclusion project in association with India Post, called Gramin Suvidha Kendra (GSK). This project seeks to include farmers in the modern commodity market ecosystem by enhancing their value realization from agriculture activities. It is an activity which provides farmers future price signals, thereby spearheading a silent revolution wherein farmers become better informed about the prevailing prices for their commodity(ies) in the nearby markets which enables them to make sound business decisions. This initiative works on the principle and belief of shifting farmers from being mere 'producers' to becoming 'marketers'. For further details on Gramin Suvidha Kendra, refer Annexure III – Corporate Social Responsibility of the Directors' Report.
- 2. The Product Management Team has done tie ups with associations, institutions, FPOs and NGOs such as CIMAP (Central Institute of Medicinal & Aromatic Plants), IIPM (Indian Institute of Plantation Management), Gujarat State Agriculture Marketing Board, Navjyoti Kisam Producer Co Ltd, Indian Vanaspati Producers Association, etc. to spread awareness amongst farmers and other physical participants about price risk management and hedging using futures market.
- 3. Your Company has also launched & gone live a web based application "ComRIS" (Commodity Receipts Information System) in order to maintain electronic record of commodities deposited at the Exchange accredited warehouses and ensure flow of real time information from January 01, 2018. This will help the beneficiary in doing away with physical receipt transaction and speed up the process of receipt generation and pay-in, pay-out.

4. Engaging in dissemination of prices through Push based SMS on Mobile & using Ticker boards, the details of which are as follows:
  - a. **Price Dissemination through Push based SMS on Mobile:**  
Exchange has continued the providing facility of push based SMS service on Mobile, which disseminates Exchange traded commodity future contract price information on mobile of registered users without any charge. The said facility has been implemented on the website under MyMCX section of website.
  - b. **Price Dissemination through Mobile App. :**  
The Exchange has launched MCX Mobile app which can be installed on any smart mobile handset (Android & IOS). Mobile app disseminates near to real time Exchange traded commodity Future & Option price information.
  - c. **Price Dissemination through Ticker Boards:**  
MCX installed 718 Ticker boards across various mandis in 11 States in a span of 5 years starting from FY 2009-10 to FY 2014-15, which presently provides national agriculture commodity price information by disseminating price information (both spot and futures) through ticker board in identified locations, i.e. Mandis [Agri Market place & Krishi Vigyaan Kendra's (KVKs), etc.]

#### **PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

Your Exchange complies and adheres to all the human rights laws and guidelines of the Constitution of India, national laws and policies. Your Exchange respects the human rights of all its Members/clients, employees, partners etc., upholding the dignity of every individual. As mandated by the Fair Practice Code, the Exchange offers its products and services without any discrimination. All the employees are given the opportunity to address their issues thereby following the principles of natural justice. Further, the statutory compliance of all contractors on minimum wages is reviewed and monitored. The Exchange does not employ child labour.

Further, in its commitment to respect and promote human rights, the Company intends to extend similar practices in its wholly owned subsidiary, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) on its operationalization.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

During the F.Y. 2017-18, no stakeholder complaints pertaining to Human Rights were received.

#### **PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT**

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

The Policy covers internal & external stakeholders.

2. **Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

[https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/mcx\\_csr\\_policy.pdf?sfvrsn=2](https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/mcx_csr_policy.pdf?sfvrsn=2)

3. **Does the company identify and assess potential environmental risks?**

Yes.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company presently does not have any project related to Clean Development Mechanism.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.**

The Exchange has undertaken the following energy saving initiatives for FY 2017-18:

- Exchange Data centre has in-row cooling system for servers that cools equipment only and not the external environment to ensure that no energy is wasted in running compressors excessively, to maintain the desired temperature levels of external environment.
- LED lighting at Exchange Square Data Centre and in all the conference rooms to reduce the energy consumption.
- Strict implementation and monitoring of equipment on/off schedule, helps in reducing wastage of energy.
- Maintaining adequate capacitor bank for non-linear electrical loads like air-conditioning plant, pumps and Heat Recovery System, thereby reducing the drawing of extra energy and improving power factor.
- Preventive maintenance of air conditioning system on scheduled basis and ensuring that the heat sensors and electronic components are properly functioning for compressors to achieve variable compression linked to heat levels for reduction in power consumption.

**6. Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, the emissions/waste generated by your Exchange was within the permissible limits prescribed by CPCB/SPCB for F.Y. 2017-18.

**7. Number of show cause/ legal notices received from CPCB/SPCB which is pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

There were no show cause/ legal notices received from CPCB/SPCB.

**PRINCIPLE 7: BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER**

**1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Your Exchange is a member of the following trade and chamber or association:

- a) International Organization of Securities Commissions
- b) Futures Industry Association
- c) World Federation of Exchanges
- d) Associated Chambers of Commerce and Industry
- e) Federation of Indian Chambers of Commerce and Industry
- f) Confederation of Indian Industries

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Yes. The Company has advocated/lobbied through above associations for Economic Reforms.

The Company engages with industry associations for advocating desired policy changes in the commodity market space with the objective of deepening the market through tax reforms, as well as, with the introduction of a broad-based suite of products and participant groups, many of which are currently not allowed in the commodity derivatives market.

**PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**

**1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

Your Exchange focusses mainly on community-centric interventions and the thrust areas for such interventions are sustainable livelihood and empowerment – especially watershed programs, irrigation, agriculture, and education. To achieve greater public good in a socially responsible manner, your Company supports more holistic proposals with long-term cognizant benefits and wider stakeholder perspective.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

The programmes/projects are undertaken through in-house team for the empowerment of farmers. Your Exchange also collaborates with external NGOs, and other organizations in the thematic areas of livelihoods, watersheds, education, etc. Your Exchange also endeavours to encourage employee engagement in CSR related activities.

**3. Have you done any impact assessment of your initiative?**

Yes. For reviewing the economic, environment and social aspect of various initiatives, evaluation and impact analysis of the Gramin Suvidha Kendra through an independent outside agency is underway.

**4. What is your company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken.**

Through various programs, your Exchange contributes to community development projects by enhancing livelihood opportunities through skill development and empowerment of women and of disabled persons, supporting and implementing the Gramin Suvidha Kendra and watershed program which adds to economic well-being by progressively empowering farmers and communities.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Yes. Adequate measures are taken to ensure that the community development initiative is successfully adopted and are beneficial to the community, the major emphasis being on community development, empowerment, livelihood opportunities and skill development. For instance, the water shed programs of water harvesting and conservation has empowered the community by not only providing water for irrigation purpose but also providing employment opportunities. Through the Gramin Suvidha Kendra programme, we have undertaken different programs to enhance the livelihood opportunities to the farmers through various initiatives like kitchen gardening, floriculture, nursery, exposure visit, expert advisory etc. Interventions like wadi programmes are directed towards women empowerment. We further support the community by encouraging them to undertake productivity enhancement technique like System of Rice Intensification (SRI) and Front Line Demonstration (FLD). For better soil management, practices are encouraged to do soil testing of the respective farms. Organic farming and vermin-compost is promoted to maintain soil quality and fertility.

**PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

There were 5.19% investor (client) grievances and 4.41% arbitration references pending for redressal and disposal respectively as on March 31, 2018. Further, there were no pending shareholder complaints/Members complaints under Customer Service & Quality as at March 31, 2018.

Further, there are 20 (13.07%) Consumer Complaints including appeals pending against the Exchange out of total 153 Pending Litigation cases as on March 31, 2018.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

MCX is not a manufacturing company and hence this question is not applicable. However, the details of products traded on MCX are published on the website.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

No stakeholder has filed any complaint against MCX which relates to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

#### 4. Did your company carry out any consumer survey/consumer satisfaction trends?

Your Exchange believes that stakeholder engagement is an integral part of the business and constantly strives to reach out and capture the interactions at every stage in a structured manner from its key stakeholders including members, physical market participants, employees, investors, farmers, industry associations and vendors, etc.

##### **Members & Industry association's feedback**

Your Exchange rolls out an Online Annual feedback survey through its Customer Support and Quality department (CSQ) to all its members, encompassing service standards of various departments of the Exchange. The feedback mechanism is used to derive a Customer Satisfaction Index both at an overall Exchange level along with a Department(s) Index. The CSQ department periodically monitors trends and seeks an Action Taken Report from all departments based on the feedback, queries and concerns shared by members. This information is shared with the senior management and incorporated in the FAQ's that are updated on the Exchange website, as and when required.

Your Exchange hosts an annual MCX Awards function to recognize performance of commodity market stakeholders and to honor excellence in the commodity markets ecosystem. The Second MCX Awards were held on May 04, 2018. A total of 37 awards were given under different categories viz. Enablers of the Commodity Derivatives Market, First Foot Forward on Evolving Regulatory Developments, Integrators of Commodity Derivatives with Physical Market, Torchbearers of Commodity Derivatives Market, Pillars of Commodity Derivatives Market, Connectors of Commodity Derivatives Market, Fulcrums of Commodity Derivatives Market to the various participants and members within the Exchange eco-system.

Your Exchange has invited and formed an Advisory committee comprising of its members. Quarterly meetings are held to gather market participants feedback on all issues that could potentially affect the working of non-regulatory functions and operational matters including product development, technology, clearing, settlement and delivery etc.

##### **Physical market participants, Investors & Farmers feedback**

With regard to product designing, an initial assessment involves several stakeholders in the value chain of the commodity. Farmers' and traders' associations of the respective commodity, traders, brokers and other stakeholders are approached to understand the market and requirements. A draft contract is designed based on this for soliciting feedback from a larger section of stakeholders. This draft contract specification is shared with them for their feedback on the contract parameters. Based on the comments/inputs, the contract specification undergoes revisions to suit stakeholder requirements. Thereafter, an application seeking regulatory permission to launch the contract is sent to SEBI.

##### **Employees feedback**

The Company conducted Employee Engagement survey through third party vendor in order to understand what drives employee engagement and satisfaction. Your Company constantly engages with the employees through various interactive activities seeking views on matters related to understanding what is important to them at their workplace, what their concerns are, surveys on the expected Insurance Coverage etc. and conducting quarterly Town hall.

The Company solicits proactive feedback relating to the training sessions conducted and also has a dedicated email id [townhallfeedback@mcxindia.com](mailto:townhallfeedback@mcxindia.com) to enable the employees to provide their feedback/ send their suggestions.

Further, on the basis of the feedback received, the Company introduced flexi timing, variable component in the salary structures covering all employees, introduced Internal Job Posting policy, improved its appraisal process by expediting the same in a time bound manner, constituted Food Committee to primarily deal with engagement of cafeteria services, food quality and hygiene, food themes and payment mechanism and People Committee to deal with and recommend staff welfare related activities like employee get-togethers, Festive celebrations, sports and cultural activities, leisure & stress management initiatives, health management programmes, etc.

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# **FINANCIAL STATEMENTS**

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MULTI COMMODITY EXCHANGE OF INDIA LIMITED**

### **Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of **MULTI COMMODITY EXCHANGE OF INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS financial statements")

### **Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive Income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under Section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with Ind AS and other accounting principles generally accepted in India including Ind AS, of the state of affairs of the Company as at 31<sup>st</sup> March, 2018 and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 operative effectiveness of such controls, refer to our separate report in "**Annexure B**"; Our report expresses an unmodified opinion on adequacy and operative effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditors' 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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 31 to standalone Ind AS financial statements
    - ii. The Company did not have any long-term contracts including derivative contracts on which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **SHAH GUPTA & CO.**  
Chartered Accountants  
Firm Registration No.: 109574W

**Vipul K. Choksi**  
Partner  
Membership No.: 37606

Place : Mumbai  
Date : April 28, 2018

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(The Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year by the Management. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and on the basis of an examination of the records of the Company, the title deeds, of immovable properties are held in the name of the Company as at the balance sheet date.
- ii. Since the Company does not have inventory, the Clause 3(ii) of the Order is not applicable to the Company.
- iii. According to the information and explanations given by the Management, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 189 of the Act. Accordingly, sub clause (a), (b) & (c) are not applicable to the Company.
- iv. According to information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of directives issued by Reserve Bank of India, provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, clause 3(v) of the order is not applicable to the Company.
- vi. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act. Accordingly, clause 3(vi) of the order is not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues including provident fund, Income-Tax, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise, Service tax, Cess, Goods and Service Tax and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amount payable in respect of provident fund, Income-Tax, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise, Service tax, Cess, Goods and Service Tax and other material statutory dues in arrears as at 31<sup>st</sup> March, 2018 for a period of more than six months from the date they became payable.
  - (c) According to the records of the Company, there are no dues of provident fund, Income-Tax, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise, Service tax, Cess, Goods and Service Tax and other material statutory dues which have not been deposited on account of any disputes, other than as follows:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax	2,245.09*	AY 2013-2014	CIT (Appeals)
Uttar Pradesh Trade Tax Act, 1948	Penalty	726.24#	For the years 2005-2006 to 2007-2008	Deputy Commissioner of Commercial Tax
Finance Act, 1994	Service Tax, Interest@& Penalty	246.49\$	For the period October 2006 to March 2015	Commissioner of Services Tax (Appeals)

\* Net of Deposit of ₹ 306.36 Lakhs

# Net of Deposit of ₹ 288.73 Lakhs

\$ Net of Deposit of ₹ 11.69 Lakhs

@ excluding Interest amount as the same is not quantified

- viii. According to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, clause 3 (viii) of the order is not applicable to the Company.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable to the Company.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employee has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, clause 3 (xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them and hence provisions of section 192 of the Act are not applicable. Accordingly, clause 3(xv) of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **SHAH GUPTA & CO.**  
Chartered Accountants  
Firm Registration No.: 109574W

**Vipul K. Choksi**  
Partner  
Membership No.: 37606

Place : Mumbai

Date : April 28, 2018

## **ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT**

Report on the Internal Financial Controls over Financial Reporting under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MULTI COMMODITY EXCHANGE OF INDIA LIMITED** ("the Company") as of 31<sup>st</sup> March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control 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 (The "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

### **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 and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls 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 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 31<sup>st</sup> March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SHAH GUPTA & CO.**

Chartered Accountants

Firm Registration No.: 109574W

**Vipul K. Choksi**

Partner

Membership No.: 37606

Place : Mumbai

Date : April 28, 2018

**Standalone Balance Sheet** as at March 31, 2018

₹ in Lakh

Particulars	Note No.	Standalone	
		As at March 31, 2018	As at March 31, 2017
<b>Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	2A	14,668	14,008
(b) Capital work in progress	2B	233	24
(c) Intangible assets	3A	955	1,170
(d) Intangible assets under development	3B	321	12
(e) Financial assets			
(i) Investments	4	52,838	44,042
(ii) Other assets	5	319	213
(f) Income tax assets (net)	6	3,067	2,559
(g) Other assets	7	19,799	38,126
<b>Total non-current assets</b>		<b>92,200</b>	<b>100,154</b>
<b>(2) Current assets</b>			
(a) Financial assets			
(i) Investments	8	88,775	75,438
(ii) Trade receivables	9	631	281
(iii) Cash and cash equivalents	10	4,728	404
(iv) Bank balances (other than cash and cash equivalents (iii) above)	11	1,232	1,520
(v) Loans	12	27	35
(vi) Others	13	300	300
(b) Other assets	14	8,237	8,446
<b>Total current assets</b>		<b>103,930</b>	<b>86,424</b>
<b>Total Assets</b>		<b>196,130</b>	<b>186,578</b>
<b>Equity and Liabilities</b>			
<b>(1) Equity</b>			
(a) Equity share capital	15	5,100	5,100
(b) Other equity	16	132,527	130,777
<b>Total equity</b>		<b>137,627</b>	<b>135,877</b>
<b>(2) Settlement Guarantee Fund</b>	17	18,060	17,049
<b>(3) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Other financial liabilities	18	2,230	3,313
(b) Deferred tax liabilities (net)	32	1,705	749
(c) Provisions	19	148	142
<b>Total non-current liabilities</b>		<b>4,083</b>	<b>4,204</b>
<b>(4) Current liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables		4,140	3,008
(ii) Other financial liabilities	20	27,894	21,482
(b) Income tax liabilities (net)	21	805	366
(c) Provisions	22	90	227
(d) Other current liabilities	23	3,431	4,365
<b>Total current liabilities</b>		<b>36,360</b>	<b>29,448</b>
<b>Total liabilities</b>		<b>58,503</b>	<b>50,701</b>
<b>Total Equity and Liabilities</b>		<b>196,130</b>	<b>186,578</b>

Significant accounting policies, key accounting estimates and judgements 1

See accompanying notes to the Standalone Financial Statements.

As per our report of even date attached

**For Shah Gupta & Co.**

Chartered Accountants

Firm Registration Number: 109574W

**Vipul K. Choksi**

Partner

Membership No.: 37606

Mumbai, April 28, 2018

**For and on behalf of the Board of Directors**
**Mrugank Paranjape**  
 Managing Director & CEO  
 DIN: 02162026

**Saurabh Chandra**  
 Chairman  
 DIN: 02726077

**Subrata K. Mitra**  
 Director  
 DIN: 00029961

**Ashwin Patel**  
 Company Secretary

**Sanjay Wadhwa**  
 Chief Financial Officer

**Standalone Statement of Profit and Loss** for the year ended March 31, 2018

₹ in Lakh, except EPS

Particulars	Note No.	Year ended	
		March 31, 2018	March 31, 2017
<b>I Income</b>			
Revenue From Operations	24	25,984	25,944
Other Income	25	8,636	11,643
<b>Total Income</b>		<b>34,620</b>	<b>37,587</b>
<b>II Expenses</b>			
Employee benefits expense	26	6,796	6,442
Finance costs	27	-	20
Depreciation and amortization expense	2A, 3A	1,666	1,857
Software support charges & Product license Fees	28	4,944	4,706
Computer technology and Communication expenses	29	2,291	2,433
Other expenses	30	4,521	4,387
<b>Total expenses</b>		<b>20,218</b>	<b>19,845</b>
<b>III Profit before tax</b>		<b>14,402</b>	<b>17,742</b>
<b>IV Tax expenses</b>			
(1) Current tax	32	(2,836)	(4,079)
(2) Deferred tax	32	(931)	(1,036)
<b>V Profit for the year</b>		<b>10,635</b>	<b>12,627</b>
<b>VI Other Comprehensive Income</b>			
A) Items that will not be reclassified to profit or loss (net of tax)			
i) Changes in fair value of Equity instruments		259	(1,790)
ii) Remeasurement of Employee benefits obligations		6	(62)
<b>VII Total Comprehensive Income for the year</b>		<b>10,900</b>	<b>10,775</b>
<b>VIII Earnings per equity share (of ₹ 10/- each)</b>			
(1) Basic	36	20.91	24.84
(2) Diluted	36	20.91	24.83

Significant accounting policies, key accounting estimates and judgements 1

See accompanying notes to the Standalone Financial Statements.

As per our report of even date attached

**For Shah Gupta & Co.**

Chartered Accountants

Firm Registration Number: 109574W

**Vipul K. Choksi**

Partner

Membership No.: 37606

Mumbai, April 28, 2018

**For and on behalf of the Board of Directors****Mrugank Paranjape**  
Managing Director & CEO  
DIN: 02162026**Saurabh Chandra**  
Chairman  
DIN: 02726077**Subrata K. Mitra**  
Director  
DIN: 00029961**Ashwin Patel**  
Company Secretary**Sanjay Wadhwa**  
Chief Financial Officer

**Statement of Changes in Equity** for the year ended March 31, 2018

₹ in Lakh

Particulars	Equity Share Capital (A)	Other Equity					Total other equity
		Reserves and Surplus					
		Securities Premium Reserve	Retained Earnings	ESOP Compensation Reserve	General Reserve	Other Comprehensive Income Equity Instruments through Other Comprehensive Income	
<b>Balance as at April 01, 2016</b>	<b>5,099.84</b>	<b>21,684</b>	<b>88,190</b>	<b>283</b>	<b>16,449</b>	<b>(2,731)</b>	<b>123,876</b>
Profit for the year			12,627				12,627
Dividend			(3,315)				(3,315)
Dividend distribution tax			(675)				(675)
Equity instruments through other comprehensive income						(1,790)	(1,790)
Reclassified to retained earning on disposal			(1,095)			1,095	-
ESOP Compensation Reserve				116			116
Re-measurement of employee benefits obligation and others			(62)				(62)
<b>Balance as at March 31, 2017</b>	<b>5,099.84</b>	<b>21,684</b>	<b>95,670</b>	<b>399</b>	<b>16,449</b>	<b>(3,425)</b>	<b>130,777</b>
Profit for the year			10,635				10,635
Dividend			(7,650)				(7,650)
Dividend distribution tax			(1,557)				(1,557)
Equity instruments through other comprehensive income						259	259
ESOP Compensation Reserve				57			57
Re-measurement of employee benefits obligation and others			6				6
<b>Balance as at March 31, 2018</b>	<b>5,099.84</b>	<b>21,684</b>	<b>97,104</b>	<b>456</b>	<b>16,449</b>	<b>(3,166)</b>	<b>132,527</b>

As per our report of even date attached  
**For Shah Gupta & Co.**  
 Chartered Accountants  
 Firm Registration Number: 109574W

**Vipul K. Choksi**  
 Partner  
 Membership No.: 37606  
 Mumbai, April 28, 2018

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

**Mrugank Paranjape**  
 Managing Director & CEO  
 DIN: 02162026

**Ashwin Patel**  
 Company Secretary

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 Chairman  
 DIN: 02726077

**Sanjay Wadhwa**  
 Chief Financial Officer

**Subrata K. Mitra**  
 Director  
 DIN: 00029961

**Cash Flow Statement** for the year ended March 31, 2018

₹ in Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
<b>A Cash flow from operating activities</b>		
Profit before exceptional items and tax	<b>14,402</b>	<b>17,742</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,666	1,857
Finance costs	-	20
Dividend income	(327)	(1,628)
Net gain on sale of investments	(1,047)	(494)
Gain/(loss) on fair valuation of Investments	(2,947)	(3,637)
Provision for doubtful advances provided /(written back)	-	56
Provision for doubtful trade receivables	-	20
Provisions no longer required written back	(19)	(179)
Loss on Winding up of Subsidiary	-	-
Loss on fixed assets sold/scrapped*	0	(0)
Interest income	(4,258)	(5,056)
Shared based payment	57	17
Bad debts	-	45
Remeasurement of Employee benefit	4	95
<b>Operating profit before working capital changes</b>	<b>7,532</b>	<b>8,858</b>
<b>Adjustments for (increase) / decrease in:</b>		
Other financial assets	(106)	82
Trade receivables	(331)	62
Loans	8	(1)
Other current assets	(421)	47
<b>Adjustments for increase/ (decrease) in:</b>		
Other non-current financial liabilities	(1,082)	1,275
Provisions	5	19
Trade payables	1,133	1,129
Other current financial liabilities	6,412	(4,485)
Other current liabilities	(915)	(3,421)
Provisions	(137)	108
<b>Adjustment for increase in Settlement Guarantee Fund (SGF)</b>	<b>1,011</b>	<b>(1,774)</b>
<b>Cash generated from operations</b>	<b>13,108</b>	<b>1,897</b>
Net income tax paid (net of refunds)	(2,882)	(5,091)
<b>Net cash generated/ (used) from operating activities (A)</b>	<b>10,226</b>	<b>(3,194)</b>

**Cash Flow Statement** for the year ended March 31, 2018 (Contd...)

₹ in Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
<b>B Cash flow from investing activities</b>		
Capital expenditure on fixed assets including capital advances	(2,660)	(2,690)
Proceeds from sale of fixed assets	1	4
Purchase of long-term investments – others	(8,266)	(17,554)
Purchase of Current investments	(9,613)	11,714
Other non-current assets	18,328	2
Other Bank balances	300	9,463
Dividend received	327	1,628
Interest received	4,888	2,948
<b>Net cash generated from investing activities (B)</b>	<b>3,305</b>	<b>5,514</b>
<b>C Cash flow from financing activities</b>		
Dividend paid (including tax thereon)	(9,207)	(3,990)
Finance costs	–	–
<b>Net cash (used) in financing activities (C)</b>	<b>(9,207)</b>	<b>(3,990)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>4,324</b>	<b>(1,670)</b>
Cash and cash equivalents at the beginning of the year	404	2,074
<b>Cash and cash equivalents at the end of the year (Refer Note 10)</b>	<b>4,728</b>	<b>404</b>

\* 0 denotes ₹ 0.04 lakh for FY 2017-18 and ₹(0.34) lakh for FY 2016-17

**Note to Cash Flow Statement:**

1 The cash flow statement has been prepared under the “Indirect Method” as set out in Ind AS 7 “Statement of Cash Flows”.

As per our report of even date attached  
**For Shah Gupta & Co.**  
 Chartered Accountants  
 Firm Registration Number: 109574W

**Vipul K. Choksi**  
 Partner  
 Membership No.: 37606  
 Mumbai, April 28, 2018

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

**Mrugank Paranjape**  
 Managing Director & CEO  
 DIN: 02162026

**Ashwin Patel**  
 Company Secretary

**Saurabh Chandra**  
 Chairman  
 DIN: 02726077

**Sanjay Wadhwa**  
 Chief Financial Officer

**Subrata K. Mitra**  
 Director  
 DIN: 00029961

## Notes forming part of the financial statements

### COMPANY OVERVIEW

Multi Commodity Exchange of India Limited (the “Company” or the “Exchange”) is a deemed Stock Exchange recognised under the Securities Contracts (Regulation) Act, 1956. The Company is a demutualised Exchange and has permanent recognition from the Government of India to facilitate nationwide online trading, clearing and settlement operations of commodity derivatives.

The Company is a public limited company incorporated and domiciled in India and has its registered office at ‘Exchange Square’, Suren Road, Chakala, Andheri (East), Mumbai 400093, India. Its shares are listed on the BSE Limited. Further, in pursuance of Regulation 3.1.1 of the National Stock Exchange (Capital Market) Trading Regulations Part A and other relevant provisions, National Stock Exchange of India Limited (NSE) vide its Circular Ref No. 202/201 dated March 7, 2012 notified that with effect from March 09, 2012 the Company’s equity shares were permitted to be traded and admitted to dealings on NSE.

### 1. SIGNIFICANT ACCOUNTING POLICIES, KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

#### 1.1 Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the ‘Ind AS’) as notified under Section 133 of the Companies Act, 2013 (‘Act’) read with of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

#### 1.2 Significant Accounting Policies

##### A. Property, plant and equipment

Property, plant and equipment are stated at original cost, less accumulated depreciation and accumulated impairment losses, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

Depreciation methods, estimated useful lives and residual value:

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

Asset Class	Useful Life
Buildings	60 years
Office equipment	5 years
Computer equipment	3-6 years
Furniture and fixtures	10 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end.

Cost of assets not ready for intended use as on Balance Sheet date are disclosed under ‘Capital work-in-progress’. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed under ‘Other Non-Current Assets’.

##### B. Intangible assets

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible asset that meets the recognition criteria. Intangible assets are stated at cost of acquisition and are carried at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. Amortization methods and useful lives are reviewed at each financial year end.

At each balance sheet date consideration is given to determine whether there is any indication of impairment of the carrying amounts of the company’s intangible assets. If indication exists, an asset’s recoverable amount is estimated. An impairment loss is recognized in the Statement of Profit and Loss Account whenever the carrying amount of an asset exceeds its recoverable amount.

**C. Impairment of non-financial assets**

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired, if such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

**D. Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at banks, cheque on hand, short-term deposits with a maturity of three months or less from the date of acquisition, which are subject to an insignificant risk of changes in value.

**E. Cash Flow Statement**

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

**F. Operating Leases**

Assets given/taken on lease in which a significant portion of the risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Lease payment/Income made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments/receipts are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases.

**G. Fair Value Measurement**

The company measures financial instruments at fair value in accordance with accounting policies at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**H. Financial Instruments**

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

**a) Financial Assets:**

The company measures its financial assets at fair value at each balance sheet date. In this context, quoted investments are fair valued adopting the techniques defined in Level 1 of fair value hierarchy of Ind-AS 113 "Fair Value Measurement" and unquoted investments, where the observable input is not readily available, are fair valued adopting the techniques defined in Level 3 of fair value hierarchy of Ind-AS 113 and securing the valuation report from the certified valuer. However, trade receivables that do not contain a significant financing component are measured at transaction price.

The Company classifies a financial asset in accordance with the below criteria:

- i. The Company's business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- i. Financial assets measured at amortized cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)

A financial asset is measured at the amortized cost if both the following conditions are met:

- a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if both of the following conditions are met:

- a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss and fair value changes are recognized in Other Comprehensive Income (OCI).

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

#### ***De-recognition***

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

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

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

On De-recognition of a financial asset, (except for financial assets measured at FVTOCI) the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

#### ***Impairment of financial assets***

The company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measured at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

**b) Financial Liabilities**

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All non-current financial liabilities of the Company are measured at amortized cost using the effective interest method. Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

***De-recognition***

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

***Offsetting of financial instruments***

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

**I. Revenue Recognition**

Revenue is recognised on accrual basis and when no significant uncertainty as to measurement and realisation exists.

- a) Transaction Charges – Revenue is recognized on transactions in accordance with the Company's fees scales as and when the transaction occurs.
- b) Admission Fees (non refundable) collected from new members for joining the Exchange are recognized once the membership is approved.
- c) Subscription and other fees – Revenue is recognized on straight line basis over the period to which fee relates.
- d) Dividend income is recognised when the Company's right to receive dividend is established.
- e) Warehouse income is recognised on accrual basis.
- f) Interest income accrued on time proportion basis. The amounts disclosed as revenue are net of taxes and amounts collected on behalf of third parties.

**J. Foreign currency translation**

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency. Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

**K. Current and Non-Current Classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

**L. Employee Benefits Expenses****a) Post-employment benefits and other long term benefits**

Payments to defined contribution schemes are recognized as an expense when employees have rendered the service entitling them to the contribution. The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The company recognizes re-measurement gains and losses arising on defined benefit gratuity plans in Other Comprehensive Income (OCI) as they will never be reclassified into profit or loss, they are immediately recorded in retained earnings.

**b) Short term employee benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year and performance incentives.

**c) Stock based compensation**

The company recognizes compensation expense relating to share-based payment in net profit using fair value in accordance with Ind AS 102 "Share-Based Payment". The company recognizes the same in ESOP Compensation Reserve.

**M. Taxes on Income (Current and Deferred)**

Income tax expense comprises current and deferred income tax. Current income tax for taxable profit before tax as reported in the Statement of Profit and Loss for the periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized in other comprehensive income.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred tax relating to items recognized outside the statement of profit and loss are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

**N. Provisions, Contingent liabilities, Contingent assets and Commitments**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events, when the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the company recognizes impairment on the assets with the contract.

**O. Exceptional items**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

**P. Earnings per share**

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per

## Notes forming part of the financial statements (Contd...)

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.

**Q. Government Grants:**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to it, and that the grant will be received. Government grants are recognised in the Statement of Profit or Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Profit or Loss over the expected useful lives of the assets concerned.

**R. Rounding of amounts**

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

**S. Events after Reporting date**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

**1.3 Key accounting estimates and Judgments**

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Critical accounting estimates and assumptions:**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**Income taxes**

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

**Property, Plant and Equipment**

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

**Defined benefit plans**

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions.

**Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**1.4 Recent accounting pronouncements**

The standard issued, but not yet effective up to the date of issuance of the Company's financial statements is disclosed below. The company intends to adopt this standard when it becomes effective.

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

**Ind AS 115 – Revenue from Contract with Customers:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

**2A. PROPERTY, PLANT AND EQUIPMENT**

₹ in Lakh

Particulars	Land-Freehold	Buildings	Office Equipments (Including Computer Hardware)	Net-working Equipment	Furniture and fixtures*	Vehicles	Total
<b>Gross carrying amount</b>							
<b>Balance as at April 1, 2016</b>	<b>5,061</b>	<b>4,962</b>	<b>2,770</b>	<b>48</b>	<b>209</b>	<b>40</b>	<b>13,090</b>
Additions	-	1,306	1,011	2	359	39	2,717
Disposals	-	-	5	2	-	3	11
<b>Balance as at March 31, 2017</b>	<b>5,061</b>	<b>6,268</b>	<b>3,775</b>	<b>48</b>	<b>568</b>	<b>76</b>	<b>15,796</b>
Additions	-	-	1,570	1	-	136	1,707
Disposals	-	-	27	3	1	7	38
<b>Balance as at March 31, 2018</b>	<b>5,061</b>	<b>6,268</b>	<b>5,318</b>	<b>46</b>	<b>567</b>	<b>205</b>	<b>17,465</b>
<b>Accumulated Depreciation</b>							
<b>Balance as at April 1, 2016</b>	-	<b>93</b>	<b>741</b>	<b>18</b>	<b>61</b>	<b>9</b>	<b>922</b>
Additions	-	103	658	12	67	34	874
Disposals	-	-	5	1	-	2	9
<b>Balance as at March 31, 2017</b>	-	<b>196</b>	<b>1,394</b>	<b>29</b>	<b>128</b>	<b>41</b>	<b>1,788</b>
Additions	-	115	796	9	97	29	1,046
Disposals	-	-	27	3	0	7	37
<b>Balance as at March 31, 2018</b>	-	<b>310</b>	<b>2,163</b>	<b>36</b>	<b>225</b>	<b>63</b>	<b>2,797</b>
<b>Net carrying amount</b>							
<b>Balance as at March 31, 2017</b>	<b>5,061</b>	<b>6,072</b>	<b>2,382</b>	<b>19</b>	<b>440</b>	<b>35</b>	<b>14,008</b>
<b>Balance as at March 31, 2018</b>	<b>5,061</b>	<b>5,958</b>	<b>3,155</b>	<b>10</b>	<b>342</b>	<b>142</b>	<b>14,668</b>

The aggregate depreciation has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

\* 0 represents ₹ 0.09 lakhs

**2B. CAPITAL WORK IN PROGRESS**

₹ in Lakh

<b>Balance as at March 31, 2017</b>	-	-	-	-	-	-	<b>24</b>
<b>Balance as at March 31, 2018</b>	-	-	-	-	-	-	<b>233</b>

Notes forming part of the financial statements (Contd...)

**3A. INTANGIBLE ASSETS**

₹ in Lakh

Particulars	Computer Software	Trademark and Copyright*	Total
<b>Gross carrying amount</b>			
<b>Balance as at April 1, 2016</b>	<b>3,066</b>	<b>0</b>	<b>3,066</b>
Additions	624	-	624
Disposals	3	-	3
<b>Balance as at March 31, 2017</b>	<b>3,687</b>	<b>0</b>	<b>3,687</b>
Additions	405	-	405
Disposals	-	-	-
<b>Balance as at March 31, 2018</b>	<b>4,092</b>	<b>0</b>	<b>4,092</b>
<b>Accumulated Depreciation</b>			
<b>Balance as at April 1, 2016</b>	<b>1,535</b>	<b>0</b>	<b>1,535</b>
Additions	983	-	983
Disposals	1	-	1
<b>Balance as at March 31, 2017</b>	<b>2,517</b>	<b>0</b>	<b>2,517</b>
Additions	620	-	620
Disposals	-	-	-
<b>Balance as at March 31, 2018</b>	<b>3,137</b>	<b>0</b>	<b>3,137</b>
<b>Net carrying amount</b>			
<b>Balance as at March 31, 2017</b>	<b>1,170</b>	<b>-</b>	<b>1,170</b>
<b>Balance as at March 31, 2018</b>	<b>955</b>	<b>-</b>	<b>955</b>

The aggregate depreciation has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

\* 0 represents ₹ 0.10 lakhs

**3B. INTANGIBLE ASSETS UNDER DEVELOPMENT**

₹ in Lakh

<b>Balance as at March 31, 2017</b>	-	-	<b>12</b>
<b>Balance as at March 31, 2018</b>	-	-	<b>321</b>

**4. NON-CURRENT INVESTMENTS**

Particulars	Face Value	As at March 31, 2018		As at March 31, 2017	
	Per unit	Units	₹ in Lakh	Units	₹ in Lakh
<b>A. Investment in equity instruments:</b>					
(i) of Subsidiary – FVTOCI Multi Commodity Exchange Clearing Corporation Limited	₹ 10	106,000,000	10,600	6,000,000	458
(ii) of other entities – FVTOCI Class B Shares of USD 1,000 each fully paid-up in Dubai Gold and Commodities Exchange DMCC	1000USD	500	299	500	487
			<b>10,899</b>		<b>945</b>
<b>B. Investment in Mutual Funds – FVTPL</b>					
Reliance Interval Fund – IV – Series 3 – Direct Growth	₹ 10	–	–	5,000,000	579
SBI Debt Fund Series – B – 29 (1200 days) – Direct Growth	₹ 10	–	–	5,000,000	560
UTIFixed Term Income Fund Series XXIII - XI (1100 days) – Direct Growth	₹ 10	–	–	5,000,000	561
ICICI Pru FMP Series 80 Growth Plan G – Direct Growth	₹ 10	10,000,000	1,073	10,000,000	1,003
ICICI Pru FMP Series 80 plan J – Direct Growth	₹ 10	10,000,000	1,076	10,000,000	1,009
Birla Sunlife FMP Series OG 1146 days – Direct Growth	₹ 10	6,000,000	644	6,000,000	603
Birla Sunlife FMP Series OI – Direct Growth	₹ 10	5,000,000	537	5,000,000	503
DSP Blackrock FMP Series 204 37M – Direct Growth	₹ 10	10,000,000	1,073	10,000,000	1,007
Kotak FMP Series 200 – 1158 days – Direct Growth	₹ 10	10,000,000	1,074	10,000,000	1,006
Reliance FHF XXXIII Series 1 FMP – Direct Growth	₹ 10	6,000,000	646	6,000,000	605
Reliance FHF XXXIII Series 4 FMP – Direct Growth	₹ 10	5,000,000	537	5,000,000	503
UTI FFTIF Series XXVI – VI – Direct Growth	₹ 10	5,000,000	537	5,000,000	503
			<b>7,197</b>		<b>8,442</b>
<b>C. Investment in Tax Free Bonds – FVTPL</b>					
7.19% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 31 July 2025)	₹ 1,000,000	400	4,603	400	4,740
7.11% National High Authority of India Tax free bonds (Maturity Date 18 September 2025)	₹ 1,000,000	500	5,730	500	5,922
7.07% Housing and Urban Development Corporation Ltd. Tax free bonds (Maturity Date 01 October 2025)	₹ 1,000,000	440	5,030	440	5,139
7.11% NTPC Ltd. Tax free bonds (Maturity Date 05 October 2025)	₹ 1,000	62,457	716	62,457	740
7.11% Power Housing Finance Corporation Ltd. Tax free bonds (Maturity Date 17 October 2025)	₹ 1,000	25,670	294	25,670	304
7.09% Rural Electrification Corporation Ltd. Tax free bonds (Maturity Date 05 November 2030)	₹ 1,000	114,504	1,364	114,504	1,405
7.28% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 21 December 2030)	₹ 1,000	105,700	1,156	105,700	1,145
7.35% National High Authority of India Tax free bonds (Maturity Date 11 January 2031)	₹ 1,000	192,849	2,381	192,849	1,951
7.49% Indian Renewable Energy Development Agency Ltd. Tax free bonds (Maturity Date 21 January 2031)	₹ 1,000	136,241	1,693	136,241	1,702

Notes forming part of the financial statements (Contd...)

Particulars	Face Value	As at March 31, 2018		As at March 31, 2017	
	Per unit	Units	₹ in Lakh	Units	₹ in Lakh
7.39% Housing and Urban Development Corporation Ltd. Tax free bonds (Maturity Date 08 February 2031)	₹ 1,000	28,028	341	28,028	346
7.39% National High Authority of India Tax free bonds (Maturity Date 09 March 2031)	₹ 1,000	16,189	200	16,189	205
7.39% Housing and Urban Development Corporation Ltd. Tax free bonds (Maturity Date 15 March 2031)	₹ 1,000	163,244	1,989	163,244	2,016
7.35% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 22 March 2031)	₹ 1,000	178,216	2,194	178,216	1,963
7.35% National Bank For Agriculture And Rural Development Tax free bonds (Maturity Date 23 March 2031)	₹ 1,000	535,149	5,885	535,149	5,916
7.38% India Infrastructure Finance Company Ltd. Tax free bonds (Maturity Date 15 Nov 2027)	₹ 1,000,000	50	598	50	596
8.20% Housing And Urban Development Corporation Ltd. Tax free bonds (Maturity Date 05 March 2027)	₹ 1,000	50,000	568	50,000	565
			<b>34,742</b>		<b>34,655</b>
<b>Total</b>			<b>52,838</b>		<b>44,042</b>
Aggregate amount of listed and quoted investments at fair value			34,742		34,655
Aggregate amount of listed and quoted investments at cost			30,836		30,836
Aggregate amount of listed but not quoted investments at fair value			7,197		8,442
Aggregate amount of listed but not quoted investments at cost			6,700		8,200
Aggregate amount of unquoted investments at fair value			10,899		945
Aggregate amount of unquoted investments at cost			10,819		819

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>5. NON-CURRENT OTHER FINANCIAL ASSETS</b>		
<b>Unsecured, considered good:</b>		
Capital advances	–	5
Security deposits	138	134
Prepaid expenses	181	74
<b>Total</b>	<b>319</b>	<b>213</b>
<b>6. INCOME TAX ASSETS (NET)</b>		
Advance income tax [net of provisions ₹ 71,271 Lakhs (as at March 31, 2017 ₹ 67,020 lakhs)]	3,067	2,559
<b>Total</b>	<b>3,067</b>	<b>2,559</b>
<b>7. OTHER NON-CURRENT ASSETS</b>		
Balance with government authorities	289	289
Advances for supply of services	665	864
Bank deposits with more than 12 months maturity (Refer note 11)	18,845	36,973
<b>Total</b>	<b>19,799</b>	<b>38,126</b>

**8. CURRENT INVESTMENTS**

Particulars	Face Value	As at March 31, 2018		As at March 31, 2017	
	Per unit	Units	₹ in Lakh	Units	₹ in Lakh
<b>A. Investment in equity instruments</b>					
(i) of other Entities – FVTOCI					
Metropolitan Clearing corporation of India Limited (formerly Known as MCX SX Clearing Corporation Limited)	₹ 10	6,500,000	508	6,500,000	312
Metropolitan Stock Exchange of India Limited (Formerly Known as MCX Stock Exchange Limited)	₹ 1	331,777,008	2,322	331,777,008	2,190
			<b>2,830</b>		<b>2,502</b>
<b>B. Investment in Mutual Funds – FVTPL</b>					
Axis Enhanced Arbitrage Fund – Direct – Dividend	₹ 10	17,577,651	1,921	–	–
Axis Short Term Fund Direct Growth	₹ 10	5,236,370	1,029	–	–
Birla Sunlife Cash Plus – Daily Dividend – Direct Plan	₹ 100	–	–	6,340,439	6,353
Birla Sunlife Income Plus Direct Growth	₹ 10	1,754,457	1,384	1,754,457	1,325
Birla Sun life Enhanced Arbitrage Fund Direct MDR	₹ 10	4,591,437	507	–	–
DSP BlackRock Short Term Fund – Direct – Growth	₹ 10	5,109,777	1,563	–	–
HDFC Arbitrage Fund WP Direct Growth	₹ 10	–	–	8,501,233	1,055
HDFC Medium Term Opportunities Fund Direct Plan Growth	₹ 10	5,965,110	1,158	3,351,469	609
HDFC Gilt Fund Long Term Plan Direct Growth	₹ 10	10,463,704	3,743	10,463,704	3,591
HDFC High Interest Fund Dynamic Plan Direct Growth	₹ 10	2,121,554	1,302	2,121,554	1,243
HDFC Liquid Fund Direct Daily Dividend Reinvestment*	₹ 10	–	–	444,618	4,534
HDFC Liquid Fund – Direct – Growth*	₹ 1,000	100,885	3,454	–	–
HDFC Liquid Fund Direct Weekly Dividend Reinvestment	₹ 1,000	–	–	50,732	523
HDFC High Interest Fund – Short Term Plan – Direct	₹ 1,000	5,779,286	2,056	–	–
HDFC Cash Management Fund Treasury Advantage Direct	₹ 10	805,473	306	–	–
ICICI Prudential Income Opportunity Fund Direct Growth	₹ 10	25,986,965	6,434	25,986,965	6,062
ICICI Prudential Equity Arbitrage Fund Direct Plan Growth	₹ 10	3,520,408	508	2,639,456	587
ICICI Prudential Short Term Direct Growth	₹ 10	2,615,792	981	2,615,792	916
ICICI Prudential Money Market Fund Dir Daily Dividend Reinvestment*	₹ 100	–	–	2,262,854	2,266
ICICI Prudential Money Market Fund Direct Growth*	₹ 100	2,731,911	6,569	–	–
ICICI Pru Banking & PSU Debt Fund Direct Growth	₹ 1,000	5,195,885	1,050	–	–

Notes forming part of the financial statements (Contd...)

Particulars	Face Value	As at March 31, 2018		As at March 31, 2017	
	Per unit	Units	₹ in Lakh	Units	₹ in Lakh
IDFC Dynamic Bond Fund Direct Growth	₹ 10	15,545,405	3,359	15,545,405	3,257
IDFC Cash Fund Weekly Dividend (Direct Plan)*	₹ 1,000	–	–	273,356	2,753
IDFC Cash Fund – Direct – Growth *	₹ 1,000	143,636	3,031	–	–
IDFC Corporate Bond Fund Direct Growth	₹ 10	54,490,469	6,523	54,490,469	6,112
IDFC Arbitrage Fund – Direct - Monthly Dividend	₹ 10	14,718,881	1,917	–	–
Invesco India Short Term Fund – Direct – Growth	₹ 1,000	21,334	508	–	–
Invesco India Arbitrage Fund – Direct – Dividend	₹ 10	7,545,422	1,012	–	–
Kotak Bond (Short Term) Direct Monthly Dividend Payout	₹ 10	–	–	27,715,553	2,886
Kotak Bond Short Term Plan – Direct – Growth	₹ 10	9,082,190	3,059	–	–
Kotak Equity Arbitrage Fund Direct Growth	₹ 10	2,159,370	509	4,409,891	1,055
Kotak Flexi debt Fund Direct Plan Growth	₹ 10	9,080,288	2,090	4,665,594	1,005
Kotak Floater Short Term Direct Daily Dividend Reinvestment	₹ 1,000	–	–	217,514	2,200
Kotak Banking and PSU Debt Fund – Direct – Growth	₹ 10	3,927,851	1,563	–	–
Kotak Corporate Bond Fund – Direct – Growth	₹ 1,000	89,285	2,079	–	–
L&T Liquid Fund Dir Daily Dividend Reinvestment	₹ 1,000	–	–	88,922	901
L&T Arbitrage Opportunities Fund – Direct – Monthly	₹ 10	9,859,823	1,011	–	–
L&T Triple Ace Bond Fund – Direct – Growth	₹ 10	2,322,638	1,048	–	–
LIC MF Bond Fund Direct Growth	₹ 10	6,562,527	3,104	6,562,527	2,988
LIC MF Liquid Fund DDR	₹ 1,000	–	–	27,454	301
Reliance Interval Fund – IV – Series3 – Direct Growth	₹ 10	5,000,000	622	–	–
Reliance Banking & PSU Debt Fund Direct Growth	₹ 10	17,468,775	2,203	17,468,775	2,068
Reliance Arbitrage Advantage Fund – Direct – Month	₹ 10	17,695,877	1,922	–	–
SBI Debt Fund Series – B – 29 (1200 days) – Direct Growth	₹ 10	5,000,000	600	–	–
SBI Premier Liquid Fund Direct Daily Dividend Reinvest	₹ 1,000	–	–	620,386	6,224
SBI Arbitrage Opportunities Fund – Direct – Dividend	₹ 10	13,569,900	1,920	–	–
UTI Bond Fund Direct Plan Growth	₹ 10	5,930,728	3,238	5,930,728	3,083
UTI Dynamic Bond Fund Direct Plan Growth	₹ 10	3,303,846	684	3,303,846	650
UTI Short Term Income Fund Institutional Option – Direct Growth	₹ 10	16,402,311	3,549	14,056,710	2,857
UTI Money Market Fund Direct Daily Dividend	₹ 1,000	–	–	90,881	912

Particulars	Face Value	As at March 31, 2018		As at March 31, 2017	
	Per unit	Units	₹ in Lakh	Units	₹ in Lakh
UTI Liquid Cash Plan – Direct Plan – Daily Dividend Reinvestment*	₹ 1,000	–	–	453,143	4,620
UTI-Liquid Cash Plan – Direct – Growth*	₹ 1,000	119,843	3,410	–	–
UTI Fixed Term Income Fund Series XXIII -XI (1100 days) – Direct Growth	₹ 10	5,000,000	600	–	–
UTI Floating Rate Fund – STP – Direct – Growth	₹ 1,000	17,525	510	–	–
UTI Spread Fund – Direct – Dividend	₹ 10	11,453,617	1,909	–	–
			<b>85,945</b>		<b>72,936</b>
<b>Total</b>			<b>88,775</b>		<b>75,438</b>

\* Earmarked towards the Settlement Guarantee Fund – aggregate value ₹ 13,059 lakh (as at 31 March 2017: ₹ 11,470 lakh)

Aggregate amount of listed but not quoted investments at fair value		1,822	–
Aggregate amount of listed but not quoted investments at cost		1,500	–
Aggregate amount of not listed not quoted investments at fair value		84,123	72,936
Aggregate amount of not listed not quoted investments at cost		78,253	70,013
Aggregate amount of unquoted investments at fair value		2,830	2,502
Aggregate amount of unquoted investments at cost		7,087	7,087

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>9. TRADE RECEIVABLES</b>		
Secured, considered good *	424	240
Unsecured, considered good	207	41
Doubtful	421	1,436
	1,052	1,717
Less: Provision for doubtful trade receivables	(421)	(1,436)
<b>Total</b>	<b>631</b>	<b>281</b>
* secured by cash margins/bank guarantees/fixed deposit receipts and hypothecation of movables such as commodities, etc. from members.		
<b>10. CASH AND CASH EQUIVALENTS</b>		
Balances with banks		
– in current accounts	4,726	402
Cheques on hand	2	2
<b>Total</b>	<b>4,728</b>	<b>404</b>

Notes forming part of the financial statements (Contd...)

Particulars	₹ in Lakh	
	As at March 31, 2018	As at March 31, 2017
<b>11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Bank Deposits*	20,027	38,439
Less: Bank deposits with more than 12 months maturity	(18,845)	(36,973)
Bank deposits with less than 12 months maturity	1,182	1,466
In earmarked accounts		
– unpaid dividend accounts	50	37
– other earmarked accounts	–	17
<b>Total</b>	<b>1,232</b>	<b>1,520</b>

\* Bank deposits include:

- (a) Deposits which are earmarked for Settlement Guarantee Fund ₹ 4,456 lakh (as at March 31 2017: ₹ 5,131 lakh) out of which deposits of ₹ Nil (as at March 31, 2017: ₹ Nil) are under lien.
- (b) Deposits other than note (a) which are under lien with banks for overdraft facilities and bank guarantee – ₹ 12,093 lakh (as at March 31, 2017: ₹ 21,104 lakh)

Particulars	₹ in Lakh	
	As at March 31, 2018	As at March 31, 2017
<b>12. LOANS</b>		
Loans and advances to employees	27	35
<b>Total</b>	<b>27</b>	<b>35</b>
<b>13. CURRENT OTHER FINANCIAL ASSETS</b>		
Unsecured, considered good		
Security deposits	300	300
<b>Total</b>	<b>300</b>	<b>300</b>
<b>14. OTHER CURRENT ASSETS</b>		
<b>(a) Secured, considered good</b>		
Unbilled revenue*	2,248	1,997
<b>(b) Unsecured, considered good (unless stated otherwise)</b>		
Interest accrued but not due on fixed deposits**	2,453	3,079
Interest accrued but not due on Tax free Bonds	1,167	1,171
Other Receivables	11	12
Prepaid expenses	1,288	841
Balance with government authorities	267	185
Advances for supply of services other than capital advances	773	1,144
Other loans and advances	30	17
	5,989	6,449
<b>(c) Unsecured, considered doubtful</b>		
Other loans and advances	3	3
Other recoverable	326	326
Less: Provision	(329)	(329)
	–	–
<b>Total</b>	<b>8,237</b>	<b>8,446</b>

\* secured by cash margins/bank guarantees/fix deposit receipts and hypothecation of movables such as commodities, etc. from members.

\*\* Includes interest of ₹ 462 lakh (as at March 31, 2017: ₹ 311 lakh) on fixed deposits which are earmarked for Settlement Guarantee Fund.

**15. EQUITY SHARE CAPITAL**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	₹ in lakh	Number of Shares	₹ in lakh
<b>Authorized</b>				
Equity shares of ₹ 10/- each	70,000,000	7,000	70,000,000	7,000
<b>Issued</b>				
Equity shares of ₹ 10/- each	50,998,369	5,099.84	50,998,369	5,099.84
<b>Subscribed and Paid-Up</b>				
Equity shares of ₹ 10/- each	50,998,369	5,099.84	50,998,369	5,099.84
	<b>50,998,369</b>	<b>5,099.84</b>	<b>50,998,369</b>	<b>5,099.84</b>

- a. Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	₹ in lakh	Number of shares held	₹ in lakh
Opening Balance at the beginning of the reporting year	50,998,369	5,099.84	50,998,369	5,099.84
Shares issued during the reporting year	–	–	–	–
Closing balance at the end of the reporting year	<b>50,998,369</b>	<b>5,099.84</b>	<b>50,998,369</b>	<b>5,099.84</b>

- b. Rights, preferences and restrictions attached to equity shares:

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the shareholders at the ensuing annual general meeting, except in the case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the proportion of equity shares held.

- c. Details of shares held by each shareholder holding more than 5% Shares:

Name of Shareholders	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	% of holding	Number of Shares	% of holding
Kotak Mahindra Bank Limited	7,649,755	15.00%	7,649,755	15.00%

- d. For particulars of options granted under Employee Stock Option Schemes, refer note no. 39 on ESOP.

Notes forming part of the financial statements (Contd...)

**16. OTHER EQUITY**

₹ in Lakh

Particulars	Reserves and Surplus				Other Comprehensive Income	Total Other Equity
	Securities Premium Reserve	Retained Earnings	ESOP Compensation Reserve	General Reserve	Equity Instruments through Other Comprehensive Income	
<b>Balance as at April 01, 2016</b>	<b>21,684</b>	<b>88,190</b>	<b>283</b>	<b>16,449</b>	<b>(2,731)</b>	<b>123,876</b>
Profit for the year		12,627				12,627
Dividend		(3,315)				(3,315)
Dividend distribution tax		(675)				(675)
Equity instruments through other comprehensive income					(1,790)	(1,790)
Reclassified to retained earning on disposal		(1,095)			1,095	–
ESOP Compensation Reserve			116			116
Re-measurement of employee benefits obligation and others		(62)				(62)
<b>Balance as at March 31, 2017</b>	<b>21,684</b>	<b>95,670</b>	<b>399</b>	<b>16,449</b>	<b>(3,425)</b>	<b>130,777</b>
Profit for the year		10,635				10,635
Dividend		(7,650)				(7,650)
Dividend distribution tax		(1,557)				(1,557)
Equity instruments through other comprehensive income					259	259
ESOP Compensation Reserve			57			57
Re-measurement of employee benefits obligation and others		6				6
<b>Balance as at March 31, 2018</b>	<b>21,684</b>	<b>97,104</b>	<b>456</b>	<b>16,449</b>	<b>(3,166)</b>	<b>132,527</b>

**Note:**

Equity instruments through other comprehensive income – This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

**17. SETTLEMENT GUARANTEE FUND (SGF)**

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance (cash component)	17,049	18,824
Add/(Less): Base minimum capital (BMC)	(23)	(2,809)
Add: Settlement related penalties (Net of Tax)	24	76
Add: Appropriation of dues of defaulting members	8	-
Add: Income from earmarked investments (Net of Tax)	1,002	863
Expelled members deposits transferred to SGF	-	47
Fixed Deposit Receipt invoked of Expelled members transferred to SGF	-	48
<b>Total</b>	<b>18,060</b>	<b>17,049</b>

**Notes:**

- (i) In addition to the cash component of Base Minimum Capital, the amount of bank guarantees/ fixed deposits receipts (Non cash component) forming part of SGF as at March 31, 2018 aggregate ₹ 5,493 lakh (as at March 31, 2017 ₹ 5,560 lakh).
- (ii) As at March 31, 2018 and March 31, 2017, SGF does not include Base Minimum Capital of Non-SEBI registered members.
- (iii) In accordance with the regulatory guidelines, the Company has conducted stress test at the end of the current financial year to determine adequacy of the Settlement Guarantee Fund (SGF). The SGF being adequate, no fresh contributions from the profits have been made during the current financial year.

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>18. OTHER NON CURRENT FINANCIAL LIABILITIES</b>		
Trade/Security deposits from		
– Settlement bankers	1,900	1,900
– Members*	330	1,413
<b>Total</b>	<b>2,230</b>	<b>3,313</b>
*includes Base Minimum Capital from members not registered with SEBI		
<b>19. NON CURRENT PROVISIONS</b>		
Provision for Compensated absences	148	142
<b>Total</b>	<b>148</b>	<b>142</b>
<b>20. OTHER CURRENT FINANCIAL LIABILITIES</b>		
Advance received from members and applicants towards		
– Trading Margin from Members	27,069	20,318
– Member's Security Deposits	752	971
– Application Money (pending admission)	51	105
– Networking Equipment Deposits	20	29
Security deposits from Depository participants	2	59
<b>Total</b>	<b>27,894</b>	<b>21,482</b>

Notes forming part of the financial statements (Contd...)

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>21. INCOME TAX LIABILITIES (NET)</b>		
Provision for tax [net of advance tax ₹ 2181 lakh (as at March 31, 2017: ₹ 3,729 lakh)]	805	366
<b>Total</b>	<b>805</b>	<b>366</b>
<b>22. CURRENT PROVISIONS</b>		
Provision for Compensated absences	28	111
Provision for Gratuity	62	116
<b>Total</b>	<b>90</b>	<b>227</b>
<b>23. OTHER CURRENT LIABILITIES</b>		
Statutory remittances	1,769	2,349
Payable to Multi Commodity Exchange Investor (Client) Protection Fund (IPF)	378	359
Investor Services Fund (ISF)#	4	-
Payable to employees	52	40
Advance received from members and applicants	771	1,083
Income received in advance	24	81
Unclaimed dividends *	50	37
Payable for purchase of fixed assets	383	416
<b>Total</b>	<b>3,431</b>	<b>4,365</b>

# SEBI vide its circular CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13, 2017 has mandated to set up Investor Service Fund (ISF) for providing basic minimum facilities at various Investor Service Centres. Accordingly, Contribution during the year ₹ 195 lakh and utilised ₹ 191 lakh.

\* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>24. REVENUE FROM OPERATIONS</b>		
<b>Sale of Services</b>		
Transaction fees	23,892	23,304
Annual subscription fees	317	417
Membership admission fees	102	83
Terminal charges	51	56
	24,362	23,860
<b>Other operating revenues</b>		
Connectivity Income	977	916
Other recoveries from members		
– Penalties (net of transfer to SGF)	67	371
– Others	134	172
Data feed Income	329	361
Warehouse Income	115	264
	1,622	2,084
<b>Total</b>	<b>25,984</b>	<b>25,944</b>
<b>25. OTHER INCOME</b>		
Dividend income from Mutual Funds	327	2,246
<b>Interest income:</b>		
– on bank deposits	2,080	3,269
– on Tax Free Bonds	2,174	1,781
– from Others	4	6
	4,258	5,056
<b>Net gain on sale of:</b>		
– current investments	812	293
– long-term investments	235	201
Gain/(loss) on fair valuation of Mutual Funds	2,859	2,075
Gain on fair valuation of Bonds	88	1,563
	3,994	4,131
Provisions/Liability no longer required written back*	19	174
Miscellaneous income	38	35
<b>Total</b>	<b>8,636</b>	<b>11,643</b>
* net of bad debts ₹ 1,015 lakh for Financial year 2017–18		
<b>26. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	6,293	5,868
Contribution to provident and other funds	306	341
Staff welfare expenses	140	121
Share based payment to employee	57	112
<b>Total</b>	<b>6,796</b>	<b>6,442</b>

Notes forming part of the financial statements (Contd...)

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>27. FINANCE COSTS</b>		
<b>Interest expenses on:</b>		
– Others	–	20
<b>Total</b>	<b>–</b>	<b>20</b>
<b>28. SOFTWARE SUPPORT CHARGES &amp; PRODUCT LICENSE FEES</b>		
Software support charges	4,021	3,960
Product License fees	923	745
<b>Total</b>	<b>4,944</b>	<b>4,706</b>
<b>29. COMPUTER TECHNOLOGY AND COMMUNICATION EXPENSES</b>		
Computer Technology expenses	1,417	1,245
Communication expenses	874	1,188
<b>Total</b>	<b>2,291</b>	<b>2,433</b>
<b>30. OTHER EXPENSES</b>		
Advertisement	264	363
Electricity charges	325	318
Rent	333	262
Repairs and maintenance – others	325	344
Insurance	52	56
Rates and taxes	23	35
Travelling and conveyance	471	353
Printing and stationery	52	43
Business promotion	223	77
CSR related expenses	181	329
Legal and Professional Charges	539	580
Sponsorships and Seminar expenses	130	290
Membership fees and subscriptions	106	89
Security service charges	121	106
Provision for doubtful advances	–	56
Provision for doubtful trade receivables	–	20
Bad debts written off	–	45
SEBI – Exchange regulatory fees	363	392

₹ in Lakh

Particulars	₹ in Lakh	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Payment to the auditors		
– For audit	20	18
– For other services	4	12
– Reimbursement of out of pocket expenses	1	1
	25	31
Contribution to Multi Commodity Exchange Investor (Client) Protection Fund (IPF)	191	25
Contribution to Investor Service Fund	195	–
Net loss on foreign currency transactions and translations	18	4
Loss on fixed assets sold/scrapped*	0	–
Directors Sitting fees	67	91
Office expenses	273	270
Miscellaneous expenses	244	208
<b>Total</b>	<b>4,521</b>	<b>4,387</b>

\* 0 represents ₹ 0.04 lakhs

**31. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)**

₹ in Lakh

Particulars	As at	
	March 31, 2018	March 31, 2017
<b>Contingent liabilities:</b>		
Claims against the Company not acknowledged as debts		
– Income tax demands against which the Company is in appeals (including interest upto date of order)	3,054	3,054
– Sales tax demands against which the Company is in appeals	1,015	1,015
– Service tax (CENVAT credit)	26	–
– Others (excluding interest)	67	75
Bank guarantee given	1,127	365
<b>Capital Commitments:</b>		
The estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	850	1,241

In addition to the matters as specified in contingent liabilities above, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business the impact of which is unascertainable. The Company's management does not expect that the legal actions, when ultimately concluded and determined, will have adverse effect on the Company's financial statements.

**Other Commitments:**

The Company has commitments to pay for the services related to (i) maintenance of core network equipment and (ii) technology support and managed services based on long-term agreements, the cancellation of which may entail monetary compensation.

Notes forming part of the financial statements (Contd...)

**32. TAXATION**

Income tax related to items charged or credited directly to profit or loss during the year:

₹ in Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Current income tax	2,836	4,079
Deferred Tax	931	1,036
<b>Total Income Tax Expense</b>	<b>3,767</b>	<b>5,115</b>

**Reconciliation of tax expense and accounting profit for the year**

₹ In Lakh (as otherwise stated)

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Profit / (loss) before tax	14,402	17,742
Applicable tax rate	34.608%	34.608%
Computed expected tax expense	4,984	6,140
<b>Add:</b>		
Expenses disallowed	916	1,103
Income not considered in Profit & Loss Account	177	384
<b>Less:</b>		
IND AS Impact (Net)	(1,029)	(1,259)
Expenses allowed	(1,086)	(630)
Loss adjusted against long term capital gain	-	(51)
Exempt income	(1,126)	(1,608)
<b>Income tax expense as per Statement of Profit and Loss</b>	<b>2,836</b>	<b>4,079</b>

**Deferred tax relates to the following:**

₹ in Lakh

Particulars	Balance Sheet	
	As at March 31, 2018	As at March 31, 2017
Expenses allowable on payment basis	131	128
Other items giving rise to temporary differences (including impact on fair value of investments)	(620)	345
Difference between WDV of Property, Plant and Equipment as per books of accounts & Income Tax	(1,216)	(1,222)
Deferred tax asset / (liability)	<b>(1,705)</b>	<b>(749)</b>

**Reconciliation of deferred tax assets / (liabilities) net:**

₹ in Lakh

Particulars	As at	
	March 31, 2018	March 31, 2017
Opening balance as on 1st April	(749)	458
Tax income / (expense) during the year recognized in Statement of Profit ad Loss	(931)	(1,036)
Differences on other comprehensive income	(25)	(170)
Closing Balance	<b>(1,705)</b>	<b>(749)</b>

**33. SEGMENT REPORTING**

IND AS 108 establishes standards for the way that companies report information about operating segments and related disclosures about products and services, and geographical areas. Based on the risks and returns identified, organizational structure and the internal financial reporting system, the business segment is the primary segment for the Company and accordingly "business of facilitating trading in commodities and incidental activities thereto" is considered as the only Primary Reportable business segment. Further, since the Company renders services only in the domestic market in India and there is no geographical segment.

**34. FOREIGN CURRENCY TRANSACTIONS**

₹ in Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
<b>Expenditure in Foreign Currency</b>		
– License Fees	923	742
– Repairs and Maintenance – Others	12	5
– Membership and Subscription	6	22
– Professional Charges	106	29
– Computer Technology and Communication expenses	19	1
– Travel & Conveyance*	0	–
– Bank charges	1	–
<b>Earnings in Foreign Exchange</b>		
– Data feed income	98	112

\* 0 represents ₹ 0.07 lakhs

**35. OPERATING LEASES**

The Company has entered into cancellable operating lease agreements as lessee for various premises. The lease rentals recognised as an expense in the Statement of Profit and Loss during the year is as follows:

₹ in Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Lease rentals (Included in Rent – Note No. 30)	77	128

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

₹ in Lakh

Particulars	As at	
	March 31, 2018	March 31, 2017
<b>Obligations on Non Cancellable Lease</b>		
Not later than 1 year	124	93
Later than 1 year but not later than 5 years	152	186
Later than 5 years	–	6

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend upto a maximum of ten years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses. The operating leases referred above include leases relating to Investor Services Fund.

Notes forming part of the financial statements (Contd...)

### 36. EARNINGS PER SHARE

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Weighted Average Shares Outstanding – Basic	50,860,437	50,831,922
Effect of dilutive securities on account of ESOP	(32,118)	(6,000)
Weighted Average Shares Outstanding – Diluted	50,828,319	50,825,922

Net Profit available to equity shareholders of the company used in the basic and diluted earnings per share was determined as follows:

₹ in Lakh, except EPS

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Earnings available to equity shareholders	10,635	12,627
Earnings available for equity shareholders for diluted earnings per share	10,635	12,627
Basic Earnings per Share	20.91	24.84
Diluted Earnings per Share	20.91	24.83

### 37. RELATED PARTY INFORMATION

#### Names of related parties and nature of relationship:

Nature of relationship	Name of Related Party
<b>Subsidiary Company</b>	Multi Commodity Exchange Clearing Corporation Limited (MCX CCL)
<b>Shareholders' Directors**</b>	Mr. Amit Goela (w.e.f. 04.02.2016) Mrs. Madhu Vadera Jayakumar (w.e.f. 04.02.2016) Mrs. Padma Raghunathan* (w.e.f. 04.02.2016) Mr. Hemang Raja (w.e.f. 30.06.2016) Mr. Chengalath Jayaram (w.e.f. 25.11.2016) * Sitting fees are paid directly to the nominee institutions
<b>Independent Directors</b>	Mr. Saurabh Chandra (w.e.f. 03.07.2016) Mr. Arun Bhargava (w.e.f. 19.11.2016) Mr. Arun Kumar Nanda (w.e.f. 19.05.2015) Dr. Govinda Marapalli Rao (w.e.f. 29.09.2015)** Mr. Prithvi Haldea (w.e.f. 25.10.2016) Mr. Subrata Kumar Mitra (w.e.f. 19.05.2015) Mr. Shankar Aggarwal (w.e.f. 01.10.2017) Ms. Pravin Tripathi (upto 12.08.2017)
<b>Key Managerial Personnel (KMP)</b>	Mr. Mrugank Paranjape, MD & CEO (w.e.f. 09.05.2016) Mr. Narendra Kumar Ahlawat, Chief Regulatory Officer (upto 31.03.2018) Mr. Rahi Racharla, Chief Information Officer, Technology (w.e.f. 27.12.2016) Mr. Sanjay Wadhwa, Chief Financial Officer (w.e.f. 27.02.2017) Mr. Ashwin Patel, Company Secretary (w.e.f. 01.07.2017) Mr. Ajay Puri, Company Secretary (upto 30.06.2017) Mr. Parveen Kumar Singhal, (President & Whole Time Director): upto 13.10.2017)
<b>Others</b>	
<b>Relatives of KMPs or company in which KMP is interested and where transaction exists</b>	Adya IT Services Private Limited
<b>Employee Welfare Trust</b>	MCX ESOP Trust
<b>SEBI mandated IPF Trust</b>	Multi Commodity Exchange Investor (Client) Protection Fund (IPF)#

\*\* Dr. Govinda Marapalli Rao was appointed as an additional director from 08/08/2015 and his designation was changed on 29/09/2015.

# Pursuant to SEBI circular no. CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13, 2017, MCX IPF Trust has ceased to be a related party w.e.f. July 01, 2017. And thus MCX IPF column below represents transaction upto June 30, 2017 .

**Transactions with related parties:**

The details of amounts due to or due from related parties as at March 31, 2018 are as follows:

₹ in Lakh

Nature of Transactions	As at March 31, 2018						Total
	Subsidiary			Others			
	MCX CCL	MCX ESOP Trust	MCX IPF*	Shareholder's Directors	Independent Directors	Relatives of KMPs or company in which KMP is interested	
Re-imbursements charged to the company	-	-	1	-	2	-	3
Recoveries charged by the company	86	-	37	-	-	-	37
Software Licence Fees	-	-	-	-	-	1	1
Contribution to IPF	-	-	69	-	-	-	69
Penalties/Non Compliance Charges	-	-	1,328	-	-	-	1,328
Sitting Fees Paid	-	-	-	43	89	-	132
Investment balance as at year end	10,600	-	-	-	-	-	10,600
Outstanding Balance receivable/(payable) as at March 31, 2018	12	-	220	-	-	-	220

# Pursuant to SEBI circular no. CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13, 2017, MCX IPF Trust has ceased to be a related party w.e.f. July 01, 2017. Accordingly for FY 2017-18, transactions upto June 30, 2017 are considered as related party. Closing balance includes transactions from July 01, 2017 to March 31, 2018.

The details of amounts due to or due from related parties as at March 31, 2017 are as follows:

₹ in Lakh

Nature of Transactions	As at March 31, 2017						Total
	Subsidiary			Others			
	MCX CCL	MCX ESOP Trust	MCX IPF	Shareholder's Directors	Independent Directors	Relatives of KMPs or company in which KMP is interested	
Re-imbursements charged to the company*	-	-	0	0	0	-	1
Recoveries charged by the company	2	8	8	-	-	-	18
Seminar & Conference expenses	-	-	-	-	-	1	1
Dividend Paid	-	11	-	-	-	-	11
Contribution to IPF	-	-	25	-	-	-	25
Penalties/Non Compliance Charges	-	-	3,167	-	-	-	3,167
Sitting Fees Paid	-	-	-	39	89	-	128
Loan & advance/Deposits given:							
Balance – Opening	-	-	-	-	-	-	-
Given during the year	1	-	-	-	-	-	1
Repaid/adjustments during the year	1	-	-	-	-	-	1
Balance – Closing	-	-	-	-	-	-	-
Investment balance as at year end	458	-	-	-	-	-	458
Outstanding Balance receivable/(payable) as at March 31, 2017.	-	-	219	-	-	-	219

\* 0 represents ₹ 0.41 lakh for MCXIPF, ₹ 0.02 lakh for Shareholder's directors, ₹ 0.44 lakhs for independent directors.

Notes forming part of the financial statements (Contd...)

**Transactions with Key Managerial Personnel:**

(₹ in Lakh except as otherwise stated)

Nature of Transactions	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>1. Salary and Allowances Paid/payable to KMPs*:</b>		
Mr. Parveen Kumar Singhal	146	213
Mr. Mrugank Paranjape	253	297
Mr. Sanjay Wadhwa	66	6
Mr. Ajay Puri	28	68
Mr. Ashwin Patel	34	21
Others	182	259
<b>2. Dividend paid to KMPs:</b>		
Mr. Parveen Kumar Singhal	0.69	0.36
Others	0.00	0.01
	<b>In Numbers</b>	<b>In Numbers</b>
<b>3. Employee Stock Options (ESOP 2008):</b>		
Opening Balance at the beginning of year	–	10,200
Add: Options granted during the year	–	–
Less: Exercised during the year	–	(10,200)
Closing Balance at the end of the year	–	–

\* Excludes gratuity and long term compensated absences which are actuarially valued at Company level and where separate amounts are not identifiable.

**Notes :**

- There are no amounts written off or written back during the year in respect of debts due from or to related parties.
- KMPs as on the respective dates are considered.

**38. EMPLOYEE BENEFIT PLANS:**
**a. Post employment defined benefit plans:**

The Company makes annual contributions to the Employee's Group Gratuity Assurance Scheme administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at March 31, 2018 and March 31, 2017.

₹ in Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
<b>Change in benefit obligations</b>		
Present Value of Benefit obligation at the beginning of the period	566	401
Current Service Cost	87	61
Interest Cost	41	32
Gains/Losses on Curtailment	–	–
Transfer of obligation	–	–
Remeasurements – Actuarial (gains)/ losses	(10)	93
Benefits paid from the Fund	(56)	(21)
<b>Present Value of Benefit obligations at the end of the period</b>	<b>628</b>	<b>566</b>

₹ in Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
<b>Change in plan assets</b>		
Fair value of plan assets at the beginning of the period	450	350
Interest Income	33	28
Transfer of assets	–	–
Remeasurements – Return on plan assets excluding amounts included in interest income*	(0)	(2)
Contributions by the employer	140	95
Benefits paid from the fund	(56)	(21)
<b>Fair value of plan assets at the end</b>	<b>565</b>	<b>450</b>
<b>Funded Status – Excess of obligation over plan assets</b>	<b>(62)</b>	<b>(116)</b>

\* 0 represents ₹ (0.16) lakhs

Amount for the year ended March 31, 2018 and March 31, 2017 recognized in the Statement of Profit and Loss under employee benefits expenses.

₹ in Lakh

Recognized in Profit and Loss	For the year ended	
	March 31, 2018	March 31, 2017
Current Service Cost	87	61
Net Interest Cost	8	4
Gains/Losses on Curtailment	–	–
<b>Expenses Recognized</b>	<b>96</b>	<b>65</b>

Amount for the year ended March 31, 2018 and March 31, 2017 recognized in statement of other comprehensive income:

₹ in Lakh

Recognized in Other Comprehensive Income	For the year ended	
	March 31, 2018	March 31, 2017
Actuarial (gains)/losses on obligation for the period	(10)	93
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)*	0	2
Change in Asset Ceiling		–
<b>Net (Income)/Expense for the period recognized in OCI</b>	<b>(10)</b>	<b>95</b>

\* 0 represents ₹ 0.16 lakhs

The weighted-average assumptions used to determine benefit obligations as at March 31, 2018 and March 31, 2017 are set out below:

Weighted Average Actuarial Assumptions	As at	
	March 31, 2018	March 31, 2017
Discount rate	7.78%	7.29%
Weighted average rate of increase in compensation levels	7.50%	7.50%
Weighted average duration of defined projected benefit obligation	15	15

₹ in Lakh

Sensitivity Analysis	As at	
	March 31, 2018	March 31, 2017
Projected Benefit Obligation on Current Assumptions	628	566
Delta Effect of +1% change in rate of Discounting	(74)	(66)
Delta Effect of -1% change in rate of Discounting	88	80
Delta Effect of +1% change in rate of Salary Increase	88	79
Delta Effect of -1% change in rate of Salary Increase	(75)	(67)
Delta Effect of +1% change in rate of Employee Turnover*	(0)	(3)
Delta Effect of -1% change in rate of Employee Turnover <sup>§</sup>	0	3

\* 0 represents ₹ (0.28) lakhs

§ 0 represents ₹ 0.03 lakhs

**Additional Details:**

Methodology adopted for Valuation is Projected Unit Credit Method.

Sensitivity analysis is an analysis which will give the movement in liability if the assumptions were not proved to be true on different count. This only signifies the change in the liability if the difference between assumed and the actual is not following the parameters of the sensitivity analysis.

Since investment is with insurance company, Assets are considered to be secured.

Assumptions regarding future mortality experience are set in accordance with the Indian Assured Lives Mortality (2006-08).

Expected rate of return on plan assets is based on expectation of the average long term rate of return expected to prevail over the estimated term of the obligation on the type of the investments assumed to be held by LIC, since the fund is managed by LIC.

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotions and other relevant factors, such as supply and demand in the employment market.

The Company expects to contribute ₹ 62 lakhs to the plan assets during financial year 2018-19.

Actuarial Gains/Losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

**Maturity profile of projected benefit obligation:**

₹ in Lakh

Projected Benefits Payable in Future Years from the Date of Reporting	March 31, 2018	March 31, 2017
Within 1 year	13	41
1-2 years	14	12
2-3 years	33	13
3-4 years	19	29
4-5 years	27	16
5-10 years	174	141
11 years and above	1,794	1,492

**b. Defined Contribution Plans:**

Amounts recognised as expenses towards contributions to Provident and Family Pension Fund, Employee State Insurance Corporation and other funds by the Company are ₹ 214 Lakh (Previous Year ₹ 178 Lakh) Refer Note No. 26.

₹ in Lakh

Particulars	As at	
	March 31, 2018	March 31, 2017
Contribution to Provident and Family Pension Fund	211	176
Contribution to Employees State Insurance Scheme (ESIC) #	1	0
Contribution to Labour Welfare Fund*	0	0
Contribution to Employees Deposit Linked Insurance (EDLI)	2	2

\* 0 represents ₹ 0.14 lakh for FY 2017-18 and ₹ 0.13 lakh for FY 2017-18

# represents ₹ 0.40 lakh for FY 2016-17

**39. EMPLOYEE STOCK OPTION PLAN (ESOP):**

During the year ended 31 March 2009, the shareholders of the Company approved the 'Employee Stock Options Plan 2008' ('ESOP – 2008'). Under the said scheme, 1,625,000 Equity Shares of ₹ 10 each have been allotted to ESOP Trust who will administer the ESOP Scheme on behalf of the Company. Out of which ESOP Trust has granted (a) 1,313,250 number of options convertible into 1,313,250 equity shares of ₹ 10 each to eligible employees on 2 July 2008 and 23 August 2008 in aggregate; (b) 331,750 (including the lapsed options available for reissuance) numbers of options convertible into 331,750 equity shares of ₹ 10 each to eligible employees on 24 October 2011; (c) 10,000 numbers of options convertible into 10,000 equity shares of ₹ 10 each to an eligible employee on 3 October 2012; (d) 25,300 numbers of options convertible into 25,300 equity shares of ₹ 10 each to eligible employees on 19 April 2013; (e) 10,000 numbers of options convertible into 10,000 equity shares of ₹ 10 each to an eligible employee on 19 February 2014 and (f) 172,600 numbers of options convertible into 172,600 equity shares of ₹ 10 each to eligible employees on November 11, 2014.

Details of the Options granted by the ESOP Trust is as under:

Vesting period	No. of Options granted	Exercise Price	Grant Date
2 July 2008 to 2 July 2009	391,725	₹ 144.00	2-Jul-08
2 July 2008 to 2 July 2010	391,725	₹ 144.00	
2 July 2008 to 2 July 2011	522,300	₹ 144.00	
23 August 2008 to 23 August 2009	2,250	₹ 144.00	23-Aug-08
23 August 2008 to 23 August 2010	2,250	₹ 144.00	
23 August 2008 to 23 August 2011	3,000	₹ 144.00	
24 October 2011 to 24 October 2012	99,525	₹ 390.00	24-Oct-11
24 October 2011 to 24 October 2013	99,525	₹ 390.00	
24 October 2011 to 24 October 2014	132,700	₹ 390.00	
3 October 2012 to 3 October 2013	3,000	₹ 1,282.75	03-Oct-12
3 October 2012 to 3 October 2014	3,000	₹ 1,282.75	
3 October 2012 to 3 October 2015	4,000	₹ 1,282.75	
19 April 2013 to 19 April 2014	7,590	₹ 855.70	19-Apr-13
19 April 2013 to 19 April 2015	7,590	₹ 855.70	
19 April 2013 to 19 April 2016	10,120	₹ 855.70	
19 Feb 2014 to 19 Feb 2015	1,000	₹ 516.50	19-Feb-14
19 Feb 2014 to 19 Feb 2016	2,000	₹ 516.50	
19 Feb 2014 to 19 Feb 2017	3,000	₹ 516.50	
19 Feb 2014 to 19 Feb 2018	4,000	₹ 516.50	
11 Nov 2014 to 11 Nov 2015	17,260	₹ 851.10	11-Nov-14
11 Nov 2014 to 11 Nov 2016	34,520	₹ 851.10	
11 Nov 2014 to 11 Nov 2017	51,780	₹ 851.10	
11 Nov 2014 to 11 Nov 2018	69,040	₹ 851.10	

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of ₹ 10 each. Exercise period for each option granted on 2 July 2008 and 23 August 2008 is three years from the date of their respective vesting. Exercise period for each option granted on 24 October 2011, 3 October 2012, 19 April 2013 and 19 February 2014 and 11 November 2014 is one year from the date of their respective vesting.

The following table exhibits the net compensation expenses arising from share based payment transaction:

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Expense arising from equity settled share based payment transactions	57	112

## Notes forming part of the financial statements (Contd...)

The activity in the 2008 Plan for equity-settled share based payment transactions during the year ended March 31, 2018 is set out below:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
<b>2008 Plan: Employee Stock Options (ESOPs)</b>				
Outstanding at the beginning of year	95,484	851.12	162,190	851.40
Granted during the year	–	–	–	–
Forfeited and lapsed during the year	8,072	851.38	22,718	851.67
Exercised during the year	10,627	851.10	43,988	851.86
<b>Outstanding at the end of year</b>	<b>76,785</b>	<b>851.10</b>	<b>95,484</b>	<b>851.12</b>
Exercisable at the end of year	27,657		4,855	

Lapsed options available for reissuance are 53,654 (As at March 31, 2017: 45,582) shares.

The following table summarizes information about options exercised and granted during the year and about options outstanding and their remaining contractual life as at March 31, 2018:

Particulars	Options outstanding			Options Exercised	
	Number of share options	Weighted average remaining contractual life (in years)	Weighted average exercise price	Number of share options	Weighted average fair value
2-Jul-08	–	–	–	–	–
23-Aug-08	–	–	–	–	–
24-Oct-11	–	–	–	–	–
03-Oct-12	–	–	–	–	–
19-Apr-13	–	–	–	–	–
19-Feb-14	–	–	–	–	–
11-Nov-14	76,785	1.25	₹ 851.10	10,627	₹ 851.10

For options granted on 2 July 2008 and 23 August 2008 under ESOP 2008 Scheme; the intrinsic value of each option is Nil. The estimated fair value of each option is ₹ 15.64 and ₹ 16.62 for options granted on 2 July 2008 and 23 August 2008 respectively. The weighted average fair values have been determined using the Binomial Option Pricing Model considering the following parameters:

Particulars	For options granted in	
	2-Jul-08	23-Aug-08
Grant date		
Weighted average share price on the date of grant	₹ 90	₹ 90
Weighted average Exercise price on the date of grant	₹ 90	₹ 90
Expected volatility (%)	1%	1%
Expected life of the option (years)	3.5 years	3.5 years
Expected dividends (%)	25%	25%
Risk-free interest rate (%)	9.14%	9.13%
Weighted average fair value as on grant date	₹ 85	₹ 85

Each option granted represents a right to the option grantee but not an obligation to apply for 1 fully paid up Equity Share of ₹ 10 each of the Company at duly adjusted exercise price after consolidation of share and bonus issue i.e. ₹ 144 pursuant to the corporate action during the year ended 31 March 2011.

For options granted on 24 October 2011, 3 October 2012, 19 April 2013, 19 February 2014 and 11 November 2014 under ESOP 2008 Schemes; the intrinsic value of each option is Nil. The estimated fair value of each option is ₹ 324.99, ₹ 342.64, ₹ 202.34, ₹ 181.47 and ₹ 363.18 for options granted on 24 October 2011, 3 October 2012, 19 April 2013, 19 February 2014 and 11 November 2014 respectively. The weighted average fair values have been determined using the Black Schole Formula considering the following parameters:

Particulars	For options granted in				
	24-Oct-11	03-Oct-12	19-Apr-13	19-Feb-14	11-Nov-14
Weighted average share price on the date of grant	₹ 390	₹ 1282.75	₹ 855.70	₹ 516.50	₹ 851.10
Weighted average Exercise price on the date of grant	₹ 390	₹ 1282.75	₹ 855.70	₹ 516.50	₹ 851.10
Expected volatility (%)	2.26%	34.35%	32.75%	52.37%	52.22%
Expected life of the option (years)	1.5 Years	2.6 Years	2.6 Years	3.5 Years	3.5 Years
Expected dividends (%)	Not Considered	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant
Dividend yield (%)	–	1.87%	2.80%	4.65%	1.17%
Risk-free interest rate (%)	8.60%	8.12%	7.49%	8.86%	8.26%
Weighted average fair value as on grant date	₹ 385	₹ 1282.75	₹ 855.70	₹ 516.50	₹ 851.10

#### 40. FINANCIAL INSTRUMENTS:

##### Financial instruments by category

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The carrying value and fair value of financial instruments by categories as at March 31, 2018 were as follows:

₹ in Lakh

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying value	Fair value	Carrying value	Fair value
<b>Amortised cost:</b>				
Cash and cash equivalents (Refer Note No 10)	4,728	4,728	404	404
Bank Balances (Refer Note No. 11)	1,232	1,232	1,520	1,520
Bank deposits with original maturity of more than twelve months (Refer Note No 7)	18,845	18,845	36,973	36,973
Unbilled Revenue (Refer Note No 14)	2,248	2,248	1,997	1,997
Trade receivables (Refer Note No 9)	631	631	281	281
Loans (Refer Note No 12)	27	27	35	35
Other financial assets (Refer Note No 5 & 13)	619	619	513	513
Trade payables	4,140	4,140	3,008	3,008
Other financial liabilities (Refer Note No 18 & 20)	30,124	30,124	24,795	24,795
<b>Fair value through profit or loss:</b>				
Investments (Refer Note No 4 & 8)				
Tax free bonds	34,742	34,742	34,655	34,655
Mutual Funds	93,142	93,142	81,378	81,378
<b>Fair value through OCI:</b>				
Investments in other entities	13,729	13,729	3,447	3,447

**Note:** Investment in equity instrument & warrants are not held for trading. The company has chosen to measure these at FVTOCI irrevocably as the management believes that presently fair value gains and losses relating to these investments in Profit and Loss may not be indicative of the performance of the company.

Notes forming part of the financial statements (Contd...)

The fair value of mutual funds is based on quoted price. The fair value of tax free bonds is based on quoted prices and market observable inputs.

The fair value of warrants & equity securities is based on the valuation provided by the certified valuers.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2018:

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	Level	Hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
<b>Assets</b>				
Investments in Mutual Funds (FVTPL)	93,142	81,378	1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Investments in tax free bonds (FVTPL)	34,742	34,655	1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Investments in Warrants of other company (FVTOCI)	–	–		
Investments in equity instruments (FVTOCI)*	13,729	3,447	3	Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
<b>Liabilities</b>				
Liability towards contingent consideration	–	–		

\* The carrying amount of financial asset measured at FVTOCI in the financial statements are a reasonable approximation of their fair values since the company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

## FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the company's management.

### Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Since the company has no borrowings, exposure to risk of change in market interest rate is nil.

### Foreign currency risk

The company periodically transacts internationally and few of the transactions are conducted in different currencies. As the volume of the transactions are few, the company has not entered in foreign exchange forward exchange contracts.

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particular	As at March 31, 2018		As at March 31, 2017	
	₹ in Lakh	Amount in Foreign Currency	₹ in Lakh	Amount in Foreign Currency
<b>Other receivables</b>				
In USD	5	7,633	1	2,013
<b>Trade Payables</b>				
In USD	98	150,716	131	202,726
In GBP	268	290,689	107	132,157

#### Sensitivity Analysis

A Change of 5% in Foreign currency would have following impact on Profit before tax

Particulars	2017-18		2016-17	
	₹ In Lakh	₹ In Lakh	₹ In Lakh	₹ In Lakh
	5% Increase	5% decrease	5% Increase	5% decrease
<b>Trade Payables/Receivables</b>				
USD	(5)	5	(7)	7
GBP	(15)	15	(5)	5

#### Derivative financial instruments

The company has not entered into any forward exchange contract being derivative instruments.

#### Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 631 lakhs and ₹ 281 lakhs as at March 31, 2018 and March 31, 2017 respectively and unbilled revenue amounting to ₹ 2248 lakhs and ₹ 1,997 lakhs as at March 31, 2018 and March 31, 2017 respectively.

Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

The Company measures the expected credit loss of trade receivables from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

Investment in mutual fund & bonds is with financial institutions with high credit rating assigned by the international credit rating agencies.

#### Ageing of Account receivables

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Trade receivables</b>		
Less than 6 months	619	265
More than 6 months	11	16
<b>Total</b>	<b>631</b>	<b>281</b>

#### Movement in provisions of doubtful debts

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Opening provision	1,436	1,598
Add: Additional provision made	-	-
Less: Provision reversed	19	117
Less: Bad debt written off	996	45
Closing provision	<b>421</b>	<b>1,436</b>

Notes forming part of the financial statements (Contd...)

**Liquidity risk:**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

**(i) Financial Arrangements**

Following are the unutilised sanctioned bank overdraft limits as at the respective year end. ₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Expiring within one year (bank overdraft)	9,635	18,251

**(ii) Maturity patterns of other Financial liabilities**

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Trade Payable</b>		
Less than 6 months	4,136	2,972
More than 6 months	4	36
<b>Total</b>	<b>4,140</b>	<b>3,008</b>

**Capital Risk Management**
**(a) Risk Management**

The Company aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

**(b) Dividend**

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Equity shares	50,998,369	50,998,369
Final dividend for the year ended March 31, 2018 of ₹ 17/- (March 31, 2017 – ₹ 15/-) per fully paid share	8,670	7,650
Dividends not recognised at the end of the reporting period	8,670	7,650

**Regulatory Risk**

The Company requires a number of regulatory approvals, licenses, registrations and permissions to operate our business. For example, the Company have licenses from SEBI in relation to, among others, introducing derivatives contracts on various commodities. The Company's operations are subject to continued review and the governing regulations changes. The Company's regulatory team constantly monitors the compliance with these rules and regulations. There have been several changes to the form and manner in which deemed recognised stock exchanges must make contributions to a Settlement Guarantee Fund. Should SEBI in the future vary the required contribution amounts to the Settlement Guarantee Fund, the Company may have to contribute more of funds to the Settlement Guarantee Fund which could materially and adversely affect the Company's financial ability. The Company's regulatory team keeps a track regarding the amendments in SEBI circulars/regulations pertaining to such settlement guarantee fund.

**Clearing and Settlement Risk**

Parties to a settlement may default on their obligations for reason beyond the control of the Company. Company guarantees the settlement of trade executed on the Company's platform and maintains a settlement guarantee fund to support its guarantee obligations. SEBI introduced the guidelines on stress testing, Settlement Guarantee Fund ("SGF") to ensure that Company is compliant with International benchmarks and regulations.

**41. Corporate Social Responsibility**

As per Section 135 of the Companies Act 2013, a company, meeting the applicability threshold, needs to spend atleast 2% of its average net profit for the immediately preceeding three financial years on corporate social responsibility (CSR) activities.

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Amount required to be spent as per Section 135 of the Act	287	308
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	181	329
<b>Total</b>	<b>181</b>	<b>329</b>

**42. Event occurring after balance sheet date**

The Board of Directors has recommended Equity dividend of ₹ 17/- per share (Previous year ₹ 15/-) for the financial year 2017-18 (Refer Note 40).

**43.** During the year, the Company received Income Tax Notices u/s 147 for reassessment of its Income for AY 2010-11 to AY 2013-14 and u/s 142 (2A) for conducting Special Audit for AY 2010-11 to AY 2014-15. The Company has obtained Interim Relief from the Hon Bombay High Court against the Notices of the Income Dept. u/s 147 and for AY 2012-13 and AY 2013-14. The Interim Relief will also apply for Notices received u/s 142 (2A) for AY 2012-13 and AY 2013-14. Further the Company has received a Stay from the Hon Bombay High Court against Income Tax Notices u/s 142 (2A) for AY 2014-15. The Company is also in the process of filing Special Leave Petition before the Hon Supreme Court for Notice u/s 147 and 142(2A) for AY 2010-11 and AY 2011-12.

**44.** The Financial Statements were approved by the Audit Committee & Board of Directors on April 28, 2018.

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

**Mrugank Paranjape**  
Managing Director & CEO  
DIN: 02162026

**Saurabh Chandra**  
Chairman  
DIN: 02726077

**Subrata K. Mitra**  
Director  
DIN: 00029961

**Ashwin Patel**  
Company Secretary

**Sanjay Wadhwa**  
Chief Financial Officer

Mumbai, April 28, 2018

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MULTI COMMODITY EXCHANGE OF INDIA LIMITED**

### **Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements**

We have audited the accompanying consolidated financial statements of **MULTI COMMODITY EXCHANGE OF INDIA LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rule 2015, as amended. The respective Board of Directors included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence we have obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2018, and its consolidated profit consolidated total comprehensive income, consolidated change in equity and its consolidated cash flows for the year ended on that date.

### **Report on other legal and regulatory requirements**

1. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and consolidated statement of changes in the equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of its subsidiary, none of the directors of the Group Companies is disqualified as on March 31, 2018 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "**Annexure A**".
  - (g) With respect to the other matters to be included in the Auditors' 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 consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group-Refer Note 31 to the consolidated Ind AS financial statements.
    - ii. The Group did not have any outstanding long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There was no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

For **SHAH GUPTA & CO.**  
Chartered Accountants  
Firm Registration No.: 109574W

**Vipul K. Choksi**  
Partner  
Membership No.: 37606

Place : Mumbai

Date : April 28, 2018

## **ANNEXURE - A TO THE AUDITORS' REPORT**

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **MULTI COMMODITY EXCHANGE OF INDIA LIMITED** ("the Holding Company") and its subsidiary company which is company incorporated in India, as of that date.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its Subsidiary Company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on internal financial controls system over financial reporting of the Company and its Subsidiary Company incorporated in India.

### **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, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, 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, 2018, 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 ICAI.

For **SHAH GUPTA & CO.**

Chartered Accountants

Firm Registration No.: 109574W

**Vipul K. Choksi**

Partner

Membership No.: 37606

Place : Mumbai

Date : April 28, 2018

**Consolidated Balance Sheet** as at March 31, 2018

₹ In Lakh

Particulars	Note	As at	
		March 31, 2018	March 31, 2017
<b>Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	2A	14,668	14,008
(b) Capital work in progress	2B	233	24
(c) Intangible assets	3A	955	1,170
(d) Intangible assets under development	3B	321	12
(e) Financial assets			
(i) Investments	4	42,238	43,584
(ii) Other assets	5	319	213
(f) Income tax assets (net)	6	3,069	2,559
(g) Other assets	7	29,647	38,127
<b>Total non-current assets</b>		<b>91,450</b>	<b>99,697</b>
<b>(2) Current assets</b>			
(a) Financial assets			
(i) Investments	8	89,967	76,263
(ii) Trade receivables	9	631	281
(iii) Cash and cash equivalents	10	4,734	407
(iv) Bank balances (other than cash and cash equivalents (iii) above)	11	1,232	1,520
(v) Loans	12	27	35
(vi) Others	13	300	300
(b) Other assets	14	8,288	8,445
<b>Total current assets</b>		<b>105,179</b>	<b>87,251</b>
<b>Total Assets</b>		<b>196,629</b>	<b>186,948</b>
<b>Equity and Liabilities</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	15	5,100	5,100
(b) Other Equity	16	132,948	131,139
<b>Total equity</b>		<b>138,048</b>	<b>136,239</b>
<b>(2) Settlement Guarantee Fund</b>	17	18,060	17,049
<b>(3) Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Other financial liabilities	18	2,230	3,313
(b) Deferred tax liabilities (net)	32	1,721	757
(c) Provisions	19	150	142
<b>Total non-current liabilities</b>		<b>4,101</b>	<b>4,212</b>
<b>(4) Current liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables		4,163	3,008
(ii) Other financial liabilities	20	27,894	21,485
(b) Income tax liabilities (net)	21	829	364
(c) Provisions	22	97	227
(d) Other current liabilities	23	3,437	4,364
<b>Total current liabilities</b>		<b>36,420</b>	<b>29,448</b>
<b>Total liabilities</b>		<b>58,581</b>	<b>50,709</b>
<b>Total Equity and Liabilities</b>		<b>196,629</b>	<b>186,948</b>

Significant accounting policies, key accounting estimates and judgements 1

See accompanying notes to the Consolidated Financial Statements.

As per our report of even date attached

**For Shah Gupta & Co.**

Chartered Accountants

Firm Registration Number: 109574W

**Vipul K. Choksi**

Partner

Membership No.: 37606

Mumbai, April 28, 2018

**For and on behalf of the Board of Directors****Mrugank Paranjape**  
Managing Director & CEO  
DIN: 02162026**Ashwin Patel**  
Company Secretary**Saurabh Chandra**  
Chairman  
DIN: 02726077**Sanjay Wadhwa**  
Chief Financial Officer**Subrata K. Mitra**  
Director  
DIN: 00029961

**Consolidated Statement of profit and loss** for the year ended March 31, 2018

₹ In Lakh, except EPS

Particulars	Note	Year ended	
		March 31, 2018	March 31, 2017
<b>I Income</b>			
Revenue from Operations	24	25,984	25,944
Other income	25	9,202	11,690
<b>Total Income</b>		<b>35,186</b>	<b>37,634</b>
<b>II Expenses</b>			
Employee benefits expense	26	6,821	6,442
Finance costs	27	4	20
Depreciation and amortization expense	2A, 3A	1,666	1,857
Software support charges & Product license fees	28	4,944	4,706
Computer technology and Communication expenses	29	2,291	2,433
Other expenses	30	4,742	4,400
<b>Total expenses</b>		<b>20,468</b>	<b>19,858</b>
<b>III Profit before tax</b>		<b>14,718</b>	<b>17,776</b>
<b>IV Tax expenses</b>			
(1) Current tax	32	(2,943)	(4,079)
(2) Deferred tax	32	(939)	(1,038)
<b>V Profit for the year</b>		<b>10,836</b>	<b>12,659</b>
<b>VI Other Comprehensive Income</b>			
A) Items that will not be reclassified to profit or loss (net of tax)			
(i) Changes in fair value of equity instruments		118	(1,797)
(ii) Remeasurement of employee benefits obligations		6	(62)
<b>VII Total Comprehensive Income for the year</b>		<b>10,960</b>	<b>10,800</b>
<b>VIII Earnings per equity share</b> (of ₹ 10/- each)			
(1) Basic	36	21.31	24.90
(2) Diluted	36	21.31	24.89

Significant accounting policies, key accounting estimates and judgements 1

See accompanying notes to the Consolidated Financial Statements.

As per our report of even date attached

**For Shah Gupta & Co.**

Chartered Accountants

Firm Registration Number : 109574W

**Vipul K. Choksi**

Partner

Membership No.: 37606

Mumbai, April 28, 2018

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

Managing Director &amp; CEO

DIN: 02162026

**Ashwin Patel**

Company Secretary

**Saurabh Chandra**

Chairman

DIN: 02726077

**Sanjay Wadhwa**

Chief Financial Officer

**Subrata K. Mitra**

Director

DIN: 00029961

**Consolidated Statement of Changes in Equity** for the year ended March 31, 2018

₹ In Lakh

Particulars	Equity Share Capital (A)	Other Equity					Total Other Equity
		Reserves and Surplus			Other Comprehensive Income		
		Securities Premium Reserve	Retained Earnings	ESOP Compensation Reserve	General Reserve	Equity Instruments through Other Comprehensive Income	
<b>As at April 01, 2016</b>	<b>5,099.84</b>	<b>21,684</b>	<b>88,458</b>	<b>283</b>	<b>16,449</b>	<b>(2,633)</b>	<b>124,241</b>
Profit for the year			12,659				12,659
Dividend			(3,315)				(3,315)
Dividend distribution tax			(675)				(675)
Equity instruments through other comprehensive income						(1,797)	(1,797)
Reclassified to retained earning on disposal			(1,095)			1,095	-
ESOP Compensation Reserve				116			116
Re-measurement of employee benefits obligation and others			(62)				(62)
Others			(29)				(29)
<b>At at March 31, 2017</b>	<b>5,099.84</b>	<b>21,684</b>	<b>95,941</b>	<b>399</b>	<b>16,449</b>	<b>(3,335)</b>	<b>131,139</b>
Profit for the year			10,836				10,836
Dividend			(7,650)				(7,650)
Dividend distribution tax			(1,557)				(1,557)
Equity instruments through other comprehensive income						118	118
ESOP Compensation Reserve				56			56
Re-measurement of employee benefits obligation and others			6				6
<b>As at March 31, 2018</b>	<b>5,099.84</b>	<b>21,684</b>	<b>97,577</b>	<b>455</b>	<b>16,449</b>	<b>(3,217)</b>	<b>132,948</b>

As per our report of even date attached  
**For Shah Gupta & Co.**  
 Chartered Accountants  
 Firm Registration Number: 109574W

**Vipul K. Choksi**  
 Partner  
 Membership No.: 37606  
 Mumbai, April 28, 2018

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

**Mrugank Paranjape**  
 Managing Director & CEO  
 DIN: 02162026

**Ashwin Patel**  
 Company Secretary

**Saurabh Chandra**  
 Chairman  
 DIN: 02726077

**Sanjay Wadhwa**  
 Chief Financial Officer

**Subrata K. Mitra**  
 Director  
 DIN: 00029961

**Consolidated Cash Flow Statement** for the year ended March 31, 2018

₹ In Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
<b>A Cash flow from operating activities</b>		
<b>Profit before exceptional items and tax</b>	<b>14,718</b>	<b>17,776</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,666	1,857
Finance costs	4	20
Dividend income	(359)	(1,669)
Net gain on sale of investments	(1,475)	(494)
Gain/(loss) on fair valuation of investments	(2,997)	(3,645)
Provision for doubtful advances provided/(written back)	–	56
Provision for doubtful trade receivables	–	20
Provisions no longer required written back	(19)	(179)
Loss on fixed assets sold/scrapped*	0	(0)
Interest income	(4,314)	(5,056)
Shared based payment	57	17
Bad debts	–	45
Remeasurement of Employee benefit	4	95
<b>Operating profit before working capital changes</b>	<b>7,286</b>	<b>8,843</b>
<b>Adjustments for (increase)/decrease in:</b>		
Other financial assets	(106)	82
Trade receivables	(331)	62
Loans	8	(1)
Other current assets	(422)	47
<b>Adjustments for increase/(decrease) in:</b>		
Other non-current financial liabilities	(1,082)	1,275
Provisions	7	19
Trade payables	1,155	1,131
Other current financial liabilities	6,409	(4,485)
Other current liabilities	(907)	(3,421)
Provisions	(130)	108
<b>Adjustment for increase in Settlement Guarantee Fund (SGF)</b>	<b>1,011</b>	<b>(1,774)</b>
<b>Cash generated from operations</b>	<b>12,898</b>	<b>1,885</b>
Net income tax paid (net of refunds)	(2,964)	(5,093)
<b>Net cash (used)/from operating activities (A)</b>	<b>9,934</b>	<b>(3,208)</b>

**Consolidated Cash Flow Statement** for the year ended March 31, 2018 (Contd...)

₹ In Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
<b>B Cash flow from investing activities</b>		
Capital expenditure on fixed assets including capital advances	(2,660)	(2,690)
Proceeds from sale of fixed assets	(0)	4
Purchase of long-term investments-others	1,695	(17,595)
Purchase of current investments	(9,464)	11,727
Other non-current assets	8,481	2
Other Bank balances	300	9,463
Dividend received	359	1,669
Interest received	4,894	2,948
<b>Net cash flow from investing activities (B)</b>	<b>3,605</b>	<b>5,527</b>
<b>C Cash flow from financing activities</b>		
Dividend paid (including tax thereon)	(9,207)	(3,990)
Finance costs	(4)	
<b>Net cash flow used in financing activities (C)</b>	<b>(9,212)</b>	<b>(3,990)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B-C)</b>	<b>4,327</b>	<b>(1,671)</b>
Cash and cash equivalents at the beginning of the year	407	2,078
<b>Cash and cash equivalents at the end of the year (Refer Note 10)</b>	<b>4,734</b>	<b>407</b>

\* 0 denotes ₹ 0.04 lakh for FY 2017-18 and ₹ (0.34) lakh for FY 2016-17

**Note to Cash Flow Statement:**

1 The cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash Flows".

As per our report of even date attached

**For Shah Gupta & Co.**

Chartered Accountants

Firm Registration Number: 109574W

**Vipul K. Choksi**

Partner

Membership No.: 37606

Mumbai, April 28, 2018

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

Managing Director & CEO

DIN: 02162026

**Ashwin Patel**

Company Secretary

**Saurabh Chandra**

Chairman

DIN: 02726077

**Sanjay Wadhwa**

Chief Financial Officer

**Subrata K. Mitra**

Director

DIN: 00029961

## Notes forming part of the consolidated financial statements

### COMPANY OVERVIEW

Multi Commodity Exchange of India Limited (the “Company” or the “Exchange”) is a deemed Stock Exchange recognised under the Securities Contracts (Regulation) Act, 1956. The Company is a demutualised Exchange and has permanent recognition from the Government of India to facilitate nationwide online trading, clearing and settlement operations of commodity derivatives.

The Company is a public limited company incorporated and domiciled in India and has its registered office at ‘Exchange Square’, Suren Road, Chakala, Andheri (East), Mumbai 400093, India. Its shares are listed on the BSE Limited. Further, in pursuance of Regulation 3.1.1 of the National Stock Exchange (Capital Market) Trading Regulations Part A and other relevant provisions, National Stock Exchange of India Limited (NSE) vide its Circular Ref No. 202/201 dated March 7, 2012 notified that with effect from March 09, 2012 the Company’s equity shares were permitted to be traded and admitted to dealings on NSE.

### 1. SIGNIFICANT ACCOUNTING POLICIES, KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

#### 1.1 Basis of Preparation of Financial Statements

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the ‘Ind AS’) as notified under Section 133 of the Companies Act, 2013 (‘Act’) read with of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these consolidated financial statements.

#### 1.2 Basis of Consolidation

##### Investment in Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

Control is achieved when the company has majority of voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member’s financial statements in preparing the consolidated financial statements to ensure conformity with the Group’s accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent company, i.e., year ended on March 31. When the end of the reporting period of the Parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent to enable the Parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

##### Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the Parent’s investment in each subsidiary and the Parent’s portion of equity of each subsidiary.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### Investment in Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. In addition, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If Group's share of losses of an associate exceeds its interest in that associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognized.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Investment in associate is fair valued through OCI on reporting date.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## 1.3 Significant Accounting Policies

### A. Property, plant and equipment

Property, plant and equipment are stated at original cost, less accumulated depreciation and accumulated impairment losses, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

Depreciation methods, estimated useful lives and residual value:

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

Asset Class	Useful Life
Buildings	60 years
Office equipment	5 years
Computer equipment	3-6 years
Furniture and fixtures	10 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end.

Cost of assets not ready for intended use as on Balance Sheet date are disclosed under 'Capital work-in-progress'. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed under 'Other Non-Current Assets'.

### B. Intangible assets

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible asset that meets the recognition criteria. Intangible assets are stated at cost of acquisition and are carried at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. Amortization methods and useful lives are reviewed at each financial year end.

At each balance sheet date consideration is given to determine whether there is any indication of impairment of the carrying amounts of the group's intangible assets. If indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized in the Statement of Profit and Loss Account whenever the carrying amount of an asset exceeds its recoverable amount.

**C. Impairment of non-financial assets**

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired, if such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

**D. Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at banks, cheque on hand, short-term deposits with a maturity of three months or less from the date of acquisition, which are subject to an insignificant risk of changes in value.

**E. Cash Flow Statement**

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

**F. Operating Leases**

Assets given/taken on lease in which a significant portion of the risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Lease payment/Income made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments/receipts are structured to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases.

**G. Fair Value Measurement**

The Group measures financial instruments at fair value in accordance with accounting policies at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the group.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**H. Financial Instruments**

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

**a) Financial Assets:**

The Group measures its financial assets at fair value at each balance sheet date. In this context, quoted investments are fair valued adopting the techniques defined in Level 1 of fair value hierarchy of Ind-AS 113 and unquoted investments, where the observable input is not readily available, are fair valued adopting the techniques defined in Level 3 of fair value hierarchy of Ind-AS 113 and securing the valuation report from the certified valuer. However, trade receivables that do not contain a significant financing component are measured at transaction price.

The Group classifies a financial asset in accordance with the below criteria:

- i. The Group's business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Group classifies its financial assets into the following categories:

- i. Financial assets measured at amortized cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)

Notes forming part of the consolidated financial statements (Contd...)

A financial asset is measured at the amortized cost if both the following conditions are met:

- a) The Group's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if both of the following conditions are met:

- a) The Group's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, the Group recognizes dividend income from such instruments in the Statement of Profit and Loss and fair value changes are recognized in Other Comprehensive Income (OCI).

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Group. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

**De-recognition**

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

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

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

On De-recognition of a financial asset (except for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

**Impairment of financial assets**

The Group assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measured at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For recognition of impairment loss on other financial assets and risk exposure, the group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the group reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

**b) Financial Liabilities**

The Group recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All non-current financial liabilities of the Group are measured at amortized cost using the effective interest method. Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

#### ***De-recognition***

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### **Offsetting of financial instruments**

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

### **I. Revenue Recognition**

Revenue is recognized on accrual basis and when no significant uncertainty as to measurement and realization exists.

- a) Transaction Charges – Revenue is recognized on transactions in accordance with Company's fees scales as and when the transaction occurs.
- b) Admission Fees (non-refundable) collected from new members for joining the Exchange are recognized once the membership is approved.
- c) Subscription and other fees – Revenue is recognized on straight line basis over the period to which fee relates.
- d) Dividend income is recognized when the Group's right to receive dividend is established.
- e) Warehouse income is recognised on accrual basis.
- f) Interest income accrued on time proportion basis. The amounts disclosed as revenue are net of taxes and amounts collected on behalf of third parties.

### **J. Foreign currency translation**

The financial statements are presented in Indian rupee (INR), which is Group's functional and presentation currency. Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

### **K. Current and Non-Current Classification**

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

### **L. Employee Benefits Expenses**

#### a) Post-employment benefits and other long term benefits

Payments to defined contribution schemes are recognized as an expense when employees have rendered the service entitling them to the contribution. The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The group recognizes re-measurement gains and losses arising on defined benefit gratuity plans in Other Comprehensive Income (OCI) as they will never be reclassified into profit or loss, they are immediately recorded in retained earnings.

#### b) Short term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year and performance incentives.

#### c) Stock based compensation

The group recognizes compensation expense relating to share-based payment in net profit using fair value in accordance with Ind AS 102 Share-Based Payment. The group has chosen to recognize the credit in ESOP Compensation Reserve.

**M. Taxes on Income (Current and Deferred)**

Income tax expense comprises current and deferred income tax. Current income tax for taxable profit before tax as reported in the Statement of Profit and Loss for the periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized in other comprehensive income.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred tax relating to items recognized outside the statement of profit and loss are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future. The group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

**N. Provisions, Contingent liabilities, Contingent assets and Commitments**

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible;
- a possible obligation arising from past events, when the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**Onerous contracts**

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the group recognizes impairment on the assets with the contract.

**O. Exceptional items**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Group, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

**P. Earnings per share**

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) 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.

**Q. Government Grants:**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to it, and that the grant will be received. Government grants are recognised in the Statement of Profit or Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Profit or Loss over the expected useful lives of the assets concerned.

**R. Rounding of amounts**

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

**S. Events after Reporting date**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

**1.4 Key accounting estimates and Judgments**

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Critical accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**Income taxes**

The Group's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

**Property, Plant and Equipment**

Property, Plant and Equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

**Defined benefit plans**

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions.

**Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**1.5 Recent accounting pronouncements**

The standard issued, but not yet effective upto the date of issuance of the Group's consolidated financial statements is disclosed below. The Company intends to adopt this standard when it becomes effective.

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

## Notes forming part of the consolidated financial statements (Contd...)

The amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the financial statements and the impact is not material.

**Ind AS 115 – Revenue from Contract with Customers:** On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Group will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

## 2A. PROPERTY, PLANT AND EQUIPMENT

₹ In Lakh

Particulars	Land-Freehold	Buildings	Office Equipments (Including Computer Hardware)	Networking Equipment	Furniture and fixtures*	Vehicles	Total
<b>Gross carrying amount</b>							
<b>Balance as at April 1, 2016</b>	<b>5,061</b>	<b>4,962</b>	<b>2,770</b>	<b>48</b>	<b>209</b>	<b>40</b>	<b>13,090</b>
Additions	–	1,306	1,011	2	359	39	2,717
Disposals	–	–	5	2	–	3	11
<b>Balance as at March 31, 2017</b>	<b>5,061</b>	<b>6,268</b>	<b>3,775</b>	<b>48</b>	<b>568</b>	<b>76</b>	<b>15,796</b>
Additions	–	–	1,570	1	–	136	1,707
Disposals	–	–	27	3	1	7	38
<b>Balance as at March 31, 2018</b>	<b>5,061</b>	<b>6,268</b>	<b>5,318</b>	<b>46</b>	<b>567</b>	<b>205</b>	<b>17,465</b>
<b>Accumulated Depreciation</b>							
<b>Balance as at April 1, 2016</b>	<b>–</b>	<b>93</b>	<b>741</b>	<b>18</b>	<b>61</b>	<b>9</b>	<b>922</b>
Additions	–	103	658	12	67	34	874
Disposals	–	–	5	1	–	2	9
<b>Balance as at March 31, 2017</b>	<b>–</b>	<b>196</b>	<b>1,394</b>	<b>29</b>	<b>128</b>	<b>41</b>	<b>1,788</b>
Additions	–	115	796	9	97	29	1,046
Disposals	–	–	27	3	0	7	37
<b>Balance as at March 31, 2018</b>	<b>–</b>	<b>310</b>	<b>2,163</b>	<b>36</b>	<b>225</b>	<b>63</b>	<b>2,797</b>
<b>Net carrying amount</b>							
<b>Balance as at March 31, 2017</b>	<b>5,061</b>	<b>6,072</b>	<b>2,382</b>	<b>19</b>	<b>440</b>	<b>35</b>	<b>14,008</b>
<b>Balance as at March 31, 2018</b>	<b>5,061</b>	<b>5,958</b>	<b>3,155</b>	<b>10</b>	<b>342</b>	<b>142</b>	<b>14,668</b>

The aggregate depreciation has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

\* 0 represents ₹ 0.09 lakh

## 2B. CAPITAL WORK IN PROGRESS

₹ In Lakh

<b>Balance as at March 31, 2017</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>24</b>
<b>Balance as at March 31, 2018</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>233</b>

**3A. INTANGIBLE ASSETS**

₹ In Lakh

Particulars	Computer Software	Trademark and Copyright	Total
<b>Gross carrying amount</b>			
<b>Balance as at April 1, 2016</b>	<b>3,066</b>	<b>0</b>	<b>3,066</b>
Additions	624	–	624
Disposals	3	–	3
<b>Balance as at March 31, 2017</b>	<b>3,687</b>	<b>0</b>	<b>3,687</b>
Additions	405	–	405
Disposals	–	–	–
<b>Balance as at March 31, 2018</b>	<b>4,092</b>	<b>0</b>	<b>4,092</b>
<b>Accumulated Depreciation</b>			
<b>Balance as at April 1, 2016</b>	<b>1,535</b>	<b>0</b>	<b>1,535</b>
Additions	983	–	983
Disposals	1	–	1
<b>Balance as at March 31, 2017</b>	<b>2,517</b>	<b>0</b>	<b>2,517</b>
Additions	620	–	620
Disposals	–	–	–
<b>Balance as at March 31, 2018</b>	<b>3,137</b>	<b>0</b>	<b>3,137</b>
<b>Net carrying amount</b>			
<b>Balance as at March 31, 2017</b>	<b>1,170</b>	<b>–</b>	<b>1,170</b>
<b>Balance as at March 31, 2018</b>	<b>955</b>	<b>–</b>	<b>955</b>

The aggregate depreciation has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

\* 0 represents ₹ 0.10 lakh

**3B. INTANGIBLE ASSETS UNDER DEVELOPMENT**

₹ In Lakh

<b>Balance as at March 31, 2017</b>	<b>–</b>	<b>–</b>	<b>12</b>
<b>Balance as at March 31, 2018</b>	<b>–</b>	<b>–</b>	<b>321</b>

Notes forming part of the consolidated financial statements (Contd...)

**4. NON-CURRENT INVESTMENTS**

Particulars	Face Value	As at March 31, 2018		As at March 31, 2017	
	Per unit	Units	₹ In Lakh	Units	₹ In Lakh
<b>A. Non-current investments</b>					
(i) of other entities – FVTOCI					
Class B Shares of USD 1,000 each fully paid-up in Dubai Gold and Commodities Exchange DMCC	1000 USD	500	299	500	486
			<b>299</b>		<b>486</b>
<b>B. Investment in Mutual Funds – FVTPL</b>					
Reliance Interval Fund – IV – Series 3 – Direct Growth	₹ 10	–	–	5,000,000	579
SBI Debt Fund Series – B – 29 (1200 days) – Direct Growth	₹ 10	–	–	5,000,000	560
UTI Fixed Term Income Fund Series XXIII – XI (1100 days) – Direct Growth	₹ 10	–	–	5,000,000	561
ICICI Pru FMP Series 80 Growth Plan G – Direct Growth	₹ 10	10,000,000	1,073	10,000,000	1,003
ICICI Pru FMP Series 80 plan J – Direct Growth	₹ 10	10,000,000	1,076	10,000,000	1,008
Birla Sunlife FMP Series OG 1146 days – Direct Growth	₹ 10	6,000,000	644	6,000,000	603
Birla Sunlife FMP Series OI – Direct Growth	₹ 10	5,000,000	537	5,000,000	503
DSP Blackrock FMP Series 204 37M – Direct Growth	₹ 10	10,000,000	1,073	10,000,000	1,007
Kotak FMP Series 200 – 1158 days – Direct Growth	₹ 10	10,000,000	1,074	10,000,000	1,006
Reliance FHF XXXIII Series 1 FMP – Direct Growth	₹ 10	6,000,000	646	6,000,000	605
Reliance FHF XXXIII Series 4 FMP – Direct Growth	₹ 10	5,000,000	537	5,000,000	503
UTI FFTIF Series XXVI – VI – Direct Growth	₹ 10	5,000,000	537	5,000,000	503
			<b>7,197</b>		<b>8,442</b>
<b>C. Investment in Tax Free Bonds – FVTPL</b>					
7.19% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 31 July 2025)	₹ 1,000,000	400	4,603	400	4,740
7.11% National High Authority of India Tax free bonds (Maturity Date 18 September 2025)	₹ 1,000,000	500	5,730	500	5,922
7.07% Housing and Urban Development Corporation Ltd. Tax free bonds (Maturity Date 01 October 2025)	₹ 1,000,000	440	5,030	440	5,139
7.11% NTPC Ltd. Tax free bonds (Maturity Date 05 October 2025)	₹ 1,000	62,457	716	62,457	740
7.11% Power Housing Finance Corporation Ltd. Tax free bonds (Maturity Date 17 October 2025)	₹ 1,000	25,670	294	25,670	304
7.09% Rural Electrification Corporation Ltd. Tax free bonds (Maturity Date 05 November 2030)	₹ 1,000	114,504	1,364	114,504	1,405

Particulars	Face Value	As at March 31, 2018		As at March 31, 2017	
	Per unit	Units	₹ In Lakh	Units	₹ In Lakh
7.28% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 21 December 2030)	₹ 1,000	105,700	1,156	105,700	1,145
7.35% National High Authority of India Tax free bonds (Maturity Date 11 January 2031)	₹ 1,000	192,849	2,381	192,849	1,951
7.49% Indian Renewable Energy Development Agency Ltd. Tax free bonds (Maturity Date 21 January 2031)	₹ 1,000	136,241	1,693	136,241	1,702
7.39% Housing and Urban Development Corporation Ltd. Tax free bonds (Maturity Date 08 February 2031)	₹ 1,000	28,028	341	28,028	346
7.39% National High Authority of India Tax free bonds (Maturity Date 09 March 2031)	₹ 1,000	16,189	200	16,189	205
7.39% Housing and Urban Development Corporation Ltd. Tax free bonds (Maturity Date 15 March 2031)	₹ 1,000	163,244	1,989	163,244	2,016
7.35% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 22 March 2031)	₹ 1,000	178,216	2,194	178,216	1,964
7.35% National Bank For Agriculture And Rural Development Tax free bonds (Maturity Date 23 March 2031)	₹ 1,000	535,149	5,885	535,149	5,916
7.38% India Infrastructure Finance Company Ltd. Tax free bonds (Maturity Date 15 Nov 2027 )	₹ 1,000,000	50	598	50	596
8.20% Housing And Urban Development Corporation Ltd. Tax free bonds (Maturity Date 05 March 2027)	₹ 1,000	50,000	567	50,000	565
			<b>34,742</b>		<b>34,656</b>
			<b>42,238</b>		<b>43,584</b>
<b>Total</b>					
Aggregate amount of listed and quoted investments at fair value			34,742		34,656
Aggregate amount of listed and quoted investments at cost			30,836		30,836
Aggregate amount of listed but not quoted investments at fair value			7,197		8,442
Aggregate amount of listed but not quoted investments at cost			6,700		8,200
Aggregate amount of unquoted investments at fair value			299		486
Aggregate amount of unquoted investments at cost			219		219

₹ In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>5. NON-CURRENT OTHER FINANCIAL ASSETS</b>		
Unsecured, considered good:		
Capital advances	–	5
Security deposits	138	134
Prepaid expenses	181	74
<b>Total</b>	<b>319</b>	<b>213</b>

Notes forming part of the consolidated financial statements (Contd...)

₹ In Lakh

Particulars	₹ In Lakh	
	As at March 31, 2018	As at March 31, 2017
<b>6. INCOME TAX ASSETS (NET)</b>		
Advance income tax [net of provisions ₹ 71,272 lakh (as at 31 March 2017 ₹ 67,029 lakh)]	3,069	2,559
<b>Total</b>	<b>3,069</b>	<b>2,559</b>
<b>7. OTHER NON-CURRENT ASSETS</b>		
Balance with government authorities	289	289
Advances for supply of services	665	865
Bank deposits with more than 12 months maturity (Refer note 11)	28,693	36,973
<b>Total</b>	<b>29,647</b>	<b>38,127</b>

**8. CURRENT INVESTMENTS**

Particulars	Face Value		As at March 31, 2018		As at March 31, 2017	
	Per unit	Units	₹ In Lakh	Units	₹ In Lakh	
<b>A. of other Entities – FVTOCI</b>						
Metropolitan Clearing Corporation of India Limited (formerly Known as MCX SX Clearing Corporation Limited)	₹ 10	6,500,000	508	6,500,000	312	
Metropolitan Stock Exchange of India Limited (formerly Known as MCX Stock Exchange Limited)	₹ 1	331,777,008	2,322	331,777,008	2190	
			<b>2,830</b>		<b>2,502</b>	
<b>B. Investment in Mutual Funds – FVTPL</b>						
Axis Enhanced Arbitrage Fund – Direct – Dividend	₹ 10	17,577,651	1,921	–	–	
Axis Short Term Fund Direct Growth	₹ 10	5,236,370	1,029	–	–	
Birla Sunlife Cash Plus – Daily Dividend – Direct Plan	₹ 100	–	–	6,673,820	6,687	
Birla Sunlife Income Plus Direct Growth	₹ 10	1,754,457	1,384	1,754,457	1,325	
Birla Sun life Enhanced Arbitrage Fund Direct MDR	₹ 10	4,591,437	507	–	–	
Birla Sunlife Short Term Fund Monthly Dividend Reinvestment	₹ 10	–	–	281,825	33	
Birla Sunlife Cash Plus Weekly Dividend Direct Plan Reinvestment	₹ 100	–	–	33,749	34	
DSP BlackRock Short Term Fund – Direct – Growth	₹ 10	5,109,777	1,563	–	–	
HDFC Arbitrage Fund WP Direct Growth	₹ 10	–	–	8,501,233	1,055	
HDFC Medium Term Opportunities Fund Direct Plan Growth	₹ 10	5,965,110	1,158	3,351,469	609	
HDFC Gilt Fund Long Term Plan Direct Growth	₹ 10	10,463,704	3,743	10,463,704	3,591	
HDFC High Interest Fund Dynamic Plan Direct Growth	₹ 10	2,121,554	1,302	2,121,554	1,243	
HDFC Liquid Fund Direct Daily Dividend Reinvestment*	₹ 10	–	–	444,618	4,534	
HDFC Liquid Fund – Direct – Growth*	₹ 1,000	100,885	3,454	–	–	

Particulars	Face Value	As at March 31, 2018		As at March 31, 2017	
	Per unit	Units	₹ In Lakh	Units	₹ In Lakh
HDFC Liquid Fund Direct Weekly Dividend Reinvestment	₹ 1,000	–	–	50,732	523
HDFC High Interest Fund – Short Term Plan – Direct	₹ 1,000	5,779,286	2,056	–	–
HDFC Cash Management Fund Treasury Advantage Direct	₹ 10	805,473	306	–	–
ICICI Prudential Income Opportunity Fund Direct Growth	₹ 10	25,986,965	6,434	25,986,965	6,062
ICICI Prudential Equity Arbitrage Fund Direct Plan Growth	₹ 10	3,520,408	508	2,639,456	587
ICICI Prudential Short Term Direct Growth	₹ 10	2,615,792	981	2,615,792	916
ICICI Prudential Money Market Fund Direct Daily Dividend Reinvestment*	₹ 100	–	–	2,262,854	2,266
ICICI Prudential Money Market Fund Direct Growth*	₹ 100	3,227,442	7,761	–	–
ICICI Pru Banking & PSU Debt Fund Direct Growth	₹ 1,000	5,195,885	1,050	–	–
IDFC Dynamic Bond Fund Direct Growth	₹ 10	15,545,405	3,359	15,545,405	3,257
IDFC Cash Fund Weekly Dividend (Direct Plan)*	₹ 1,000	–	–	273,356	2,753
IDFC Cash Fund – Direct – Growth*	₹ 1,000	143,636	3,031	–	–
IDFC Corporate Bond Fund Direct Growth	₹ 10	54,490,469	6,523	54,490,469	6,112
IDFC Arbitrage Fund – Direct – Monthly Dividend	₹ 10	14,718,881	1,917	–	–
Invesco India Short Term Fund – Direct – Growth	₹ 1,000	21,334	508	–	–
Invesco India Arbitrage Fund – Direct – Dividend	₹ 10	7,545,422	1,012	–	–
Kotak Bond (Short Term) Direct Monthly Dividend Payout	₹ 10	–	–	27,715,553	2,886
Kotak Bond Short Term Plan – Direct – Growth	₹ 10	9,082,190	3,059	–	–
Kotak Equity Arbitrage Fund Direct Growth	₹ 10	2,159,370	509	4,409,891	1,055
Kotak Flexi debt Fund Direct Plan Growth	₹ 10	9,080,288	2,090	4,665,594	1,005
Kotak Floater Short Term Direct Daily Dividend Reinvestment	₹ 1,000	–	–	217,514	2,200
Kotak Banking and PSU Debt Fund – Direct – Growth	₹ 10	3,927,851	1,563	–	–
Kotak Corporate Bond Fund – Direct – Growth	₹ 1,000	89,285	2,079	–	–
L&T Liquid Fund Direct Daily Dividend Reinvestment	₹ 1,000	–	–	88,922	901
L&T Arbitrage Opportunities Fund – Direct – Monthly	₹ 10	9,859,823	1,011	–	–
L&T Triple Ace Bond Fund – Direct – Growth	₹ 10	2,322,638	1,049	–	–
LIC MF Bond Fund Direct Growth	₹ 10	6,562,527	3,104	6,562,527	2,988

Notes forming part of the consolidated financial statements (Contd...)

Particulars	Face Value	As at March 31, 2018		As at March 31, 2017	
	Per unit	Units	₹ In Lakh	Units	₹ In Lakh
LIC MF Liquid Fund DDR	₹ 1,000	–	–	27,454	301
Reliance Interval Fund – IV – Series 3 – Direct Growth	₹ 10	5,000,000	622	–	–
Reliance Arbitrage Advantage Fund – Direct – Month	₹ 10	17,695,877	1,922	–	–
Reliance Banking & PSU Debt Fund Direct Growth	₹ 10	17,468,775	2,203	17,468,775	2,067
SBI Debt Fund Series – B – 29 (1200 days) – Direct Growth	₹ 10	5,000,000	600	–	–
SBI Arbitrage Opportunities Fund – Direct – Dividend	₹ 10	13,569,900	1,920	–	–
SBI Premier Liquid Fund Direct Daily Dividend Reinvest	₹ 1,000	–	–	620,386	6,224
UTI Bond Fund Direct Plan Growth	₹ 10	5,930,728	3,238	5,930,728	3,083
UTI Dynamic Bond Fund Direct Plan Growth	₹ 10	3,303,846	684	3,303,846	650
UTI Short Term Income Fund Institutional Option – Direct Growth	₹ 10	16,402,311	3,549	14,056,710	2,857
UTI Money Market Fund Direct Daily Dividend	₹ 1,000	–	–	90,881	912
UTI Liquid Cash Plan – Direct Plan – Daily Dividend Reinvestment*	₹ 1,000	–	–	453,143	4,620
UTI Liquid Cash Plan –Direct– Growth*	₹ 1,000	119,843	3,410	–	–
UTI Fixed Term Income Fund Series XXIII -XI (1100 days) – Direct Growth	₹ 10	5,000,000	600	–	–
UTI Floating Rate Fund – STP – Direct – Growth	₹ 1,000	17,525	510	–	–
UTI Spread Fund – Direct – Dividend	₹ 10	11,453,617	1,909	–	–
UTI Short Term Income Fund Direct Monthly Dividend	₹ 10	–	–	3,521,137	383
UTI Treasury Advantage Fund Monthly Dividend Reinvestment	₹ 1,000	–	–	3,989	41
			<b>87,137</b>		<b>73,761</b>
<b>Total</b>			<b>89,967</b>		<b>76,263</b>

\* Earmarked towards the Settlement Guarantee Fund – aggregate value ₹ 13,059 lakh (as at March 31 2017: ₹ 11,470 lakh)

Aggregate amount of listed but not quoted investments at fair value	1,822	–
Aggregate amount of listed but not quoted investments at cost	1,500	–
Aggregate amount of not listed not quoted investments at fair value	85,315	73,761
Aggregate amount of not listed not quoted investments at cost	79,383	70,826
Aggregate amount of unquoted investments at fair value	2,830	2,502
Aggregate amount of unquoted investments at cost	7,087	7,087

₹ In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>9. TRADE RECEIVABLES</b>		
Secured, considered good*	424	240
Unsecured, considered good	207	41
Doubtful	421	1,436
	1,052	1,717
Less: Provision for doubtful trade receivables	(421)	(1,436)
<b>Total</b>	<b>631</b>	<b>281</b>
* secured by cash margins/bank guarantees/fixed deposit receipts and hypothecation of movables such as commodities, etc. from members.		
<b>10. CASH AND CASH EQUIVALENTS</b>		
Balances with banks		
– in current accounts	4,732	405
Cheques on hand	2	2
<b>Total</b>	<b>4,734</b>	<b>407</b>
<b>11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Bank deposits*	29,875	38,439
Less: Bank deposits with more than 12 months maturity	(28,693)	(36,973)
Bank deposits with less than 12 months maturity	1,182	1,466
In earmarked accounts		
– unpaid dividend accounts	50	37
– other earmarked accounts	–	17
<b>Total</b>	<b>1,232</b>	<b>1,520</b>

\* Bank deposits include:

- (a) Deposits which are earmarked for Settlement Guarantee Fund ₹ 4,456 lakh (as at March 31 2017: ₹ 5,131 lakh) out of which deposits of ₹ Nil (as at March 31 2017 : ₹ Nil) are under lien.
- (b) Deposits other than note (a) which are under lien with banks for overdraft facilities and bank guarantee – ₹ 12,093 lakh (as at March 31 2017: ₹ 21,104 lakh)

Notes forming part of the consolidated financial statements (Contd...)

₹ In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>12. LOANS</b>		
Loans and advances to employees	27	35
<b>Total</b>	<b>27</b>	<b>35</b>
<b>13. CURRENT OTHER FINANCIAL ASSETS</b>		
Unsecured, considered good		
Security deposits	300	300
<b>Total</b>	<b>300</b>	<b>300</b>
<b>14. OTHER CURRENT ASSETS</b>		
<b>(a) Secured, considered good</b>		
Unbilled revenue*	2,248	1,997
<b>(b) Unsecured, considered good (unless stated otherwise)</b>		
Interest accrued but not due on fixed deposits**	2,504	3,079
Interest accrued but not due on Tax free Bonds	1,167	1,171
Other Receivables	11	12
Prepaid expenses	1,288	840
Balance with government authorities	282	185
Advances for supply of services other than capital advances	770	1,144
Other loans and advances	17	17
	6,040	6,448
<b>(c) Unsecured, considered doubtful</b>		
Other loans and advances	3	3
Other recoverable	326	326
Less: Provision	(329)	(329)
	-	-
<b>Total</b>	<b>8,288</b>	<b>8,445</b>

\* Secured by cash margins/bank guarantees/fixed deposit receipts and hypothecation of movables such as commodities, etc. from members.

\*\* Includes interest of ₹ 462 lakh (as at March 31, 2017: ₹ 311 lakh) on fixed deposits which are earmarked for Settlement Guarantee Fund.

**15. EQUITY SHARE CAPITAL**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	₹ in Lakh	Number of Shares	₹ in Lakh
<b>Authorized</b>				
Equity shares of ₹ 10/- each	70,000,000	7,000	70,000,000	7,000
<b>Issued</b>				
Equity shares of ₹ 10/- each	50,998,369	5,100	50,998,369	5,100
<b>Subscribed and Paid-Up</b>				
Equity shares of ₹ 10/- each	50,998,369	5,100	50,998,369	5,100
	<b>50,998,369</b>	<b>5,100</b>	<b>50,998,369</b>	<b>5,100</b>

- a. Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting year :

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	₹ in Lakh	Number of shares held	₹ in Lakh
Opening Balance at the beginning of the reporting year	50,998,369	5,100	50,998,369	5,100
Shares issued during the reporting year	–	–	–	–
Closing balance at the end of the reporting year	<b>50,998,369</b>	<b>5,100</b>	<b>50,998,369</b>	<b>5,100</b>

- b. Rights, preferences and restrictions attached to equity shares:

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the shareholders at the ensuing annual general meeting, except in the case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the proportion of equity shares held.

- c. Details of shares held by each shareholder holding more than 5% Shares:

Name of Shareholders	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	% of holding	Number of Shares	% of holding
Kotak Mahindra Bank Limited	7,649,755	15.00%	7,649,755	15.00%

- d. For particulars of options granted under Employee Stock Option Schemes, refer note no. 39 on ESOP.

Notes forming part of the consolidated financial statements (Contd...)

**16. OTHER EQUITY**

₹ In Lakh

Particulars	Other Equity					Total Other Equity
	Reserves and Surplus			General Reserve	Other Comprehensive Income	
	Securities Premium Reserve	Retained Earnings	ESOP Compensation Reserve		Equity Instruments through Other Comprehensive Income	
<b>As at April 01, 2016</b>	<b>21,684</b>	<b>88,458</b>	<b>283</b>	<b>16,449</b>	<b>(2,633)</b>	<b>124,241</b>
Profit for the year		12,659				12,659
Dividend		(3,315)				(3,315)
Dividend distribution tax		(675)				(675)
Equity instruments through other comprehensive income					(1,797)	(1,797)
Reclassified to retained earning on disposal		(1,095)			1,095	-
ESOP Compensation Reserve			116			116
Re-measurement of employee benefits obligation and others		(62)				(62)
Others		(29)				(29)
<b>At at March 31, 2017</b>	<b>21,684</b>	<b>95,941</b>	<b>399</b>	<b>16,449</b>	<b>(3,335)</b>	<b>131,139</b>
Profit for the year		10,836				10,836
Dividend		(7,650)				(7,650)
Dividend distribution tax		(1,557)				(1,557)
Equity instruments through other comprehensive income					118	118
ESOP Compensation Reserve			56			56
Re-measurement of employee benefits obligation and others		6				6
<b>As at March 31, 2018</b>	<b>21,684</b>	<b>97,577</b>	<b>455</b>	<b>16,449</b>	<b>(3,217)</b>	<b>132,948</b>

**Note:**

Equity instruments through other comprehensive income – This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

₹ In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>17. SETTLEMENT GUARANTEE FUND (SGF)</b>		
Opening balance (cash component)	17,049	18,824
Add/(Less): Base minimum capital (BMC)	(23)	(2,809)
Add: Settlement related penalties (Net of Tax)	24	76
Add: Appropriation of dues of defaulting members	8	-
Add: Income from earmarked investments (Net of Tax)	1,002	863
Expelled members deposits transferred to SGF	-	47
Fixed Deposit Receipts invoked of Expelled members	-	48
<b>Total</b>	<b>18,060</b>	<b>17,049</b>

**Notes:**

- (i) In addition to the cash component of Base Minimum Capital, the amount of bank guarantees/ fixed deposits receipts (Non cash component) forming part of SGF as at March 31, 2018 aggregate ₹ 5,493 lakh (as at March 31, 2017 ₹ 5,560 lakh).
- (ii) As at March 31, 2018 and as at March 31, 2017, SGF does not include Base Minimum Capital of Non-SEBI registered members.
- (iii) In accordance with the regulatory guidelines, the Company has conducted stress test at the end of the current financial year to determine adequacy of the Settlement Guarantee Fund (SGF). The SGF being adequate, no fresh contributions from the profits have been made during the current financial year.

₹ In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>18. OTHER NON-CURRENT FINANCIAL LIABILITIES</b>		
Trade / Security deposits from		
- Settlement bankers	1,900	1,900
- Members*	330	1,413
<b>Total</b>	<b>2,230</b>	<b>3,313</b>
* includes Base minimum capital from members not registered with SEBI		
<b>19. NON CURRENT PROVISIONS</b>		
Provision for Compensated absences	150	142
<b>Total</b>	<b>150</b>	<b>142</b>
<b>20. OTHER CURRENT FINANCIAL LIABILITIES</b>		
Advance received from members and applicants towards		
- Trading Margin from Members	27,069	20,318
- Members' Security Deposits	752	971
- Application Money (pending admission)	51	105
- Networking Equipment Deposits	20	29
Security deposits from Depository participants	2	62
<b>Total</b>	<b>27,894</b>	<b>21,485</b>

Notes forming part of the consolidated financial statements (Contd...)

₹ In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>21. INCOME TAX LIABILITIES (NET)</b>		
Provision for tax [net of advance tax ₹ 2,267 lakh (as at Mar 31, 2017 : ₹ 3,731 lakh)]	829	364
<b>Total</b>	<b>829</b>	<b>364</b>
<b>22. CURRENT PROVISIONS</b>		
Provision for Compensated absences	29	111
Provision for Gratuity (Refer Note 38)	68	116
<b>Total</b>	<b>97</b>	<b>227</b>
<b>23. OTHER CURRENT LIABILITIES</b>		
Statutory remittances	1,776	2,349
Payable to Multi Commodity Exchange Investor (Client) Protection Fund (IPF)	378	359
Investor Services Fund (ISF) <sup>#</sup>	4	-
Payable to employees	51	40
Amount received from members and applicants	772	1,082
Income received in advance	24	81
Unclaimed dividends*	50	37
Payable for purchase of fixed assets	384	416
<b>Total</b>	<b>3,437</b>	<b>4,364</b>

# SEBI vide its circular CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13, 2017 has mandated to set up Investor Service Fund (ISF) for providing basic minimum facilities at various Investor Service Centres. Accordingly, Contribution during the year ₹ 195 lakh and utilised ₹ 191 lakh.

\* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

₹ In Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>24. REVENUE FROM OPERATIONS</b>		
<b>Sale of Services</b>		
Transaction fees	23,892	23,304
Annual subscription fees	317	417
Membership admission fees	102	83
Terminal charges	51	56
	24,362	23,860
<b>Other operating revenues</b>		
Connectivity Income	976	916
Other recoveries from members		
– Penalties (net of transfer to SGF)	67	371
– Others	134	172
Data feed Income	329	361
Warehouse Income	116	264
	1,621	2,084
<b>Total</b>	<b>25,984</b>	<b>25,944</b>
<b>25. OTHER INCOME</b>		
<b>Dividend income:</b>		
Dividend income from mutual funds	359	2,287
<b>Interest income:</b>		
– on bank deposits	2,137	3,269
– on Tax Free Bonds	2,174	1,781
– from Others	3	6
	4,314	5,056
<b>Net gain on sale of:</b>		
– current investments	1,240	293
– long-term investments	235	201
Gain/(loss) on fair valuation of Mutual Funds	2,909	2,082
Gain on fair valuation of Bonds	88	1,563
	4,472	4,139
Provisions/Liability no longer required written back*	19	173
Miscellaneous income	38	35
<b>Total</b>	<b>9,202</b>	<b>11,690</b>
* net of bad debts ₹ 1,015 lakh for Financial year 2017-18		
<b>26. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	6,311	5,962
Contribution to provident and other funds	313	247
Staff welfare expenses	140	121
Share based payment to employee	57	112
<b>Total</b>	<b>6,821</b>	<b>6,442</b>

Notes forming part of the consolidated financial statements (Contd...)

₹ In Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>27. FINANCE COSTS</b>		
Interest expenses on:		
– Others	4	20
<b>Total</b>	<b>4</b>	<b>20</b>
<b>28. SOFTWARE SUPPORT CHARGES &amp; PRODUCT LICENSE FEES</b>		
Software support charges	4,021	3,960
Product License fees	923	745
<b>Total</b>	<b>4,944</b>	<b>4,706</b>
<b>29. COMPUTER TECHNOLOGY AND COMMUNICATION EXPENSES</b>		
Computer Technology expenses	1,417	1,245
Communication expenses	874	1,188
<b>Total</b>	<b>2,291</b>	<b>2,433</b>
<b>30. OTHER EXPENSES</b>		
Advertisement	271	363
Electricity charges	325	318
Rent	333	262
Repairs and maintenance - others	323	345
Insurance	52	56
Rates and taxes	156	35
Travelling and conveyance	472	353
Printing and stationery	53	43
Business promotion	223	77
CSR expenses	181	329
Legal and Professional Charges	593	594
Sponsorships and Seminar expenses	130	290
Membership fees and subscriptions	107	89
Security service charges	121	106
Provision for doubtful advances	–	56
Provision for doubtful trade receivables	–	20
Bad debts written off	–	45
SEBI – Exchange regulatory fees	363	392

₹ In Lakh

Particulars	₹ In Lakh	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Payment to the auditors		
– For audit	21	18
– For other services	4	12
– Reimbursement of out of pocket expenses	1	1
	26	31
Contribution to Multi Commodity Exchange Investor (Client) Protection Fund (IPF)	191	25
Contribution to Investor Service Fund	195	–
Net loss on foreign currency transactions and translations	18	4
Loss on fixed assets sold/scrapped*	0	–
Directors sitting fees	75	91
Office expenses	273	270
Miscellaneous expenses	260	210
<b>Total</b>	<b>4,742</b>	<b>4,400</b>

\* 0 represents ₹ 0.04 Lakh

**31. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)**

₹ In Lakh

Particulars	As at	
	March 31, 2018	March 31, 2017
<b>Contingent liabilities:</b>		
Claims against the Company not acknowledged as debts		
– Income tax demands against which the Company is in appeals (including interest upto date of order)	3,054	3,054
– Sales tax demands against which the Company is in appeals	1,015	1,015
– Service tax (CENVAT credit)	26	–
– Others (excluding interest)	67	75
Bank guarantee given	1,127	365
<b>Capital Commitments:</b>		
The estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	850	1,241

In addition to the matters as specified in contingent liabilities above, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business the impact of which is unascertainable. The Company's management does not expect that the legal actions, when ultimately concluded and determined, will have adverse effect on the Company's financial statements.

**Other Commitments:**

The Company has commitments to pay for the services related to (i) maintenance of core network equipment and (ii) technology support and managed services based on long-term agreements, the cancellation of which may entail monetary compensation.

Notes forming part of the consolidated financial statements (Contd...)

**32. TAXATION**

Income tax related to items charged or credited directly to profit or loss during the year :

₹ In Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Current income tax	2,943	4,079
Deferred Tax	939	1,038
<b>Total Income Tax Expense</b>	<b>3,882</b>	<b>5,117</b>

₹ In Lakh (as otherwise stated)

Reconciliation of tax expense and accounting profit for the year	For the year ended	
	March 31, 2018	March 31, 2017
Profit / (loss) before tax	14,718	17,776
Applicable tax rate	34.608%	34.608%
Computed expected tax expense	5,094	6,152
<b>Add:</b>		
Expenses disallowed	959	1,108
Income not considered in Profit & Loss Account	177	384
Short Term Capital Gain*	0	-
<b>Less:</b>		
IND AS Impact (Net)	(1,043)	(1,261)
Expenses allowed	(1,086)	(630)
Loss adjusted against long term capital gain	-	(51)
Exempt income	(1,135)	(1,622)
Set off of Business loss	(2)	-
Short provision for tax relating to prior year#	0	-
Effect of differential Tax Rate	(22)	-
<b>Income tax expense as per Statement of Profit and Loss</b>	<b>2,943</b>	<b>4,079</b>

\* 0 represents ₹ 0.10 Lakh

# 0 represents ₹ 0.04 Lakh

₹ In Lakh

Particulars	Balance Sheet	
	As at March 31, 2018	As at March 31, 2017
<b>Deferred tax relates to the following:</b>		
Expenses allowable on payment basis	131	128
Other items giving rise to temporary differences (including impact on fair value of investments)	(636)	337
Difference between WDV of Property, Plant and Equipment as per books of accounts & Income Tax	(1,216)	(1,222)
Deferred tax asset/(liability)	<b>(1,721)</b>	<b>(757)</b>
<b>Reconciliation of deferred tax assets/(liabilities) net:</b>		
Opening balance as of April 01	(757)	481
Tax income/(expense) during the year recognized in Statement of Profit and Loss	(939)	(1,038)
Differences on other comprehensive income	(25)	(200)
Closing Balance	<b>(1,721)</b>	<b>(757)</b>

**33. SEGMENT REPORTING**

IND AS 108 establishes standards for the way that companies report information about operating segments and related disclosures about products and services, and geographical areas. Based on the risks and returns identified, organizational structure and the internal financial reporting system, the business segment is the primary segment for the Group and accordingly "business of facilitating trading in commodities and incidental activities thereto" is considered as the only Primary Reportable business segment. Further, since the Group renders services only in the domestic market in India and there is no geographical segment.

**34. FOREIGN CURRENCY TRANSACTIONS**

₹ In Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
- License Fees	923	742
- Repairs and Maintenance – Others	12	5
- Membership and Subscription	6	22
- Professional Charges	106	29
- Computer Technology and Communication expenses	19	1
- Travel & Conveyance*	0	-
- Bank charges	1	-
<b>Earnings in Foreign Exchange</b>		
- Data feed income	98	112

\* 0 represents ₹ 0.07 lakh

**35. OPERATING LEASES**

The Company has entered into cancellable operating lease agreements as lessee for various premises. The lease rentals recognised as an expense in the Statement of Profit and Loss during the year is as follows:

₹ In Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Lease rentals (Included in Rent - Note No. 30)	77	128

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

₹ In Lakh

Particulars	As at	
	March 31, 2018	March 31, 2017
<b>Obligations on Non Cancellable Lease</b>		
Not later than 1 year	124	93
Later than 1 year but not later than 5 years	152	186
Later than 5 years	-	6

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend upto a maximum of ten years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses. The operating leases referred above include leases relating to Investor Services Fund.

Notes forming part of the consolidated financial statements (Contd...)

**36. EARNINGS PER SHARE**

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Weighted Average Shares Outstanding – Basic	50,860,437	50,831,922
Effect of dilutive securities on account of ESOP	(32,118)	(6,000)
Weighted Average Shares Outstanding – Diluted	50,828,319	50,825,922

Net Profit available to equity shareholders of the company used in the basic and diluted earnings per share was determined as follows:

₹ In Lakh except EPS

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Earnings available to equity shareholders	10,836	12,659
Earnings available for equity shareholders for diluted earnings per share	10,836	12,659
Basic Earnings per Share	21.31	24.90
Diluted Earnings per Share	21.31	24.89

**37. RELATED PARTY INFORMATION**
**Names of related parties and nature of relationship:**

Nature of relationship	Name of Related Party
<b>Shareholders' Directors</b>	Mr. Amit Goela (w.e.f. 04.02.2016) Mrs. Madhu Vadera Jayakumar (w.e.f. 04.02.2016) Mrs. Padma Raghunathan* (w.e.f. 04.02.2016) Mr. Hemang Raja (w.e.f. 30.06.2016) Mr. Chengalath Jayaram (w.e.f. 25.11.2016) * Sitting fees are paid directly to the nominee institutions
<b>Independent Directors</b>	Mr. Saurabh Chandra (w.e.f. 03.07.2016) Mr. Arun Bhargava (w.e.f. 19.11.2016) Mr. Arun Kumar Nanda (w.e.f. 19.05.2015) Dr. Govinda Marapalli Rao (w.e.f. 29.09.2015)** Mr. Prithvi Haldea (w.e.f. 25.10.2016) Mr. Subrata Kumar Mitra (w.e.f. 19.05.2015) Mr. Shankar Aggarwal (w.e.f. 01.10.2017) Ms. Pravin Tripathi (upto 12.08.2017)
<b>Key Managerial Personnel (KMP)</b>	Mr. Mrugank Paranjape, MD & CEO (w.e.f. 09.05.2016) Mr. Narendra Kumar Ahlawat, Chief Regulatory Officer (upto 31.03.2018) Mr. Rahi Racharla, Chief Information Officer, Technology (w.e.f. 27.12.2016) Mr. Sanjay Wadhwa, Chief Financial Officer (w.e.f. 27.02.2017) Mr. Ashwin Patel, Company Secretary (w.e.f. 01.07.2017) Mr. Ajay Puri, Company Secretary (upto 30.06.2017) Mr. Parveen Kumar Singhal, (President & Whole Time Director) : upto 13.10.2017)
<b>Others</b>	
<b>Relatives of KMPs or company in which KMP is interested and where transaction exists</b>	Adya IT Services Private Limited
<b>Employee Welfare Trust</b>	MCX ESOP Trust
<b>SEBI mandated IPF Trust</b>	Multi Commodity Exchange Investor (Client) Protection Fund (IPF)#

\*\* Dr. Govinda Marapalli Rao was appointed as an additional director from 08/08/2015 and his designation was changed on 29/09/2015.

# Pursuant to SEBI circular no. CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13, 2017, MCX IPF Trust has ceased to be a related party w.e.f. July 01, 2017. Accordingly for FY 2017-18, transactions upto June 30, 2017 are considered as related party.

**Transactions with related parties:**

The details of amounts due to or due from related parties as at March 31, 2018 are as follows:

₹ In Lakh

Nature of Transactions	As at March 31, 2018					
	MCX ESOP Trust	MCX IPF <sup>#</sup>	Shareholder's Directors	Independent Directors	Relatives of KMPs or company in which KMP is interested	Total
Re-imburements charged to the company	-	1	-	2	-	3
Recoveries charged by the company	-	37	-	-	-	37
Software Licence Fees	-	-	-	-	1	1
Contribution to IPF	-	69	-	-	-	69
Penalties/Non Compliance Charges	-	1,328	-	-	-	1,328
Sitting Fees Paid	-	-	43	89	-	132
Outstanding Balance receivable/ (payable) as at March 31, 2018	-	220	-	-	-	220

# Pursuant to SEBI circular no. CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13, 2017, MCX IPF Trust has ceased to be a related party w.e.f. July 01, 2017. Accordingly for FY 2017-18, transactions upto June 30, 2017 are considered as related party. Closing balance includes transactions from July 01, 2017 to March 31, 2018.

The details of amounts due to or due from related parties as at March 31, 2017 are as follows:

₹ In Lakh

Nature of Transactions	As at March 31, 2017					
	MCX ESOP Trust	MCX IPF	Shareholder's Directors	Independent Directors	Relatives of KMPs or company in which KMP is interested	Total
Re-imburements charged to the company*	-	0	0	0	-	1
Recoveries charged by the company	8	8	-	-	-	16
Seminar & Conference expenses	-	-	-	-	1	1
Dividend Paid	11	-	-	-	-	11
Contribution to IPF	-	25	-	-	-	25
Penalties/Non Compliance Charges	-	3,167	-	-	-	3,167
Sitting Fees Paid	-	-	39	89	-	128
Outstanding Balance receivable/ (payable) as at March 31, 2017	-	219	-	-	-	219

\* 0 represents ₹ 0.41 lakh for MCXIPF, ₹ 0.02 lakh for Shareholder's directors, ₹ 0.44 lakh for independent directors.

Notes forming part of the consolidated financial statements (Contd...)

**Transactions with Key Managerial Personnel :**

(₹ In Lakh except as otherwise stated)

Nature of Transactions	For the year ended	
	March 31, 2018	March 31, 2017
<b>1. Salary and Allowances Paid/payable to KMPs*:</b>		
Mr. Parveen Kumar Singhal	146	213
Mr. Mrugank Paranjape	253	297
Mr. Sanjay Wadhwa	66	6
Mr. Ajay Puri	28	68
Mr. Ashwin Patel	34	21
Others	182	259
<b>2. Dividend paid to KMPs:</b>		
Mr. Parveen Kumar Singhal	0.69	0.36
Others	0.00	0.01
	<b>In Numbers</b>	<b>In Numbers</b>
<b>3. Employee Stock Options (ESOP 2008):</b>		
Opening Balance at the beginning of year	-	10,200
Add: Options granted during the year	-	-
Less : Exercised during the year	-	(10,200)
Closing Balance at the end of the year	-	-

\* Excludes gratuity and long term compensated absences which are actuarially valued at Company level and where separate amounts are not identifiable.

**Notes :**

- There are no amounts written off or written back during the year in respect of debts due from or to related parties.
- KMPs as on the respective dates are considered.

**38. EMPLOYEE BENEFIT PLANS:**
**a. Post employment defined benefit plans :**

The Group makes annual contributions to the Employee's Group Gratuity Assurance Scheme administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at March 31, 2018 and March 31, 2017.

₹ In Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
<b>Change in benefit obligations</b>		
Present Value of Benefit obligation at the beginning of the period	566	401
Current Service Cost	87	61
Interest Cost	41	32
Gains/Losses on Curtailment	-	-
Transfer of obligation	-	-
Remeasurements – Actuarial (gains)/losses	(10)	93
Benefits paid from the Fund	(56)	(21)
<b>Present Value of Benefit obligations at the end of the period</b>	<b>628</b>	<b>566</b>

₹ In Lakh

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
<b>Change in plan assets</b>		
Fair value of plan assets at the beginning of the period	450	350
Interest Income	33	28
Transfer of assets	–	–
Remeasurements – Return on plan assets excluding amounts included in interest income*	0	(2)
Contributions by the employer	140	95
Benefits paid from the fund	(56)	(21)
<b>Fair value of plan assets at the end</b>	<b>565</b>	<b>450</b>
<b>Funded Status – Excess of obligation over plan assets</b>	<b>(62)</b>	<b>(116)</b>

\* 0 represents ₹ (0.16) lakh

Amount for the year ended March 31, 2018 and March 31, 2017 recognized in the Statement of Profit and Loss under employee benefits expenses.

₹ In Lakh

Recognized in Profit and Loss	For the year ended	
	March 31, 2018	March 31, 2017
Current Service Cost	87	61
Net Interest Cost	8	4
Gains/Losses on Curtailment	–	–
<b>Expenses Recognized</b>	<b>96</b>	<b>65</b>

Amount for the year ended March 31, 2018 and March 31, 2017 recognized in statement of other comprehensive income:

₹ In Lakh

Recognized in Other Comprehensive Income	For the year ended	
	March 31, 2018	March 31, 2017
Actuarial (gains) / losses on obligation for the period	(10)	93
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)*	0	2
Change in Asset Ceiling	–	–
<b>Net (Income)/Expense for the period recognized in OCI</b>	<b>(10)</b>	<b>95</b>

\* 0 represents ₹ 0.16 lakh

The weighted-average assumptions used to determine benefit obligations as at March 31, 2018 and March 31, 2017 are set out below:

Weighted Average Actuarial Assumptions	As at	
	March 31, 2018	March 31, 2017
Discount rate	7.78%	7.29%
Weighted average rate of increase in compensation levels	7.50%	7.50%
Weighted average duration of defined projected benefit obligation	15	15

₹ In Lakh

Sensitivity Analysis	As at	
	March 31, 2018	March 31, 2017
Projected Benefit Obligation on Current Assumptions	628	566
Delta Effect of +1% change in rate of Discounting	(74)	(66)
Delta Effect of -1% change in rate of Discounting	88	80
Delta Effect of +1% change in rate of Salary Increase	88	79
Delta Effect of -1% change in rate of Salary Increase	(75)	(67)
Delta Effect of +1% change in rate of Employee Turnover*	(0)	(3)
Delta Effect of -1% change in rate of Employee Turnover\$	0	3

\* 0 represents ₹ (0.28) lakh

\$ 0 represents ₹ 0.03 lakh

**Additional Details:**

Methodology adopted for Valuation is Projected Unit Credit Method.

Sensitivity analysis is an analysis which will give the movement in liability if the assumptions were not proved to be true on different count. This only signifies the change in the liability if the difference between assumed and the actual is not following the parameters of the sensitivity analysis.

Assumptions regarding future mortality experience are set in accordance with the Indian Assured Lives Mortality (2006-08).

Expected rate of return on plan assets is based on expectation of the average long term rate of return expected to prevail over the estimated term of the obligation on the type of the investments assumed to be held by LIC, since the fund is managed by LIC.

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotions and other relevant factors, such as supply and demand in the employment market.

The Company expects to contribute ₹ 62 lakh to the plan assets during financial year 2018-19.

Actuarial Gains/Losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

**Maturity profile of projected benefit obligation:**

₹ In Lakh

Projected Benefits Payable in Future Years from the Date of Reporting	March 31, 2018	March 31, 2017
Within 1 year	13	41
1-2 years	14	12
2-3 years	33	13
3-4 years	19	29
4-5 years	27	16
5-10 years	174	141
11 years and above	1,794	1,492

**b. Defined Contribution Plans:**

Amounts recognised as expenses towards contributions to Provident and Family Pension Fund, Employee State Insurance Corporation and other funds by the Company are ₹ 215 lakh (Previous Year ₹ 178 lakh) Refer Note No. 26

₹ In Lakh

Particulars	As at	
	March 31, 2018	March 31, 2017
Contribution to Provident and Family Pension Fund	212	176
Contribution to Employees State Insurance Scheme (ESIC)	1	0
Contribution to Labour Welfare Fund*	0	0
Contribution to Employees Deposit Linked Insurance (EDLI)	2	2

\* 0 represents ₹ 0.14 lakh for FY 2017-18 and ₹ 0.13 lakh for FY 2017-18

**39. EMPLOYEE STOCK OPTION PLAN (ESOP):**

During the year ended 31 March 2009, the shareholders of the Company approved the 'Employee Stock Options Plan 2008 (ESOP – 2008)'. Under the said scheme, 1,625,000 Equity Shares of ₹ 10 each have been allotted to ESOP Trust who will administer the ESOP Scheme on behalf of the Company. Out of which ESOP Trust has granted (a) 1,313,250 number of options convertible into 1,313,250 equity shares of ₹ 10 each to eligible employees on 2 July 2008 and 23 August 2008 in aggregate; (b) 331,750 (including the lapsed options available for reissuance) numbers of options convertible into 331,750 equity shares of ₹ 10 each to eligible employees on 24 October 2011; (c) 10,000 numbers of options convertible into 10,000 equity shares of ₹ 10 each to an eligible employee on 3 October 2012; (d) 25,300 numbers of options convertible into 25,300 equity shares of ₹ 10 each to eligible employees on 19 April 2013; (e) 10,000 numbers of options convertible into 10,000 equity shares of ₹ 10 each to an eligible employee on 19 February 2014 and (f) 172,600 numbers of options convertible into 172,600 equity shares of ₹ 10 each to eligible employees on November 11, 2014.

Details of the Options granted by the ESOP Trust is as under:

<b>Vesting period</b>	<b>No. of Options granted</b>	<b>Exercise Price</b>	<b>Grant Date</b>
2 July 2008 to 2 July 2009	391,725	₹ 144.00	2-Jul-08
2 July 2008 to 2 July 2010	391,725	₹ 144.00	
2 July 2008 to 2 July 2011	522,300	₹ 144.00	
23 August 2008 to 23 August 2009	2,250	₹ 144.00	23-Aug-08
23 August 2008 to 23 August 2010	2,250	₹ 144.00	
23 August 2008 to 23 August 2011	3,000	₹ 144.00	
24 October 2011 to 24 October 2012	99,525	₹ 390.00	24-Oct-11
24 October 2011 to 24 October 2013	99,525	₹ 390.00	
24 October 2011 to 24 October 2014	132,700	₹ 390.00	
3 October 2012 to 3 October 2013	3,000	₹ 1,282.75	3-Oct-12
3 October 2012 to 3 October 2014	3,000	₹ 1,282.75	
3 October 2012 to 3 October 2015	4,000	₹ 1,282.75	
19 April 2013 to 19 April 2014	7,590	₹ 855.70	19-Apr-13
19 April 2013 to 19 April 2015	7,590	₹ 855.70	
19 April 2013 to 19 April 2016	10,120	₹ 855.70	
19 Feb 2014 to 19 Feb 2015	1,000	₹ 516.50	19-Feb-14
19 Feb 2014 to 19 Feb 2016	2,000	₹ 516.50	
19 Feb 2014 to 19 Feb 2017	3,000	₹ 516.50	
19 Feb 2014 to 19 Feb 2018	4,000	₹ 516.50	
11 Nov 2014 to 11 Nov 2015	17,260	₹ 851.10	11-Nov-14
11 Nov 2014 to 11 Nov 2016	34,520	₹ 851.10	
11 Nov 2014 to 11 Nov 2017	51,780	₹ 851.10	
11 Nov 2014 to 11 Nov 2018	69,040	₹ 851.10	

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of ₹ 10 each. Exercise period for each option granted on 2 July 2008 and 23 August 2008 is three years from the date of their respective vesting. Exercise period for each option granted on 24 October 2011, 3 October 2012, 19 April 2013 and 19 February 2014 and 11 November 2014 is one year from the date of their respective vesting.

Notes forming part of the consolidated financial statements (Contd...)

The following table exhibits the net compensation expenses arising from share based payment transaction:

₹ In Lakh

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Expense arising from equity settled share based payment transactions	57	112

The activity in the 2008 Plan for equity-settled share based payment transactions during the year ended March 31, 2018 is set out below:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
<b>2008 Plan: Employee Stock Options (ESOPs)</b>				
Outstanding at the beginning of year	95,484	851.12	162,190	851.40
Granted during the year	-	-	-	-
Forfeited and lapsed during the year	8,072	851.38	22,718	851.67
Exercised during the year	10,627	851.10	43,988	851.86
<b>Outstanding at the end of year</b>	<b>76,785</b>	<b>851.10</b>	<b>95,484</b>	<b>851.12</b>
Exercisable at the end of year	27,657		4,855	

Lapsed options available for reissuance are 53,654 (As at March 31, 2017: 45,582) shares.

The following table summarizes information about options exercised and granted during the year and about options outstanding and their remaining contractual life as at March 31, 2018:

Particulars	Options outstanding			Options Exercised	
	Number of share options	Weighted average remaining contractual life (in years)	Weighted average exercise price	Number of share options	Weighted average fair value
2-Jul-08	-	-	-	-	-
23-Aug-08	-	-	-	-	-
24-Oct-11	-	-	-	-	-
3-Oct-12	-	-	-	-	-
19-Apr-13	-	-	-	-	-
19-Feb-14	-	-	-	-	-
11-Nov-14	76,785	1.25	₹ 851.10	10,627	₹ 851.10

For options granted on 2 July 2008 and 23 August 2008 under ESOP 2008 Scheme; the intrinsic value of each option is Nil. The estimated fair value of each option is ₹ 15.64 and ₹ 16.62 for options granted on 2 July 2008 and 23 August 2008 respectively. The weighted average fair values have been determined using the Binomial Option Pricing Model considering the following parameters:

Particulars	For options granted in	
	2-Jul-08	23-Aug-08
<b>Grant date</b>		
Weighted average share price on the date of grant	₹ 90	₹ 90
Weighted average Exercise price on the date of grant	₹ 90	₹ 90
Expected volatility (%)	1%	1%
Expected life of the option (years)	3.5 years	3.5 years
Expected dividends (%)	25%	25%
Risk-free interest rate (%)	9.14%	9.13%
Weighted average fair value as on grant date	₹ 85	₹ 85

Each option granted represents a right to the option grantee but not an obligation to apply for 1 fully paid up Equity Share of ₹ 10 each of the Company at duly adjusted exercise price after consolidation of share and bonus issue i.e. ₹ 144 pursuant to the corporate action during the year ended March 31, 2011.

For options granted on 24 October 2011, 3 October 2012, 19 April 2013, 19 February 2014 and 11 November 2014 under ESOP 2008 Schemes; the intrinsic value of each option is Nil. The estimated fair value of each option is ₹ 324.99, ₹ 342.64, ₹ 202.34, ₹ 181.47 and ₹ 363.18 for options granted on 24 October 2011, 3 October 2012, 19 April 2013, 19 February 2014 and 11 November 2014 respectively. The weighted average fair values have been determined using the Black Schole Formula considering the following parameters:

Particulars	For options granted in				
	24-Oct-11	3-Oct-12	19-Apr-13	19-Feb-14	11-Nov-14
Weighted average share price on the date of grant	₹ 390	₹ 1282.75	₹ 855.70	₹ 516.50	₹ 851.10
Weighted average Exercise price on the date of grant	₹ 390	₹ 1282.75	₹ 855.70	₹ 516.50	₹ 851.10
Expected volatility (%)	2.26%	34.35%	32.75%	52.37%	52.22%
Expected life of the option (years)	1.5 Years	2.6 Years	2.6 Years	3.5 Years	3.5 Years
Expected dividends (%)	Not Considered	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant
Dividend yield (%)	–	1.87%	2.80%	4.65%	1.17%
Risk-free interest rate (%)	8.60%	8.12%	7.49%	8.86%	8.26%
Weighted average fair value as on grant date	₹ 385	₹ 1282.75	₹ 855.70	₹ 516.50	₹ 851.10

#### 40. FINANCIAL INSTRUMENTS

##### Financial instruments by category

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

Notes forming part of the consolidated financial statements (Contd...)

The carrying value and fair value of financial instruments by categories as at March 31, 2018 were as follows:

₹ In Lakh

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying value	Fair value	Carrying value	Fair value
<b>Amortised cost:</b>				
Cash and cash equivalents (Refer Note No. 10)	4,734	4,734	407	407
Bank Balances (Refer Note No. 11)	1,232	1,232	1,520	1,520
Bank deposits with original maturity of more than twelve months (Refer Note No. 7)	28,693	28,693	36,973	36,973
Unbilled Revenue (Refer Note No. 14)	2,248	2,248	1,997	1,997
Trade receivables (Refer Note No. 9)	631	631	281	281
Loans (Refer Note No. 12)	27	27	35	35
Other financial assets (Refer Note No. 5 & 13)	619	619	513	513
Trade payables	4,163	4,163	3,008	3,008
Other financial liabilities (Refer Note No. 18 & 20)	30,125	30,125	24,798	24,798
<b>Fair value through profit or loss:</b>				
Investments (Refer Note No. 4 & 8)				
Tax free bonds	34,742	34,742	34,655	34,655
Mutual Funds	94,334	94,334	82,203	82,203
<b>Fair value through OCI:</b>				
Investments in other entities	3,129	3,129	2,988	2,988

**Note:**

Investment in equity instrument & warrants are not held for trading. The Group has chosen to measure these at FVTOCI irrevocably as the management believes that presently fair value gains and losses relating to these investments in Profit and Loss may not be indicative of the performance of the company.

The fair value of mutual funds is based on quoted price. The fair value of tax free bonds is based on quoted prices and market observable inputs.

The fair value of warrants & equity securities is based on the valuation provided by the certified valuers.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2018:

₹ In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	Level	Hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
<b>Assets</b>				
Investments in Mutual Funds (FVTPL)	94,334	82,203	1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Investments in tax free bonds (FVTPL)	34,742	34,655	1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Investments in Warrants of other company (FVTOCI)				
Investments in equity instruments (FVTOCI)*	3,129	2,988	3	Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
<b>Liabilities</b>				
Liability towards contingent consideration	-	-		

\* The carrying amount of financial asset measured at FVTOCI in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

**FINANCIAL RISK MANAGEMENT****Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

**Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

**Foreign currency risk**

The Group transacts internationally periodically and few of the transactions are conducted in different currencies. As the volume of the transactions are few, the company has not entered in foreign exchange forward exchange contracts.

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	As at March 31, 2018		As at March 31, 2017	
	₹ In Lakh	Amount in Foreign Currency	₹ In Lakh	Amount in Foreign Currency
<b>Other receivables</b>				
In USD	5	7,633	1	2,013
<b>Trade Payables</b>				
In USD	98	150,716	131	202,726
In GBP	268	290,689	107	132,157

**Sensitivity Analysis**

A Change of 5% in Foreign currency would have following impact on Profit before tax

Particulars	2017-18		2016-17	
	₹ In Lakh 5% Increase	₹ In Lakh 5% decrease	₹ In Lakh 5% Increase	₹ In Lakh 5% decrease
<b>Trade Payables/Receivables</b>				
USD	(5)	5	(7)	7
GBP	(15)	15	(5)	5

**Derivative financial instruments**

The Group has not entered into any forward exchange contract being derivative instruments.

**Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 631 lakh and ₹ 281 lakh as at March 31, 2018 and March 31, 2017 respectively and unbilled revenue amounting to ₹ 2,248 lakh and ₹ 1,997 lakh as at March 31, 2018 and March 31, 2017 respectively.

Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

Notes forming part of the consolidated financial statements (Contd...)

The Group measures the expected credit loss of trade receivables from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered. Investment in mutual fund is with financial institutions with high credit rating assigned by the international credit rating agencies.

**Ageing of Account receivables**

₹ In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Trade receivables		
Less than 6 months	619	265
More than 6 months	11	16
<b>Total</b>	<b>631</b>	<b>281</b>

**Movement in provisions of doubtful debts**

₹ In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Opening provision	1,436	1,598
Add: Additional provision made		
Less: Provision reversed	19	117
Less: Bad debts written off	996	45
Closing provision	421	1,436

**Liquidity risk:**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

**(i) Financial Arrangements**

Following are the unutilised sanctioned bank overdraft limits as at the respective year end.

₹ In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Expiring within one year (bank overdraft)	9,635	18,251

**(ii) Maturity patterns of other Financial liabilities**

₹ In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Trade Payable</b>		
Less than 6 months	4,159	2,972
More than 6 months	4	36
<b>Total</b>	<b>4,163</b>	<b>3,008</b>

**Capital Risk Management**
**(a) Risk Management**

The Group aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs.

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

**(b) Dividend by the Parent Company**

₹ In Lakh except equity shares

Particulars	As at March 31, 2018	As at March 31, 2017
Equity shares	50,998,369	50,998,369
Final dividend for the year ended March 31, 2018 of ₹ 17/- (March 31, 2017 - ₹ 15/-) per fully paid share	8,670	7,650
Dividends not recognised at the end of the reporting period	8,670	7,650

**Regulatory risk**

The Company requires a number of regulatory approvals, licenses, registrations and permissions to operate our business. For example, the Company has licenses from SEBI in relation to, among others, introducing derivatives contracts on various commodities. The Company's operations are subject to continued review and the governing regulations change. The Company's regulatory team constantly monitors the compliance with these rules and regulations. There have been several changes to the form and manner in which deemed recognised stock exchanges must make contributions to a Settlement Guarantee Fund. Should SEBI in the future vary the required contribution amounts to the Settlement Guarantee Fund, the Company may have to contribute more of funds to the Settlement Guarantee Fund which could materially and adversely affect the Company's financial ability. The Company's regulatory team keeps a track regarding the amendments in SEBI circulars/regulations pertaining to such settlement guarantee fund.

**Clearing and Settlement Risk**

Parties to a settlement may default on their obligations for reason beyond the control of the Company. Company guarantees the settlement of trade executed on the Company's platform and maintains a settlement guarantee fund to support its guarantee obligations. SEBI introduced the guidelines on stress testing, Settlement Guarantee Fund ("SGF") to ensure that Company is compliant with International benchmarks and regulations.

**41. INVESTMENT IN SUBSIDIARY**

Name of subsidiary	Principle place of business / Country of incorporation	Proportion of interest held by Controlling entities as at 31-03-2018	Proportion of interest held by Controlling entities as at 31-03-2017
Multi Commodity Exchange Clearing Corporation of India Limited	Mumbai, India	100%	100%

**Summarised Statement of profit and loss**

₹ In Lakh

Particulars	2017-18	2016-17
Revenue	566	48
Cost of material consumed	-	-
Employee benefits expense	25	-
Other expenses	220	14
Finance costs	4	-
<b>Pre-Tax Profit/(Loss) from continuing operations</b>	<b>317</b>	<b>35</b>
Income tax expense	114	2
<b>Post-tax Profit/(Loss) from continuing operations (A)</b>	<b>203</b>	<b>32</b>

**Summarised Balance Sheet**

₹ In Lakh

Particulars	As at 31-03-2018	As at 31-03-2017
Current Assets	1,263	829
Non-Current Assets	9,849	2
Current Liabilities	72	3
Non-Current Liabilities	18	8
<b>Total Equity</b>	<b>11,022</b>	<b>820</b>
<b>Attributable to:</b>		
Equity holders of parent	100%	100%
Non-Controlling interest	-	-

**Summarised Cash Flow Statement**

₹ In Lakh

Particulars	As at 31-03-2018	As at 31-03-2017
Operating	(293)	(13)
Investing	(9,705)	13
Financing	10,000	0
<b>Net Increase/(Decrease) in cash and cash equivalents*</b>	<b>2</b>	<b>(1)</b>

\* 0 denotes ₹ 0.55 lakh

Notes forming part of the consolidated financial statements (Contd...)

**42. CORPORATE SOCIAL RESPONSIBILITY**

As per Section 135 of the Companies Act 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Amount required to be spent as per Section 135 of the Act	287	308
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	181	329
<b>Total</b>	<b>181</b>	<b>329</b>

**43. i) Subsidiaries/Associates considered for consolidation**

The financial statements of the following subsidiaries have been consolidated as per Indian Accounting Standards 110 "Consolidated Financial Statements":

Name of Subsidiary	Country of incorporation	Proportion of Ownership Interest (Current year)	Proportion of Ownership Interest (Previous year)
Multi Commodity Exchange Clearing Corporation Limited (MCXCCL)	India	100%	100%

**ii) Additional Information, as required under Schedule III to the Companies Act, 2013, of entities consolidated as Subsidiaries and Associate**

Name of the Entities	2017-18							
	Net Assets i.e. total assets minus total liabilities		Share in profit/(loss)		Share in total Comprehensive Income		Share in total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated Profit	Amount	As a % of consolidated Profit	Amount	As a % of consolidated Profit	Amount
<b>Parent</b>								
Multi Commodity Exchange of India Limited	100%	137,627	98%	10,635	215%	265	99%	10,900
Subsidiary (Indian)								
1. MCXCCL	8%	11,022	2%	203	0%	-	2%	203

**44. EVENT OCCURRING AFTER BALANCE SHEET DATE**

The Board of Directors has recommended Equity dividend of ₹ 17/- per share (Previous year ₹ 15/-) for the financial year 2017-18 (Refer Note 40).

45. During the year, the Company received Income Tax Notices u/s 147 for reassessment of its Income for AY 2010-11 to AY 2013-14 and u/s 142(2A) for conducting Special Audit for AY 2010-11 to AY 2014-15. The Company has obtained Interim Relief from the Hon Bombay High Court against the Notices of the Income Dept. u/s 147 and for AY 2012-13 and AY 2013-14. The Interim Relief will also apply for Notices received u/s 142(2A) for AY 2012-13 and AY 2013-14. Further the Company has received a Stay from the Hon Bombay High Court against Income Tax Notices u/s 142(2A) for AY 2014-15. The Company is also in the process of filing Special Leave Petition before the Hon Supreme Court for Notice u/s 147 and 142(2A) for AY 2010-11 and AY 2011-12.

46. The Consolidated Financial Statements were approved by the Audit Committee & Board of Directors on April 28, 2018.

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

<b>Mrugank Paranjape</b> Managing Director & CEO DIN : 02162026	<b>Saurabh Chandra</b> Chairman DIN : 02726077	<b>Subrata K. Mitra</b> Director DIN : 00029961
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<b>Ashwin Patel</b> Company Secretary	<b>Sanjay Wadhwa</b> Chief Financial Officer
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Mumbai, April 28, 2018





**Multi Commodity Exchange of India Ltd.**

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