MCX/SEC/1721

August 26, 2019

The Dy. General Manager
Corporate Relations & Service Dept.,
BSE Limited
P.J. Towers,
Dalal Street,
Mumbai 400 001

Scrip code: 534091, Scrip ID: MCX

Sub: Submission of Annual Report of the Company for FY 2018-19

Dear Sir,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed the Annual Report of the Company for the Financial Year 2018 – 19 along with the Notice of the 17th Annual General Meeting of the Company scheduled to be held on Friday, September 20, 2019.

The Annual Report is also available on the Company's website: www.mcxindia.com

Kindly take the same on record.

For Multi Commodity Exchange of India Limited

Ajay Puri
Company Secretary
Encl: As above

MULTI COMMODITY EXCHANGE OF INDIA LIMITED

CIN: L51909MH2002PLC135594

Regd. Office: Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai – 400093
Tel.: +91-22-6731 8888, Fax: +91-22-6649 4151.
Website: www.mcxindia.com; Email id: info@mcxindia.com

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting ("AGM") of Multi Commodity Exchange of India Limited ("MCX") will be held on **Friday, September 20, 2019 at 11:30 a.m. at Ravindra Natya Mandir, Ground Floor, PL Deshpande Auditorium, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai, Maharashtra - 400025**, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
   a. Audited Financial Statements of the Company for the Financial Year ended March 31, 2019 together with the Reports of the Board of Directors and Auditors thereon.
   b. Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2019 and the Report of Auditors thereon.
2. To declare dividend on Equity Shares for the Financial Year ended March 31, 2019.
3. To appoint a Director in place of Mr. Chengalath Jayaram (DIN:00012214), who retires by rotation and being eligible, offers himself for re-appointment, subject to approval of Securities and Exchange Board of India (SEBI).
4. To appoint a Director in place of Ms. Padma Raghunathan (DIN: 07248423), who retires by rotation and being eligible, offers herself for re-appointment, subject to approval of SEBI.

SPECIAL BUSINESS:

5. To appoint Mr. Padala Subbi Reddy (DIN:01064530) as a Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 152 and all other applicable provisions of the Companies Act, 2013 (the Act), Companies (Appointment and Qualification of Directors) Rules, 2014 and the regulations/guidelines, etc. as prescribed/notified in this regard by the Securities and Exchange Board of India (SEBI), from time to time, and the provisions of the Articles of Association of the Company, Mr. Padala Subbi Reddy (DIN: 01064530), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. May 10, 2019 and whose term of office expires at the AGM and in respect of whom the Company has received a notice in writing under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company".

6. To approve the appointment of Mr. Padala Subbi Reddy (DIN:01064530) as the Managing Director and Chief Executive Officer (MD & CEO) of the Company and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and in accordance with the provisions of Section196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, relevant provisions of the Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ('SECC Regulations') including any amendment, modifications, variation or re-enactment thereof, and the Articles of Association of the Company, and in terms of the approval of the Securities and Exchange Board of India vide its letter no. SEBI/HO/CDMRD/DEA/OW/P/2019/8095/1 dated March 28, 2019, and such other approvals as may be necessary, consent of the Members be and is hereby accorded for the appointment of Mr. Padala Subbi Reddy (DIN: 01064530) as Managing Director and Chief Executive Officer (MD & CEO) of the Company, for a period of 5 years effective from May 10, 2019 and he shall not be liable to retire by rotation.

   RESOLVED FURTHER THAT approval of the Members be and is hereby accorded to the remuneration, allowances, reimbursement and other perquisites, etc. payable to Mr. Padala Subbi Reddy, as MD & CEO of the Company, as per details given below:

1.	Salary & Allowance forming part of total Gross Annual Remuneration. (fixed pay*)	Gross Remuneration of Rs. 2.2 crores per annum payable in monthly equated installments, with an annual increments in terms of Company's philosophy, as may be recommended by the Nomination and Remuneration Committee and approved by Board of Directors based on the performance of Mr. Reddy and that of the Company, subject to prior approval of SEBI.
2.	Annual Variable Bonus (AVB)	In addition to above, as may be determined and recommended by the Nomination and Remuneration Committee in accordance with Company's Policy and approved by the Board: Annual Variable Bonus (AVB) not exceeding one third of fixed pay in accordance with the SECC Regulations, 2018, subject to the proviso that: a. 50% of such AVB shall be paid after approval of the audited annual accounts by the Board, and b. the balance 50% of the AVB shall be paid on a deferred basis after three years. The entire AVB is subject to the terms of 'Malus' and 'Clawback' provisions, details of which are given in the employment agreement and/or remuneration policy of the Company.
3.	Company Car facility not included in fixed pay	As per Rules/Policy of the Company applicable to MD & CEO • Company shall provide a car (costing upto Rs. 20 lakh (Rs. Twenty lakh) for official and personal use. • Chauffeur to be provided by the Company. • Fuel reimbursement up to 200 (two hundred) litre per month. • Insurance, repairs and maintenance cost of the car to be borne by the Company.
4.	Other benefits	
a.	Earned/privilege leave	As per Rules/Policy of the Company.
b.	Personal Accident, Medical and Directors & Officers Liability Insurance	As per Rules/Policy of the Company.
c.	Encashment of leave	As per Rules/Policy of the Company.
d.	Grant of options and any other equity linked instruments/benefits under the Employees Stock Option Plan of the Company and/or its subsidiaries	MD&CEO is not entitled for these benefits.
e.	Any other benefit, amenity, privilege, not mentioned above but provided by the Company to its employees as per the Remuneration Policy and Rules of the Company or in pursuance to any change in law are also applicable to MD&CEO.	
f.	All monetary payments not in the nature of reimbursement of expenses is subject to deduction of tax at source and other statutory deductions like provident fund on basic salary, tax on employment, etc.	

*Fixed Pay includes Basic Salary, Additional Allowance, House Rent Allowance (if paid), Leave Travel Allowance, Medical Allowance, contribution to Provident Fund, gratuity (if applicable), but excludes certain perquisites like Company maintained car with drivers, telephone (besides mobile phone) with net connectivity, leave encashment, club membership, medical, personal accident and life insurance cover and Directors & Officers Liability Insurance.

RESOLVED FURTHER THAT during the tenure of Mr. Reddy as MD&CEO, if the Company has no profits or its profits are inadequate in any financial year, the remuneration payable to him by way of Salary, allowances, commission, perquisites and other benefits shall be in accordance with limits laid down in Section II of Part II of Schedule V of the Act, based on the effective capital of the Company from time to time, and that the Board is authorised to decide the quantum of remuneration within the said limits and shall not, without such approvals as may be required, exceed the limits prescribed under Section II of Part II of Schedule V and other applicable provisions of the Act or any other amendment, modification, variation or re-enactment thereof.

RESOLVED FURTHER THAT the MD & CEO shall perform such duties and responsibilities as may be delegated to him by the Board and as prescribed in the Employment Contract including giving effect to the directions, guidelines, circulars and other orders issued by the Securities and Exchange Board of India (SEBI), adhere to and ensure compliance with the applicable provisions of law, rules, regulations and also the Rules, Regulations, Byelaws, Business Rules, Memorandum and Articles of Association of the Exchange.

RESOLVED FURTHER THAT any one of the Directors and/or the Company Secretary of the Company, be and is hereby severally authorised to do all such acts and take all such steps as may be deemed necessary, proper or expedient to give effect to this resolution."

7. Approval for increase in total limit of Foreign Investment in the company upto the prescribed sectoral cap of 49%:

   To consider and, if thought fit, to pass the following as a **Special Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of the Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, extant Consolidated FDI Policy as prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (DIPP) from time to time, and all other applicable Rules, Regulations, Guidelines and Laws (including any statutory modifications or re-enactment thereof for the time being in force) and subject to the necessary approvals, permissions and sanctions and subject to such conditions as may be stipulated by any of the concerned authorities while granting such approval, permissions, sanctions, as may be agreed to by the Board of Directors of the Company, consent of the Members be and is hereby accorded to permit total foreign investment in the equity shares of the Company, under the Automatic Route, upto the prescribed sectoral cap of 49%, which shall include all types of foreign investments, direct and indirect, under Schedule 1 (FDI), 2 (FII), 2A (FPI), 3 (NRI), 6 (FVCI), 9 (LLPs) and 10 (DRs) and 11 (Investment Vehicles) of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations, as amended from time to time.

   RESOLVED FURTHER THAT, without prejudice to the generality of the above, the Board be and is hereby authorised to do such acts, deeds and things as the Board in its absolute discretion deem necessary or desirable in connection with and to give effect to the aforesaid resolution, including, without limitation, the following:

   (i) Seek any consents and approvals from concerned statutory and regulatory authorities, if required;

   (ii) File requisite documents with the DIPP, FIPB, RBI, SEBI, Stock Exchanges and any other statutory and/or regulatory authorities, and any amendments, supplements or additional documents in relation thereto, as may be required;

   (iii) Settle any issues, questions, difficulties or doubts that may arise;

   (iv) Further, authorise any committee and/or Director(s) and/or Officer(s) of the Company to seek the aforementioned consents and approvals, and/or to execute and/or file the above documents and/or to carry out any/all of the aforesaid actions."

By Order of the Board of Directors

Mumbai
August 22, 2019

Ajay Puri
Company Secretary

Notes:

1. **An explanatory statement pursuant to section 102 of the Companies Act, 2013 with respect to Item Nos. 5 to 7 of the Notice is annexed hereto.**

2. ***A member entitled to attend and vote at the Annual General Meeting (AGM) shall be entitled to appoint a Proxy/ Proxies to attend and vote instead of himself/herself and such proxy / proxies need not be a member of the Company. The instrument appointing the proxy should be deposited at the Registered Office of the Company, duly completed and signed, not less than forty-eight (48) hours before the commencement of the AGM.***

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other member. A proxy form for the AGM is enclosed herewith.

3. Corporate members intending to send their authorised representatives to attend the AGM are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

4. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.

5. Members are informed that in case of joint holders attending the meeting, the member whose name appears as the first holder in the order of names as per the registrar of members of the company will be entitled to vote.

6. With respect to item nos. 3 and 4 of the Notice, save and except Mr. Chengalath Jayaram and Ms. Padma Raghunathan in connection with their respective re-appointments and their relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel (KMPs) and their relatives, are, in any way concerned or interested, financially or otherwise, in the said Resolutions.

7. The route map showing directions to reach the venue of the AGM is annexed.

8. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 14, 2019 to Friday, September 20, 2019 (both days inclusive) for the purpose of payment of dividend for the Financial Year ended March 31, 2019 and the AGM of the Company to be held on September 20, 2019.

9. Dividend for the Financial Year ended March 31, 2019, as recommended by the Board of Directors of the Company, if approved at the AGM, will be paid to the Members on / after Friday, September 27, 2019 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, September 13, 2019;
   ii. To all Members in respect of shares held in physical form, after giving effect to valid transmission/transposition requests lodged with the Company on or before the close of business hours on Friday, September 13, 2019.

10. Dividend will preferably be paid through NECS, where the facility is available. Where dividend payments are made through NECS, intimations regarding such remittances would be sent separately to the shareholders. In cases where the dividend cannot be paid through NECS, the same will be paid by account payee/not negotiable instruments.

11. Pursuant to the provisions of Section 124 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto ('IEPF Rules'), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Company's Unpaid Dividend Account is required to be transferred, along with interest accrued, if any, to the Investor Education and Protection Fund (IEPF), established by the Central Government. Further, all shares in respect of which dividend has not been paid or claimed for seven consecutive years are to be transferred by the Company in the name of IEPF.

12. The Company had transferred the unpaid and unclaimed dividends declared up to Financial Year 2011-12 (interim) to the IEPF. Details of the unpaid/ unclaimed dividends are also uploaded on the Company's website www.mcxindia.com. Shareholders who have so far not encashed their dividend warrant(s) for the Financial Year 2011-12 (final) and onwards are requested to make their claims either with the Secretarial Department at the Registered Office of the Company or the office of the Registrar and Share Transfer Agent (RTA), Karvy Fintech Pvt. Ltd. (KFPL) before the unclaimed dividend is transferred to IEPF.

13. Dr. Deepali Pant Joshi was appointed as Public Interest Director (Independent Director) and Mr. Saurabh Chandra was re-appointed as Public Interest Director with the approval of SEBI in terms of the provisions of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ["SECC Regulations"]. The relevant details as required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), in respect of appointment of a new Director or re-appointment of a Director at the AGM are provided in Annexure to this Notice. Requisite declarations have been received from the Directors for seeking appointment/re-appointment.

14. The certificate from the Auditors of the Company certifying that the Employee Stock Option Scheme of the Company is being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the resolutions passed at the General Meetings of the Company will be made available for inspection to shareholders at the AGM.

15. Any member seeking further information as regards Accounts of the Company at the ensuing AGM is requested to send their queries in writing to the Company so as to reach at least one week in advance to enable the Management to keep the information ready at the meeting.

16. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements maintained under Section 189 of the Act will be available for inspection at the Meeting.

17. The term 'Members' has been used to denote Shareholders of MCX.

18. Members are requested to immediately notify any change in their address/bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the RTA of the Company Karvy Fintech Pvt. Ltd., "Karvy Selenium Tower – B", Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad 500032, Telangana, in respect of their physical share folios, if any. Members are also requested to give the MICR Code of their bank to their DPs. The Company will not entertain any direct request from such Members for change of address, transposition of names, deletion of the deceased joint holder's name and change in the bank account details. The said details will be considered, as will be furnished by NSDL/CDSL to the Company.

19. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are requested to submit their PAN to their Depository Participants. Members holding shares in physical form are requested to submit their PAN to the Company or its RTA.

20. As a measure of economy, the Company does not distribute the copies of the Annual Report at the meeting. Members/ Proxies are requested to bring their copy of the Annual Report along with attendance slips.

21. For security reasons and for proper conduct of the meeting, no baggage will be allowed at the venue and the entry to the venue of the meeting will be regulated by the Attendance Slip annexed. No eatables will be permitted in the meeting hall.

22. The Company has designated an exclusive email ID viz. ig-mcx@mcxindia.com to enable the investors to post their grievances, if any, and monitor their redressal.

23. The Annual Report for FY 2018-19 and the Notice of the 17th AGM of the Company containing the process and manner of electronic voting along with Attendance Slip, Proxy Form and Route Map are being sent, by electronic mode to all members whose e-mail IDs are registered with the Company/Depository Participants for communication purposes, unless any member has requested for physical copy of the same. **For Members who have not registered their e-mail IDs with the Company/Depository Participants, physical copies of the above referred documents are being sent by the permitted mode. Members who have not registered their e-mail IDs with the Company are requested to submit their request with valid e-mail IDs to Karvy Fintech Private Limited. Members holding shares in demat form are requested to register/update their e-mail IDs with their Depository Participant(s) directly.** Members of the Company, who have registered their email-IDs, are entitled to receive such communication in physical form upon request.

24. The Annual Report of the Company and the Notice of the meeting will be available on the website of the Company (www.mcxindia.com) and on Karvy's website (https://evoting.karvy.com). All documents referred to in the Notice and Explanatory Statement will also be available for inspection at the Registered Office of the Company on all working days between **11:00 a.m. and 1:00 p.m.**, up to the date of the AGM.

25. **ONLY FOR MEMBERS HOLDING SHARES IN PHYSICAL MODE:**

    A. Members can avail the facility of nomination in respect of securities held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form SH-13 duly filled-in to the Company's RTA.

    B. Pursuant to Regulation 40 of SEBI (LODR) Regulations, 2015, 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, 2018, securities of a recognised stock exchange shall be in dematerialised form. Therefore, shareholders are requested to get their physical shares dematerialised.

26. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting mentioned below. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. The voting right of shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date i. e. Friday, September 13, 2019. Members are eligible to cast vote electronically only if they are holding shares as on that date.

27. **REMOTE E-VOTING FACILITY:**

In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Fintech Pvt. Ltd.('Karvy'), on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

For queries pertaining to e-voting, members may visit the "Help" & "F.A.Q's" sections of Karvy e-voting website: **https://evoting.karvy.com** or contact Ms. Rajitha Cholletti (Assistant General Manager - Corporate Registry) or Mr. Premkumar Nair (Manager - Corporate Registry), Karvy Fintech Pvt. Ltd., Unit: Multi Commodity Exchange of India Limited, Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally; Hyderabad, 500032, Telangana on phone no. (040) 67161500/67161525, call Karvy's toll free no. 1-800-34-54-001 or email their queries on **evoting@karvy.com / einward.ris@karvy.com.**

Mr. Manish L. Ghia, Practicing Company Secretary, Partner of M/s Manish Ghia & Associates, Company Secretaries, Mumbai has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The procedure and instructions for e-voting are as under:

(A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/ Depository Participant (s)]:

i. Launch internet browser by typing the URL: https://evoting.karvy.com

ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the Company"

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email info@mgconsulting.in with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format **"Corporate Name_Event No."**

(B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participant (s)]:

   i) E-Voting Event Number, User ID and Password are provided in the e-voting form.

   ii) Please follow all steps from SI. No. (i) to (xii) above to cast your vote by electronic means.

Voting at the AGM: Members who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. Members who have already cast their vote(s) by Remote e-voting are eligible to attend the Meeting, however they are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

Other Instructions:

a. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

b. The remote e-voting period commences on **Tuesday, September 17, 2019 (9.00 a.m. IST)** and ends on **Thursday, September 19, 2019 (5.00 p.m. IST)**. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. **September 13, 2019**, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

c. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. **September 13, 2019**.

d. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e. **September 13, 2019**, he/she may obtain the User ID and Password in the manner as mentioned below:

   i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number + Folio No.(for Physical Folios) or DP ID and Client ID to 9212993399

      Example for NSDL:
      MYEPWD <SPACE> IN12345612345678

      Example for CDSL:
      MYEPWD <SPACE> 1402345612345678

      Example for Physical:
      MYEPWD <SPACE> XXXX1234567890

   ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

   iii. Member may call Karvy's toll free number 1-800-34-54-001.

   iv. Member may send an e-mail request to: evoting@karvy.com.

28. The Scrutiniser shall immediately after the conclusion of voting at the general meeting, count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than Forty Eight hours from the conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.

    The Chairman or such person as authorised by him in this regard shall declare the result of voting forthwith.

29. The results declared along with the report of the scrutiniser shall be available on the website of the Company and on the website of Karvy immediately after the result is declared by the Chairman or a person authorised by him in writing and will simultaneously be communicated to BSE Limited, where the equity shares of the Company are listed.

30. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:

Item No. 5 & 6

In view of the completion of tenure of Mr. Mrugank Paranjape as Managing Director and Chief Executive Officer (MD & CEO) of the Company on May 08, 2019, the Nomination and Remuneration Committee initiated the process for selection/ appointment of the Managing Director afresh in compliance with the relevant provisions of the Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and Companies Act, 2013. Egon Zehnder, an Executive Search Firm was engaged to assist in the selection process.

The Nomination and Remuneration Committee, after following the due process recommended the names of two candidates to the Board, for its consideration for the position of MD & CEO. The Board at its meeting held on February 26, 2019, considered the recommendations of Nomination and Remuneration Committee and after deliberations, recommended to SEBI for its approval, the name of Mr. P. S. Reddy (DIN: 01064530) for appointment as an Additional Director and MD & CEO of MCX, along with the terms and conditions of his appointment including remuneration. SEBI vide its letter no. SEBI/ HO/CDM RD/DEA/OW/P/2019/8095/1 dated March 28, 2019, accorded its approval for appointment of Mr. Reddy as MD & CEO for a period of five years from the date of his joining. Thereafter, the Board appointed Mr. Reddy as Additional Director and Managing Director & Chief Executive Officer of the Company. Mr. Reddy shall hold office for a period of 5 years w.e.f. May 10, 2019, on such remuneration as detailed in the resolution, subject to such other approvals as may be necessary in relation thereto.

As per the Articles of Association of the Company, Mr. Reddy shall not be liable to retire by rotation during the currency of his tenure as MD & CEO.

The Company has received the requisite notice under Section 160 of the Companies Act, 2013, proposing the appointment of Mr. Reddy as a Director on the Board of the Company.

The Company has obtained confirmation from Mr. Reddy of he being 'fit and proper person' for being appointed as Managing Director & CEO of the Company, along with the required consent, disclosures, declarations, etc.

The Board recommends the resolution set forth in the Item No. 5 & 6 of the Notice for approval of the Members as an Ordinary Resolution.

Except Mr. Reddy and/or his relatives, none of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 & 6 of the Notice.

Item No. 7

Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 read with Consolidated FDI Policy Circular of 2017, issued by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, inter alia, provides for the sectoral cap i.e. the maximum amount which can be invested by foreign investors in an entity, unless provided otherwise, which is composite and includes all types of foreign investments, direct and indirect, regardless of whether the said investments have been made under Schedule 1 (FDI), 2 (FII), 2A (FPI), 3 (NRI), 6 (FVCI), 9 (LLPs), 10 (DRs) and 11 (Investment Vehicles) of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations. Accordingly, for Infrastructure Company in the Securities Market which includes Commodity Exchanges the sectoral cap of 49% in equity has been provided for all types of foreign investments falling under automatic route.

The Consolidated FDI Policy Circular of 2017 provides the other conditions as mentioned below:

(i) Foreign investment, including investment by FPIs, will be subject to the Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2018 as amended, and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time, and other Guidelines/Regulations issued by the Central Government, SEBI and the Reserve Bank of India from time to time.

Further, as per FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, read with Consolidated FDI Policy Circular of 2017 the Foreign Institutional Investor (FII) and Foreign Portfolio Investors (FPI) may in terms of Schedule 2 and 2A of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations, as the case may be, respectively, invest in the capital of an Indian company under the Portfolio Investment Scheme which limits the individual holding of an FII/FPI below 10% of the capital of the company and the aggregate limit for FII/FPI investment to 24% of the capital of the company. This aggregate limit of 24% can be increased to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned through a resolution by its Board of Directors followed by a special resolution to that effect by its General Body and subject to prior intimation to RBI. The aggregate FII/FPI investment, individually or in conjunction with other kinds of foreign investment, will not exceed sectoral/statutory cap.

Presently, the investment limit for FII/FPI in the equity shares of MCX is 34 %. Given the interest by the foreign investors in the Stock Exchanges and to attract foreign investment and have more headroom available for foreign investors, it is proposed to raise the total foreign investment limit in the equity shares of the Company upto the prescribed sectoral cap of 49%, which shall include all types of foreign investments, direct and indirect, regardless of whether the said investments have been made under Schedule 1 (FDI), 2 (FII), 2A (FPI), 3 (NRI), 6 (FVCI), 9 (LLPs), 10 (DRs) and 11 (Investment Vehicles) of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations, as amended from time to time.

The Board recommends the resolution set forth in the Item No. 7 of the Notice for approval of the Members as a Special Resolution.

None of the Director and Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

Information pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding appointment/re-appointment of Directors is as under:

Name	**Mr. Chengalath Jayaram**	**Ms. Padma Raghunathan**	**Dr. Deepali Pant Joshi**	**Mr. Saurabh Chandra#**
DIN	00012214	07248423	07139051	02726077
Date of Birth	18-04-1956	16-03-1961	12-12-1957	11-04-1955
Qualification	B.A. (Economics), PGDM – IIM Kolkata	Chartered Accountant, Associate Member of Institute of Bankers	Ph.D.in Politics, Master in political Science, B.A from University of Allahabad, L.L.B. from University of Lucknow, Diploma in Management from I.G.N.O.U., Delhi	IAS (Retd.) Diploma in Management B.E. - Graduate in Electrical Engineering, IIT Kanpur
Date of first appointment	November 25, 2016	February 4, 2016	August 8, 2018	July 03, 2016
Shareholding in MCX	Nil	Nil	Nil	Nil
Directorships of other companies as at 31st March, 2019	• Kotak Mahindra Bank Limited • Kotak Mahindra Asset Management Company Limited • Allsec Technologies Limited • Multi Commodity Exchange Clearing Corporation Limited • Financial Planning Standard Board India	Nil	• Wadhawan Global Capital Limited	• Usha Breco Limited • Vacmet India Limited • SBI Pension Funds Private Limited • J. K. Cement
Membership/ Chairmanship in Committees* as at 31st March, 2019	• Membership: Audit Committee 1. Allsec Technologies Limited 2. Kotak Mahindra Asset Mangement Company Limited	Nil	• Membership: Audit Committee 1. Wadhawan Global capital Limited	• Membership: Audit Committee – 1. Vacmet India Limited

Name	Mr. Chengalath Jayaram	Ms. Padma Raghunathan	Dr. Deepali Pant Joshi	Mr. Saurabh Chandra#
Brief Profile including experience	• Currently on the Board of Kotak Mahindra Bank Ltd., as an Non-Executive and Non-Independent Director • Was the Joint Managing Director of Kotak Mahindra Bank Limited • Has over 40 years of diverse experience in Financial Sector & related businesses	• 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.	• Held various positions in Central Office of Reserve Bank of India and at several Regional Office. • Headed as Executive Director Position in RBI. • Has over 39 years of experience in macroeconomic policies with regard to Banking Services.	• Indian Administrative Services (U.P. Cadre) • Former Secretary to the Ministry of Petroleum and Gas, GoI; • 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;
Relationship with other Directors/KMPs	None	None	None	None

*Only Audit and Stakeholders' Relationship committees are considered.

Details provided as on the date of his re-appointment (i.e. July 03, 2019)

Name	Mr. P. S. Reddy
DIN	01064530
Date of Birth	20-02-1963
Qualification	• Bachelor of Arts, Economics, Andhra University, Visakhapatnam, India; • Master of Arts, Economics, University of Hyderabad.
Date of first appointment	May 10, 2019
Shareholding in MCX	Nil
Directorships of other companies as at 31st March, 2019#	Nil
Membership/Chairmanship in Committees* as at 31st March, 2019#	Nil
Brief Profile including experience	• Has held position of Managing Director & CEO of Central Depository Services (India) Limited for twelve years. • Worked with BSE Limited for eighteen years. Was in charge of various departments and represented in various Committees of the Exchange. • Over 30 years of diverse experience in Indian Capital Market, especially in Stock Exchange, Clearing Corporation and its ecosystem businesses.
Relationship with other Directors/KMPs	None

*Only Audit and Stakeholders' Relationship committees are considered.

Details provided as on the date of his appointment (i.e. May 10, 2019).

By Order of the Board of Directors

Mumbai
August 22, 2019

Ajay Puri
Company Secretary

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

MCX
METAL & ENERGY
Trade with Trust

MULTI COMMODITY EXCHANGE OF INDIA LIMITED

CIN: L51909MH2002PLC135594

Regd. Office: Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai -400093

Tel.: +91-22-6731 8888, Fax: +91-22-6649 4151.

Website: www.mcxindia.com; Email Id: info@mcxindia.com

Full name of the Member attending (In Block letters): ______________________________

____

Name of the Proxy: ______________________________

(to be filled in, if the proxy form has been duly deposited with the Company)

I hereby record my presence at the Seventeenth Annual General Meeting of the Company to be held on **Friday, September 20, 2019 at 11.30 a.m. at Ravindra Natya Mandir, Ground Floor, PL Deshpande Auditorium, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai, Maharashtra – 400025.**

No. of Shares held : ______________

DP ID/Client ID No. : ______________

Regd. Folio No. : ______________

Member's/Proxy's Signature : ______________

- Only Member/Proxy holder can attend the Meeting.
- Member/Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting

Signed this ______________ day of ______________, 2019

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3)
of the Companies (Management and Administration) Rules, 2014]

MCX
METAL & ENERGY
Trade with Trust

MULTI COMMODITY EXCHANGE OF INDIA LIMITED

CIN: L51909MH2002PLC135594

Regd. Office: Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai – 400093

Tel.: +91-22-6731 8888, Fax: +91-22-6649 4151.

Website: www.mcxindia.com; Email Id: info@mcxindia.com

Name of the Member(s): ______________________________

Registered address: ______________________________

E-mail Id: ______________________________

Folio No./Client ID No.: ______________ DP ID No. ______________

I/We, being the member(s) holding ______________ Equity Shares of the above named Company, hereby appoint

1. Name: ______________________________

   Address: ______________________________

   Email id: ______________________________

   Signature: ______________________________ Or failing him/her

2. Name: ______________________________

   Address: ______________________________

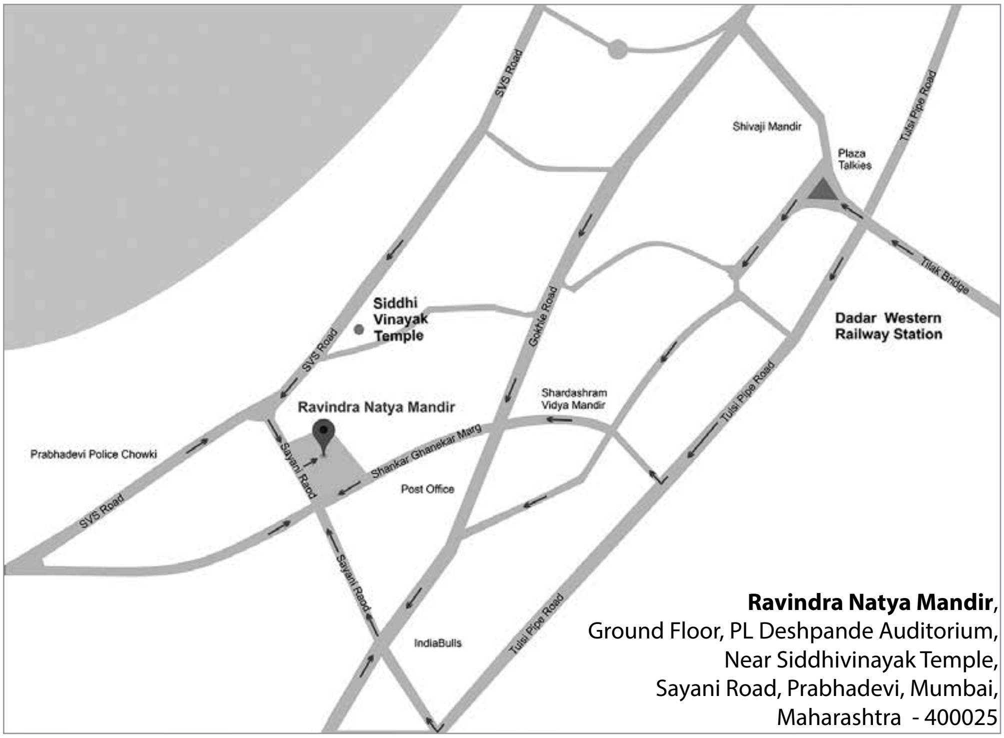
   Email id: ______________________________

   Signature: ______________________________ Or failing him/her

3. Name: ______________________________

   Address: ______________________________

Route Map - Venue of AGM



Email id: ____________________

Signature: ____________________ Or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on **Friday, September 20, 2019 at 11.30 a.m. at Ravindra Natya Mandir, Ground Floor, PL Deshpande Auditorium, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai, Maharashtra – 400025** and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Particulars of Resolution	For	Against
1.	Adoption of Standalone and Consolidated Financial Statement for the year ended March, 31, 2019 and the Report of the Board of Directors and Auditors thereon.		
2.	Declaration of Dividend for the Financial Year ended March 31, 2019.		
3.	To appoint a Director in place of Mr. Chengalath Jayaram (DIN:00012214), who retires by rotation and being eligible, offers himself for re-appointment, subject to approval of Securities and Exchange Board of India (SEBI).		
4.	To appoint a Director in place of Ms. Padma Raghunathan (DIN:07248423), who retires by rotation and being eligible, offers herself for re-appointment, subject to approval of SEBI.		
5.	To appoint Mr. Padala Subbi Reddy (DIN: 01064530) as a Director.		
6.	To approve the appointment of Mr. Padala Subbi Reddy (DIN: 01064530) as the Managing Director and Chief Executive Officer (MD & CEO) of the Company.		
7.	Approval for increase in total limit of Foreign Investment in the Company upto the prescribed sectoral cap of 49%.		

Signed this ____________ day of ____________ 2019

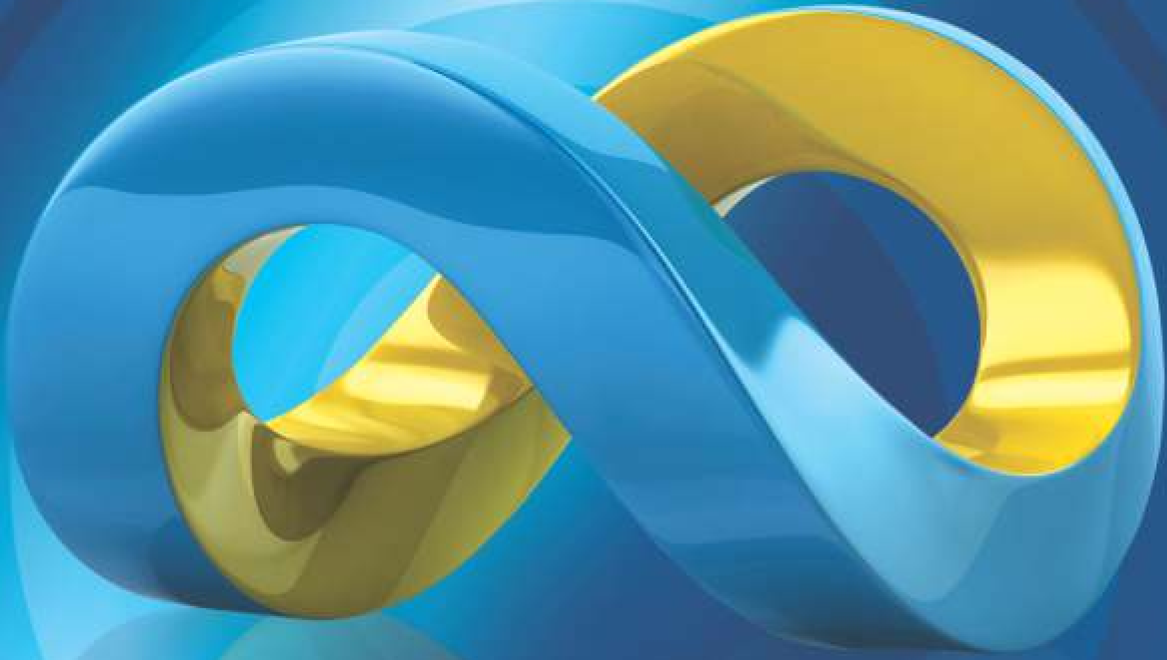
Signature of shareholder ____________________

Signature of Proxy holder(s) ____________________

Affix Re. 1/- Revenue Stamp

Note:

1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai-400093, not less than 48 hours before the commencement of the Meeting.
2. Those Members who have multiple folios with different joint holders may use copies of this Attendance slip/Proxy.



Market Inclusions

The wave of the future

ANNUAL REPORT 2018-19

MCX
METAL & ENERGY
Trade with Trust

MARKET INCLUSIONS - THE WAVE OF THE FUTURE

"Development is an endurance exercise with incremental improvements"
- Sri Mulyani Indrawati, Renowned Economist.

The role of market as an institution in allocating resources, goods and services, as well as performing other economic functions such as price discovery in the most efficient manner, has been universally acknowledged. Accordingly, there is a need to create, nurture and support institutions which facilitates markets to play their role in the most competent manner. Another important and related narrative is the pursuit of policies that create, nurture and support inclusiveness of the market institutions. It is not enough to create robust institutions that work towards promoting efficiency in markets and transactions; it is imperative to create institutions, processes and practices that enable the smallest and remotest stakeholders to take full benefit from the functioning of the market institutions with as much ease as anyone else. The rights to the fruits of institution building lie as much (possibly, primarily) with those with limited access to those institutions, as others. In other words, the agenda of 'market inclusion' needs to be provided a spot of immediacy and primacy in pursuit of the goal of institution building.

In India's commodity derivatives market, this agenda is being pursued with relentless efforts to attract stakeholders exposed to commodity risks to this market platform. Efforts are also being made to deepen the market, infuse liquidity and enhance access by paving the way for participation of institutional players – ones whose services and very presence could establish a linkage between those who intend to benefit from the functioning of commodity derivative platforms which provides for price discovery and risk management. The governance of the electronic platforms and intermediaries facilitating these services are, likewise, being strengthened to enhance the trust of stakeholders and reassure their participation.

These are incremental steps which would need to be taken for reaching the ultimate goal of making a market institution not just accessible but also attractive – an institution of choice – for its smallest stakeholders. It is in reaching this goal that an important milestone in our development paradigm can be achieved.

CONTENTS

This page has been intentionally left blank

CORPORATE INFORMATION

Board of Directors (as on August 22, 2019)

1.	Mr. Saurabh Chandra	Chairman, Public Interest Director
2.	Mr. Amit Goela	Shareholder Director
3.	Mr. Basant Seth	Public Interest Director
4.	Mr. Chengalath Jayaram	Shareholder Director
5.	Dr. Deepali Pant Joshi	Public Interest Director
6.	Mr. Hemang Raja	Shareholder Director
7.	Ms. Madhu Vadera Jayakumar	Shareholder Director
8.	Ms. Padma Raghunathan	Shareholder Director
9.	Mr. Prithvi Haldea	Public Interest Director
10.	Mr. Shankar Aggarwal	Public Interest Director
11.	Mr. P.S. Reddy	Managing Director and Chief Executive Officer

Company Secretary — Mr. Ajay Puri

Statutory Auditors — M/s. Shah Gupta & Co., Chartered Accountants

Bankers

HDFC Bank

Kotak Mahindra Bank

Corporation Bank

Registrar and Transfer Agent

Karvy Fintech Private Limited
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

Registered Office

Multi Commodity Exchange of India Limited
CIN:L51909MH2002PLC135594
Exchange Square, Chakala,
Suren Road, Andheri (East),
Mumbai – 400 093, 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, GoI.
- 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 22 years of experience in Capital Market.

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 28th February 2012.
- Information Commissioner in the Central Information Commission from 1st March 2012 to 15th February 2017.

Mr. Chengalath Jayaram, *Shareholder Director*

- Currently on the Board of Kotak Mahindra Bank Ltd., as a Non-Executive and Non-Independent Director.
- Former Joint Managing Director of Kotak Mahindra Bank Limited.
- Over 40 years of diverse experience in Financial Sector & related businesses.

Dr. Deepali Pant Joshi, *Public Interest Director*

- Served as an Executive Director of Reserve Bank of India for 4 years.
- Has held various positions in Central Office of Reserve Bank of India and at several Regional Offices of RBI.
- Has over 39 years of experience in macroeconomic policies with regard to Banking Services.

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 35 years of experience in Financial Industry.

Ms. Madhu Vadera Jayakumar, *Shareholder Director*

- An independent investor in Financial Markets.
- Former Founder CEO of E-Commodities Limited.
- Has over 15 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. P. S. Reddy, *MD & CEO*

- Has held position of Managing Director & CEO of Central Depository Services (India) Limited for 12 years.
- Worked with BSE Limited for 18 years. Was in charge of various departments and represented in various Committees of the Exchange.
- Has over 30 years of diverse experience in Indian capital market, especially in Stock Exchange, Clearing Corporation and its eco system.

LETTER FROM THE CHAIRMAN

Dear Shareholders,

I am happy to inform you that during the last financial year, MCX was able to enhance its market share to over 90% in the commodity derivatives market. After 1st October, 2018, with SEBI permitting unified exchanges, both BSE and NSE entered the commodity space and charged zero transaction fee in order to gain a foothold in the market, which is still continuing. The performance of your Company has to be seen against this backdrop.

During the fiscal year 2018-19, MCX clocked an average daily turnover of ₹ 25,648 crore (single-side) in futures, as against ₹ 21,193 crore achieved during the previous fiscal, registering a growth of 21%. The average daily turnover (notional) in the options segment was ₹ 704 crore. The segment-wise market share of MCX in Indian commodity futures in 2018-19 was 96.77% for precious metals and stones, 100% for base metals, 100% for energy and 15.54% for agri commodities. Overall your Company's market share in the futures segment rose to 91.6% in 2018-19, up from 89.6% in the previous year in a highly competitive market.

This performance was reflected in our financial results also. For the financial year 2018-19, MCX's total revenue stood at ₹ 398.59 crore vis-à-vis ₹ 351.86 crore for the previous financial year. Likewise, EBITDA for 2018-19 was ₹ 192.52 crore, as against ₹ 163.89 crore for the financial year 2017-18. Profit after tax for the year stood at ₹ 146.24 crore, representing a growth of 35%, over that of ₹ 108.36 crore in 2017-18.

Leveraging on continuing regulatory reforms and your Company's ability to reap the opportunities that arise as a result, the future for your Company holds great promise. In October 2018, Eligible Foreign Entities (EFEs), who have exposure to Indian physical commodity markets, have been permitted to trade in Indian Commodity Exchanges. In March 2019, SEBI permitted Mutual Funds and Portfolio Management Services (PMS) to participate in the commodity derivatives market. In June 2019, futures products based on commodity Indices were allowed. While more policy action, leading to further market expansion, can be expected in the times ahead, availing opportunities arising out of these market development initiatives are an integral part of your Company's growth and development ambitions. Commodity Index futures and participation of Mutual Funds in commodity derivatives market will not only enhance the depth and liquidity of the market, but also support the inclusion of several hitherto-excluded-sections in this market.

On the products front, following SEBI decision to permit Options on commodity futures, your Company launched Options trading on the futures of Silver, Zinc, Copper and Crude oil in 2018-19, in addition to Gold options which was launched in 2017-18. As participation in these products are gaining traction, it had evinced participation interest from hedgers, due to simplicity of participation and straightforwardness of exposure which is similar to a 'price insurance'. MCX launched Base Metals contracts that are compulsory delivery based and benchmarked on the domestic metal prices, paving the way for the Indian metal prices to be discovered in a transparent manner, discounting for both international and domestic fundamentals. Besides, aimed at further expanding the gold contracts' footprint in India, MCX added five more locations to the list of additional delivery centres for gold and gold mini contracts in addition to the existing three locations.

These developments were further supported with the shifting of MCX's clearing and settlement services to Multi Commodity Exchange Clearing Corporation Ltd (MCXCCL), that began its operations during the year. A well-capitalised clearing corporation, independent of the Exchange, provides a greater level of comfort and trust to stakeholders, especially to the institutional investors. It is also in line with the current practices adopted in other segments of securities market.

To align your company with its growth potential and developmental needs, efforts were made to create awareness about commodity derivative markets and commodity derivatives as tools of risk management. During 2018-19, 745 awareness programmes were conducted across India to educate current and potential hedgers and investors on participating in the commodity derivatives market. In doing so, emphasis was placed on educating the smaller stakeholders, such as the Small and Medium Enterprises (SME) sector, exposed to risks in bullion, metal, and energy prices, about the advantages of hedging. In addition, 99 programs were conducted for farmers and Farmer Producer Organizations (FPOs) to educate them on risk management using commodity derivatives.

With the continuing support of our Shareholders, I am confident that your Company shall be able to serve these new stakeholder groups, and in the process, reach new heights of inclusive growth.

Saurabh Chandra

Chairman

(DIN: 02726077)

August 22, 2019

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the Seventeenth 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, 2019 ('year under review'). The highlights of this Annual Report are given below:

FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2019 is summarized below:

(₹ In lakh, except EPS)

Particulars	Standalone		Consolidated	
	2018-19	**2017-18**	**2018-19**	**2017-18**
Total Income	38,472	34,620	39,859	35,186
Total Operating Expenditure	20,575	18,552	20,607	18,798
Profit before Interest, depreciation, exceptional items and tax	**17,897**	**16,068**	**19,252**	**16,388**
Less: Depreciation	1,529	1,666	1,545	1,666
Less: Interest	3	-	1	4
Less: Exceptional items	2,380	-	2,380	-
Add: Share of Profit of Associate	-	-	43	-
Profit after exceptional items and Share of Profit of Associate but before tax	**13,985**	**14,402**	**15,369**	**14,718**
Less: Provision for tax	335	3,767	745	3,882
Profit after tax	**13,650**	**10,635**	**14,624**	**10,836**
Add/(Less) : Other Comprehensive Income (net of tax)	(186)	265	(171)	124
Total Comprehensive Income for the period (Comprising Profit and Other Comprehensive Income for the period)	**13,464**	**10,900**	**14,453**	**10,960**
Earnings per share				
i. Basic (₹)	**26.83**	**20.91**	**28.75**	**21.31**
ii. Diluted (₹)	**26.83**	**20.91**	**28.75**	**21.31**

GLOBAL COMMODITY MARKET

The calendar year 2018 was a year of instability and volatility in global commodity markets. Right from the beginning of the year, in addition to the geopolitical tensions between US and North Korea and continued unrest in the Middle East, troubled trade equations and strengthening dollar index provided uncertainty to commodity prices. The trade war between US and China disturbed the historical trading patterns and trade equations not only between the two countries, but also among all trading nations. The prices of most of energy, metal and mineral, and agricultural commodities declined in the last quarter of 2018, only to rebound in the first quarter of 2019. The weakness of energy, as well as, metal and mineral prices in late 2018, reflected concerns about global growth, especially in China. Renewed fiscal stimulus in US, and the resumption of U.S.-China trade negotiations in January 2019, improved growth prospects and supported a rebound in commodity prices in the first quarter of 2019. This rebound was supported by a series of commodity-specific factors which affected their supplies.

Given the backdrop of global commodity market, the operating environment for your Company during the year was challenging.

FINANCIAL HIGHLIGHTS

Despite odds, the average daily turnover increased from 21,193 crore in FY 2018 to 25,648 crore (single side) in FY 2019, a growth of 21%. The Average Realization Rate (ARR) decreased from ₹ 2.22 per lakh to ₹ 2.17 per lakh. The total turnover of commodity futures traded on your Exchange stood at ₹ 65.91 lakh crore in FY 2019 as against ₹ 53.83 lakh crore during FY 2018, an increase of 22.44%. The market share of your Company amongst all national exchanges offering commodity derivatives trading was 91.6% in FY 2019 as against 89.58% in FY 2018. The number of contracts traded on your Exchange in FY 2019 stood at 2464 lakh as compared to 2060 lakh for FY 2018, an increase of 19.61%.

For FY 2019, your Company's (standalone) total income stood at ₹ 38,472 lakh as compared to ₹ 34,620 lakh during FY 2018, a growth of 11%. Increase in total income was mainly due to increased revenue from transaction fees. The operating income during the year under review was ₹ 29,835 lakh as against ₹ 25,984 lakh in FY 2018. Net profit after tax in FY 2019 increased to ₹ 13,650 lakh from ₹10,635 lakh in FY 2018.

The net worth of the Company as at March 31, 2019 stood at ₹ 1,46,285 lakh.

During the year under review, Hon'ble Bombay High Court has dismissed Income Tax Department's order of Special audit u/s 142(2A) for AY 2010-11, 2011-12 and 2014-15. However, for AY 2015-16, the Hon'ble Bombay High Court has issued an order in favor of the Income Tax Department. Pursuant to the reopening of assessment for AY 2010-11 u/s 148, the Income Tax Department has issued re-assessment order u/s 143(3) of the Income Tax Act, 1961 raising a demand of ₹ 5,160 lakh (including Interest of ₹ 2,731 lakh u/s 234B). For AY 2014-15, assessing officer has completed the assessment and issued order u/s 143(3) of the Income Tax Act, 1961 raising a demand of ₹ 3,331 lakh (including Interest of ₹1,314 lakh u/s 234B). Further, for AY 2013-14, Transfer pricing officer had passed an order in FY 2017 raising a demand of ₹ 2,774 lakh (including interest of ₹ 868 lakh u/s 234). The Company is contesting the above demands and the management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operation. Accordingly, no provision has been made as on March 31, 2019 and the above amounts are shown under contingent liabilities.

SHARE CAPITAL

There has been no change in the share capital of your Company during the year under review. As on March 31, 2019, the paid-up share capital of your Company stood at ₹ 5,099.84 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.

TRANSFER TO RESERVES

For the year ended March 31, 2019, your Directors do not propose to transfer any amount to the General Reserve. An amount of ₹ 1,06,345 lakh is proposed to be retained as surplus in the Profit and Loss Account.

DIVIDEND

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

The Board of Directors of your Company have recommended a dividend of ₹ 20 (200%) per equity share on a face value of ₹ 10 per share, aggregating ₹ 10,200 lakh for the financial year ended March 31, 2019, subject to the approval of shareholders at the ensuing Annual General Meeting.

The outgo on account of the proposed dividend of 200% (Previous Year 170%) and tax thereon to be paid by the Company aggregates to ₹ 12,297 lakh (including the Dividend Distribution Tax rounded off to ₹ 2,097 lakh), being a payout of 90.08% of the profit after tax (PAT) for the year ended March 31, 2019 as against ₹ 10,452 lakh (being a payout of 98.28% of PAT) for FY 2018.

Your Directors have recommended the dividend based on the Company's performance and in view of the adequacy of existing cash / cash equivalent at its disposal, with few other possible avenues of deploying incremental accumulations, other than those permitted by the Investment Policy of the Company. Also, there is no immediate material cash outflow requirement during FY 2020, apart from a probable capital infusion in Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) due to increase in SGF requirements and possible capital infusion in spot exchange entities, which could be invested out of the existing accumulated reserves.

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 March 31, 2019.

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

The details of loans, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as on March 31, 2019, are set out in Note 48(B) to the Standalone Financial Statements of the Company.

BUSINESS OPERATIONS

During the year under review, there was no change in the nature of business of your Company.

Your Company, during the course of the year, transferred the functions of clearing and settlement to a separate entity, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL), a wholly owned subsidiary, pursuant to the guidelines issued by Securities and Exchange Board of India (SEBI).

MCXCCL was the first Clearing Corporation to receive recognition from SEBI vide letter dated August 01, 2018, for the period of one year commencing July 31, 2018, for clearing Commodity Derivatives Contracts. Consequent to the grant of recognition, the Clearing and Settlement Division of MCX was transferred to MCXCCL on slump sale basis by executing a Business Transfer Agreement effective from September 01, 2018. Post this transfer, MCXCCL commenced its operations from September 03, 2018 to provide, *inter alia*, clearing and settlement services along with all associated and related functions, including collateral management and risk management functions for all trades in securities executed on MCX platform.

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 2018 (CY18). (Source: FIA Annual Volume trading statistics January 2019).

During the year, your Company launched options trading with Crude Oil (100 Barrels), Zinc (5MT), Silver (30 kg) and Copper (1 MT) futures as underlying. In order to encourage active participation in the market, the Exchange will continue to waive transaction fees on all commodity options contracts till March 31, 2020.

The 2018-19 Union Budget 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.

Pursuant to SEBI Circular no. SEBI/HO/CDMRD/DMP/CIR/P/2018/55 dated March 26, 2018, MCX had launched Liquidity Enhancement Scheme (LES) in Gold options from April 24, 2018 for a period of six months i.e. upto October 23, 2018. The scheme was framed to provide two-way quotes for three price levels and five strike prices of both call and put in MCX Gold Option contracts. The said scheme was not extended further.

Consequent to directions by SEBI, the Exchange applied for modification to convert all the Base Metal contracts to compulsory delivery mode of settlement. During FY 2019, the modified futures contracts from 'Both Options' settlement mode to 'Delivery-Based' settlement mode for Aluminium, Aluminium Mini, Zinc, Zinc Mini, Lead and Nickel were approved and launched. MCX successfully completed settlement of its first delivery based Aluminium Futures Contract with delivery of 10 MT at the expiry of the contract on March 29, 2019.

Consequent to the Reserve Bank of India (RBI) permitting subsidiaries of banks to offer broking services for commodity derivatives segment of SEBI recognised stock exchanges, three bank (broking) subsidiaries have obtained the membership of the Exchange in FY 2019.

As on March 31, 2019, the Company has national reach with 700 members, having 54,896 Authorised Persons, operating through 16,30,311 terminals connected through various available modes of connectivity (including Computer to Computer Link (CTCL), Internet Based Trading and Wireless Trading) across 1,080 cities/towns across India.

MCX was admitted as a full member of the World Federation of Exchange (WFE), the global industry group of exchanges and Central Counter Parties (CCP), at the 58th General Assembly in Athens. Prior to that, MCX was an affiliate member of WFE.

In order to capture demographic, compliance and grievances related information from the Members/Clients and facilitate seamless flow of information between the Exchange and its Members/Clients, your Exchange launched the following online portal services during FY 2019:

i. 'Member Assistance Portal' – an online portal for member queries;

ii. 'MCX Member Profile Interface (MMPI)'- an online utility for members for updating their profile details and for continuous membership compliances;

iii. eUIMS (Electronic User ID Management System Portal) - an online application for members to submit applications for generating, modification and cancellation of User ID;

iv. A new integrated MCX-AP Portal which enables members to submit digitally signed applications for Authorised Persons registration, profile modification and cancellation; and

v. IGRS (Investor Grievance Redressal System) - an online portal for complaint registration.

With an aim 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 research centres across the country to improve trade practices, increase awareness, and facilitate overall improvement of the commodity market.

During the year under review, MCX signed a Memorandum of Understanding (MOU) with Government of Maharashtra and launched 'Cotton Mission' to empower cotton farmers in Vidarbha region and create a value chain with final market linkages. Your Company also signed MoUs with Indian Cotton Federation (ICF) for knowledge-sharing initiatives and Indian Bullion and Jewellers Association (IBJA) to set up the Bullion Spot Exchange and organising joint awareness programmes and seminars for Bullion stakeholders.

During FY 2019, MCX had encountered disconnection of its core component i.e. Matching Engine (OMX) from Order Management Server (OMS) resulting in trading halts on May 25, 2018, July 11, 2018 and July 16, 2018. The trading activities were restored to normalcy on the same day. The Exchange did not cancel any orders/trades. However, members were allowed to cancel their pending orders in the system. The end of day activities across trading, surveillance, clearing & settlement were completed as per regular schedule on the respective days. To avoid re-occurrence of such halts due to underlying device drivers, corrective measures were taken in consultation with Stratus Technologies, the original equipment manufacturer (OEM). The root cause analysis for the trading halt was carried out by the Exchange along with 63 Moons Technologies Ltd, Microsoft and Stratus Technologies. The root cause analysis report alongwith the proposed solution received from OEM was presented to SEBI Technical Advisory Committee (TAC). After receiving the go ahead from SEBI to reinstate the deployment of OMS and OMX applications on two separate servers, as it existed before trading halts, Exchange went live with OMS and OMX application on two separate servers w.e.f. November 30, 2018. SEBI was kept fully informed on the details of the aforesaid trading halts and the corrective actions taken thereafter.

During FY 2015, your Company had filed 9 applications seeking compounding of offences 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 March 31, 2019, 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). The Compounding Authority has imposed an aggregate compounding fee of ₹ 7,43,600/- on the Company which has since been paid. 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 till FY 2018. The details of compounding application as at March 31, 2019, in respect of the 6 applications, is given in the Extract of the Annual Return in **Annexure IV**.

REGULATORY DEVELOPMENTS

During the year under review, SEBI, the sectoral regulator, launched reforms for paving the path for increased market participation in the commodity derivatives market. SEBI also took steps for strengthening the operational framework, risk management and corporate governance in commodity exchanges, thereby further increasing the trust and confidence of the stakeholders in the commodities market.

In order to deepen the commodity derivatives markets, as well as, to enhance the participation of stakeholders, SEBI extended trade timings for commodity derivatives segment by an hour i.e. for non-agri commodities from 9 am to 11.30/ 11.55 pm, and for agricultural/ agri-processed commodities from 9 am to 5 pm (up to 9 pm for internationally referenced agri-commodities).

The important Regulatory developments during FY 2019, *inter alia*, were as hereunder:

i) Pursuant to the amendments in the Finance Act w.e.f. April 01, 2018, Commodity Transaction Tax ('CTT') was made applicable on options on commodity derivatives in lieu of Securities Transaction Charges (STT).

ii) Increase in order per second limit for algorithmic trading in commodity derivatives.

iii) Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC) was notified on October 03, 2018, thereby, repealing SECC Regulations, 2012.

    SECC Regulations, 2018, rationalized the constitution of existing regulatory committees at Market Infrastructure Institutions (MIIs). Subsequently, SEBI vide circular dated January 10, 2019, prescribed the composition and brief terms of reference for the mandatory committees i.e Functional Committees and Oversight Committees to be constituted at MIIs under SECC Regulations, 2018.

iv) Guidelines were issued on Anti-Money Laundering (AML), Standards and Combating the Financing of Terrorism (CFT)/ Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules applicable for all the Intermediaries registered with SEBI under Section 12 of the SEBI Act, 1992.

v) Master circular was issued, being the compilation of the circulars issued by Commodity Derivatives Market Regulation Department (CDMRD) pertaining to domestic commodity derivatives segment.

vi) Permitted Eligible Foreign Entities (EFEs) having actual exposure to Indian commodity markets, to participate in the commodity derivatives segment of recognized stock exchanges for hedging their exposure and prescribed the detailed regulatory framework for participation by EFE's.

vii) SEBI issued a detailed regulatory framework on Cyber Security and Cyber Resilience for MIIs. SEBI directed that MIIs shall have a Cyber Security Operation Center (C-SOC) that would be a 24x7x365 set-up manned by dedicated security analysts to identify, respond, recover and protect from cyber security incidents.

viii) An Early Warning Mechanism was put in place for sharing of information between Stock Exchanges, Depositories and Clearing Corporations, to detect the diversion of client's securities by the stock broker at an early stage so as to take appropriate preventive measures.

ix) To enhance transparency to the public in Commodity Derivatives Markets, SEBI directed the Exchange to provide additional commodity level disclosures including details of Open Interest and turnover for six categories of participants (Farmers / Farmers Producers Organisations (FPOs), Value chain participants (VCPs), Proprietary traders, Domestic financial institutional investors, Foreign participants and others) at the Commodity, as well as, market level.

x) SEBI notified that the exchanges shall follow the policy of having uniform trading and delivery lot size for the newer and for existing contracts.

xi) A framework for performance review of Public Interest Directors (PID) was provided, *inter alia*, including formulation of policy for performance review of PIDs, guiding criteria for the same, evaluation mechanism, disclosures and recommendations to SEBI.

xii) To encourage the participation by Farmers / Farmers Producer Organizations (FPOs) in agricultural commodity derivatives markets and to reduce their cost burden, SEBI reduced the regulatory fee on Stock Exchanges with respect to turnover in agricultural commodity derivatives.

In order to pass on the desired benefits from reduction of regulatory fees on agricultural commodity derivatives, stock exchanges dealing with agricultural commodity derivatives were required to create a separate fund earmarked for the benefit of Farmers/FPOs in which regulatory fee foregone by SEBI had to be deposited. This was to be utilized exclusively for the benefit of and easy participation by Farmers and FPOs in the agri-commodity derivatives market.

xiii) In view of the advancement in technology and improved automation of processes for transition of operations from the Primary Data Centre (PDC) to the Disaster Recovery Site (DRS), SEBI modified the framework for Business Continuity Plan (BCP) and Disaster Recovery (DR) of MIIs.

It prescribed that DRS, should preferably be set up in different seismic zones and in case due to certain reasons such as operational constraints, change of seismic zones, etc., minimum distance of 500 kilometer shall be ensured between PDC and DRS, so that both are not affected by the same disaster.

xiv) SEBI amended the SEBI (Custodian of Securities) Regulations, 1996, enabling custodians to provide custodial services in respect of goods as well.

xv) SEBI directed that stock brokers shall not accept cash from their clients, either directly or by way of cash deposit to the bank account of stock broker.

xvi) SEBI has provided for reporting of Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by MIIs.

xvii) RBI issued revised guidelines for Hedging of Commodity Price Risk by Residents in overseas markets, which was effective from April 1, 2018.

RISK MANAGEMENT AND RISK MANAGEMENT POLICY

Your Company has put in place an Enterprise Risk Management ("ERM") framework to enable and support achievement of business objectives through identification, evaluation, mitigation and monitoring of different risks.

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. The Risk Officer of the Exchange ensures compliance with the Risk Management Policy throughout the organization. The head of each department is responsible for managing risks affecting their area of operations / business. The Risk Officer is responsible to review the risks associated with the functioning of the various departments of the Exchange and to identify the emerging risk and monitor the risk mitigation plan thereon. The Risk Officer also reviews the Internal Audit Report(s), how controls can be improved, and whether any observation can result in a risk to the organization.

The Board of Directors have constituted a Risk Management Committee (RMC) for, *inter alia*, identification, measurement and monitoring risk profile of the Exchange. As on March 31, 2019, the Risk Management Committee comprised of two Public Interest Directors and an Independent External Expert. The Risk Management Committee periodically reviews the Risk Management Policy and its implementation thereon, as well as, the Risk Register that includes observations from Internal Audit. The Committee also periodically examines and evaluates the Risk Information Management Systems (RIMS) along with emerging risks, if any. The risks in relation to internal control over financial reporting is reviewed by the Audit Committee.

For details relating to 'Risks and Concerns' of your Company please refer the Management Discussion and Analysis forming part of this Annual Report.

INVESTOR PROTECTION FUND (IPF)

Your Company has set up Multi Commodity Exchange Investor Protection Fund (IPF), to protect and safeguard the interest of investors/ clients, in respect of eligible/legitimate claims arising out of the default of the member of the Exchange. The interest income on investment of surplus funds of IPF is used for imparting investor/ client education, awareness, undertaking research activities or such other programs as may be specified by SEBI. As on March 31, 2019, the corpus of IPF stood at ₹ 21,042 lakh (provisional).

Pursuant to SEBI circular dated June 13, 2017, the applicable IPF compensation limits are ₹ 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 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 to utilize 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, your Company contributed ₹ 10 lakh towards setting up the ISF as an initial contribution. Subsequently, your Company has transferred 1% of the turnover fees charged from its members on a monthly basis. As on March 31, 2019, the corpus of ISF stood at ₹ 333 lakh (provisional).

Considering the recent origin of ISF and its corpus being inadequate, SEBI has permitted utilization of interest on IPF, to pursue activities of ISF for a period of 3 years starting from April 01, 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 had made necessary warehousing and logistics arrangements with Warehouse Service Providers (WSP)/ Vault Service Providers (VSP). Consequent to the transfer of clearing and settlement division of the Exchange to MCXCCL w.e.f. September 01, 2018, physical deliveries of the commodities traded on the Exchange platform are effected through MCXCCL. MCXCCL has made necessary warehousing arrangements with WSP/VSP for this purpose and undertakes accreditation of the warehouses/vaults, to ensure safe storage and preservation of quality of goods deposited by various business participants for delivery on its platform.

MCXCCL has a wide network and availability of warehouses for delivery of commodities traded on MCX platform, which provides confidence to members to trade on MCX. As at March 31, 2019, MCXCCL has entered into agreements with four WSPs for facilitating physical deliveries in agricultural commodities and Base Metals viz. Origo Commodities India Private Limited, Yamada Logistics Private Limited, Navjyoti Commodity Management Services Limited and Shree Shubham Logistics Limited. As at March 31, 2019, MCXCCL has accredited 55 warehouses of these four WSPs, of which 52 warehouses are registered with the Warehousing Development & Regulatory Authority (WDRA) and remaining 3 warehouses for metals do not require WDRA registration.

Further, MCXCCL entered into agreements with Sequel Logistics Private Limited, Brinks India Private Limited & Malca-Amit JK Logistics Pvt. Ltd. as 'Vault Service Providers' for facilitating physical deliveries in bullion. The vaults of these agencies are located at Ahmedabad, Delhi, Mumbai, Bengaluru, Chennai, Cochin, Hyderabad and Kolkata.

TRAINING AND EDUCATION

MCX endeavours to inculcate among various stakeholders the knowledge about commodities derivatives and commodity trade, and the positive aspects of using the derivatives exchange platform to manage price risk and for price discovery. To achieve this MCX helps in the:

- Facilitation of structured learning of commodity trading to the community at large and investors in particular; and
- Augmentation of business development and product top lines through the training of various market participants.

To achieve the said objectives, your Exchange during FY 2019:

i. Recorded 1181 registrations for the MCX Certified Commodity Professionals (MCCP) examination;

ii. Conducted 13 MCCP training programmes across the country;

iii. Conducted 22 programmes on sensitizing the stakeholders on Options;

iv. Hosted and trained 5 international delegations and 5 student and corporate delegations;

v. Conducted over 67 Investor Protection Fund programmes across the country;

vi. Conducted 21 general awareness programmes on commodity derivatives;

vii. Held 5 faculty development programmes for colleges and institutions;

viii. Held 7 programmes on Futures and Options for media-persons;

ix. Conducted 3 capacity building programmes;

x. Held 4 programmes for subsidiary of banks, which became members of the Exchange; and

xi. Conducted 2 programmes for SEBI, under their 'Commodity Derivatives Trainers' (CoT's) scheme to train commodity trainers.

Your Company continues its efforts to impart knowledge on commodity derivatives by conducting various training programmes for various stakeholders in the ecosystem, such as traders, farmers, bankers, students, teachers, etc. At present, on the initiatives of your Company, five institutions are offering commodity as an asset class as part of their syllabus. During the year, four more educational institutions have entered into MoUs with your Company, whereby these institutions will be introducing commodity derivatives as a subject in their syllabus. Further as part of the MoU, your Company will train the faculty of these institutions, who in turn will educate their students.

Your Company aims to increase the number of training sessions in the coming year for new participants from the banking and mutual fund segments.

During the year, internal training programmes on Information Security Management System's ISO standard ISO/IEC 27001:2013 for MCX staff, as well as, induction programmes for new joiners were conducted.

MCX conducted the first, national-level commodity quiz competition – COMQUEST 2019, where 56 educational institutions from across the country participated. The final round was held in Mumbai and was telecast on a business channel. The underlying idea of this exercise was to garner wider participation from the youth and generate interest among them about the commodity derivatives market, which until now remains a niche segment.

SUBSIDIARY

Multi Commodity Exchange Clearing Corporation Limited (MCXCCL)

MCXCCL, a wholly-owned subsidiary of your Company, was set up as a separate clearing house to provide services such as clearing and settlement of trades and guaranteeing counter party risk. SEBI granted recognition to MCXCCL to act as a Clearing Corporation for a period of one year w.e.f. July 31, 2018, and thereafter it commenced operations w.e.f. September 03, 2018.

During the year under review, the Authorized Share Capital of MCXCCL was increased from ₹ 1,500 lakh to ₹ 2,500 lakh and your Company participated in the rights issue by MCXCCL and infused a capital of ₹ 13,399 lakh in the company. As on March 31, 2019, the paid-up capital of MCXCCL stood at ₹ 23,999 lakh.

As per SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014, every stock exchange shall contribute at least 25% of the Minimum Required Corpus to a Core Settlement Guarantee Fund (SGF) established and maintained by its clearing corporation. Accordingly, during the year your Company contributed ₹ 7,938 lakh towards Core SGF.

SME Exchange of India Limited (SME)

SME, a subsidiary of your Company was set up to provide a platform for transacting, clearing and settlement of trades in small and medium enterprises segment.

The company is under the process of members' voluntary winding up and the requisite formalities for the same has been completed. The Official Liquidator has issued the final report vide letter dated March 05, 2019, filed before Hon'ble High Court, Bombay, in respect of voluntary liquidation of SME. The date of hearing with respect to the same is yet to be communicated.

ASSOCIATE

Your Company entered into an agreement with Central Depository Services Limited (CDSL) and CDSL Commodity Repository Ltd. (CCRL) effective May 18, 2018, for setting up and operationalization of the new repository under the Warehousing (Development and Regulation) Act, 2007. Pursuant to Section 2(6) of the Companies Act, 2013, CCRL became an associate company of MCX w.e.f. June 04, 2018, consequent to investment of ₹ 1200 lakh comprising of 12,000,000 equity shares of ₹ 10 each, equivalent to 24% stake in CCRL.

During the year under review, there were no companies which have become or have ceased to be the subsidiary or joint venture of your Company. Further, the Managing Director & CEO of your Company does not receive any remuneration or commission from its subsidiary.

A report on the performance and financial position/salient features of the subsidiary and associate company 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 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 the annual consolidated financial statements, consolidating its financials with its wholly owned subsidiary company, MCXCCL and the associate company, CCRL. The annual audited consolidated financial statements have been prepared 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 DISCUSSION AND ANALYSIS STATEMENT

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

COMMITMENT TO QUALITY

Your Company has been in the forefront in complying with robust quality management system enabling excellence in product and service delivery, customer centricity and risk mitigation. Your Company is focused on continuous improvement of robust processes and quality services. Your Company is ISO 9001:2015 certified for processes and is committed to provide continuous delivery of its quality services, through an effective and efficient response.

Your Company has rolled out several key initiatives, across the organization to improve productivity and quality of service through business process automation. A dedicated group for process excellence, risk management and process automation works with all stakeholders across various departments to improve the productivity and quality of deliverables, thereby, excelling in whatever your Company strives to accomplish.

RESEARCH AND DEVELOPMENT

Your Company regularly undertakes research activities for developing new products viz. futures, options and indices, considering the evolving policy and regulatory landscape, risk management and global best practices. During FY 2019, the Exchange launched Options on futures contracts of multiple commodities: Crude Oil (100 barrel) on May 15, 2018, Copper (1 MT) on May 21, 2018, Silver (30 MT) on May 24, 2018 and Zinc (5 MT) on June 21, 2018. MCX also launched Rubber futures on August 16, 2018.

SEBI recently released guidelines for 'Design of Commodity Indices and Product Design for Futures on Commodity Indices' and your Company is gearing up to launching futures on its iCOMDEX series of indices. iCOMDEX, the Thomson Reuters-MCX India Commodity Indices, was launched in 2017, tracking the performance of commodities listed on MCX. iCOMDEX series utilizes a similar methodology as other established global commodity indices which are used by international investors, such as the popular Thomson Reuters/Core Commodity CRB index. MCX has worked with the Indian investors to ensure that the indices correctly represent Indian commodity markets, with Thomson Reuters validating this approach and ensuring the indices meet international standards. MCX has begun working towards launching Commodity Index futures by taking necessary steps, conforming with SEBI guidelines.

During the year, your Company undertook a research-based consultancy assignment for the International Fund for Agricultural Development (IFAD), a UN body. The assignment entailed studying and suggesting means for enabling hedging in specific crops in two African countries – Senegal and Nigeria.

Your Company undertook various research studies during FY 2019. A study titled 'Agri Derivatives in India: Market Development and Policy Issues' was carried out by National Council of Financial Market Research to examine the current functioning of Indian agri commodity market and suggest measures for making the market more useful for farmers and other stakeholders. Using a triangulation approach, where majority (75%) of the respondents in cotton were hedgers, while in case of mentha oil nearly half of them were hedgers, the study suggested that the removal of CTT and launch of mini and micro contracts may help in increasing participation of physical market participants.

Another study on prospects and potential for the development of base metals futures market in India, conducted by Acies Consulting, studied the feasibility and roadmap for structuring delivery-based futures contracts. The study recommended a collective effort among various stakeholders to ensure alignment and fulfillment of the physical market structure with the exchange-traded contracts, in order to achieve a successful ecosystem of delivery-based futures contracts for base metals.

To spread awareness and promote research in commodity markets and its ecosystem, the Commodity Insights Yearbook 2018 was released on India Commodity Day 2018. The publication aims at dissemination of comprehensive knowledge on the commodity market ecosystem, for the benefit of all stakeholders including market participants, financial institutions, policymakers, practitioners, analysts, producers, traders, processors, consumers, industry observers, academicians, etc. The National Institute of Securities Management (NISM), an institution established by SEBI, was the partner organization in publication of the Commodity Insights Yearbook 2018.

AWARDS

The initiatives taken by your Company for growth and market development have been well appreciated and recognized at various fora. Your Company was bestowed with the 'Best Commodity Exchange' Award by Commodity Participants Association of India (CPAI) in June 2018. Your Company was also awarded as the 'Best Commodity Exchange' by the Bullion Federation Global Convention (BFGC), as well as, ASSOCHAM in July 2018. Further, your Company was recognised as the 'Best Commodity Exchange of India' at the India International Gold Convention in August 2018. Your Company was also awarded as the 'Best Exchange in Bullion' 2018, at the ASSOCHAM- 11th International Gold Summit and honoured with the 'Best Commodity Exchange' by PHD Chamber of Commerce and Industry in September 2018.

ENVIRONMENTAL RESPONSIBILITY

Given the nature of its operations, your Company has a very low impact on the environment. Notwithstanding, your Company 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 is governed by an effective Environmental Policy. Your Company believes that in order to meet the objectives of its Environmental Policy, employee commitment is imperative. Your Company constantly endeavors to create awareness amongst employees and encourages them to adopt conservation practices on an ongoing basis. Your Company successfully completed ISO 14001:2015 surveillance audit without any observation, and continues to monitor its Environment Management Plan, 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 and has tie-ups with authorised e-waste recyclers to dispose the e-waste in an eco-friendly manner. Further, the e-waste disposal is minimised by adopting best practices in maintenance and re-use of resources. Other initiatives implemented by your Company to save the environment are smoke emission test, noise pollution test, water test, cold fogging and password enabled printer to minimise wastage of paper.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR is an opportunity for companies to effectively align its values and strategy for the benefits of the society, to create an overall positive effect. This requires continuing commitment on part of the companies, which in turn helps in improving the quality of life of the communities and contributes to 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's CSR approach to sub serve the well-being of the society at large. The CSR Policy and initiatives adopted by the Company on CSR during FY 2019 are available at the web link https://www.mcxindia.com/about-us/csr

Your Company implements and monitors CSR activities in letter and spirit and undertakes projects that focus on securing long-term development and sustainable growth of the society. Your Company believes that for holistic and sustainable development, creation of social infrastructure and integration of interventions is indispensable. During FY 2019, your Company has, *inter alia*, associated itself with projects like watershed, empowering communities, enabling education, etc. Your Company, *inter alia*, endeavors to support rural developmental projects which include watershed development programmes and add on measures, aimed towards increasing agriculture productivity and production, through soil and water conservation, resulting in livelihood opportunities and income enhancement for sustainable and community development. Your Company values heritage and considering its economic value for ensuring livelihood to local residents and as a powerful tool for sustainable economic growth, has contributed towards the corpus of the Indian Trust for Rural Heritage and Development, which is involved in conservation of our heritage and rural development.

To enhance yield and increase income of rural communities, the Gramin Suvidha programme of the Company provided farmers with necessary support through the Gramin Suvidha Kendras (GSK). Through various interventions provided under the programme, your Company has demonstrated how farm activity can be economically sustainable while engaging the community on a continuous basis. The model of the GSK programme being conventional in approach, it was considered to explore alternative models to empower rural communities at large in a sustainable manner. Hence, the Company had disassociated with India Post and subsequently discontinued the GSK programme.

The Company has undertaken projects for encouraging quality education among the lower strata of the society and has also assisted in creating an enabling environment for education to economically under-privileged children, by providing financial support for construction of class rooms and setting up of computer laboratory for students.

Further, to assist farmers to appropriately decide on the agricultural activities to be undertaken, your Company has supported Automatic Weather Station so as to make the meteorological data available to local farmers easily.

Your Company's CSR spent for FY 2019 was ₹ 252.19 lakh as against the prescribed amount of ₹ 269.7 lakh, and the reasons for marginal amount remaining unspent is 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 CSR Policy.

BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34 of the SEBI Listing Regulations, 2015 and amendment thereof, 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 by the Company, to best sub serve the interest of all the stakeholders.

ETHICS AND GOVERNANCE POLICIES

Your Company adheres to 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 the Code of Conduct and Code of Ethics, Code of Conduct for Prevention of Insider Trading, Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information, 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, etc.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management & Administration) Rules, 2014, the extract of Annual Return for FY 2019 is attached as **Annexure IV** to this Report. The same is also available at the weblink https://www.mcxindia.com/investor-relations

CORPORATE GOVERNANCE

Your Company continues to be 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 of conditions of corporate governance, 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 2019. For further details, please refer to the report on Corporate Governance forming part of this Annual Report.

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 which has been amended from time to time. The latest Policy 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_16july2019.pdf?sfvrsn=2414ad90_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 transfer of some assets & liabilities to MCXCCL, its wholly owned subsidiary, pursuant to the Business Transfer Agreement dated June 04, 2018, which is not in the ordinary course of business, and forms part of **Annexure V** to this Report. 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.

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 39 and Note 38 of Notes to Accounts of the standalone and consolidated financial statements of your Company, respectively.

DIRECTORS

Your Company, being a recognized stock exchange and regulated by SEBI, is required to, *inter alia*, comply with provisions relating to the constitution of the Company's Board of Directors as specified in Companies Act, 2013, SECC Regulations, 2018 and SEBI Listing Regulations, 2015.

Your Company has a well-diversified Board comprising of Directors coming from various walks of life and having broad range of experience, in the areas of law, finance, accounting, economics, governance, management, administration, etc. This facilitates the Board to have the benefit arising out of a multi-faceted talent-pool to leverage differences in thought, perspective, knowledge, skill, regional and industry experiences to ensure effective corporate governance and sustained commercial success of the Company.

As on March 31, 2019, the Board comprised of 11 (eleven) Directors, of which 5 (five) were Public Interest Directors, 5 (five) were Shareholder Directors and 1 (one) Managing Director. Your Company had 3 (three) women Directors on the Board, including one independent woman director, as stipulated under SEBI Listing Regulations, 2015.

A "Public Interest Director" under the SECC Regulations, 2018, means an independent director representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Board, is in conflict with his role, 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 and with the approval of SEBI.

Further, all the Directors have confirmed that they are 'Fit and Proper,' in terms of the SECC Regulations, 2018. 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.

Mr. Basant Seth (DIN: 02798529) was appointed as a Public Interest Director (PID) on the Board of your Company for filling one vacancy caused due to the expiry of the term of Mr. Subrata Kumar Mitra (DIN: 00029961) and Mr. Arun Kumar Nanda (DIN: 0010029) as PIDs w.e.f. May 19, 2018, and it was decided that the second vacancy need not be filled.

Dr. Deepali Pant Joshi (DIN: 07139051) was appointed as a PID to fill the vacancy arising on completion of the tenure of Dr. M. Govinda Rao (DIN: 01982343), as a PID on the Board of the Company w.e.f. August 08, 2018.

Ms. Madhu Vadera Jayakumar (DIN: 00016921) and Mr. Hemang Raja (DIN: 00040769), Shareholder Directors, who were liable to retire by rotation at the 16th AGM of the Company held on August 31, 2018, were re-appointed with the approval of the shareholders and SEBI w.e.f. August 31, 2018.

Mr. Arun Bhargava (DIN: 02375147) resigned as a PID from the Board of the Company w.e.f. March 06, 2019.

Consequent to the resignation of Mr. Arun Bhargava, the composition of the Board has been affected under the SECC Regulations, 2018, and the same has been intimated to SEBI. SEBI has advised the Company to comply with the provisions of the Companies Act, 2013 and SEBI regulations in relation thereto. Accordingly, your Company recommended candidates to SEBI for its approval, for appointment as a PID for filling the vacancy arising out of the resignation of Mr. Arun Bhargava in compliance with SECC Regulations, 2018. The update on the same, post March 31, 2019, is covered separately in this Report.

In view of the completion of tenure of Mr. Mrugank Paranjape (DIN: 02162026) as MD & CEO of the Company on May 08, 2019, the Nomination and Remuneration Committee initiated the process for appointment of MD & CEO as laid down in SECC Regulations, 2018. The said Committee recommended the names of two candidates to the Board for its consideration and onward submission to SEBI. The Board, after deliberations, accorded its approval for recommendation to SEBI, the name of Mr. Padala Subbi Reddy (hereinafter referred to as Mr. P.S. Reddy) (DIN: 01064530) as an Additional Director and MD & CEO for a period of five years, subject to such other approvals as may be necessary.

In accordance with the provisions of the Companies Act, 2013, Mr. Chengalath Jayaram (DIN: 00012214) and Ms. Padma Raghunathan (DIN: 07248423), 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 (KMP)

Mr. Girish Dev was designated as the Chief Regulatory Officer (CRO) in place of Mr. Narendra Kumar Ahlawat, who ceased to be CRO and KMP w.e.f April 01, 2018. Further, Mr. Girish Dev was identified as KMP under Section 203 of the Companies Act, 2013, for a period of 3 years w.e.f. April 28, 2018.

Mr. Rahi Racharla ceased to be the Chief Technology Officer (CTO) and KMP of the Company with effect from close of business hours on August 17, 2018.

Consequent to the resignation of Mr. Ashwin Patel, he ceased to be the Company Secretary and KMP of the Company w.e.f. close of business hours on November 06, 2018. Mr. Ajay Puri was appointed as the Company Secretary of the Company and identified as a KMP under Section 203 of the Companies Act, 2013, for a period of 3 years w.e.f. December 7, 2018.

The following employees were identified as KMP in terms of the provisions of SECC Regulations, 2018, for a period of three years w.e.f. November 16, 2018:

Sr. No.	Name
1.	Mr. Arvind Sharma, VP - Business Development
2.	Mr. Chittaranjan Rege, Head - Base Metals
3.	Mr. C N Upadhyay, VP - Inspection & Audit
4.	Mr. Deepak Mehta, Head - Energy & Agri
5.	Mr. DG Praveen, Head - Corporate Office and Projects, Risk Officer
6.	Mr. Girish Dev, Chief Regulatory Officer
7.	Mr. Himanshu Ashar, VP - Market Operations & Surveillance & Investigation
8.	Mr. Jayaprakash Menon, VP - Business Development
9.	Ms. Neetu Juneja, VP - Investor Services Department/IPF
10.	Mr. Rajendra Gogate, Head - Human Resources & Admin
11.	Mr. Rishi Nathany, Head - Business Development & Marketing
12.	Mr. Sanjay Gakhar, VP - Business Development
13.	Mr. Sanjay Golecha, VP- Regulatory Compliance

Sr. No.	Name
14.	Mr. Shivanshu Mehta, Head – Bullion
15.	Mr. Sudeendra Venkatesh Nadager, VP – Technology*
16.	Dr. Venkatachalam Shunmugam, Head – Research

*Note: Consequent to resignation of Mr. Sudeendra Venkatesh Nadager, VP – Technology, he ceased to be a KMP w.e.f. November 17, 2018.

Further, the following employees were designated as KMP under SECC Regulation, 2018, for a period of three years, w.e.f their date of joining:

Sr. No.	Name	Date of joining
1.	Mr. Sunil Kurup, VP - Technology	January 21, 2019
2.	Dr. Pareshnath Paul, Chief Information Officer	February 11, 2019

In view of the revised SECC Regulations, 2018, the Board approved that the position of Chief Technology Officer (CTO)/Chief Information Officer (CIO) and Chief Regulatory Officer (CRO) of the Company shall not be considered as a Key Managerial Personnel in terms of the Companies Act, 2013 w.e.f. January 15, 2019.

PERFORMANCE EVALUATION OF THE BOARD

During the year under review, the Board of Directors of the Company, on recommendation of Nomination and Remuneration Committee, adopted a revised Policy on Performance Evaluation, formulated in accordance with the provisions of the Companies Act, 2013, SEBI Listing Regulations, 2015, SECC Regulations 2018, SEBI Circular dated January 05, 2017 which provides further clarity on the process of Board Evaluation ("SEBI Guidance Note") and SEBI circular dated February 05, 2019.

The Policy has been framed with an objective to ensure individual directors of the Company and the Board as a whole, work efficiently and effectively in achieving their functions, for the benefit of the Company and its stakeholders.

Your Company has implemented a system of evaluating performance of the Board of Directors and of its Committees and individual Directors on the basis of a structured questionnaire which comprises evaluation criteria as listed hereunder, through peer evaluation, excluding the Director being evaluated.

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

i. **Internal Evaluation of Individual Director's Performance**

The individual Director's performance is evaluated based on his/ her level of participation and contribution to the performance of Board/ Committee(s) meetings, qualification & experience, knowledge and competency, fulfillment and ability to function as team, initiatives taken, adherence to the rules/regulations, having independent views and judgement, providing guidance to senior management and board members, etc.

ii. **External Evaluation of Individual Director's Performance**

Pursuant to SECC Regulations, 2018 read with SEBI circular dated February 05, 2019, the tenure of PIDs may be extended by another 3 years, subject to performance evaluation, internal and external, both carrying equal weightage. Such PIDs shall be subject to:

a. Internal evaluation by all the governing board members, based on the criteria for the performance review of individual director; and

b. External evaluation by a management or a human resources consulting firm based on their pre-determined criteria.

iii. **Evaluation of the Board as a Whole**

Providing entrepreneurial leadership to the Company, having clear understanding of the Company's core business and strategic direction, maintaining contact with management and external stakeholders, ensuring integrity of financial controls and systems of risk management, making high quality decisions, monitoring performance of management, maintaining high standards of integrity and probity, encouraging transparency, etc.

iv. **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 MD & CEO, impartiality in conducting discussions, establishing effective communication with all stakeholders, etc.

v. **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.

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 Auditors by the shareholders, at their 13th Annual General Meeting (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, no resolution for ratification of appointment of the statutory auditors is being proposed at the ensuing AGM.

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 THEIR REPORT

M/s Rathi & Associates, Practicing Company Secretaries, were appointed as the Secretarial Auditors by the Board to conduct the secretarial audit of the Company for financial year 2018-19.

In accordance with Section 204(1) of the Companies Act, 2013, the Secretarial Audit Report for the financial year ended March 31, 2019 is annexed as **Annexure VI** to this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Secretarial Auditor in their report, have stated that the composition of the Board of Directors specified under Regulation 23, has been affected due to the resignation of a Public Interest Director (PID) w.e.f. March 6, 2019 and has been intimated to SEBI. The Company has, however, initiated the process of ensuring compliance with the said regulations by recommending the names of Public Interest Directors for approval to SEBI.

Management Response:

The Company vide its letter dated March 8, 2019 intimated SEBI about the resignation of Mr. Arun Bhargava and sought opinion on the effective date of his resignation. SEBI vide its letter dated March 25, 2019 advised the Company to comply with the provisions of the Companies Act, 2013 and the SEBI regulations.

Accordingly, the resignation of Mr. Arun Bhargava became effective from March 06, 2019. Further, in compliance with SECC Regulations, 2018, the Company recommended candidates to SEBI for its approval, for appointment as a PID for filling the vacancy arising out of the resignation of Mr. Arun Bhargava. The update post March 31, 2019, is covered separately in this Report.

INTERNAL CONTROL AND THEIR ADEQUACY

Your Company has maintained adequate internal financial controls over financial reporting, which are constantly assessed and strengthened with new/revised standard operating procedures. The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

The Company's internal control system is commensurate with its size, scale and complexities of its operations. The Audit Committee of the Board actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Audit Committee of the Board and Statutory Auditors are periodically apprised of the internal audit findings and corrective actions taken. Audit plays a key role in providing assurance to the Board of Directors on the effectiveness of internal controls and the veracity of the financial statement. Such internal financial controls over financial reporting were operating effectively as of March 31, 2019.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH REPORTABLE TO THE CENTRAL GOVERNMENT

No fraud has been reported by the Auditors to the Audit Committee or the Board.

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 end objectives.

To ensure that employees have avenues and opportunities to raise their concerns, share their suggestions and give their opinions, Town Hall and 'Chai pe Charcha', meeting with MD across all level were organised, having a blend of formal, as well as, informal setting for promoting communication, exchange of views and ideas during the year.

Additionally, Exchange undertakes various staff welfare activities to improve productivity by bringing unity, break the peer groups together for enhanced interpersonal relationship and team work.

Well engaged employees have an emotional connect with the Vision & Mission of the organisation. Hence, to map the employee engagement & evolve a suitable action plan based on the employee feedback, Employee Engagement Survey was conducted focusing on essential engagement parameters such as Workplace, Organisation Values, Culture and Career Development. Clear ownership amongst the Senior Management Team was established to ensure timely action on the basis of the feedback received.

Your Company continues to have in place an Anti-Sexual Harassment Policy and has compiled with the provisions relating to the constitution of Internal Complaints Committee under "The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013."

No complaints were received during the FY 2019 in relation thereto. During the year under review, your Company has also imparted awareness training to all employees including outsourced manpower on the 'Anti-Sexual Harassment Policy.'

EMPLOYEE STOCK OPTION SCHEME

The stock options granted to the employees of the Company, operate under the "Employee Stock Option Scheme 2008 (ESOP 2008)" of MCX, formulated in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, which was approved by the shareholders at the Extraordinary General Meeting held on February 27, 2008. MCX ESOP Trust constituted by the Company is responsible for administration and implementation of the scheme under the directions of the Nomination and Remuneration Committee of the Board of Directors of MCX. The said Scheme is being implemented in compliance with the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014 [SBEB Regulations] and there has been no change in the Scheme during the year ended March 31, 2019. The relevant disclosures required under the SEBI Regulations for the year ended March 31, 2019 are available on the website of the Company at https://www.mcxindia.com/investor-relations/corporate-governance.

PARTICULARS OF REMUNERATION

Your Company has adopted a well-defined Nomination & Remuneration Policy for Directors, Key Managerial Personnel and other employees. During FY 2019, the said Policy was amended in terms of the provisions of SECC Regulations, 2018, effective October 03, 2018, amendments in the Companies Act, 2013 and SEBI Listing Regulations, 2015. The said Policy alongwith the changes therein, forms part of this Report as **Annexure VII**, and is also available under the weblink https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/remuneration-policy_march2019.pdf?sfvrsn=ebedd890_2

The ratio of the remuneration of each Director and KMP 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 and Regulation 27(6) of the SECC Regulations, 2018, forms part of this Report as **Annexure VIII**.

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 SECC Regulations, 2018, a statement containing particulars of employees as stipulated therein also forms part of this Report as **Annexure IX**.

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.

(i) Steps taken or impact on Conservation of Energy:

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

The Company regularly replaces high energy consuming electrical equipment with modern efficient devices such as replacing the fluorescent lights with LED light and the CCTV surveillance system from Analog cameras to IP cameras. Your Company conserves energy by switching off lights & other equipment when they are not required. Your Company has UV resistant film on facade glass windows to reduce the heat entering the building which reduces the air-conditioning load.

Your Company maintains 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 the power factor. Further, your Company undertakes preventive maintenance of air conditioning system on scheduled basis, thereby, ensuring that the heat sensors and electronic components are functioning properly for compressors to achieve variable compression linked to heat levels for reduction in power consumption. The Company continuously strives to optimize its energy usage and efficiency.

(ii) Steps taken by your Company for utilising alternate sources of energy:

No alternate source of energy is utilized by your Company.

(iii) Capital investment on energy conservation equipment:

During the year under review, your Company invested ₹ 28 lakh for installation of LED lights and IP CCTV system in the Exchange premises.

B) TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption:

Implementation of hyper converged infrastructure

Your Company has increased the hardware virtualization footprint and moved majority of its application to hyper converged infrastructure, thus ensuring high availability and better disaster recovery capability. New energy efficient servers have been installed thus enabling the Exchange to reduce the carbon footprint.

Cyber Security framework

Your Company lays special emphasis on improvement in its cyber security framework and information security management systems. There is an ongoing process to strengthen cyber security to be in line with the guidelines laid down by the market Regulator and other national agencies to provide increased resilience and rapid response to cyber threats to its IT infrastructure. Security Operation Centre (SOC) setup has been implemented for monitoring cyber-attacks / incident related alerts.

Increase in accessibility via wed based application

Your Company has launched various web based application making it accessible for its members and clients for seamless Exchange of 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.

Upgradation of information technology systems

The Company has regularly allocated substantial resources towards upgrading information technology systems, with an 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

During FY 2019, your Company has continued to invest in IT systems and using it as an enabler to provide a competitive advantage. Your Company's robust technology infrastructure continues to provide uninterrupted trading experience, reliability, credibility and mitigating risk of single point of failure.

Your Company has implemented industry proven technology solutions after due validation and verification, which not only ensured latest technology, but also helped your Company to offer quality services meeting business needs. Your Company has used indigenous technologies in security space, thereby, substantially reducing expensive import costs.

Your Company has an in-house software development team which undertook several initiatives in FY 2019 to develop and roll out various ancillary and peripheral systems as required by the organisation. With a right mix of in-house and outsourced resources, your Company is adopting new technologies to deliver the growing business needs and ensuring quality services for the clients.

(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 ₹ 8.90 lakh on Research and Development during the year under review.**

C) FOREIGN EXCHANGE EARNINGS / OUTGO DURING THE YEAR UNDER REVIEW

The details of foreign exchange earnings and outgo during the year under review forms part of the Significant Accounting Policies and Note no. 36 of Notes to Accounts of the standalone and consolidated financial statements.

RESOURCES COMMITTED TOWARDS STRENGTHENING REGULATORY FUNCTIONS AND TOWARDS ENSURING COMPLIANCE WITH APPLICABLE REGULATORY REQUIREMENTS

The Company being a recognised stock exchange is governed by SEBI and ensures compliance with various regulations and guidelines applicable to the Company. Your Company aims at implementing the best governance practices and disclosure norms.

In terms of Regulation 33 of the SECC Regulations, 2018, the details of resources committed, during the year under review, towards strengthening regulatory functions and ensuring compliance with the regulatory requirements, backed by an activity based accounting, is given below. Each such department is headed by a senior official of the Company, reporting to the Chief Regulatory Officer, who in turns reports to MD & CEO.

Department	Activities	Total head count	Cost including Salary (In ₹ lakh)
Inspection & Audit	Onsite inspection of Members, verification of Member submissions relating to Enhanced Supervision and Risk Based Supervision, taking disciplinary action against Members, etc.	26	323
Membership	Processing applications for registration of Members, transfer / conversion of Membership, activation/ surrender of Members, application for approval / cancellation / transfer of Authorised Persons, etc.	18	57
Investor Services Department	Handles complaints of investors / clients against the registered Members of the Exchange, as well as, Arbitration references received from clients, Authorized Persons and Members of the Exchange; matters pertaining to declaration of Members as defaulter; scrutinizing and processing of the investor / client claims thereon.	23	216
IPF	Compensating legitimate claims of investors against a defaulter member, processing documents related to awareness events and ensure compliance relating to the Trust.	4	37
Regulatory Compliance	Maintenance of compliance calendar, co-ordination w.r.t. to SEBI Inspection and submission of necessary reports and reply to queries raised by SEBI.	4	204
Legal Compliances	Drafting and vetting of Show Cause Notices, Personal Hearing Letters and Orders with respect to Disciplinary Actions, vetting of Department Circulars, providing legal opinion relating to Bye-laws and Rules of the Exchange and carrying out amendments in the Business Rules, as and when required.	2	63

Department	Activities	Total head count	Cost including Salary (In ₹ lakh)
Surveillance & Investigation	Monitoring the market through various online & offline alerts and reports, monitoring of positon limit violation and client code modifications, UCC Registration and PAN verification, examination / investigation, providing Transactional Alerts to members, etc.	21	284
Market Operations	Launching of commodity contracts, Daily Price Limit (DPL) relaxation, activation/deactivation of Members, generation of Bhavcopy, programming and dissemination of market messages through LIVE system broadcast pertaining to circulars, settlement prices and market related information at regular intervals during the day, online activities pertaining to Member servicing, Beginning of Day (BoD) and End of Day (EoD) tasks carried out to ensure smooth availability of systems, etc.	15	393

Note: The above count excludes the Chief Regulatory Officer.

UPDATES POST MARCH 31, 2019:

Director/KMP update

i. Mr. Radheshyam Yadav, VP - Technology and Mr. Pravin Gade, VP – Technology, became KMPs under the SECC Regulations, 2018, w.e.f April 01, 2019. Mr. Satyajeet Bolar, VP – Finance & Accounts became a KMP under SECC Regulations, 2018, w.e.f April 09, 2019.

ii. Considering the change in the top management and to ensure smooth transition in the business and operations of the Company, Mr. P.S. Reddy was appointed as Officer on Special Duty and identified as a KMP under SECC Regulations, 2018 w.e.f. April 26, 2019, until he assumed office as MD & CEO of the Company.

iii. Mr. Mrugank Paranjape ceased to be MD & CEO of the Company and a KMP, on expiry of his tenure w.e.f. close of business hours on May, 08 2019.

iv. Mr. P.S. Reddy was appointed as MD & CEO of the Company for a period of five years w.e.f. May 10, 2019, with prior approval of SEBI. He was also designated as a whole-time Key Managerial Personnel in terms of Section 203 of the Companies Act, 2013, w.e.f. May 10, 2019. Details of Mr. P.S. Reddy and the terms of his appointment including remuneration payable to him is given in the notice convening the ensuing AGM for seeking the approval of the shareholders for his appointment as a Director and MD & CEO of the Company.

v. In view of the expiry of tenure of Mr. Saurabh Chandra (DIN: 02726077) as a PID and Chairman of the Exchange on July 02, 2019, the Board, in compliance with the provisions relating to appointment and performance review of a PID prescribed under the SECC Regulations, 2018 and SEBI circular no. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/26 dated February 5, 2019, recommended to SEBI, the extension of tenure of Mr. Saurabh Chandra as a PID on the Board of the Exchange by another term of three years. SEBI vide letter dated May 31, 2019, approved the re-appointment of Mr. Saurabh Chandra as a PID on the Board of the Exchange. Details relating to performance evaluation of Mr. Saurabh Chandra for recommending his extension is covered in the section relating to 'Performance Evaluation of the Board.' Further, the Board recommended to SEBI to accord its approval for Mr. Saurabh Chandra being the Chairman of the Governing Board in terms of the SECC Regulations, 2018. SEBI vide letter dated July 25, 2019, approved the appointment of Mr. Saurabh Chandra as the Chairman of the Board of the Exchange.

vi. SEBI vide letter dated May 31, 2019, approved the appointment of Mr. Gulshan Rai (DIN: 01594321) as PID on the Board of the Exchange for a period of three years for filling up the vacancy arising out of the resignation of Mr. Arun Bhargava from the Board of the Exchange. Mr. Gulshan Rai was to be formally inducted as PID on the Board of the Exchange on receipt of "No Objection" from Government of India. However, he has now expressed his inability to join the Board owing conflict of interest in terms of SECC Regulations, 2018, on being co-opted as a director on the board of subsidiary of a stock exchange.

vii. Mr. Girish Dev, KMP under the SECC Regulations, 2018, resigned w.e.f. June 24, 2019 and as per his terms of appointment has given 3 months' notice.

Regulatory update

viii. SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, was notified effective from April 01, 2019.

ix. SEBI has revised the fee structure for stock brokers and exchanges w.e.f. April 01, 2019.

x. To promote institutional participation, SEBI has allowed the participation of Mutual Funds and Portfolio Managers in the Exchange Traded Commodity Derivatives (ETCDs).

xi. SEBI has permitted recognised stock exchanges with commodity derivative segment to introduce futures on commodity indices and issued Guidelines for 'Design of Commodity Indices and Product Design for Futures on Commodity Indices'.

xii. SEBI brought about uniformity of approach while dealing in clients' securities by Members and provided further guidelines on the same.

xiii. SEBI decided that all penalties levied on short-collection/non-collection of Margins as prescribed by SEBI Circular dated September 07, 2016 shall be credited to Core SGF.

SEBI further directed that, penalties, if any, on short-collection/non-collection of Margins for commodity derivatives segments levied by Clearing Corporations / Exchanges, that have already been transferred to IPF Trust, shall be transferred to Core SGF, effective from the day on which Clearing Corporation started clearing function for commodity derivatives segment.

xiv. SEBI has modified the staggered delivery framework for commodity futures contract, wherein, all compulsory delivery commodity futures contracts (agriculture, as well as, non-agriculture commodities), shall have a staggered delivery period.

xv. SEBI has issued a circular on rationalization of imposition of fines for false / incorrect reporting of margins or non-reporting of margins by Trading Member / Clearing Member in all segments.

xvi. SEBI has mandated that each recognised stock exchange dealing in commodity derivatives segment, should constitute a Product Advisory Committee (PAC) for each group/complex of commodities, having common stakeholders/value chain participants, on which derivatives are traded or being proposed to be traded on the exchange.

Product update

xvii. As per directions of SEBI, MCX modified Copper , Nickel, Lead and Lead Mini contract from 'Both Option' settlement mode to 'Delivery-Based' settlement mode and a total of 256 MTs of Nickel, 50 MTs of Copper and 212 MTs of Lead were delivered on Exchange, since their conversion.

xviii. SEBI mandated the Exchange to align the trading lot and the delivery lot of all its contracts. Accordingly, Copper 1 MT contract was changed to 2.5 MT trading unit and the delivery unit is also kept the same. The current Nickel contract with 250 KG trading unit and 1.5 MT delivery unit, will be modified to 1.5 MT trading unit from December 2019 contract onwards. The delivery unit will also be the same (1.5 MT). As Copper Mini (250 KG) and Nickel Mini (100 KG) could not have the same trading unit and delivery unit due to practical challenges of the physical market, both these contracts have been de-listed.

Subsidiary update

xviii. SEBI vide letter dated July 23, 2019, has granted renewal of recognition to MCXCCL for a period of three years commencing from July 31, 2019 and ending on July 30, 2022, subject to complying with all rules, regulations, guidelines, and other instructions as may be issued by SEBI from time to time.

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, 2019, 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, 2019 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
August 22, 2019

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 / associate company in Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of 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, 2018 – March 31, 2019
3	Reporting Currency	INR
4	Share Capital	23,999
5	Reserves & Surplus	(21,224)
6	Total Assets	70,227
7	Total Liabilities (including Share Capital and Reserves & Surplus)	70,227
8	Investments	5,396
9	Turnover	3,875
10	Profit/(Loss) before taxation	1,341
11	Provision for taxation	397
12	Profit/(Loss) after taxation	943
13	Proposed Dividend	–

Notes:

1. Multi Commodity Exchange Clearing Corporation Limited, a wholly owned subsidiary of MCX, has been incorporated since August 01, 2008, and has commenced its operations from September 03, 2018.
2. SME Exchange of India Limited, a subsidiary of MCX, is under the process of members' voluntary winding up and the requisite formalities for the same has been completed. The Official Liquidator has issued the final report vide letter dated March 05, 2019, filed before Hon'ble High Court, Bombay, in respect of voluntary liquidation of SME. The date of hearing with respect to the same is yet to be communicated.

PART "B": ASSOCIATE

₹ In lakh, except % of shareholding

Sr. No.	Particulars	CDSL Commodity Repository Limited (CCRL)
1	% of Shareholding	24%
2	Reporting Period	April 01, 2018 – March 31, 2019
3	Reporting Currency	INR
4	Share Capital	5,000
5	Reserves & Surplus	134
6	Total Assets	5,194
7	Total Liabilities (including Share Capital and Reserves & Surplus)	5,194
8	Investments	3,432
9	Turnover	456
10	Profit/(Loss) before taxation	95
11	Provision for taxation	17
12	Profit/(Loss) after taxation	112
13	Proposed Dividend	–

Note:

Consequent to the nomination of shareholder director on the Board of CDSL Commodity Repository Limited (CCRL) in terms of the agreement entered into by MCX with Central Depository Services Limited (CDSL) and CCRL, effective May 18, 2018, accounts are consolidated as per IND AS 28.

For and on behalf of Board of Directors

Saurabh Chandra
Chairman
(DIN: 02726077)

Mumbai
August 22, 2019

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. In line with our vision, the CSR activities undertaken are aimed to improve the quality of life through community-centric initiatives like the Gramin Suvidha Kendra programme, preservation of India's rural heritage and by creating an social asset or enabling environment through projects like the water shed programme, enhancing education, etc. Our operations are pan India and our thematic interventions are towards the improvement of the socio-economic conditions of the local community(ies) which are socially and economically marginalized. 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. Deepali Pant Joshi, Mr. Amit Goela, Ms. Padma Raghunathan and Ms. Madhu Vadera Jayakumar.

3. **Average net profit of the Company for last three financial years: ₹ 13,484.36 lakh**

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 269.7 lakh**

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

   (a) Total amount to be spent for the financial year: ₹ **269.7 lakh**

   (b) Amount unspent, if any: ₹ **17.51 lakh**

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

(₹ In lakh)

S. 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)	[1]Gujarat, [2]Maharashtra, [3] Madhya Pradesh & [4]Uttar pradesh	80.00	73.36	73.36	Direct
2.	Water-shed Programme	Social & Economic Development	Nanded, Maharashtra	8.00	8.00	8.00	Indirect: Dilasa Janvikas Prastishsan *
3.	Water-shed Programme	Social & Economic Development	Yavatmal, Maharashtra	12.00	12.00	12.00	Indirect: Maharashtra Institute of Technology Transfer for Rural Areas *
4.	Add on support for Water-shed Programme	Social & Economic Development	Satara, Maharashtra	25.35	25.35	25.35	Indirect: All India Institute Of Local Self -Government*
5.	Add on support for Water-shed Programme	Social & Economic Development	Buldhana, Maharashtra	11.64	11.64	11.64	Indirect: Bhartiya Bahuuddeshiya Lokshikshan Santha*
6.	Add on support for Water-shed Programme	Social & Economic Development	Beed, Maharashtra	12.16	12.16	12.16	Indirect: Nisarg Vikas Bahuuddeshiya Sevabhavi Sanstha*
7.	Water for irrigation	Sustainable rural development	Raigad, Maharashtra	35.00	35.00	35.00	Indirect: Swades Foundation
8.	Corpus for heritage conservation and rural development	Sustainable rural development	New Delhi	10.00	10.00	10.00	Direct: Indian Trust for Rural Heritage and Development
9.	Laboratory and Automatic Weather Station to Agricultural college	Education	Thane & Palghar, Maharashtra	14.00	14.00	14.00	Direct: Uttan Krishi Sanshodhan Sanstha, Uttan, Thane.
10.	Construction of School	Education	Salem, Tamil Nadu	28.16	28.16	28.16	Direct: Edanganasalai Panchayat Middle School, Kadayampatti
11.	Teaching in BMC School	Education to underprivileged Children	Mumbai, Maharashtra	22.63	22.52	22.52	Indirect: Global Education Trust
	TOTAL			**258.94**	**252.19**	**252.19**	

[1]**GUJARAT**: Ahmedabad, Banaskantha, Devbhumi Dwarka, Mehsana, Morbi, Patan, Rajkot and Surendranagar; [2]**MAHARASHTRA**: Amravati, Gondia, Jalgaon, Solapur, Wardha, Yavatmal; [3]**MADHYA PRADESH**: Chhindwara; [4]**UTTAR PRADESH**: Raebarelli, Meerut

*(implemented in collaboration with National Bank for Agriculture and Rural Development)

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 subserve the interest of the interest in a responsible manner, your Company during the FY 2018-19, was looking for holistic proposals with long-term cognizant benefits and wider stakeholder perspective. During the financial year 2018-19, the Company was required to spend ₹ 269.7 lakhs, being the prescribed amount. However, the Company was able to spend ₹ 252.19 lakhs on the various activities undertaken by it towards the CSR obligations, and marginal amount of ₹ 17.51 lakhs remained unspent during the year due the following reasons:

1) The Company in line with the policy being pursued in the recent past endeavors to support Integrated Watershed Management Scheme (IWMS), primarily focusing on soil and water conservation works on watershed basis in drought prone area of Maharashtra. Suitable project to support such programme could not be initiated for implementation owing to the receipt of the net planning exercise, the interventions and deliverables of project only towards the end of the financial year.

2) Your Company had emphasized that CSR investments to the extent possible that create a social assets or provide sustainable livelihood thereby contributing towards the developmental goals of the Country. Of the different proposals received, none met the CSR objectives of the Company, hence were not evaluated further.

The unspent amount of ₹ 17.51 lakh for the year FY 2018-19 will be considered alongwith next year's prescribed amount for appropriate spend towards CSR activities."

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

P. S. Reddy	**Deepali Pant Joshi**
Managing Director & CEO	Chairman of the CSR Committee
(DIN: 01064530)	(DIN: 07139051)

Mumbai
August 22, 2019

REPORT OF THE CSR PROJECTS IMPLEMENTED IN FY 2019

During FY 2019, your Company implemented the following CSR projects:

1. Watershed Program for Rural development and social upliftment/transformation in collaboration with NABARD

For holistic and sustainable development, social infrastructure and integration of interventions is indispensable. Your Company, *inter alia*, endeavors to support rural developmental projects which include watershed development projects for ensuring availability of water and sustainable livelihood of the communities in drought areas with erratic rainfall, low agricultural productivity, degraded resources and low economic status. Though the major focus in the watershed projects is soil and water conservation measures, the ultimate result is securing water availability and increasing the incomes of farmers and other stakeholders in the watershed. Further, to ensure the overall development of the community with effective utilization of the allotted resources, your Company collaborated with NABARD for various watershed projects and add-on measures to resolve livelihood issues faced by the farmers and the distress they encounter in the dryland/rain fed areas with resultant increased production, enhanced productivity and augmented livelihood of the watershed communities.

The two long term watershed projects initiated in 2015-16, namely the Ghotka Watershed Project in Loha Taluka, Nanded District and Shedechimad Watershed Project in Ralegaon Taluka of Yavatmal district in Maharashtra, completed during the year have resulted positively on the watershed communities around by not only providing water, but also alternative livelihood opportunities.

Your Company has, during the year, further supported add-on measures for three watershed projects located in drought prone of Maharashtra areas namely Amboda watershed in Nandura taluka of Buldhana district, Pokhri watershed in Beed taluka of Beed district and Gopuj-Gursale Watershed in Khatav taluka of Satara district. The initial two projects are in the Capacity Building Phase and the latter in Final Implementation Phase. The support is aimed for sustainable development and social transformation with appropriate interventions, training and capacity building.

2. Rural development through Water for irrigation project

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 and through 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 Computer laboratory and Automatic Weather Station

To facilitate, encourage and build the practical skill set of each student by providing quality education and practical orientation, your Company provided financial support to Uttan Krishi Sanshodhan Sanstha, Uttan (UKSS) for setting up of computer laboratory for students of Agricultural Polytechnic in Uttan, Thane and Wada, Palghar region. Hailing from backward areas, these students mainly belong to tribal and scheduled caste/tribes communities. Installation of Automatic Weather Station at Wada Dist. Palghar makes the meteorological data available to local farmers, and assist them to appropriately decide on the agricultural activities to be undertaken.

4. Imparting quality education to BMC schools students

Your Company provided financial support to Global Education Trust (GET) for coaching the students of Brihanmumbai Municipal Corporation (MCGM/BMC) schools. This intervention intended to impart qualitative education and grade improvement for the students belonging to socially backward section. More than 9800 lectures were held during the academic year, benefitting more than 3250 students from English, Hindi, Marathi and Urdu medium studying in V, VI, and VII standards at 20 BMC Schools in Mumbai. Further, in addition to the teachers engaged by GET, employees of the Company voluntarily participated by teaching in various BMC schools.

5. Panchayat Middle School at Kadayampatti

To create an enabling environment for education to economically under-privileged children in rural area, your Company provided financial support for construction of class rooms for a School in Salem district of Tamil Nadu. The basic infrastructure provided through the said intervention shall provide improved classroom environment and enable quality learning for the students hailing from weaving and backward community in the area.

6. Preservation and enhancement of India's rural heritage

For the purpose of preservation and enhancement of India's rural heritage with economic development and for livelihood enhancement and general improvement in the quality of life, the Company has contributed towards the corpus of Indian Trust for Rural Heritage and Development (ITRHD). With an aim to preserve our rural heritage and linking its preservation with economic development and livelihood opportunities, your Company has supported ITRHD which is working towards the same in different fields in areas across the Country. Further, to unfold the organic relation between heritage preservation and economic development, ITRHD has undertaken projects for enhancement of rural and tribal economy and livelihood through conservation, sustainability and management of the totality of heritage assets.

7. Gramin Suvidha Kendra Programme

Conceptualized in 2006, this program provides basket of value-added services by assisting farmers in formulating a cropping strategy and maximizing returns; creating awareness, providing knowledge/guidance and helping the farmers to raise their standard of living. A joint programme with India Post, Gramin Suvidha Kendra Programme is a single window service providing various baskets of services at the doorstep and 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. Necessary assistance, guidance, and support was provided in agriculture and allied activities through the Gramin Suvidha Kendra (GSK) centers of the programme to make farming viable and as a profitable livelihood means. 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. The activities help redress crop related queries, develop knowledge of new techniques, adopt good agricultural practices, avoid distress sale etc. by and help them save time and money. Training and orientation programmes provide an access to local youth on various employment /livelihood opportunities and the assistance to avail various government schemes. During the year, the Company disassociated with India Post and the Gramin Suvidha Kendra programme was discontinued by closure of all the GSK Centers during the financial year.

Brief of activities undertaken under the GSK Program during FY 2019 are as under:

(1) Capacity building and awareness events:

Through Capacity Building Events like training, awareness, exposure visit Agri. expert visit etc. programmes your Company provided valuable agricultural information and knowledge on productivity, quality management, crop diversification, marketing, newly developed seed varieties etc. Such events were conducted alongwith agricultural experts, and in coordination from different agricultural universities, Krishi Vigyan Kendras etc. These programs assisted in developing capabilities, adopting advanced agriculture techniques/practices and helped farmers to resolve different problems related to various stages of crop cycle, etc. The programme also supported Self Help Groups through capacity building and training /awareness programmes to make women economically stable. Necessary guidance/ training for creating awareness including health and hygiene awareness and convergence with Government schemes.

(2) Agriculture Productivity Enhancement Programme(s):

The farmers were made aware and encouraged to adopt new agricultural techniques like System Rice Intensification (SRI) and Front Line Demonstration (FLD). SRI, an agro ecological methodology, enhances productivity of crops especially rice, by changing the management of plants, soil, water and nutrients. FLD demonstrates newly released crop varieties and its management practices in different agro-climatic regions under close supervision of agri. Scientist in the farmers' field. The objective of these programmes is to enhance soil fertility, increase productivity and help raise household incomes. 271 farmers were benefitted through these programmes during the year.

(3) Income Enhancement:

To increase the household income, Gramin Suvidha Kendra promoted floriculture, wadi/fruit orchard, kitchen garden, and nursery programmes. Such interventions enable supplementary income from agricultural activities and make farmers aware of a sustainable livelihood options. Support provided to farmers especially women, by providing seeds/plants of vegetables and plants for cultivation in their available land. Through this initiative, around 238 small and marginal farmers were benefitted by enabling them to earn additional income.

(4) Sustainable (Organic) Agricultural Practices:

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. To improve the soil quality for enhance yield, more than 100 vermi-compost bed were provided to farmers. To assess soil fertility and enable suitable nutrient doses through chemical fertilisers / organic manure depending on crops, the soil testing process was completed with 1101 farmers.

ANNEXURE IV

FORM No. MGT – 9

EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[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	19th 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 Fintech Pvt. Ltd. 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 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)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
2.	CDSL Commodity Repository Limited (CCRL), A-2501, Marathon Futurex, N. M. Joshi Marg, Lower Parel (East), Mumbai – 400013	U74999MH2017PLC292113	Associate	24%	2(6)

Note: *SME Exchange of India Limited (SME), a subsidiary of your Company was set up to provide a platform for transacting, clearing and settlement of trades in small and medium enterprises segment.*

The company is under the process of members' voluntary winding up and the requisite formalities for the same has been completed. The Official Liquidator has issued the final report vide letter dated March 05, 2019, filed before Hon'ble High Court, Bombay, in respect of voluntary liquidation of SME. The date of hearing with respect to the same is yet to be communicated.

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, 2018 i.e. on the basis of SHP of March 31, 2018)				No. of Shares held at the end of the year (as on March 31, 2019 i.e. on the basis of SHP of March 31, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
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
Sub-total(A)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Foreign									
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
Sub-total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	10548381	0	10548381	20.68	11377529	0	11377529	22.31	1.63
b) Banks / FI	9161568	0	9161568	17.96	9032029	0	9032029	17.71	-0.25
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	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2018 i.e. on the basis of SHP of March 31, 2018)				No. of Shares held at the end of the year (as on March 31, 2019 i.e. on the basis of SHP of March 31, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs/FPIs	13484226	0	13484226	26.44	15403176	0	15403176	30.20	3.76
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
Sub-total (B) (1)	**33194175**	**0**	**33194175**	**65.09**	**35812734**	**0**	**35812734**	**70.22**	**5.13**
2. Non- Institutions									
a) Bodies Corp. (Indian & Overseas)	3331521	0	3331521	6.53	2373305	0	2373305	4.65	-1.88
b) Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	9355488	2513	9358001	18.35	8157979	308	8158287	16.00	-2.35
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3262929	0	3262929	6.40	3187547	0	3187547	6.25	-0.15
c) Others									
i. Trust*	135005	0	135005	0.26	136940	0	136940	0.27	0.00
ii. Non Resident Indians	719714	0	719714	1.41	502619	0	502619	0.99	-0.43
iii. Non Resident Indian Non Repatriable	168659	0	168659	0.33	175247	0	175247	0.34	0.01
iv. Clearing Members	299879	0	299879	0.59	267426	0	267426	0.52	-0.06
v. Directors & their Relatives	100	0	100	0.00	100	0	100	0.00	0.00
vi. Foreign Nationals	500	0	500	0.00	800	0	800	0.00	0.00
vii. HUF	482310	0	482310	0.95	377783	0	377783	0.74	-0.20
viii. NBFC	45576	0	45576	0.09	5581	0	5581	0.01	-0.08
Sub-total(B)(2)	**17801681**	**2513**	**17804194**	**34.91**	**15185317**	**308**	**15185625**	**29.78**	**-5.14**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**50995856**	**2513**	**50998369**	**100.00**	**50998051**	**308**	**50998369**	**100.00**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**
Grand Total (A+B+C)	**50995856**	**2513**	**50998369**	**100.00**	**50998051**	**308**	**50998369**	**100.00**	**0.00**

**Includes MCX ESOP Trusts holding 130439 (0.26%) [FY 2017-18 – 130439 (0.26%)] 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, 2018 i.e. on the basis of SHP of March 31, 2018)			Shareholding at the end of the year (as on March 31, 2019 i.e. on the basis of SHP of March 31, 2019)			% 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	
	Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**

iii) Change in Promoters' Shareholding

Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the Year (01-04-18 to 31-03-19)	
	No. of Shares at the beginning (01-04-18)/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, 2018 & March 31, 2019 (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the Year (01-04-18 to 31-03-19)	
		No. of Shares at the beginning (01-04-18) /end of the year (31-03-19)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Kotak Mahindra Bank Ltd	7649755	15.00	01/04/2018			7649755	15.00
		7649755	**15.00**	**31/03/2019**			**7649755**	**15.00**
2.	UTI Mutual Fund*	2285506	4.48	01/04/2018			2285506	4.48
				13/04/2018	2578	Transfer	2288084	4.49
				04/05/2018	40628	Transfer	2328712	4.57
				04/05/2018	-40628	Transfer	2288084	4.49
				29/06/2018	-700	Transfer	2287384	4.49
				03/08/2018	-44626	Transfer	2242758	4.40
				14/09/2018	-2784	Transfer	2239974	4.39
				07/12/2018	-35000	Transfer	2204974	4.32
				14/12/2018	-2800	Transfer	2202174	4.32
				29/03/2019	10500	Transfer	2212674	4.34
		2212674	**4.34**	**31/03/2019**			**2212674**	**4.34**
3.	Jhunjhunwala Rakesh Radheshyam	2000000	3.92	01/04/2018			2000000	3.92
		2000000	**3.92**	**31/03/2019**			**2000000**	**3.92**
4.	SBI Mutual Fund*	1934000	3.79	01/04/2018			1934000	3.79
				27/04/2018	-183000	Transfer	1751000	3.43
				18/05/2018	100000	Transfer	1851000	3.63
				22/06/2018	-10000	Transfer	1841000	3.61
				29/06/2018	1000	Transfer	1842000	3.61

Sr. No.	Name of the Share Holder	Shareholding: No. of Shares at the beginning (01-04-18) /end of the year (31-03-19)	Shareholding: % of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the Year (01-04-18 to 31-03-19): No. of Shares	Cumulative Shareholding during the Year (01-04-18 to 31-03-19): % of total shares of the Company
				27/07/2018	59000	Transfer	1901000	3.73
				31/08/2018	-30000	Transfer	1871000	3.67
				16/11/2018	-25000	Transfer	1846000	3.62
				14/12/2018	52500	Transfer	1898500	3.72
				21/12/2018	64154	Transfer	1962654	3.85
				21/12/2018	-70000	Transfer	1892654	3.71
				04/01/2019	-45527	Transfer	1847127	3.62
				11/01/2019	36400	Transfer	1883527	3.69
				11/01/2019	-94473	Transfer	1789054	3.51
				22/02/2019	4928	Transfer	1793982	3.52
				22/03/2019	-7000	Transfer	1786982	3.50
		1786982	**3.50**	**31/03/2019**			**1786982**	**3.50**
5.	Government Pension Fund Global $	19247	0.04	01/04/2018			19247	0.04
				04/05/2018	398164	Transfer	417411	0.82
				11/05/2018	343600	Transfer	761011	1.49
				18/05/2018	47253	Transfer	808264	1.58
				01/06/2018	70817	Transfer	879081	1.72
				14/09/2018	111513	Transfer	990594	1.94
				21/09/2018	46005	Transfer	1036599	2.03
				28/09/2018	102962	Transfer	1139561	2.23
				05/10/2018	214989	Transfer	1354550	2.66
				19/10/2018	88536	Transfer	1443086	2.83
				02/11/2018	276021	Transfer	1719107	3.37
				09/11/2018	21436	Transfer	1740543	3.41
		1740543	**3.41**	**31/03/2019**			**1740543**	**3.41**
6.	Axis Mutual Fund*	2102636	4.12	01/04/2018			2102636	4.12
				20/04/2018	-4600	Transfer	2098036	4.11
				01/06/2018	-16000	Transfer	2082036	4.08
				08/06/2018	-86000	Transfer	1996036	3.91
				29/06/2018	-8700	Transfer	1987336	3.90
				06/07/2018	-20000	Transfer	1967336	3.86
				13/07/2018	-100000	Transfer	1867336	3.66
				27/07/2018	-50000	Transfer	1817336	3.56
				03/08/2018	-3400	Transfer	1813936	3.56
				12/10/2018	-120000	Transfer	1693936	3.32
				07/12/2018	4200	Transfer	1698136	3.33
				07/12/2018	-5054	Transfer	1693082	3.32
				22/03/2019	-1077	Transfer	1692005	3.32
		1692005	**3.32**	**31/03/2019**			**1692005**	**3.32**

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the Year (01-04-18 to 31-03-19)	
		No. of Shares at the beginning (01-04-18) /end of the year (31-03-19)	% of total shares of the Company				No. of Shares	% of total shares of the Company
7.	East Bridge Capital Master Fund I Ltd $	0	0.00	01/04/2018			0	0.00
				05/10/2018	16470	Transfer	16470	0.03
				12/10/2018	591779	Transfer	608249	1.19
				02/11/2018	250000	Transfer	858249	1.68
				07/12/2018	399000	Transfer	1257249	2.47
				25/01/2019	-33583	Transfer	1223666	2.40
				01/02/2019	-125339	Transfer	1098327	2.15
		1098327	**2.15**	**31/03/2019**			**1098327**	**2.15**
8.	TIAA-CREF Funds - TIAA-CREF Emerging Markets Equity Fund	1018800	2.00	01/04/2018			1018800	2.00
				22/03/2019	-1848	Transfer	1016952	1.99
		1016952	**1.99**	**31/03/2019**			**1016952**	**1.99**
9.	IDFC Mutual Fund*	900000	1.76	01/04/2018			900000	1.76
				13/04/2018	-20000	Transfer	880000	1.73
				20/04/2018	-25319	Transfer	854681	1.68
				27/04/2018	-10000	Transfer	844681	1.66
				04/05/2018	-10000	Transfer	834681	1.64
				08/06/2018	20000	Transfer	854681	1.68
				22/06/2018	15000	Transfer	869681	1.71
				24/08/2018	20000	Transfer	889681	1.74
				12/10/2018	700	Transfer	890381	1.75
				26/10/2018	10500	Transfer	900881	1.77
				02/11/2018	155755	Transfer	1056636	2.07
				09/11/2018	25000	Transfer	1081636	2.12
				07/12/2018	-9100	Transfer	1072536	2.10
		1072536	**2.10**	**31/03/2019**			**1072536**	**2.10**
10.	College Retirement Equities Fund - Stock Account & Global Equities Account	895558	1.76	01/04/2018			895558	1.76
				27/04/2018	-24549	Transfer	871009	1.71
				11/05/2018	-21946	Transfer	849063	1.66
				18/05/2018	-1286	Transfer	847777	1.66
				01/06/2018	-53423	Transfer	794354	1.56
				22/06/2018	-32171	Transfer	762183	1.49
				29/06/2018	-12329	Transfer	749854	1.47
				06/07/2018	-36963	Transfer	712891	1.40
				15/03/2019	42322	Transfer	755213	1.48
				15/03/2019	-42322	Transfer	712891	1.40
				22/03/2019	139035	Transfer	851926	1.67
				29/03/2019	264478	Transfer	1116404	2.19
		1116404	**2.19**	**31/03/2019**			**1116404**	**2.19**

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the Year (01-04-18 to 31-03-19)	
		No. of Shares at the beginning (01-04-18) /end of the year (31-03-19)	% of total shares of the Company				No. of Shares	% of total shares of the Company
11.	JP Morgan Indian Investment Company (Mauritius) Limited	767405	1.50	01/04/2018			767405	1.50
				11/05/2018	55404	Transfer	822809	1.61
				18/05/2018	168195	Transfer	991004	1.94
				01/06/2018	150000	Transfer	1141004	2.24
		1141004	**2.24**	**31/03/2019**			**1141004**	**2.24**
12.	HSBC Global Investment Funds - Indian Equity#	734680	1.44	01/04/2018			734680	1.44
				01/06/2018	-80777	Transfer	653903	1.28
				21/09/2018	-67489	Transfer	586414	1.15
				19/10/2018	-1141	Transfer	585273	1.15
				26/10/2018	-116931	Transfer	468342	0.92
				31/12/2018	-1723	Transfer	466619	0.91
				04/01/2019	-33465	Transfer	433154	0.85
				11/01/2019	-53681	Transfer	379473	0.74
				18/01/2019	-92698	Transfer	286775	0.56
				08/03/2019	-175350	Transfer	111425	0.22
				15/03/2019	-111425	Transfer	0	0.00
		0	**0.00**	**31/03/2019**			**0**	**0.00**

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.*

 # Top ten shareholder as on 01.04.2018. However, ceased to be in the list of top ten shareholders as on 31.03.2019.

$ Not in the list of top ten shareholder as on 01.04.2018. However, appears in the list of top ten shareholder as on 31.03.2019.

iv) Shareholding of Directors and Key Managerial Personnel during the FY 2018-19

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the Year (01-04-18 to 31-03-19)	
		No. of Shares at the beginning (01-04-18)/end of the year(31-03-19)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Mr. Amit Goela Shareholder Director	100	0.0002	01/04/2018			100	0.0002
		100	0.0002	31/03/2019			100	0.0002
2	Mr. Ajay Puri* Company Secretary	10	0.00002	07/12/2018			10	0
		10	0.00002	31/03/2019			10	0

**Mr. Ajay Puri has been appointed as Company Secretary with effect from December 7, 2018.*

Note : KMPs include personnel as identified under the Companies Act, 2013, by the Board.

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**
Change in Indebtedness during the financial year • Addition • Reduction	Nil	Nil	Nil	Nil
Net Change	**Nil**	**Nil**	**Nil**	**Nil**
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**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	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,20,00,000	2,20,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	39,600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0
2.	Stock Option**	0	0
3.	Sweat Equity	0	0
4.	Commission		
	– as % of profit		
	– others	0	0
5.	Others	0	0
	– Company contribution towards PF	0	0
	– Reimbursement of expenses	0	0
	– Variable Pay	8,25,000	8,25,000
	– Leave encashment	0	0
	Total (A)	**2,28,64,600**	2,28,64,600
	Ceiling as per the Act	***7,93,75,117.70***	*(being 5% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)*

Note: The above mentioned remuneration excludes gratuity.

*** Pursuant to the provisions of the SECC Regulations, 2018, ESOPs and other equity linked instruments in the Stock Exchange shall not be offered or provided as part of the compensation to Managing Director/Chief Executive Officer.*

B. Remuneration (sitting fees) to other directors during the FY 2018- 19:

1. Independent Directors(PID):

In ₹

Particulars of Remuneration	Mr. Arun Bhargava	Mr. Arun Kumar Nanda	Mr. Basant Seth	Dr. Deepali Pant Joshi	Dr. M. Govinda Rao	Mr. Prithvi Haldea	Mr. Saurabh Chandra	Mr. Shankar Aggarwal	Mr. Subrata Kumar Mitra	Total
Fees for attending Board/Committee meetings	15,30,000	1,35,000	14,35,000	8,40,000	3,60,000	21,70,000	20,90,000	23,30,000	1,05,000	1,09,95,000
Commission	0	0	0	0	0	0	0	0	0	0
Others, please specify	0	0	0	0	0	0	0	0	0	0
Total	**15,30,000**	**1,35,000**	**14,35,000**	**8,40,000**	**3,60,000**	**21,70,000**	**20,90,000**	**23,30,000**	**1,05,000**	**1,09,95,000**

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	10,20,000	4,80,000	7,40,000	9,40,000	16,60,000	48,40,000
Commission	0	0	0	0	0	0
Others	0	0	0	0	0	0
Total	**10,20,000**	**4,80,000**	**7,40,000**	**9,40,000**	**16,60,000**	**48,40,000**
					Total (B) = (1+2)	**1,58,35,000**
					TOTAL MANAGERIAL REMUNERATION (A+B)	**3,86,99,600**
Ceiling as per the Act	*1,58,75,023*	*(being 1% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)*				
Overall Ceiling as per the Act	*17,46,25,258*	*(being 11% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)*				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

In ₹

Sr. no	Particulars of Remuneration	Mr. Rahi Racharla#	Mr. Sanjay Wadhwa	Mr. Girish Dev$	Mr. Ashwin Patel*	Mr. Ajay Puri*	Total
1.	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29,79,366	70,81,858	62,05,778	19,35,000	20,35,172	**2,02,37,174**
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0	32,400	0	0	0	**32,400**
	(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						
	– as % of profit						
	– others	0	0	0	0	0	**0**
5.	Others						
	– Company contribution towards PF	1,66,198	4,03,200	17,013	0	1,08,441	**6,94,852**
	– Reimbursement of expenses	0	1,90,946	0	0	0	**1,90,946**
	– Variable pay	5,12,500	4,75,000	3,62,500	0	0	**13,50,000**
	– Leave encashment	0	0	0	93,339	0	**93,339**
	Total (A)	**36,58,064**	**81,83,404**	**65,85,291**	**20,28,339**	**21,43,613**	**2,25,98,711**

Note: The above mentioned remuneration excludes gratuity.

KMPs include personnel as identified under the Companies Act, 2013, by the Board.

\# *Mr. Rahi Racharla ceased to be the Chief Technology Officer (CTO) and KMP of the Company with effect from close of business hours on August 17, 2018.*

$ *Mr. Girish Dev ceased to be KMP under the Companies Act, 2013 with effect from close of business hours on January 14, 2019. However, he is a KMP under the SECC Regulations, 2018.*

* *Mr. Ashwin Patel ceased to be Company Secretary (CS) with effect from close of business hours on November 6, 2018 and Mr. Ajay Puri was appointed as the CS with effect from December 7, 2018.*

** *Pursuant to the provisions of the SECC Regulations, 2018, ESOPs and other equity linked instruments in the stock exchange shall not be offered or provided as part of the compensation to Key Managerial Personnel.*

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
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding					
1.	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.	----
2.	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.	----
3.	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
4.	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.	----
5.	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.	----
6.	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

For and on behalf of the Board of Directors

Saurabh Chandra
Chairman
(DIN: 02726077)

Mumbai
August 22, 2019

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 transaction 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 into during the year ended March 31, 2019, which were not at arm's length basis.

2. **Details of material contracts or arrangements or transactions at Arm's length basis.**

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Multi Commodity Exchange Clearing Corporation Limited (MCXCCL)
b)	Nature of contracts/arrangements/transaction	Refer Note 1
c)	Duration of the contracts/arrangements/transaction	Refer Note 1
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Refer Note 1
e)	Date of approval by the Board	Refer Note 1
f)	Amount paid as advances, if any	NA

3. **Details of material contracts or arrangements or transactions not in the ordinary course of business.**

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Multi Commodity Exchange Clearing Corporation Limited (MCXCCL)
b)	Nature of contracts/arrangements/transaction	Refer Note 2
c)	Duration of the contracts/arrangements/transaction	Refer Note 2
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Refer Note 2
e)	Justification for entering into such contracts or arrangements or transactions	Refer Note 2
f)	Date of approval by the Board	August 22, 2017
g)	Amount paid as advances, if any	NA
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	MCXCCL being a wholly owned subsidiary is exempted from the said requirement under the provisions of Section 188 of the Companies Act, 2013.

Note no.1:

Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) is a wholly owned subsidiary of the Company. During the financial year 2018-19, your Company participated in the rights issue by MCXCCL and invested ₹13,399 lakh by subscribing to 133,985,000 equity shares of face value of ₹10/- each of MCXCCL. The said investments were approved by the Board of MCX at its meeting held on June 30, 2016, October 23, 2018 and December 07, 2018.

Note no 2:

Pursuant to the directions of SEBI to transfer the functions of clearing and settlement of trades to a separate clearing corporation, MCX transferred the functions of clearing and settlement to MCXCCL by executing a Business Transfer Agreement dated June 4, 2018. Pursuant to the Business Transfer Agreement entered into by MCX with MCXCCL, the following assets & liabilities have been transferred to MCXCCL by MCX:

₹ In lakh

Particulars	Liabilities	Assets
Clearing Banks Deposit	1,900	-
WSP Deposit	116	-
Initial Margin	26,645	-
Member's obligation for transaction fees	77	-
Trading Member Cash Deposit	239	-
Margin shortfall block amount	2	-
Leave Encashment	33	-
Motor Cars	-	21
E-warehousing Software	-	82
Total	29,012	103

For and on behalf of the Board of Directors

Saurabh Chandra
Chairman
(DIN: 02726077)

Mumbai
August 22, 2019

ANNEXURE VI

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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" or "MCX"). 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 31st March, 2019, 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 the Company as given in Annexure I, for the Financial Year ended on 31st March, 2019, 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 thereunder 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"):-
      a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
      b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
      c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; and
      d) 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 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 (Buy Back of Securities) Regulations, 1998;
   (iv) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; 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 thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and 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 erstwhile Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (effective till October 2, 2018) and the provisions of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (effective from October 3, 2018) except for the composition of the Board of Directors specified under Regulation 23, which has been affected due to the resignation of a Public Interest Director with effect from March 6, 2019. The Company had intimated the same to the Securities and Exchange Board of India and has initiated the process for the appointment of another Public Interest Director.

We have also examined compliance with the applicable clauses of Secretarial Standards-1 and 2 issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013 and 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 urgent 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. Execution of Shareholders Agreement with Central Depository Services (India) Limited and CDSL Commodity Repository Limited effective May 18, 2018 for setting up and operationalization of the new repository under the Warehousing (Development and Regulation) Act, 2007.
2. CDSL Commodity Repository Limited (CCRL) became an Associate Company of the Company pursuant to the Act w.e.f. June 4, 2018, consequent to subscription to 1,20,00,000 Equity Shares of ₹ 10/- each aggregating to ₹ 12 Crores, equivalent to 24% stake in CCRL;
3. Admission as a full Member of the World Federation of Exchanges;
4. Transfer of Clearing and Settlement Functions of the Exchange to Multi Commodity Exchange Clearing Corporation Limited, Wholly Owned Subsidiary of the Company ("MCXCCL") with effect from September 1, 2018;
5. Investment in 13,39,85,000 Equity Shares of ₹ 10/- each of MCXCCL, aggregating to ₹ 133.98 Crores, during the year under review in various tranches.

For RATHI & ASSOCIATES
COMPANY SECRETARIES

HIMANSHU S. KAMDAR
PARTNER
FCS NO. 5171
COP NO. 3030

Place: Mumbai
Date: August 22, 2019

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 31st March, 2018;
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Investment Committee, CSR Committee, Public Interest Directors Committee and other Committees as per the Companies Act, 2013 along with Attendance Registers held during the Financial Year under report and circular resolutions passed by the the Board/ Committees during the year under report;
4. Minutes of General Body Meetings held during the Financial Year under report;
5. Policies adopted by the Company pursuant to the applicable Regulations;
6. Statutory Registers pursuant to the requirement of the Companies Act, 2013;
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. Disclosures 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. Whereever 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: Augush 22, 2019

ANNEXURE VII

NOMINATION AND 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") 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, 2018 ["SECC Regulations, 2018"].

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 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 and Key Managerial Personnel involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and aligns with the longer term interests of the Company and its shareholders.

Definitions:

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

"Board" means the Board of Directors of the Company.

"Committee" means the Nomination and Remuneration Committee of the Company as constituted/ reconstituted by the Board of Directors of the Company, in accordance with the Act and provisions of Listing Regulations, 2015 and SECC Regulations, 2018.

"Directors" means Directors of the Company.

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

"Independent Director" means a Director referred to in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulation, 2015.

"Key Managerial Personnel" (the "KMP") as defined under section 2(51) of the Act means:

(i) the Chief Executive Officer or the Managing Director or Manager;

(ii) the Company Secretary;

(iii) Whole-time Director;

(iv) the Chief Financial Officer;

(v) such other officer, not more than one level below the directors who is in whole time employment, designated as key managerial personnel by the Board; and

(vi) any other person as may be prescribed.

Further, as defined in Regulation 2 (1) (j) of the SECC Regulations, 2018, "Key Management Personnel" (KMP) includes a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of the department(s) in the recognised stock exchange, or any person who directly reports to Chief Executive Officer or to the Director on the governing board of the recognised stock exchange, or any person up to two levels below the Chief Executive Officer or Managing Director, or any other person as may be identified by its Nomination and Remuneration Committee.

Note: KMPs includes the Senior Management Personnel of the Exchange. (as defined in the Listing Regulation, 2015)

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

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

"Regulatory Department" refers to the following departments of the Exchange:

- Surveillance & Investigation;
- Membership (Member's Registration & Member's Compliance);
- Inspection & Audit;
- Investor Service Department;
- Investor Protection Fund;
- Regulatory Compliance;
- Legal Compliance;
- Market Operations.

"SEBI" means the Securities and Exchange Board of India.

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

GENERAL PRINCIPLES ON APPOINTMENT/ REAPPOINTMENT AND REMOVAL / RETIREMENT OF DIRECTORS AND KMPs

APPOINTMENT:

- **Criteria and qualifications:**

  The Committee shall identify and ascertain the integrity, qualification, expertise and 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 or KMP should possess adequate qualification, expertise and 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 consider the criteria and qualifications/disqualifications prescribed under provisions of the Act, Listing Regulations, 2015 and SECC Regulations, 2018. Further, the Committee shall also take into consideration any other criteria for appointment, as may be set out in the Company's internal policies.

  The Independence of a Director shall be determined based on the criteria defined from time to time in the Act, the Listing Regulations, 2015, SECC Regulations, 2018 and the circulars issued thereunder.

- **Manner of appointment/ re-appointment and tenure:**

  The appointment/ re-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 and the SECC Regulations, 2018 as well as the Articles of Association of the Company.

  The Committee at the time of determining whether to recommend a Director for re-election/re-appointment shall also considers the Director's past attendance, participation and contributions to the activities in the meetings of the Board and the Commitees where the Director is a member, and the results of the latest Internal Evaluation and External Evaluation, as applicable.

  Any selection, appointment/ re-appointment and tenure of a Key Managerial Personnel of the Company shall be governed by the provisions of the Act, the Listing Regulations, 2015, the SECC Regulations, 2018 and other applicable laws from time to time.

  The tenure of KMPs in a regulatory department, shall be till he/ she ceases to be the employee of the Company or as may be decided by the Committee/ Board.

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, subject to the provisions and compliance of the said Act, Rules and Regulations.

Director/KMPs shall retire/cease to hold office as per the applicable provisions of the Act, Listing Regulations, 2015, SECC Regulations, 2018 and the prevailing policy of the Company or in terms of which such appointment was made.

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

REMUNERATION OF DIRECTORS INCLUDING MANAGING DIRECTOR AND KMPs:

Remuneration of 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 other approvals as may be required.

At the time of seeking prior approval of SEBI for the appointment of the Managing Director/CEO, the Exchange shall also seek prior approval for his/her compensation from SEBI. Any change in the terms and conditions of the Compensation 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 fixed remuneration:

- 50% of the variable component of the remuneration is paid only after the audited annual accounts for the year are approved by the Board of Directors and also subject to such payment being approved by the Board; and
- the balance 50% of the variable pay will be paid on a deferred basis after three years;

The payment of the entire variable component is subject to the provisions of 'malus' and/or 'clawback' provisions.

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/her exposure to Commodity Market.

ESOPs and other equity linked instruments in the stock exchange shall not be offered or provided as part of the compensation to Managing Director/Chief Executive Officer.

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, from time to time, within the permissible limit prescribed under the Companies Act, 2013, the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and other regulatory guidelines, as amended from time to time.

Any Change in sitting fees will be recommended by the NRC and approved by the Board, if made within the limits prescribed under the Companies Act, 2013.

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

- Contribution expected from Directors considering size and complexity of organization,
- Comparison with the Peers/ Industry benchmarking,
- 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 Director.

Independent director shall not be entitled to any stock option.

Remuneration of other KMPs:

The Committee shall recommend the remuneration of other KMPs 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 is basis the Performance rating as per the matrix adopted by the Exchange which under any circumstances does not exceed one third of the fixed remuneration:

- 50% of the variable component of the remuneration is paid only after the audited annual accounts for the year are approved by the Board of Directors and also subject to such payment being approved by the Board; and
- the balance 50% of the variable pay will be paid on a deferred basis after three years;

The payment of the entire variable component is subject to the provisions of 'malus' and/or 'clawback' provisions.

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 shall not be offered or provided as part of the compensation to Key Management Personnel.

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

Malus and clawback arrangements:

A malus arrangement permits the stock exchange 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 in which the employee agrees to return previously paid or vested remuneration to the stock exchange under certain circumstances.

The aforesaid clauses shall be triggered under the following circumstances:

a. Fraud

b. Impersonation

c. Gross negligence which have caused or may cause significant financial loss or reputational harm to the Company

d. Misfeasance

e. Any act amounting to criminal breach of trust

f. Conviction for an offence involving moral turpitude

g. Breach of confidentiality in trade secret

h. Ethical misconduct

i. Fraudulent financial reporting

j. Overstating or misstating financial indicators or of the performance criteria either at the Company level or individual level with a view to get increased variable pay

k. Non-compliance or insubordination in adhering to regulatory/policy guidelines

l. Such other circumstances as the Committee and/or Board may decide.

General parameters to consider increase in the remuneration:

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

1. Current year's Company performance;
2. Employee appraisal rating scale provided by HR;
3. Consumer Price Index.

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.

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

AMENDMENT TO THE POLICY:

During the year, the Board of Directors, on recommendation of the Nomination and Remuneration Committee, amended the Nomination and Remuneration Policy, in line with the provisions of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 effective October 03, 2018, and amendments in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The key changes in the Policy, *inter alia*, include amendment to the definition of Key Managerial Personnel and the manner of appointment/ re-appointment and the tenure of Directors/KMPs, and addition of the definition of Regulatory Department.

ANNEXURE VIII

A. Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the 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 2018 -19	Managing Director – 22.59
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 2018-19	Managing Director – NA Company Secretary – NA Chief Financial Officer – 11.11%
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 reduced by 1.13%. 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 331employees as on March 31, 2019. **
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	The average percentile increase for the employees has been 3% as against 4.53% for the managerial personnel in the last Financial Year. Apart from the performance based normal increment, there was no other exceptional salary revision given in FY 2019. #
VI	Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is as per the remuneration policy of the Company.

* Median remuneration of the employees in FY 2019 has reduced due to:

- Transfer of 59 employees to subsidiary company 'Multi Commodity Exchange Clearing Corporation Limited'.
- Variable bonus pay out was less than 100%.

** The employee count includes only confirmed employees and excludes trainees.

KMPs under the Companies Act, 2013, as well as, under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 are considered as managerial personnel.

B. Disclosure as per Regulation 27(6) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 [SECC Regulations] for the year ended March 31, 2019:

Sr. No.	Name of the Key Management Personnel	Designation	Ratio
1	Mr. Mrugank M Paranjape	MD & CEO	22.59
2	Mr. Ajay Puri	Company Secretary	@
3	Mr. Sanjay Wadhwa	Chief Financial Officer	9.19
4	Dr. Pareshnath Paul	Chief Information Officer	@
5	Mr. Girish Dev	Chief Regulatory Officer	8.34
6	Mr. Rishi Nathany	Head- Business Development & Marketing	@
7	Dr. Venkatachalam Shunmugam	Head- Research	6.67
8	Mr. Chittaranjan Rege	Head - Base Metals	6.67
9	Mr. Shivanshu Mehta	Head -Bullion	7.00
10	Mr. Deepak Mehta	Head - Energy & Agri	7.21

Sr. No.	Name of the Key Management Personnel	Designation	Ratio
11	Mr. DG Praveen	Head - Corporate Office & Projects, Risk Officer	6.08
12	Mr. Rajendra Gogate	Head- HR & Admin	7.01
13	Mr. Sanjay Gakhar	Vice President- Business Development	5.10
14	Mr. Jayaprakash Menon	Vice President- Business Development	5.19
15	Mr. Arvind Sharma	Vice President- Business Development	4.28
16	Mr. C N Upadhyay	Vice President- Inspection & Audit	5.38
17	Ms. Neetu Juneja	Vice President-Investor Services Department	4.19
18	Mr. Sanjay Golecha	Vice President- Regulatory Compliance	4.52
19	Mr. Himanshu Ashar	Vice President-Surveillance & Investigation and Market Operations	4.82
20	Mr. Sunil Kurup	Vice President- Technology	@
21	Mr. Sudeendra Venkatesh Nadager	Vice President- Technology	@

@ Since the remuneration of these KMPs is only for part of the year, the ratio of their remuneration is not comparable.

Note: Total remuneration considered for the purpose of calculating ratios includes the total variable pay pertaining to FY 2018 which has been paid during FY 2019. It may be noted that 50% of such variable pay will be paid on deferred basis after 3 years as per SECC Regulations.

For and on behalf of the Board of Directors

Saurabh Chandra
Chairman
(DIN: 02726077)

Mumbai
August 22, 2019

ANNEXURE IX

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014:

Sr. No.	Name of the employee	Age	Qualification & experience of the employee	Designation of the employee	Total remuneration (in ₹)	Approx. experience (in years)	Date of commencement of employment	Last employment
Employed throughout the Financial Year								
1	Mr. Mrugank M Paranjape	52	Bachelors of Electrical Engineering – IIT, Post Graduation – IIM, Ahmedabad	MD & CEO	2,28,64,600	29	9-May-16	Managing Director, Deutsche Bank A.G.
2	Mr. Sanjay Wadhwa	46	Chartered Accountant, Company Secretary, Chartered Financial Analyst & Cost & Works Accountant	Chief Financial Officer	81,83,404	20	27-Feb-17	Chief Financial Officer, Reliance Money
3	Mr. Girish Dev	46	Bachelors of Commerce	Head-Strategy	77,94,304	24	1-Dec-16	MD & CEO, Geofin Comtrade Ltd. (GCL)
4	Mr. Rajendra Gogate	59	Bachelor's degree in Commerce, Diploma in Business Management	Head- Human Resources & Admin	67,72,644	37	26-Jul-07	General Manager-Facilities, Tata Teleservices
5	Mr. Shivanshu Mehta	43	BE, Post Graduate Diploma in Business Management	Head- Bullion	67,39,144	20	1-Mar-07	Assistant Vice President - Metal, National Commodity & Derivatives Exchange Limited
6	Mr. Deepak Mehta	46	BE- Mechanical, Masters of Business Administration	Head- Energy & Agri	66,93,124	21	28-Nov-05	Assistant Manager, Mahanagar Gas Ltd.
7	Mr. Chittaranjan Rege	46	Masters of Business Administration	Head – Base Metal	64,10,909	23	1-Dec-06	Manager, Hindalco Industries Ltd.
8	Dr. V Shunmugam	50	Master's degree in Science, PhD	Head-Research	60,88,869	21	7-Mar-16	Chief Business Officer, Nomura Research Institute Fintech
9	Mr. DG Praveen	42	Chartered Financial Analyst, Masters of Business Administration, Master's Degree in Arts	Head-Corporate Office & Projects and Risk Officer	58,99,942	19	15-Jul-04	Faculty Team Leader, ICFAI University
10	Mr. C N Upadhyay	55	Chartered Accountant, Bachelor's degree in Commerce, Bachelor's degree in Law, Master's degree in Law	Vice President-Inspection & Audit	52,83,312	25	19-May-15	Assistant Vice President – Inspection, ISC, Collaterals, Arbitration & Enforcement, National Stock Exchange of India Ltd.
11	Mr. Sanjay Gakhar	50	Bachelor's degree in Commerce, Post Graduate Diploma in Rural Management	Vice President-Business Development	50,99,209	26	1-Aug-05	Manager, National Agricultural Cooperative Marketing Federation of India

Sr. No.	Name of the employee	Age	Qualification & experience of the employee	Designation of the employee	Total remuneration (in ₹)	Approx. experience (in years)	Date of commencement of employment	Last employment
12	Mr. Jayaprakash Menon	51	Bachelor's degree in Commerce	Vice President-Business Development	48,24,654	27	12-Jun-17	Vice President-Settlement & Clearing for Global Market, Bank of America
13	Mr. Himanshu Ashar	48	Bachelor's degree in Commerce, Chartered Financial Analyst	Vice President-Surveillance & Investigation	47,44,726	24	15-Dec-14	Vice President – Market Operations, Metropolitan Stock Exchange of India Ltd.
14	Mr. Sanjay Golecha	53	Chartered Accountant	Vice President-Regulatory Compliance	44,54,754	30	18-Jul-16	Vice President-Investor Grievance, Arbitration & Regulatory Compliance, Metropolitan Stock Exchange of India Ltd.
15	Mr. Arvind Sharma	58	Chartered Accountant	Vice President-Business Development	41,56,857	33	29-Dec-14	Vice President - Business Development, Metropolitan Stock Exchange of India Ltd.
16	Ms. Neetu Juneja	42	Chartered Accountant	Vice President-Investor Services Department	40,28,886	17	3-Dec-07	Deputy Manager-Business Development, BSE Limited
Employed for part of the Financial Year								
1	Dr. Pareshnath Paul	53	Bachelor's Degree in Chemical Engineering, Master's degree in Technology, PhD	Chief Information Officer	65,32,310	24	11-Feb-19	Chief Technology Officer, Indian Energy Exchange Limited
2	Dr. Raghavendra Prasad	53	Bachelor's degree in Commerce, Bachelor's degree in Law, Master's degree in Law, PhD	Head- Legal	63,39,635	27	23-Jul-08	Dy. Legal Advisor, Securities & Exchange Board of India
3	Mr. Rishi Nathany	45	Bachelor's degree in Commerce, Post Graduate Program in Management	Head-Business Development & Marketing	59,60,497	27	2-Jul-18	Chief - Financial Segment, National Commodity & Derivatives Exchange Limited
4	Mr. Sudeendra Venkatesh Nadager	35	Bachelor's degree in Computer Science, Master's degree in Computer Science	Vice President-Technology	40,76,378	12	24-Oct-16	Vice President- JP Morgan Chase & Co.
5	Mr. Rahi Racharla	53	Bachelor's Degree in Technology, MS Computer Science	Chief Information Officer	36,58,064	28	16-Dec-15	Executive Director, JP Morgan Chase
6	Mr. Naveen Mathur	48	Bachelor's degree in Commerce, Post Graduate Diploma in Financial Management, Chartered Financial Analyst	Head-Business Development	29,37,417	24	6-Oct-16	Associate Director-Commodities & Currencies Businesses, Angel Broking Limited

Sr. No.	Name of the employee	Age	Qualification & experience of the employee	Designation of the employee	Total remuneration (in ₹)	Approx. experience (in years)	Date of commencement of employment	Last employment
7	Mr. Ajay Puri	62	Bachelor's degree in Commerce, Bachelor's degree in law, Company Secretary	Company Secretary & Chief Compliance Officer	21,43,613	34	7-Dec-18	President, LSI Financial Services Private Limited
8	Mr. Sunil Pankajaksh Kurup	44	Bachelor's Degree in Electronics Engineering, PG Diploma in Telecom Management and Management Information Systems	Vice President-Technology	20,83,065	20	21-Jan-19	Chief Architect – Technology, Cognizant
9	Mr. Ashwin Patel	49	Bachelor's degree in Commerce, Bachelor's degree in Law, Company Secretary	Company Secretary	20,28,339	27	4-Jul-16	Company Secretary & Legal Head, MT Educare Ltd.

Notes:

1. The above list also includes Key Managerial Personnel as stipulated under Regulation 27(5) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 [SECC Regulations].
2. Total remuneration stated above includes the total variable pay pertaining to FY 2018 which has been paid during FY 2019. It may be noted that 50% of such variable pay will be paid on deferred basis after 3 years as per SECC Regulations.
3. Total Remuneration includes salary, reimbursement, taxable value of perquisites etc. excluding gratuity.
4. Mr. Mrugank M Paranjape was appointed as MD&CEO of the Company w.e.f. May 09, 2016 for a period of three years.
5. All other employees mentioned above are in permanent employment of the Company, governed by employment terms & service rules. However, in terms of the provisions of the SECC Regulations, the tenure of KMPs is decided by the Nomination and Remuneration Committee or the Board of Directors, which can be suitably extended.
6. None of the above employee is a relative of any Director of the Company within the meaning of relative under the Companies Act, 2013.
7. None of the above employee was drawing salary in excess of that drawn by Managing Director.
8. As of 31st March 2019, none of the above employee, by himself/herself or along with his/her 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.
9. As of 31st March, 2019, 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
August 22, 2019

MANAGEMENT DISUCSSION AND ANALYSIS

ECONOMIC REVIEW

According to the International Monetary Fund (IMF), the Indian economy is one of the fastest growing major economies and is projected to grow at 7.3% in 2019 against 7.1% in 2018, whereas the projected global growth rate is 3.3% in 2019. The higher projection of IMF is in line with India's estimated GDP growth of 6.8% in 2018-19 according to the Economic Survey 2018-19. The proximate factors responsible for the moderation in the growth rate from 7.2 % achieved in the preceding financial year are mainly declining growth of private consumption, tepid increase in fixed investment and muted exports. Monetary policy has attempted to provide a fillip to the growth impulse through rate cuts and easing of bank liquidity.

While the growth outlook for many developed and emerging economies continues to weaken amid unresolved trade tensions and elevated geo-economic and geo-political uncertainties, resilience of the Indian economy is evident from the growth number. Major multilateral agencies such as the World Bank, IMF and United Nations Development Programme (UNDP) remain optimistic about the vibrancy of the Indian economy.

GLOBAL FINANCIAL MARKETS

Global financial markets are the barometers of the performance of the respective economies that is being served by them. 2018 was a challenging year for most asset classes in global financial markets. Global stocks fell by about 7% in 2018, volatility in asset prices increased. Stocks had been a major beneficiary of the regime of low interest rates and loose monetary policy environment pursued by central banks since the global financial crisis. Low interest rates also drove down the yield on other asset classes such as bonds. As interest rates started to rise and central banks began to tighten monetary policy, investor interest in stock began to decline towards the last quarter of year resulting in surrendering the gains in prices during the first three quarters of the year.

GLOBAL COMMODITY MARKETS

Global commodity markets witnessed sound, albeit differential, growth during 2018, despite the significant headwinds from a strong dollar. Aggregate measures of commodity price movements, such as the Bloomberg Commodity Index (BCOM), displayed low volatility of 10% to 11% during 2017 and 2018. This was reflected in the traded volumes of commodity derivatives. According to data released by the Futures Industry Association (FIA), global commodity derivatives volume grew by 0.6% to 4.30 billion contracts in 2018, although the growth in different segments were different, reflective of the volatility trends. While agricultural commodity derivatives recorded the highest growth rate of 14%, volume in non-precious metals derivatives declined by 12% during 2018, whereas the volumes in energy and precious metals derivatives increased by 3% and 4% respectively. The global derivatives data is given in Table 1.

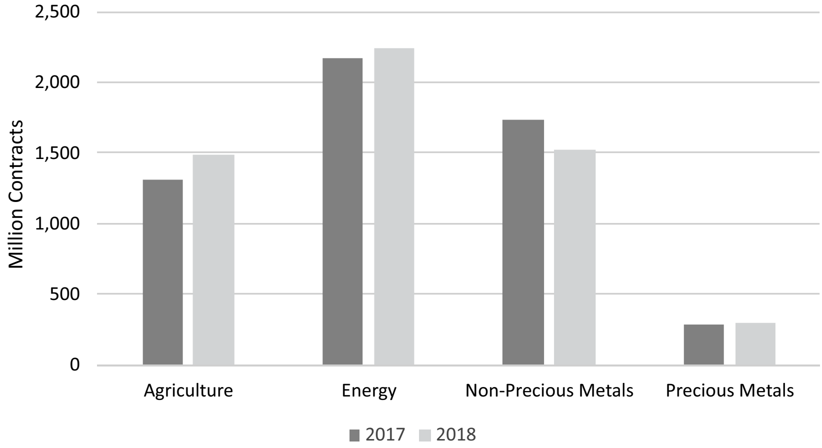
Table 1: Global Futures and Options Volumes by Category (million contracts)

Years	CY 2017	CY 2018	Change % Increase / Decrease
Equity Index	7,516	9,983	33%
Individual Equity	4,754	5,788	22%
Interest Rates	3,968	4,554	15%
Currency	2,984	3,929	32%
Energy	2,171	2,238	3%
Non-Precious Metals	1,740	1,523	-12%
Agriculture	1,306	1,488	14%
Other	480	489	2%
Precious Metals	279	291	4%
Total	**25,199**	**30,282**	**20%**

Source: *Futures Industry Association*

The international prices of commodities remained volatile during the year. During 2018, prices of most energy, metal and mineral, and agricultural commodities declined in the last quarter of the year, only to rebound in the first quarter of 2019. By March 2019, more than half of all commodities (energy commodities being a major exception) had recouped their losses and returned to September 2018 levels. The weakness of energy, as well as, metal and mineral prices in late 2018, mainly reflected concerns about global growth, especially in China amid trade tensions. Table 2 shows the segment-wise trend in global commodity derivatives traded volumes during the last two years.

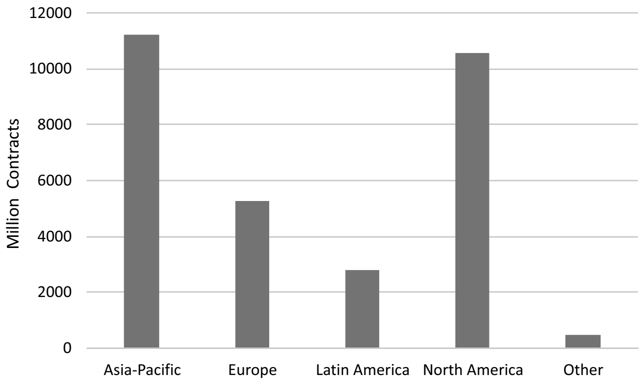
Table 2: Global Futures and Options Volumes - Commodity Segment



Source: *Futures Industry Association*

According to Futures Industry Association (FIA), global trading in derivatives showed significant regional dispersion. Trading activity in Asia-Pacific, which had the largest market share of 37% rose by 27% to 11.2 billion contracts (in all segments) during 2018. India, which constituted 45% of the Asia-Pacific derivatives market, grew by 54%, as against the global growth rate of 20%. Table 3 shows the regional dispersion of global commodity derivatives traded volumes in 2018.

Table 3: Global Futures and Options Volumes (2018) – Region wise



Source: *Futures Industry Association*

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian commodity derivatives exchanges are playing an important role in helping market participants manage risk exposure on account of price volatility, in addition to contributing towards modernizing and improving the efficiency of the country's commodity sector.

During FY 2019, total value of commodity futures traded by all national commodity exchanges in India was ₹ 71.97 lakh crore against ₹ 60.09 lakh crore in FY 2018. The growth of 20% can be attributed to a number of factors, including the expansion of the market driven by a slew of regulatory developments. As noted in the SEBI Annual Report (2018-19), the number of commodity Options contracts traded in 2018-19 was 1.49 million lots, contributing to a notional turnover of ₹1,81,119 crore.

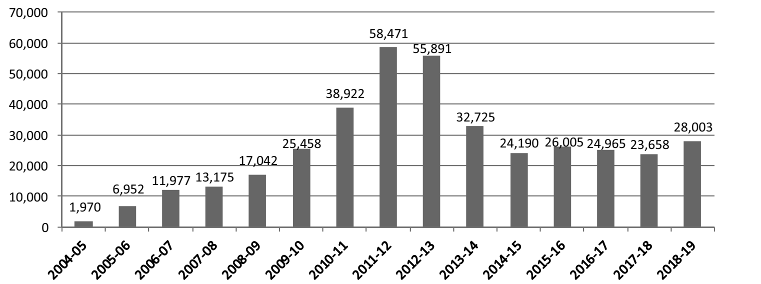
In volume terms too, India's commodity derivatives market expanded by about 20% in 2018-19 over 2017-18. The total volume of commodity futures traded by all national commodity exchanges exceeded 246.45 million lots. Such a healthy growth in the Indian market contrasts with the virtual stagnation (growth of 0.6%) in the global commodity derivatives trading volumes. Wide variations, however, were seen in the growth rates in different segments in India: trading in energy futures contracts expanded by 27% while that in agricultural commodities shrunk by 21%. Table 4 provides the segment-wise volumes in India's commodity futures market across the last two years, while Table 5 provides a snapshot of the Average Daily Turnover in the Indian commodity futures market over the years.

Table 4: Volumes of Commodity Futures traded on Indian Commodity Exchanges (Million Contracts)

	FY17-18	FY18-19	Change % Increase / Decrease
Agriculture	2.32	1.83	-21%
Metals	68.13	78.84	16%
Bullion	27.84	28.84	4%
Energy	107.63	136.95	27%
Total	**205.93**	**246.45**	**20%**

Table 5: Turnover of the Indian Commodity Futures Exchanges (Rs crore)

Indian Commodity Futures Market, ADT in Crs



* For national level commodity exchanges;
Source: Derived from FMC data, exchange's websites; No. of trading days at MCX considered for computing ADT.

MCX BUSINESS OVERVIEW IN 2018-19

As per the 2018 summary statistics for annual trading activity in global exchange-traded markets released by FIA, MCX was ranked world's 7th largest commodity futures exchange based on the number of futures contracts traded. MCX's ranking amongst all exchanges across all asset classes remained 20th in 2018, same as that in 2017. The overall growth of the Indian commodities markets with introduction of new products and participants can be expected to help MCX improve its ranking amongst global exchanges in the years ahead. In a notable development, MCX became a full member of the World Federation of Exchanges (WFE) during the year, underscoring the significance of your Company in the league of global exchanges.

MCX clocked an average daily turnover of ₹ 25,648 crore (single-side) in futures during FY 2019, as against ₹ 21,193 crore achieved during the previous fiscal. The average daily turnover (notional) in the options segment, was ₹ 704 crore. The total turnover of your Company stood at ₹ 65.91 lakh crore (futures) during FY 2019, as compared with ₹ 53.83 lakh crore in FY 2018, a growth of about 22.5%. The total notional turnover in options segment at MCX was ₹ 1,80,945 crore. MCX's market share in Indian commodity Futures in FY 2019, across various segments were 96.77% for precious metals and stones, 100% for base metals, 100% for energy and 15.54% for agricultural futures contracts.

PRODUCT-WISE PERFORMANCE

Product-wise performance of your Company during 2018-19 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 2019, the Company's total income increased to ₹ 38,472 lakh from ₹ 34,620 lakh in FY 2018. The Company continued to perform well during the fiscal with a net profit margin of 35%. The operating expenses increased from ₹ 18,552 lakh in FY 2018 to ₹ 20,575 lakh in FY 2019, registering a rise of 11%.

The profit before exceptional items and tax for FY 2019 increased to ₹16,365 lakh from ₹14,402 lakh in the last financial year, registering a rise of 14%. During FY 2019, the profit after tax increased by 28% to ₹13,650 lakh as against ₹10,635 lakh in FY 2018.

The Company operates in a single segment business. Transaction fees comprise a significant portion (approximately 74%) of the Exchange's revenue. The transaction revenue during FY 2019 was ₹28,331 lakh, as against ₹ 23,892 lakh in the previous fiscal. The Company continued deployment of surplus funds in high performing assets such as mutual funds, fixed deposits and tax-free bonds. The investment income was ₹ 7,737 lakh in FY 2019 (Previous year ₹ 8,579 lakh) including gain / (loss) on fair valuation of mutual funds and bonds. (Table 6).

Table 6: MCX's Income

(₹ in lakh)

Particulars	**FY 2019**	**FY 2018**	**Change % Increase / (Decrease)**
Transaction Revenue	28,331	23,892	19%
Other Operating Income	1,504	2,092	-28%
Investment Income	7,737	8,579	-10%
Other Income	900	57	1479%
Total	**38,472**	**34,620**	**11%**

Expenses:

The Company's expenditure consists of employee benefit expenses, clearing and settlement charges, depreciation / amortization charges, computer technology and software support charges and other expenses (Table 7).

Table 7: MCX's expenditure

(₹ in lakh)

Particulars	**FY 2019**	**FY 2018**	**Change % Increase / (Decrease)**
Employee benefit expense	6,517	6,796	-4%
Clearing and Settlement charges	2,142	-	100%
Depreciation and amortization	1,529	1,666	-8%
Computer technology and Software support	5,465	6,312	-13%
Other expenses*	6,454	5,444	18%
Total	**22,107**	**20,218**	**9%**

*Other expenses principally comprise costs / charges pertaining to advertisement, repairs and maintenance, license fees, legal and professional charges, etc.

The Company transferred its clearing and settlement division to its wholly owned subsidiary, Multi Commodity Exchange Clearing Corporation Ltd (MCXCCL) with effect from September 01, 2018, and consequently certain expenses, such as employment benefit, computer technology & software support and depreciation have reduced for FY 2019. Also, payment of ₹ 2,142 lakh has been made towards clearing and settlement charges with effect from September 01, 2018.

Provision for taxation:

The Company's provision for tax decreased by 91% to ₹ 335 lakh during FY 2019 from ₹ 3,767 lakh in previous financial year. Pursuant to SEBI Circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014, every stock exchange shall contribute at least 25% of the Minimum Required Corpus to Core Settlement Guarantee Fund (SGF) established and maintained by its clearing corporation. During the year, your Company has contributed ₹ 7,938 lakh towards Core SGF to MCXCCL in compliance with the aforesaid SEBI circular. The said contribution to Core SGF, being an expenditure allowable under section 37 of the Income Tax Act, 1961, has resulted in tax payable u/s 115JB (Minimum Alternate Tax) under the Income Tax Act, 1961. Further, in accordance with the guidance note issued by the Institute of Chartered Accountants of India on "Accounting for credit available in respect of MAT under the Income Tax Act, 1961", the Company can recognize MAT credit as an asset only when and to the extent there is convincing evidence that the Company will be liable to pay normal income tax during the specified period. Accordingly, the Company has recognized MAT credit entitlement of ₹ 2,065 lakh for the year ended March 31, 2019.

Profit analysis:

The net profit margin stood at 35% in FY 2019. (Previous year: 31%)

Financial performance and operational performance parameters:

The transaction fees has increased by 19% from ₹ 23,892 lakh in FY 2018 to ₹ 28,331 lakh in FY 2019.

Shareholders' funds

Share capital:

As of March 31, 2019, 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 ₹ 1,41,185 lakh as on March 31, 2019 from ₹ 1,32,527 lakh as on March 31, 2018. The net worth stood at ₹ 1,46,285 lakh as on March 31, 2019 as against ₹ 1,55,687 lakh (including SGF) as on March 31, 2018.

Secured loans:

The Company had no secured loans in its books as on March 31, 2019, as well as, on March 31, 2018.

Fixed assets:

The Company's fixed assets stood at ₹ 17,581 lakh as at March 31, 2019, as against ₹ 16,177 lakh as at March 31, 2018.

Investments:

As on March 31, 2019, the Company's investments (Non-current and Current) stood at ₹ 1,25,201 lakh, as against ₹ 1,41,613 lakh as on March 31, 2018. The decrease was mainly on account of redemption of investment for transfer of fund to settlement guarantee fund of MCXCCL.

Current assets and current liabilities:

The current assets consisting of trade receivables, cash and cash equivalent, bank balances, loans and other current assets (excluding current investments) was ₹ 12,425 lakh as at March 31, 2019, as compared to ₹ 13,034 lakh as at March 31, 2018.

The current liabilities consisting of creditors, security deposits, and others, stood at ₹ 11,908 lakh as at March 31,2019, as against ₹ 38,260 lakh as at March 31,2018.

Key Financial Ratios:

Sr. no.	Ratio	Standalone		Consolidated	
		FY 2019	FY 2018	FY 2019	FY 2018
1	Debtors Turnover (Revenue from operation/Debtors)	32.86	41.18	49.92	41.18
2	Current Ratio (Current assets/Current liability)	5.48	2.66	2.69	2.75
3	Operating Profit Margin (Operating Profit/Turnover)	31.04%	28.60%	31.32%	27.66%
4	Net Profit Margin (Net profit/Turnover)	35.48%	30.72%	36.69%	30.80%
5	Return on Net worth (Net profit/ Net worth)	9.33%	6.83%	9.25%	6.94%

Notes:

- Increase in current ratio is mainly due to transfer of members' deposits to MCXCCL on account of transfer of clearing & settlement business.
- Increase in Return on Net worth is on account of increase in Net profit for the year.

COMPETITIVE STRENGTHS

Brand Recognition

MCX is India's leading commodity derivative exchange having a market share of 91.6% in FY 2019. MCX has over a period of time created its brand equity. The prices at MCX serve as a benchmark for trades in physical markets, thereby, making it a 'price setter.' For settlement of metal contracts, MCX was taking prices from London Metal Exchange (LME). However, post conversion of base metals into compulsory delivery based contracts, MCX is assisting the domestic market to explore its prices and is striving to be a 'price setter' in base metals. MCX has been a pioneer in launching new products and facilitating new participants to trade in the Exchange platform, as and when, allowed by the Regulator. The initiatives taken by your Company for growth and market development have been appreciated and recognized at various fora viz. Commodity Participants Association of India (CPAI), Bullion Federation Global Convention (BFGC), ASSOCHAM, PHD Chamber of Commerce and Industry, etc.

Sound Corporate Governance and Regulatory Framework

As a Commodity Exchange, the Company is subject to a high level of regulatory oversight. MCX is committed to working with all the stakeholders to ensure an orderly, informed and fair market for the benefit of all concerned. MCX is also committed to strong and effective internal governance and regulation, and believes that regulatory integrity benefits investors and attracts market participants to trade on the Exchange platform.

Your Exchange has a dedicated Regulatory department which performs various functions towards ensuring compliance with the regulatory requirements applicable to the Exchange. Some of the activities in relation to the same are provided hereinbelow:

i. **Investor Services :**

The Exchange has a dispute resolution mechanism in place for redressal of disputes between Investors / Clients and Members of the Exchange. Any investor / client can lodge a complaint with the Exchange, through its online portal or by submitting the prescribed "Client Complaint form (CCF)", physically or through email to any of the Investor Service Centre or through SEBI Complaints Redressal System (SCORES). On receipt of such complaint, the Exchange initially tries to resolve the complaint. Complaints, which do not get resolved within fifteen days from the date of lodging the complaints or cases where parties are aggrieved by the resolution worked out, are referred to Grievance Redressal Committee (GRC).

The next level of dispute resolution mechanism is Arbitration and Appellate Arbitration. The Exchange also has Arbitration panels at four Regional Arbitration Centres, i.e., Chennai, Delhi, Kolkata and Mumbai.

The Exchange has set-up 10 Investor Service Centre (ISC) across India viz. Bengaluru, Chennai, Delhi, Gandhinagar, Hyderabad, Indore, Jaipur, Kanpur, Kolkata and Mumbai. GRC are available at all these 10 ISCs.

ii. **Early warning System:**

To protect the interest of investors, SEBI, vide circular dated December 17, 2018, decided to put in place an Early Warning Mechanism and sharing of information between Stock Exchanges, Depositories and Clearing Corporations. This was done to detect the diversion of client's securities by the stock broker at an early stage, so as to take appropriate preventive measures. The Exchange w.e.f. February 1, 2019 has implemented this system which, *inter alia*, covers the following early warning signals:

a. Significant reduction in net worth over previous half year / year ;

b. Significant losses in the previous half year / year;

c. Failure to submit information sought by the Stock Exchange on its dealing with related parties / promoters;

d. Non-recovery of significant dues from debit balance clients over a period;

e. Significant dues to credit balance clients over a period;

f. Failure by stock broker to upload weekly data regarding monitoring of clients' funds as specified in SEBI's circular on Enhanced Supervision, for 3 consecutive weeks; and

g. Mis-reporting / wrong reporting about the client funds / securities.

iii. **Strengthening of Disclosure norms:**

a. On the disclosures by exchanges related to deliverable supply and position limit calculation for agricultural commodity derivatives, SEBI, further advised exchanges to prominently disseminate the details of five year average deliverable supply, current year's deliverable supply, source of data, categorisation of commodity, position limits, etc., for each of the commodity traded on the exchange. Accordingly, the Exchange is disseminating the same on its website.

b. In order to enhance transparency to the public in Commodity Derivatives Markets, SEBI directed the exchanges to provide additional disclosures on their website with respect to trading in commodity derivatives. The Exchange has been providing disclosures pertaining to top participants, members and market wide position limits, from February, 2019 onwards.

Technology

Technology Innovations

Technology is the prime driver for the Exchange to provide a Trading system with reliability, integrity and security, and meet the challenges of dynamic nature of commodities business. Moreover, the Exchange's consistent efforts to upgrade and enhance its technology systems, has helped it to stay ahead of the curve in the continuously evolving commodities market. The focus of the Exchange is towards technical enhancements, with cost effective options on technology platforms by receiving continuous contribution from client experience enhancing member satisfaction. In the previous year, MCX has continued to invest in providing robust trading technology with lower latency, higher scalability and better operational experience for trading, surveillance and real time risk management. The upgraded technology platform with its scalable architecture, is capable of adapting to innovations and new market solutions.

Robust Platform

The Exchange technological infrastructure is built on the next generation technology platform, which can cater to all market participants by virtue of being fast, secure, cost effective, transparent and regulated. This has enabled the Exchange to retain its members' confidence and market leadership position in commodities markets consistently. The Exchange's online trading platform is accessible to the members through trader workstations (TWS) or computer-to-computer links (CTCL) and also FIX protocols, over a Point to Point and MPLS leased lines, satellite data connections (VSATs), and the Internet, through secured (SSL-based) Virtual Private Networks (VPN) with two factor authentication (2FA). The Exchange always strives to provide better connectivity options at competitive cost. The Exchange has provided option of higher bandwidth connectivity to its members over point to point and MPLS leased lines.

Efficiency and Operational Excellence

The 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 with market competitive peak transactions (Orders and Trades put together) per day, which is well above the record volumes witnessed by the Exchange till date.

Process Excellence

The Exchange is ISO 9001:2015 certified for processes and is committed to provide continuous delivery of its services through an effective and efficient response. The robust technology of the Exchange, enables it to provide 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.

OPPORTUNITIES

Ever since the commodity derivatives market came under the regulatory supervision of SEBI, the market regulator has been making a lot of efforts to develop and integrate commodity markets. These favourable policy and regulatory changes are bringing in various opportunities for MCX. As a result, there has been a significant expansion of the products and permissible participant categories in the commodity markets. The last two years have been of great significance, with the Regulator permitting the launch of new products and increasing the categories of participants in this market.

Expansion of permissible participant categories

With SEBI allowing institutional participants in the commodity derivatives market, your Company expects the market to expand and become more participative. In March 2019, SEBI permitted Mutual Funds and Portfolio Management Services (PMS) to participate in the commodity derivatives market. Earlier, SEBI (Custodian of Securities) Regulations, 1996 was amended, allowing custodial services in goods that are the underlying for commodity derivative contracts. The presence of financial institutions such as mutual funds is expected to offer the common domestic investors an additional avenue for better financial investment. This can also make the commodity derivatives market more robust by providing liquidity especially to the far months' contracts. Enhanced liquidity and participation of diverse groups including hedgers and financial institutions, strengthens the price discovery mechanism and makes risk management on exchange platforms more efficient and cost effective to the stakeholders, by lowering the impact on cost of trade.

In September 2018, SEBI approved the regulatory framework for permitting 'Eligible Foreign Entities' "(EFEs)" to participate in the domestic commodity derivatives markets. When EFEs with exposure to the Indian commodity markets hedge their price risks on the Indian exchanges, they will help connect price discovery of commodities in India to the international trade in commodities. India being a major source for various commodities like Cotton, Mentha Oil, etc., global participation in such contracts is expected to support more efficient price discovery and add to the market depth.

Lowering cost of participation

During the year, SEBI slashed the regulatory fee on agricultural commodities trading, a move that would support the growth and development of the Indian commodity derivatives markets and also make it more inclusive. The market regulator also exempted FPOs from maintaining mark-to-market margins, whenever they made early pay-in of their deliveries.

Expansion of gold delivery centres

Aimed at further expanding the gold contracts' footprint in India, MCX added five more locations to the list of additional delivery centres for gold and gold mini contracts in addition to the existing three main and additional delivery centres. The network of eight delivery centres spread across India's main consumption centres is expected to bring about seamless and efficient integration between the spot and derivatives markets of gold. This is aimed at enabling lakhs of jewellers, big and small, to conveniently take physical deliveries of gold through exchange mechanism from their nearest locations.

Introducing delivery-based Base Metal contracts

Another significant opportunity your Company cashed in was in addressing the demand for base metal contracts with compulsory delivery settlement. The launch of indigenously benchmarked deliverable metal contracts on MCX has paved the way for the Indian market prices for metals to be discovered in a transparent manner. MCX metal contracts that are benchmarked to domestic spot prices are compulsory delivery based contracts and are settled based on the domestic polled spot prices, against the earlier practice of following international prices. With the launch of deliverable contracts, therefore, your Company is now offering the benefit of fair price discovery reflective of domestic fundamentals and price risk management to the Indian metals market ecosystem. In an effort to bring in good market practices, your Company is in the process of aligning trading lot sizes with delivery lot sizes.

Forging partnerships

During the year, MCX signed a MoU with Indian Bullion and Jewelers Association (IBJA), for jointly exploring opportunities to set up a bullion spot exchange; and with the Indian Cotton Federation for knowledge sharing initiatives. MCX also signed a MoU with the IMC Chamber of Commerce and Industry (IMC), for jointly undertaking a host of activities for market development and investor outreach. MCX joined hands with the Institute of Chartered Accountants of India (ICAI) at their SME Leader Awards 2018 where a Special Jury Award was given under the category 'Best Commodity Price Risk Management', recognizing the efforts of a Chartered Accountant to enable SMEs, manage their price risks by setting up commodity hedging desks.

POTENTIAL THREAT

Competition

The market Regulator gave its nod to NSE and BSE, two biggest stock exchanges, to offer commodity derivatives products. MCX thus faced competition from new players. This is a potential threat to your Company. Your Company endeavours to mitigate the impact of competition by continuously improving its products, technology and processes; introducing new products; sustained investor awareness activities; and having a customer-focused approach.

Cybersecurity threats

The cyber-attack horizon is expanding day-by-day. Cyber-attacks are becoming more sophisticated, MCX is continuously evaluating and implementing various security solutions for early identification, better detection, quick protection, response and recovery from all such cyber-attacks. An incident of cyber-attack may have financial impact on the company due to loss of reputation and trust. Hence, cyber security has been and continues to be a topic of great priority for Financial Market Infrastructures (FMIs), involving investment of significant time, effort and money.

Constant enhancement in the Cyber Security Framework and Information Security Management System has been your Company's top priority. MCX has adopted a defence-in-depth strategy to ensure information security at all layers with well-defined Cyber Security and Cyber Resilience Policy. MCX Information Security Policy is based on the ISO 27001:2013 controls and is also ISO 27001:2013 certified. To manage cyber security risk associated with processes, information, networks and systems, the Cyber Security and Cyber Resilience Policy of your Company includes the following:

i. 'Identify' critical IT assets and risks associated with such assets,

ii. 'Protect' assets by deploying suitable controls, tools and measures,

iii. 'Detect' incidents, anomalies and attacks through appropriate monitoring tools / processes,

iv. 'Respond' by taking immediate steps after identification of the incident, anomaly or attack,

v. 'Recover' from incident through incident management, disaster recovery and business continuity framework.

The Business continuity and disaster recovery plan (BCP-DR Plan) is aiming at timely restoration of systems affected by any type of disasters including incidents of cyber-attacks or breaches. The plan also includes live trading at DR without announcing to the members as mandated by SEBI. MCX's recovery plan is well within the Recovery Time Objective (RTO) of 4 Hours and Recovery Point Objective (RPO) of 30 minutes as specified by SEBI.

Further, your Exchange has also engaged two technology experts to guide in its endeavour to develop a greater strength in technology.

RISKS AND CONCERNS

Your Company's business performance and financial position depends on various internal and external factors, some of which may give rise to risks and concerns.

Business Risks

Falling prices and volatility 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, trade policies and regulations, geopolitical events, etc., all affecting level of production and consumption of commodities.

Decline in Options volumes on introduction of transaction charges

To enhance participation of users in the newly introduced Options segment, your Company has been waiving off transaction charges on Options. Since long-term elasticity of volumes with respect to transaction charges on Options are yet to be determined, there is a risk that traded volumes may decline when the Exchange starts levying transaction charges on Options. This has potential to impact your Company's revenue.

Market Risks

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 within regulatory guidelines.

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, inflation, etc. influence the commodity fundamentals, hence, the market. 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.

Technology Risk

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, or keep pace with technological advancements, it may have some impact on technology operations and technology enhancements required, if any.

Financial Risk

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.

Regulatory Risk

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, hence, increase operational expenses. This may impede the Company's ability to operate and grow its business or may affect the economic prospects for market intermediation.

RISK MITIGATION PLAN

Your Company regularly reviews the risks it faces and takes appropriate action to minimize the likelihood of such occurrences or their impact.

i. When transaction charges would be introduced in commodity Options, due care will be taken to ensure that the charges proposed to be levied do not adversely affect traded volumes. This will include adequate study of the likely response of incremental transaction fees on trade volumes, as well as, response of such charges in other market segments having Options products.

ii. To address the issue of decline in commodity prices decreasing contract values and, therefore, revenues, your Company has been seeking to diversify the product basket, incorporating Futures and Options on various commodity segments from energy to agri-commodities. A well-diversified product basket should help the Company counter the decline in prices.

iii. To minimize the effect of interest rate volatility on treasury income, your Company is continuously rejigging its portfolio to be in line with the market trends, and if situation warrants reduce the tenure of the portfolio to minimise fluctuations in treasury income on a quarterly basis. Your Company constantly monitors the investments of the Company.

iv. 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. As a backup plan, your Company has Disaster Recovery (DR) Site at GIFT city in Gandhinagar, Gujarat which has a robust infrastructure and accessibility. 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 BCP-DR initiative and regularly conducts mock drills to test readiness and effectiveness of IT infrastructure at its Data Centre and also its DR site.

SETTLEMENT RISK MANAGEMENT

Prior to operationalisation of MCXCCL w.e.f. September 03, 2019, your Company used market safeguards and risk management techniques to ensure that its members met their financial obligations promptly and the Exchange was protected from undesirable events. Some of the risk management mechanisms adopted by MCX were minimum net worth requirements for its members, margin requirements, Mark-to Market (MTM) loss monitoring, Insurance Coverage for members, warehousing, etc.

Subsequent to transfer of clearing and settlement division to MCXCCL, requisite risk management measures are being undertaken by the clearing corporation.

STRATEGY

Your Company aims to further consolidate its position as a leading exchange by providing a wide array of commodity derivatives with increased focus on growing overall market size & diversifying its product and service offerings; maintaining new product innovation and development; and offering state of the art services to all its stakeholders. Your Company will continue to make relentless efforts in tapping the opportunities unfolding in India's commodity derivatives market.

Focus on increasing participation and expanding product suite

With base metal contracts now being delivery based, the Exchange will work more closely with the industry to make them the products of choice, for hedging and delivery. Your Company will now offer the benefit of fair price discovery reflective of domestic fundamentals and price risk management to the Indian metals market ecosystem, thereby becoming a 'price setter' in base metals.

With SEBI permitting mutual funds and portfolio management services (PMS) to participate in the commodity derivatives market, and allowing futures on commodity indices, your Company looks forward to the participation of institutional players in this market, leading to greater liquidity and market depth.

While your Company is working towards offering trading in indices on commodity derivatives, it also looks forward to expand its product offerings with exotic derivative products such as weather derivatives, subject to necessary regulatory approvals.

Going forward, your Company will increase its focus on getting large corporates, and small and medium enterprises to hedge on the Exchange platform. On evolving regulatory developments, your Company will explore opportunities in broader commodity eco-system, including building and developing spot trading platforms for commodities such as gold, natural gas and others.

Efforts for financial literacy in commodity derivatives

As a part of your Company's commitment towards improving financial literacy in commodity derivatives, MCX endeavours to reach out to a larger number of value chain participants and develop an efficient and vibrant ecosystem for the stakeholders. The Company will continue to undertake several initiatives in reaching out to members to keep them abreast about new products and future initiatives.

Focus on strengthening technical capabilities

In anticipation and preparation for future opportunities in the SPOT trading space, your Company is investing in building a platform using latest technologies to launch a SPOT Exchange in the commodity space including Bullion and Natural Gas. The platform being built aims at being scalable to meet the high performance needs of the growing market.

Your company is investing in innovation and building in-house solutions to be agile and self-reliant to meet the growing demands of the market and regulators. Towards this the Company is adopting new technologies for applications and for enhanced analytics. The Company is strengthening it technical capabilities to develop and support these platforms with a right balance of in-house and outsourced talents.

INITIATIVES

Your Company took a number of initiatives during the year for market development and growth:

Launch of independent Clearing Corporation

During the year, India witnessed the launch of the country's first clearing corporation in the commodity derivatives market. Multi Commodity Exchange Clearing Corporation Limited (MCXCCL), a wholly owned subsidiary of MCX, was inaugurated by Shri S. K. Mohanty, Whole Time Member, SEBI, on August 30, 2018, following which, the clearing corporation took over the clearing and settlement functions of MCX. The presence of a separate and well-capitalized clearing corporation has the objective of enhancing trust among the participants of the commodity derivatives market, especially the institutional investors. At the same time, the segregation of post-trade risk management provides exchanges like MCX with more opportunities to focus on development and inclusiveness of the market. MCXCCL, within a few months of commencing operations, has already become a member of the prestigious Asia-Pacific Central Securities Depository Group. MCXCCL is being subjected to regulation and supervision using the 'Principles for Financial Market Infrastructure' (PFMIs), issued by CPSS and IOSCO in April 2012, to enhance safety and efficiency in payment, clearing, settlement and recording arrangements and to limit systemic risk and foster transparency and financial stability.

New products

Another major initiative taken during the year was the launch of four new commodity Options contracts on futures of Crude Oil, Zinc, Copper and Silver. MCX is committed to meet the hedging and investment needs of commodity stakeholders, through expansion of its products. These new options contracts enable the Exchange serve stakeholders in the market with varied participation objectives, thereby making the commodity derivatives market more efficient and inclusive. The Exchange also launched futures contracts on Rubber during the year, which was discontinued in March 2019.

New facilities to better serve stakeholders

Your Company remains committed to further strengthening its processes, creating products and systems in order to uphold the trust bestowed by its stakeholders. During the year, your Company undertook the measures listed below to facilitate its members and their clients.

i) MCX opened five more gold delivery centres at Hyderabad, Bengaluru, Kochi, Chennai and Kolkata in order to enhance the reach of the gold derivatives market.

ii) The Exchange launched the 'Member Assistance Portal' for online resolution of members' queries and introduced MCX Member Profile Interface (MMPI), an online utility for members, assisting them in updating their profile details and membership compliances.

iii) MCXCCL successfully completed its transition to an electronic Negotiable Warehouse Receipt (e-NWR) system through the WDRA-recognized CDSL Commodity Repository Limited (CCRL) for physical delivery of agri-commodity derivatives. This development was undertaken to enhance confidence of the market participants undertaking physical delivery through the Exchange mechanism, and also promate e-NWRs and strengthen the linkage of the broader commodity market, with the world of finance through warehouse receipt financing.

Outreach initiatives

MCX continues to take up various initiatives for spreading awareness among various stakeholders about the benefits of participating in a well-functioning, efficient, transparent commodity derivatives market. With the 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 of commodity markets, in association with various entities like Exchange members, media, industrial associations, banks etc. was one of the primary modes adopted for spreading awareness about the market. The details are given below:

i) During 2018-19, MCX conducted 745 awareness programmes across the country. A number of these programmes were conducted in association with industry associations or professional bodies (such as ICAI, ICSI, etc.) with the objective of spreading awareness about commodity hedging/ investment/ disclosures to the concerned stakeholders.

ii) An exclusive event was held, in association with the Federation of Indian Chamber of Commerce and Industry (FICCI) on February 28, 2019, to create awareness among the new institutional participant categories, such as Alternative Investment Funds, Mutual Funds, Portfolio Managers, about investment opportunities using commodity derivatives.

iii) In partnership with Ernst & Young LLP, USA, EY India, and Navitas Resources, Singapore, your Company organized a two-day workshop on 'Hedging of Aviation Turbine Fuel (ATF)' for personnel of airlines companies. Senior personnel from Finance and Procurement functions of Indian aviation companies (Air India, Jet Airways, Spicejet and Air Vistara) participated in this hedging workshop.

iv) To sensitise banking personnel about risk management using commodity derivatives, a programme was conducted at the Canara Bank Staff Training College, Bengaluru, which was attended by about 50 officials from the credit and risk functions of the bank.

v) In order to spread awareness about commodity markets among the student community, COMQUEST, a national-level quiz on commodities was conducted during the year. Teams from 56 colleges across the country competed in this quiz.

vi) MCX conducted 99 events during the year focused on Farmer Producer Organizations (FPOs) and farmers, 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. More than 35,000 participants benefited from these events.

vii) During the year, MCX entered into a MoU with the Department of Agriculture, Government of Maharashtra for launching 'Cotton Mission' in the State's Vidarbha region. The Mission is aimed at increasing market access for Vidarbha's cotton farmers, to enable them earn higher incomes by moving them up the cotton value chain and facilitating them to hedge and deliver on the Exchange platform. Under this Mission, 18 new warehouses were accredited for delivery of cotton in Maharashtra's Vidarbha region, and 27 awareness events were conducted for the benefit of farmers of the region.

viii) On November 16, 2018, MCX observed 'India Commodity Day', to commemorate the 15th anniversary of the Exchange going live, as well as, to spread awareness about the importance of commodity trading among the public. The knowledge-sharing event brought together regulatory officials and industry leaders from India and abroad. Officials from a regulatory body, the US Commodity Futures Trading Commission (CFTC), global exchange, the London Metal Exchange and a leading Price Reporting Agency, Argus, deliberated on the path ahead for growth of India's commodity derivatives market.

Other Stakeholder engagements

To honour the stakeholders of India's commodity derivatives market for their role in developing this market, your Company organized the third edition of MCX Awards on April 26, 2019. 57 members and other ecosystem partners were felicitated for their contribution in 7 award categories at the said event.

MCX participates in various conferences organized by trade bodies, stakeholders' associations for spreading awareness and as a forum for policy advocacy. During 2018-19, some of the major conferences in which the Company has participated included WFE General Assembly & Annual Meeting, IOSCO Annual Conference, LBMA/LPPM Precious Metals Conference, Annual FIA Asia Derivatives Conference, FIA Expo and FOW Trading Conference .

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 Dalian Commodity Exchange (DCE) during FY 2019. This helped in understanding their products and practices, and remain abreast of developments in trading, technology, clearing and risk management in global arena.

Publications

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 its growth. Articles on various aspects of the market are regularly published in various publications including trade journals and mainstream newspapers and magazines with wide reach. Awareness about commodity markets, including hedging using commodity derivatives and the 'dos and don'ts' for safe trading, is also created through various channels of the electronic media, including regional channels. 'Commodity Insights Yearbook 2018', a resource for spreading market intelligence and a repertoire of analytical articles was released by your Company on India Commodity Day 2018. This publication also aims at spreading knowledge and promoting research in the commodity ecosystem. MCX's periodic newsletters, which are widely circulated and uploaded on the website are other effective tools used to regularly communicate with the Exchange's stakeholders. Various commodity-specific brochures on hedging, investment, disclosures, etc. and in multiple languages are also published to spread awareness about opportunities for hedging and investment in the commodity derivatives market.

Policy Advocacy

Your Company endeavours to drive advocacy towards objectives, which are of significance to all stakeholders of the commodity derivatives market and for making the market more relevant and inclusive. During the year, the advocacy efforts were oriented towards policy and regulatory changes aimed at entry of new participant groups, such as mutual funds, Portfolio Management Services, banks, pension funds, insurance companies and other institutional entities in the commodity derivatives market, and also facilitating the participation of Alternative Investment Funds (AIFs) and custodial service providers in this market segment. Advocacy was also done for expansion of the permissible products to include index-based products and Options on new commodity futures. SEBI was requested to facilitate listed companies' compliance to disclosure of their exposure to commodity price risks and hedging activities in their Annual Reports. Following this request, the market regulator issued instructions and a format for disclosure of commodity price risks and risk management which is to be followed by all listed companies.

OUTLOOK

A combination of macroeconomic factors, together with the structure and dimensions of the Indian economic growth story and supportive policy measures, provide for a positive outlook for your Company

Economic growth - Boost to demand in commodities and their risk management

The Indian economy is poised to traverse a high growth path. Supporting the strong growth story of the Indian economy would be sectors such as agriculture (and its value-add), mining, manufacturing, and related sectors. Aided by rising aggregate demand of a rising population (much of which is young), and an enabling policy environment, both the primary and secondary sectors could continue to retain their momentum.

The commodity-intensity of India's industrial and agricultural growth story means that the stability and growth of India's commodity market will continue to play an important role to sustain Indian economy. Besides, with a strong relation between primary sectors such as agriculture, mining and a host of user industries, the growth in the primary sector would continue to act as a catalyst for the development of other core industries like power, steel and cement. These, in turn, are critical for the overall development of the economy. Here too, the role of India's commodity market and its ability to supply key raw materials to industries cannot be overemphasized.

In all, the strong demand for commodities is expected to contribute to a strong demand for commodity risk management and price discovery, and further boost the demand for services such as warehousing, logistics, and assaying. Development of these services, which in turn, would contribute to sustainable growth of the commodity derivatives market through reduced costs and widespread availability, is a long term opportunity for your Company.

Expansion of product and participant categories

The Indian commodity derivatives market has been witnessing regulatory and policy enablements since SEBI took over the reins of the market in 2015. SEBI's historic decisions made in 2018-19 hold promises for the current year too.

SEBI allowed options on commodity futures in the metals and energy segments and also permitted newer participant segments in the commodity derivative market. The market regulator recently allowed Mutual Funds and Portfolio Managers to participate in the commodity derivatives market. This development can be a game changer in this market. In 2017-

18 bank broking subsidiaries were allowed to distribute commodity derivatives and broking houses allowed to integrate their entities across commodities and other asset classes under a single license, these entities took the advantage of these regulatory decisions and expanded their footprint in the commodity derivatives market starting 2018-19. Similarly, banks have started becoming professional clearing members of exchanges/ clearing corporations, making the exchange-traded commodity markets more attractive for financial institutions to participate.

In a development that brightens the future outlook of your Company, SEBI approved amendments to the SEBI (Custodian of Securities) Regulations, 1996 allowing custodial services in goods that are the underlying for commodity derivative contracts. These amendments by enabling participation of institutional investors in commodity derivatives market, are key to enhancing depth and liquidity of this market. In another initiative at market deepening, SEBI released a Consultation Paper for Warehouse Service Providers (WSP), warehouses, assayers and other allied service providers engaged in non-agricultural goods. This is a significant development for your Company which specializes in non-agricultural commodities, as standardisation of storage and delivery norms for non-agricultural commodities will help unlock their values and invigorate both their derivatives and physical markets.

SEBI has released the Guidelines for 'Design of Commodity Indices and Product Design for Futures on Commodity Indices' on June 18, 2019, which enables your Company to commence futures on commodity indices. Earlier, in January 2019, SEBI has released a Consultation Paper on introducing tradable derivative contracts on commodity indices. Once introduced, index-based products will encourage participation of institutions, such as mutual funds, in the commodity derivatives market. Further, trading in derivatives products on commodity indices may also increase liquidity in underlying commodity derivatives products, as participating entities may like to carry out arbitrage trades across index products and constituent commodity derivative contracts or may use one product to hedge their positions in other.

Other enablements

The government has expressed its intention of permitting electronic spot trading platforms for trading commodities. Subject to regulatory guidelines and approval, your Company will explore opportunities for building and developing spot trading platforms for commodities such as gold and natural gas.

Meanwhile, trading time was increased by an hour to boost participation. Now, one can trade in non-agri commodities from 9 am to 11.30/ 11.55 pm, and in agricultural/ agri-processed commodities from 9 am to 5 pm (up to 9 pm for internationally referenced agri-commodities).

These developments hold a lot of promise for the further growth of the commodity derivatives market and present a bright outlook for your Company.

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 are 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 they operate effectively and ensure accuracy and completeness of the accounting records. 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. These includes 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 and other related activities.

The Audit Committee of the Company, comprising of majority of Public Interest Directors, reviews and recommends the unaudited quarterly financial statements and the annual audited financial statements of your Company 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

Your Company continues to attract, retain and nurture talented workforce in its endeavour to be an employer of choice. As on March 31, 2019, your Company employed 351 employees.

Consequent to the expiry of the tenure of Mr. Mrugank Paranjape as MD & CEO, Mr. P.S. Reddy was appointed as MD & CEO of the Company w.e.f. May 10, 2019.

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 through our continual efforts and initiatives like structured Reward & Recognition program and rewarding their Long Service to recognize the contribution & value add of deserving employees.

Structured 'Internal Job Posting' platform has been put in place offering opportunities within the Exchange to the aspiring and deserving employees for lateral & hierarchical career growth. To enhance competencies and collaborative efforts of the senior team of the Exchange, 360 degree feedback was initiated to align self-perception to the perception across subordinate, peers and senior levels.

Further, objective appraisal systems based on Key result areas (KRAs) have been put in place, wherein, mid-term feedback to all employees is provided across all levels.

HR Continues to run online **HR Portal called 'HR-Connect'**, 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.

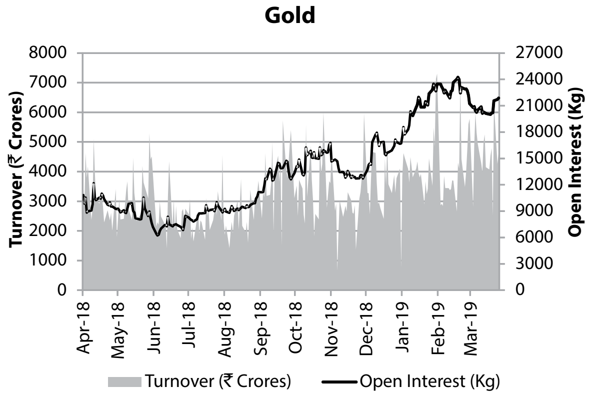
CAUTIONARY STATEMENT

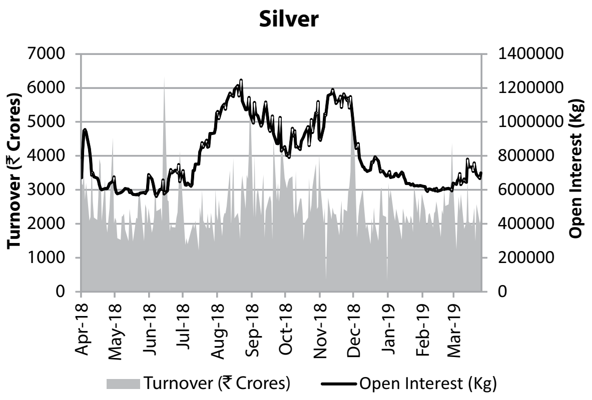
In this annual report some future developments which are expected to be implemented have been given. This has been to help investors better understand the Company's future prospects and make informed decisions while interacting with the Exchange. This annual report and other written and oral statements made from time to time may contain such forward looking statements that set out anticipated results based on management's plans and assumptions. Wherever possible efforts have been made 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 have been used. It cannot be guaranteed 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 when 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.

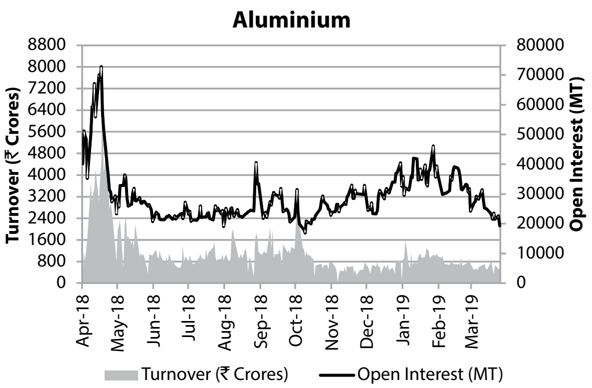
ANNEXURE I

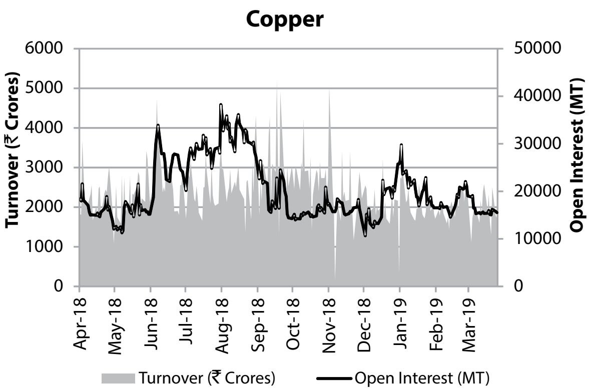
Turnover and Open Interest of Commodity Futures Contracts Traded on MCX in 2018-19

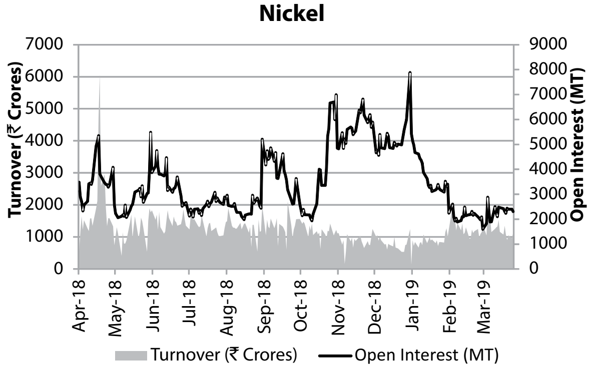
(All variants of each commodity combined)

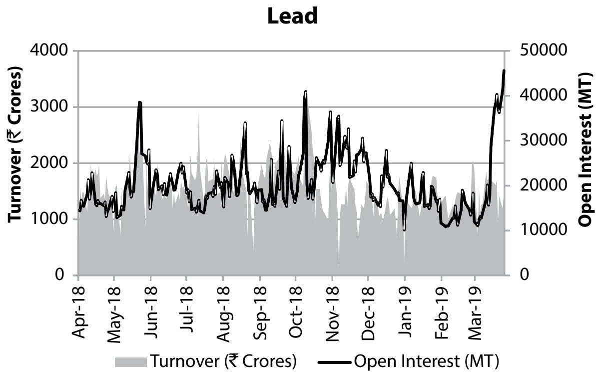


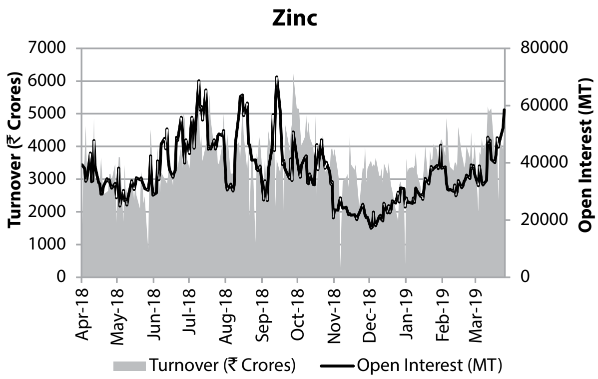

Silver
Turnover (₹ Crores)
Open Interest (Kg)
7000
6000
5000
4000
3000
2000
1000
0
1400000
1200000
1000000
800000
600000
400000
200000
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (Kg)

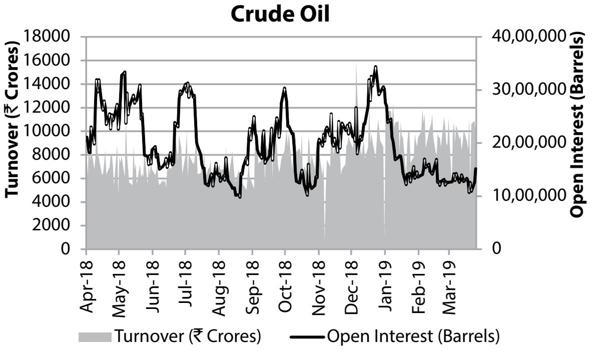

Aluminium
Turnover (₹ Crores)
Open Interest (MT)
8800
8000
7200
6400
5600
4800
4000
3200
2400
1600
800
0
80000
70000
60000
50000
40000
30000
20000
10000
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (MT)

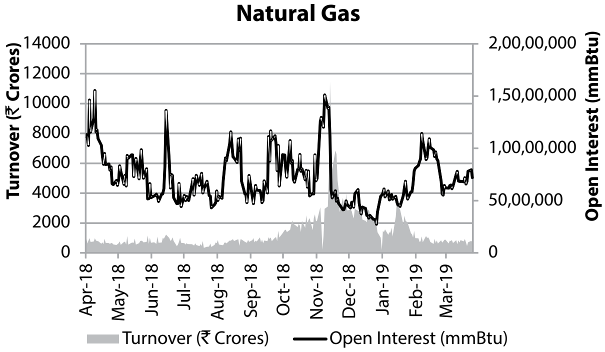

Copper
Turnover (₹ Crores)
Open Interest (MT)
6000
5000
4000
3000
2000
1000
0
50000
40000
30000
20000
10000
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (MT)

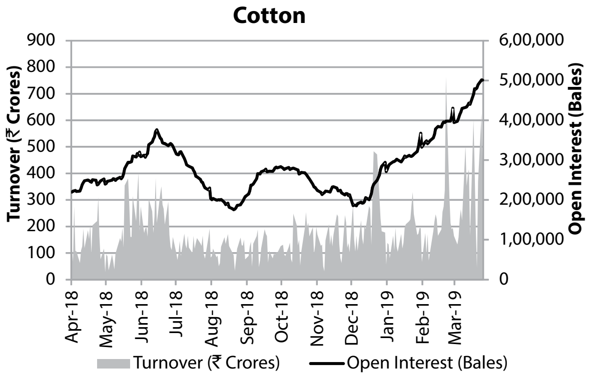

Nickel
Turnover (₹ Crores)
Open Interest (MT)
7000
6000
5000
4000
3000
2000
1000
0
9000
8000
7000
6000
5000
4000
3000
2000
1000
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (MT)

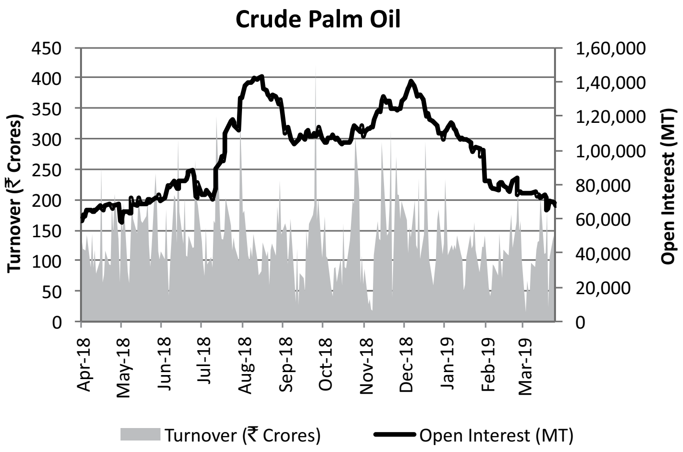

Lead
Turnover (₹ Crores)
Open Interest (MT)
4000
3000
2000
1000
0
50000
40000
30000
20000
10000
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (MT)

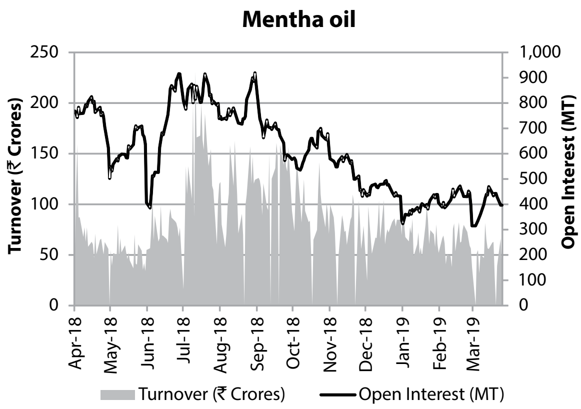

Zinc
Turnover (₹ Crores)
Open Interest (MT)
7000
6000
5000
4000
3000
2000
1000
0
80000
60000
40000
20000
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (MT)

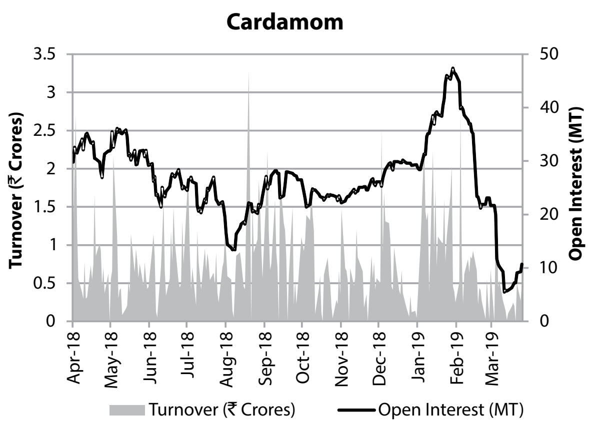

Crude Oil
Turnover (₹ Crores)
Open Interest (Barrels)
18000
16000
14000
12000
10000
8000
6000
4000
2000
0
40,00,000
30,00,000
20,00,000
10,00,000
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (Barrels)


Natural Gas
Turnover (₹ Crores)
Open Interest (mmBtu)
14000
12000
10000
8000
6000
4000
2000
0
2,00,00,000
1,50,00,000
1,00,00,000
50,00,000
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (mmBtu)

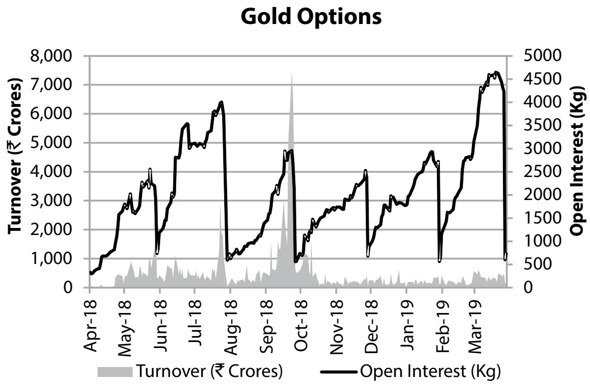

Cotton
Turnover (₹ Crores)
Open Interest (Bales)
900
800
700
600
500
400
300
200
100
0
6,00,000
5,00,000
4,00,000
3,00,000
2,00,000
1,00,000
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (Bales)

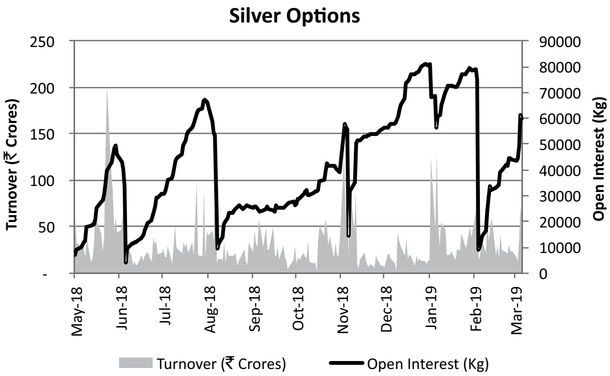

Crude Palm Oil
Turnover (₹ Crores)
Open Interest (MT)
450
400
350
300
250
200
150
100
50
0
1,60,000
1,40,000
1,20,000
1,00,000
80,000
60,000
40,000
20,000
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (MT)

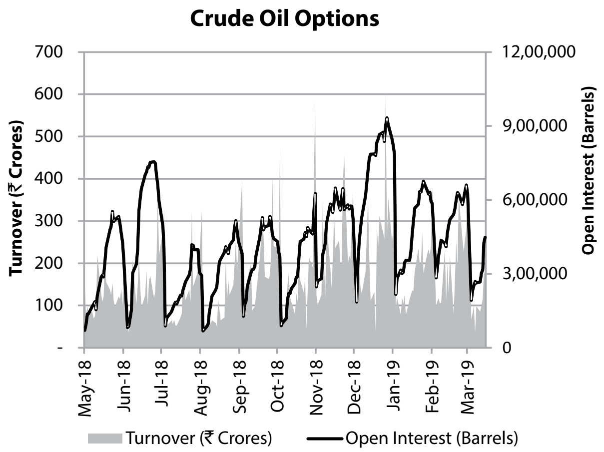

Mentha oil
Turnover (₹ Crores)
Open Interest (MT)
250
200
150
100
50
0
1,000
900
800
700
600
500
400
300
200
100
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (MT)

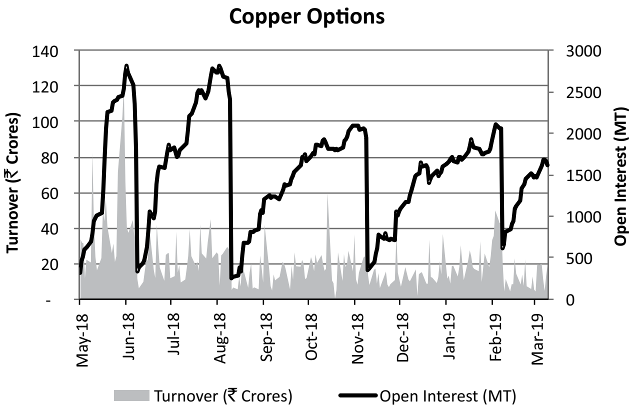

Cardamom
Turnover (₹ Crores)
Open Interest (MT)
3.5
3
2.5
2
1.5
1
0.5
0
50
40
30
20
10
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (MT)

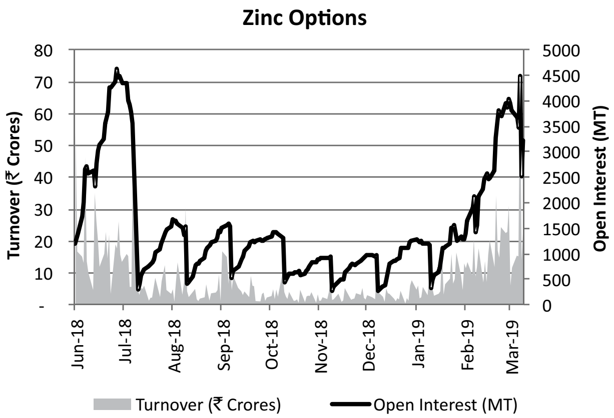
Turnover and Open Interest of Options Contracts Traded on MCX in 2018-19








Copper Options
Turnover (₹ Crores)
Open Interest (MT)
140
120
100
80
60
40
20
-
3000
2500
2000
1500
1000
500
0
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (MT)


Zinc Options
Turnover (₹ Crores)
Open Interest (MT)
80
70
60
50
40
30
20
10
-
5000
4500
4000
3500
3000
2500
2000
1500
1000
500
0
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (₹ Crores)
Open Interest (MT)

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'), are committed to 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) 2018-19 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 3 (three) Women Directors (one being an Independent Director), all being professionals having experience in diverse areas such as management, technology, finance and legal.

As on March 31, 2019, the Board comprised 11 (eleven) members, of which 5 (five) 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 was an Executive Director, others including the Chairman were Non-Executive Directors.

The aforesaid constitution was in compliance with the Companies Act, 2013 and the SEBI Listing Regulations, with more than one-third of the Board comprising of Independent Directors. However, it was not meeting the composition requirement specified under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as 'the SECC Regulations'), owing to the resignation tendered by Mr. Arun Bhargava as a Public Interest Director (PID) from the Board of MCX with effect from March 06, 2019. Regulation 23(2) of the SECC Regulations states that the number of public interest directors shall not be less than the number of shareholder directors on the Governing Board of the Exchange and for computing the same the Managing Director shall be included in the category of Shareholder Directors. The same was brought to the notice of SEBI and the Company was advised to comply with the relevant provisions of the Companies Act, 2013 and the SEBI Regulations in this regard. The Company, in compliance with the SECC Regulations, recommended to SEBI for its approval, names of candidates for appointment as a PID for filling the vacancy arising out of the resignation of Mr. Arun Bhargava.

Mr. Arun Bhargava tendered his resignation for personal reasons being the diminishing interest in work and to revert his interest in reading and writing. He confirmed that there are no other material reasons than stated.

The Board's composition and in respect of each Director, the category of Directorship, the number of board meetings attended during the year, attendance at the last Annual General Meeting (AGM), number of Directorship(s) in other Companies, names of Listed Entities where he/she is a Director, Chairmanship(s) and Membership(s) of Committees held by him/her in other Public Limited Companies are given below:

Sr. No.	Name and DIN of the Director	Category of Directorship	Board Meetings		Attendance at the last AGM held on August 31, 2018	Number of Directorship(s) in other companies (*)as on March 31, 2019	Names of other listed entities where serving as a Director	Chairmanship(s) and Membership(s) of Board Committees in other Companies (**) as on March 31, 2019	
			Held#	Attended				Chairman	Member
1.	Mr. Saurabh Chandra (DIN: 02726077)	Chairman, Non-Executive, Independent	8	8	Yes	4	-	0	2
2.	Mr. Amit Goela (DIN: 01754804)	Non-Executive, Non-Independent	8	8	Yes	5	• Suryaamba Spinning Mills Limited – Non-Executive, Independent	0	0
3.	Mr. Basant Seth[1] (DIN: 02798529)	Non-Executive, Independent	7	7	Yes	3	• Roto Pumps Limited - Non-Executive, Independent • State Bank of India - Non-Executive, Independent	0	2
4.	Mr. Chengalath Jayaram (DIN: 00012214)	Non-Executive, Non-Independent	8	8	Yes	5	• Kotak Mahindra Bank Limited – Non-Executive, Non-Independent • Allsec Technologies Limited- Non-Executive, Independent	0	2
5.	Dr. Deepali Pant Joshi[2] (DIN: 07139051)	Non-Executive, Independent	6	6	Yes	1	-	0	1
6.	Mr. Hemang Raja[3] (DIN: 00040769)	Non-Executive, Non-Independent	8	8	Yes	3	• IDFC First Bank Limited- Non-Executive, Independent	1	2
7.	Ms. Madhu Vadera Jayakumar[4] (DIN: 00016921)	Non-Executive, Non-Independent	8	5	No	3	• Aptech Limited- Non-Executive, Independent	0	1
8.	Ms. Padma Raghunathan (DIN: 07248423)	Non-Executive, Non-Independent	8	7	Yes	0	-	0	0
9.	Mr. Prithvi Haldea (DIN: 00001220)	Non-Executive, Independent	8	8	Yes	7	• Nucleus Software Exports Limited- Non-Executive, Independent	2	1
10.	Mr. Shankar Aggarwal (DIN: 02116442)	Non-Executive, Independent	8	8	Yes	6	• Skil Infrastructure Limited-Executive • Dish TV India Limited- Non-Executive, Independent	1	0
11.	Mr. Mrugank Paranjape (DIN: 02162026)	Executive	8	7	Yes	1	-	0	0
12.	Mr. Arun Kumar Nanda[1] (DIN: 00010029)	Non-Executive, Independent	1	1	NA	NA	NA	NA	NA
13.	Mr. Subrata Kumar Mitra[1] (DIN: 00029961)	Non-Executive, Independent	1	1	NA	NA	NA	NA	NA
14.	Dr. M. Govinda Rao[2] (DIN: 01982343)	Non-Executive, Independent	2	2	NA	NA	NA	NA	NA
15.	Mr. Arun Bhargava[5] (DIN: 02375147)	Non-Executive, Independent	7	7	Yes	NA	NA	NA	NA

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

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

 # 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.*

1. In terms of SEBI approval, Mr. Basant Seth was appointed as an Independent Director on the Board of the Company w.e.f. May 19, 2018 to fill in the vacancy arising out of the completion of tenure of Mr. Arun Kumar Nanda and Mr. Subrata Kumar Mitra w.e.f. close of business hours on May 18, 2018.

2. In terms of SEBI approval, Dr. Deepali Pant Joshi was appointed as an Independent Director on the Board of the Company w.e.f. August 08, 2018 to fill in the vacancy arising out of the completion of tenure of Dr. M. Govinda Rao w.e.f. close of business hours on August 07, 2018.

3. Mr. Hemang Raja was liable to retire by rotation at the 16th Annual General Meeting (AGM) of the Company held on August 31, 2018 and being eligible, offered himself for re-appointment. The resolution of his re-appointment was passed by requisite majority.

4. Ms. Madhu Vadera Jayakumar was liable to retire by rotation at the 16th Annual General Meeting (AGM) of the Company held on August 31, 2018 and being eligible, offered herself for re-appointment. The resolution of her re-appointment was passed by requisite majority.

5. Mr. Arun Bhargava ceased to be an Independent Director on the Board of the Company w.e.f. March 06, 2019 consequent to his resignation from the Board.

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

Except in case of emergent meetings convened 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 2018-19, 8 (Eight) meetings of the Board of Directors were held and the gap between any two meetings did not exceed 120 (one hundred and twenty) days. The said Board meetings were held on April 28, 2018, July 20, 2018, August 31, 2018, October 23, 2018, December 07, 2018, January 15, 2019, February 25, 2019, March 27, 2019. In certain cases, the Board's approval was taken by passing resolution/s through circulation, as permitted by law, which were confirmed in the subsequent meeting/s 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 placed before the Board, from time to time, for their consideration, to the extent applicable and deemed appropriate by the Management. This information was made available as a part of the agenda papers or only in exceptional cases, tabled at the Board Meeting/s.

(C) Independent Directors:

Independent Directors (also referred as 'Public Interest Directors') are nominated by SEBI on the recommendation of Board of Directors of the Company in accordance with the provisions of the SECC Regulations, 2018 and the guidelines/directions/circulars etc. issued 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 at the Board/Committee meetings. The Company issues a formal letter of appointment to all Independent Directors which, *inter-alia*, sets out the expectation of the Board from the Directors so appointed, their fiduciary duties and the accompanying liabilities. The terms and conditions of their appointment have been disclosed on the website of the Company. The Independent Directors are complying with the provisions relating to limit of directorships as required under Regulation 17A of the SEBI Listing Regulations.

Each 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 Board has received declarations from the Independent Directors and in its opinion, the Independent Directors satisfy the criteria of independence as specified in the SEBI Listing Regulations as well as Companies Act, 2013 and are independent of the management.

The meetings of the Independent Directors' Committee/Public Interest Directors' Committee were held on June 11, 2018, July 20, 2018 and January 14, 2019. During the meetings, the Independent Directors reviewed, 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) 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;

f) Working of the other committees where the Independent Directors are also members.

(D) Familiarisation Programme for Directors:

The Company has conducted familiarisation programmes for the Directors in order to familiarise them with the nature of the industry, operations of the company, functioning of various departments etc. Periodic presentations are made at the Board/Committee Meetings on business development plan and performance, risk management, technology, etc. Updates on relevant statutory changes and important letters received from SEBI are placed before the Board/Committee, as the case may be. The Board Members are also provided with the information/ documents sought by them, from time-to-time, to enable them to have an understanding of the Company, its operations, procedures and practices. The details of familiarisation programme conducted for Directors during FY 2018-19 have been posted on the website of the Company at https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/directors-familiarisation-programme_march2019_updated.pdf?sfvrsn=a464d990_2.

(E) Compliance reports of applicable laws:

The Board periodically reviews compliance reports, pertaining to all laws applicable to the Company as received from the MD & CEO, backed up with confirmations from the respective heads of departments, as well as, steps taken by the Company 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/ Key Management Personnel (KMPs) of the Company which is available on the website of the Company at https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/mcx-code-of-conduct_april2019.pdf?sfvrsn=e0edd890_2. The Board Members and the Senior Management Personnel/KMPs affirm compliance with the Code of Conduct at the time of their appointment and thereafter on an annual basis. The Directors and KMPs also affirm compliance with the Code of Ethics prescribed by SEBI. Further, all employees of the Company, at the time of joining, undertake to abide by the Code of Ethics of the Company.

The declaration by the MD & CEO as required under Regulation 34(3) read with Schedule V(D) of the SEBI Listing Regulations, stating that the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Financial Year 2018-19 is annexed.

(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 regulating trade 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, 2019 along with the shareholding as at March 31, 2019 is as below:

Particulars	Mr. Mrugank Paranjape (MD&CEO) (Amount in ₹)
Remuneration	
Fixed Component:	
Salary and allowances	2,20,00,000.00
Monetary value of perquisites	39,600.00
Retiral Benefits	
Reimbursement of expenses	
Variable Component:	
Commission	
Bonus/Incentive/ Variable pay *	8,25,000.00
Total	
Leave Encashment	
Gross Total	
Directors Sitting Fees for FY 2018-19	**NA**
Shareholding as at March 31, 2019 (in Nos.)	**Nil**

Note: *The above mentioned figures exclude gratuity, if applicable.*

Mr. Mrugank Paranjape was appointed as the MD & CEO of the Company w.e.f. May 09, 2016 for a period of 3 years. He was not entitled to any severance allowance and his employment was subject to termination in accordance with the Company's policy and/or his employment contract, the notice period being 3 months.

** In terms of the provisions of the SECC Regulations, 2018, 50% of the variable pay to Key Management Personnel is to be paid on a deferred basis after 3 years.*

Note: In terms of the provisions of the SECC Regulations, 2018, ESOPs and other equity linked instruments in the stock exchange shall not be offered or provided as part of the compensation for the key management personnel. Accordingly, the KMPs are not 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, 2019 and their shareholding as at March 31, 2019 is as below:

Name of the Director	Gross Sitting Fees (Amount in ₹)		Outstanding Stock options (in Nos.)	Shareholding in the Company as at March 31, 2019 (in Nos.)
	Board Meetings	Committee Meetings		
Mr. Saurabh Chandra	7,00,000	13,90,000	N.A.	–
Mr. Amit Goela	7,00,000	3,20,000	N.A.	100
Mr. Basant Seth	6,25,000	8,10,000	N.A.	–
Mr. Chengalath Jayaram	7,00,000	9,60,000	N.A.	–
Dr. Deepali Pant Joshi	5,50,000	2,90,000	N.A.	–
Mr. Hemang Raja	7,00,000	2,40,000	N.A.	–
Ms. Madhu Vadera Jayakumar	4,50,000	30,000	N.A.	–
Ms. Padma Raghunathan*	6,00,000	1,40,000	N.A.	–
Mr. Prithvi Haldea	7,00,000	14,70,000	N.A.	–
Mr. Shankar Aggarwal	7,00,000	16,30,000	N.A.	–
Mr. Arun Kumar Nanda	75,000	60,000	N.A.	–
Mr. Subrata Kumar Mitra	75,000	30,000	N.A.	–
Dr. M. Govinda Rao	1,50,000	2,10,000	N.A.	–
Mr. Arun Bhargava	6,00,000	9,30,000	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 2018-19, except for sitting fees paid to the Non-Executive Directors.

The Board of Directors in its meeting held on December 07, 2018, on the recommendation of the Nomination and Remuneration Committee, approved the increase in sitting fees to be payable to Non-executive Directors for attending the Board Meetings from ₹ 75,000/- per meeting to ₹ 1,00,000/- per meeting. For the Committee Meetings, the same was increased from ₹ 30,000/- per meeting to ₹ 50,000/- per Meeting. Accordingly, revised sitting fees was paid to the Non-Executive Directors for the Board /Committee meetings held on/after December 07, 2018. The sitting fees paid to the Non-Executive Directors including the Independent Directors is within the limits prescribed under the Companies Act, 2013. 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_june2019.pdf?sfvrsn=b15ba090_2.

Further, the Board/respective Committees induct Independent External Experts on certain Committees of the Board where mandatorily prescribed by the Regulator and/or to the extent it is considered appropriate to seek value addition/assist smooth functioning. The External Experts were entitled to the same sitting fees as the Non-Executive Directors for attending the Committee Meetings during FY 2018-19.

(I) The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company and are available with the Board :

- **Systems and Technology** – Understanding the growing demands of the market, anticipating future technological trends and monitoring the efficiency, resilience and efficacy of the system.
- **Regulatory and Governance** – Developing good corporate governance practices, protecting the legitimate interests of the company, its employees, stakeholders and the communities in which it operates, maintaining board and management accountability and understanding the regulatory framework and ensuring compliance thereof in letter and spirit, risk assessment and its minimisation.
- **Leadership and Strategic Planning** – Leadership experience in business development and strategic planning, driving change and long term growth, formulation and execution of strategies in the best interest of the Company.
- **Finance and accounting** – Management of the finance function including investments, ensuring integrity of financial information and monitoring that the financial controls are robust and defensible, treasury management.
- **Diversity** – Diversity of knowledge, experience, gender, outlook and principles, understanding of different geographies/cultures.

(J) The Company has formulated the criteria for performance evaluation of Individual Directors, Chairperson of the Board, Board Committees and the Board as a whole. The annual evaluation process and the criteria for the same are set out in the Directors' Report.

3. BOARD COMMITTEES:

In accordance with the provisions of the Companies Act, 2013, the SEBI Listing Regulations and the SECC Regulations, 2018, the Board has constituted/re-constituted the Committees during FY 2018-19. In addition to the Statutory Committees, other Committees are also constituted by the Board for effective exercise of its powers.

During the year, the Committees viz. Independent Oversight Committee of the Governing Board for Trading and Surveillance Function, Sub-Committee for Monitoring Compliance of Suggestions given in SEBI Inspection Report, Investor Services Committee, Oversight Committee for Product Design, Ethics Committee, Independent Oversight Committee of the Governing Board for Member Regulation, Disciplinary Action Committee, Defaulters' Committee and Settlement Guarantee Fund Committee were rescinded and a new Committee "Regulatory Oversight Committee" was constituted in accordance with the provisions of SECC Regulations, 2018 and SEBI Circular SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/13 dated January 10, 2019 on "Committees at Market Infrastructure Institutions."

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 in accordance with Company's policy for frequency of Committees meetings framed pursuant to the provisions of SECC Regulations, 2018. The minutes of all the Committee Meetings are placed at their subsequent Meetings and also before the Board for its noting. The recommendations of the Committees are placed before the Board for approval, wherever required.

The details with respect to the composition, terms of reference, meetings and attendance for Audit Committee, Nomination and Remuneration Committee and the Stakeholders' Relationship Committee are given below:

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.

I. Terms of Reference:

The terms of reference of the Audit Committee are as follows, and shall include such other functions as may be prescribed in Companies Act, 2013 and SEBI Listing Regulations, and/or such other applicable laws, rules, regulations, guidelines and circulars as issued or amended from time to time:

i. recommendation for appointment, remuneration and terms of appointment of auditors of the company;

ii. review and monitor the auditor's independence and performance, and effectiveness of audit process;

iii. examination of the financial statement and the auditors' report thereon;

iv. granting approval / omnibus approval, subject to conditions as may be prescribed under any applicable laws, regulations, guidelines, or any subsequent modification of transactions of the company with related parties;

In case of transaction, other than transactions referred to in section 188 of Companies Act, 2013, and where Committee does not approve the transaction, it shall make its recommendations to the Board;

Also, in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Committee and it is not ratified by the Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Committee;

v. scrutiny of inter-corporate loans and investments;

vi. valuation of undertakings or assets of the company, wherever it is necessary;

vii. evaluation of internal financial controls and risk management systems;

viii. monitoring the end use of funds raised through public offers and related matters;

ix. review the financial statements, in particular, the investments made by unlisted subsidiary.

II. Powers of the Committee:

The Audit Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. The Committee may also call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

III. Role of the Committee:

The role of the Audit Committee and the information to be reviewed by the Audit Committee shall be as specified in SEBI Listing Regulations or as may be amended from time to time.

IV. Composition, meetings and attendance during the year:

During the Financial Year 2018-19, 14 (fourteen) Audit Committee Meetings were held and the gap between any two meetings did not exceed 120 (one hundred and twenty) days. The said meetings were held on April 28, 2018, July 20, 2018, August 30, 2018, September 17, 2018, October 08, 2018, October 23, 2018, November 30, 2018, December 06, 2018, December 24, 2018, January 15, 2019, February 07, 2019, February 11, 2019, February 24, 2019 and March 27, 2019. The constitution and the number of meetings attended by the members are as under:

Members *	Category	Meetings held#	Meetings attended
Mr. Shankar Aggarwal (Chairman) @	Non-Executive, Independent	14	14
Mr. Basant Seth	Non-Executive, Independent	13	12
Mr. Prithvi Haldea	Non-Executive, Independent	13	13
Mr. Chengalath Jayaram	Non-Executive, Non-Independent	14	11
Mr. Arun Bhargava	Non-Executive, Independent	13	12
Mr. Subrata Kumar Mitra (Chairman) @	Non-Executive, Independent	1	1

**During the year, the Audit Committee was re-constituted by the Board on June 13, 2018 . The Committee comprised of Mr. Shankar Aggarwal, Mr. Basant Seth, Mr. Prithvi Haldea and Mr. Chengalath Jayaram as on March 31, 2019.*

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

@ The tenure of Mr. Subrata Kumar Mitra as an Independent Director on the Board of MCX completed w.e.f. close of business hours on May 18, 2018. Thereafter, Mr. Shankar Aggarwal was appointed as the Chairman of the Committee.

Invitees to the Audit Committee Meetings included the CFO, MD&CEO, 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 to the Committee.

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

Mr. Shankar Aggarwal, Chairman of the Audit Committee, attended the last Annual General Meeting of the Company held on August 31, 2018.

NOMINATION AND REMUNERATION COMMITTEE :

Nomination and Remuneration Committee works with the Board to determine the attributes, skills and experience required for the Board as a whole as well as for individual members, in overseeing succession planning at the Company and recommending the appointment and remuneration of Directors/KMPs.

I. Terms of Reference:

i. Identify persons who are qualified to become Directors and who may be appointed as Key Management Personnel in accordance with the criteria laid down, recommend to the Board their appointment and removal;

ii. Identify Key Management Personnel, other than personnel as specifically provided in its definition under SECC Regulations, 2018;

iii. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Management Personnel and other employees, in terms of the compensation norms prescribed by SEBI, as applicable;

iv. The Nomination and Remuneration Committee shall, *inter-alia*, while formulating the 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.

v. Determine the tenure of a Key Management Personnel, other than a Director, to be posted in a regulatory department;

vi. Selecting the Managing Director;

vii. Recommend to the Board, all remuneration, in whatever form, payable to KMPs in terms of the Compensation/ Nomination and Remuneration policy;

viii. Frame and review, atleast once in 3 years, the performance evaluation/review policy for effective evaluation of performance of Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

ix. Recommend to the Board, the performance evaluation/review policy and changes made therein, for its approval;

x. Recommend whether to extend or continue the term of appointment of the PID, on the basis of the report of performance evaluation of PID;

xi. Devise a policy on diversity of Board of Directors.

The Company's Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as **Annexure VII** to the Directors' Report.

II. Composition, meetings and attendance during the year:

During the Financial Year 2018-19, 11 (Eleven) meetings of the Nomination and Remuneration Committee were held. The said meetings were held on April 28, 2018, June 11, 2018, July 20, 2018, September 17, 2018, November 16, 2018, December 24, 2018, January 15, 2019, February 11, 2019, February 19, 2019, February 24, 2019 and March 27, 2019. The constitution and the number of meetings attended by the members are as under:

Members *	Category	Meetings held#	Meetings attended
Mr. Shankar Aggarwal (Chairman) @	Non-Executive, Independent	11	11
Mr. Saurabh Chandra	Non-Executive, Independent	11	11
Mr. Prithvi Haldea	Non-Executive, Independent	5	5
Mr. Chengalath Jayaram	Non-Executive, Non- Independent	6	6
Mr. Desh Deepak Mishra$	Independent External Expert	4	4
Mr. Arun Kumar Nanda (Chairman) @	Non-Executive, Independent	1	1

**During the year, the Nomination and Remuneration Committee was reconstituted by the Board on January 15, 2019. The committee comprised of, Mr. Shankar Aggarwal, Mr. Saurabh Chandra and Mr. Prithvi Haldea as at March 31, 2019.*

$ Appointed as an Independent External Expert only for the limited purpose of recommendation relating to selection of Managing Director in terms of the provisions of SECC Regulations, 2018.

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

@ The tenure of Mr. Arun Kumar Nanda as an Independent Director on the Board of MCX completed w.e.f. close of business hours on May 18, 2018. Thereafter, Mr. Shankar Aggarwal was appointed as the Chairman of the Committee.

Mr. Shankar Aggarwal, Chairman of the Committee, attended the last Annual General Meeting of the Company held on August 31, 2018.

STAKEHOLDERS' RELATIONSHIP COMMITTEE :

Stakeholders' Relationship Committee constituted by the Board oversees matters relating to the interest of the Stakeholders as well as quality of investor services provided by the Company.

I. Terms of reference:

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

i. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.;

ii. Review of measures taken for effective exercise of voting rights by shareholders;

iii. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;

iv. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

II. Composition, meetings and attendance during the year:

During the Financial Year 2018-19, 2 (two) meetings of the Stakeholders' Relationship Committee were held. The said meetings were held on April 28, 2018 and October 23, 2018. The constitution and the number of meetings attended by the members are as under:

Members *	Category	Meetings held#	Meetings Attended
Dr. Deepali Pant Joshi (Chairperson) @	Non-Executive, Independent	1	1
Ms. Padma Raghunathan	Non-Executive, Non- Independent	2	2
Mr. Amit Goela	Non-Executive, Non- Independent	2	1
Mr. Hemang Raja	Non-Executive, Non- Independent	0	0
Dr. M. Govinda Rao (Chairman) @	Non-Executive, Independent	1	1

**During the year, the Stakeholders' Relationship Committee was reconstituted by the Board on August 31, 2018 and February 12, 2019. The committee comprised of Dr. Deepali Pant Joshi, Ms. Padma Raghunathan, Mr. Amit Goela and Mr. Hemang Raja as at March 31, 2019.*

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

@ The tenure of Dr. M. Govinda Rao as an Independent Director on the Board of MCX completed w.e.f. close of business hours on August 07, 2018. Thereafter, Dr. Deepali Pant Joshi was appointed as the Chairperson of the Committee.

Mr. Amit Goela attended the last Annual General Meeting of the Company held on August 31, 2018, as a representative of the Committee.

Mr. Ajay Puri, Company Secretary and Compliance Officer of the Company, is the Secretary to the Committee.

Mr. Ajay Puri 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, 2019 are given below:

Opening balance	Received	Attended	Closing balance
0	16	16	0

The complaints were attended to the satisfaction of shareholders by the Company and/or its Registrar & Share Transfer Agent (RTA) - Karvy Fintech Private Limited, and no complaints remained pending to be attended as at March 31, 2019.

Details of shares lying in the suspense account as at March 31, 2019 (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	6	44
2.	Number of shareholders who approached the issuer for transfer of shares from suspense account during the year	0	0
3.	Number of shareholders to whom shares were transferred from suspense account during the year	0	0
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, 2019 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. The members of the Committee are given below:

Mr. Chengalath Jayaram (C)

Mr. Basant Seth

Dr. Deepali Pant Joshi

Mr. Hemang Raja

Ms. Madhu Vadera Jayakumar

ii. **Standing Committee on Technology**: The said Committee, *inter-alia*, monitors the adequacy of systems capacity and efficiency and looks into the changes being suggested by the Exchange to the existing software/ hardware at the Exchange and performs such other functions as prescribed by the Regulator and the Board. The members of the Committee are given below:

Mr. Shankar Aggarwal (C)

Mr. Saurabh Chandra

Mr. Prithvi Haldea

Prof. Sriram Srinivasan (Independent External Expert)

Prof. Rajat Moona (Independent External Expert)

iii. **Risk Management Committee**: The said Committee, *inter-alia*, formulates and monitors implementation of the risk management policy, reviews the risk management framework and risk mitigation measures form time to time. The members of the Committee are given below:

Dr. Deepali Pant Joshi

Mr. Basant Seth

Mr. Udayan A Maroo (Independent External Expert)

iv. **Corporate Social Responsibility (CSR) Committee**: The Committee, *inter-alia*, formulates the CSR policy of the Company (including changes thereto) and monitors implementation of the same from time to time. It also recommends the expenditure to be incurred on activities undertaken/to be undertaken by the Company as per the said policy. The members of the Committee are given below:

Mr. Amit Goela

Dr. Deepali Pant Joshi

Ms. Padma Raghunathan

Ms. Madhu Vadera Jayakumar

v. **Independent Directors'/Public Interest Directors' Committee**: The Committee, *inter-alia*, reviews the performance of the Chairperson, Non-Independent Directors and the Board as a whole, assesses the quality, quantity and timeliness of flow of information between the Management and the Board, reviews status of compliance with SEBI letters and circulars, and performs such other functions as prescribed in the Companies Act, 2013, the SEBI Listing Regulations and the SECC Regulations, 2018 and the circulars/ guidelines etc. issued thereunder. The Committee comprises of all Independent Directors on the Board of MCX. The members of the Committee are given below:

Mr. Saurabh Chandra (C)

Mr. Basant Seth

Dr. Deepali Pant Joshi

Mr. Prithvi Haldea

Mr. Shankar Aggarwal

vi. **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.

vii. **Member Selection Committee**: The Committee, *inter-alia*, looks into applications for admission of members and transfer as well as withdrawal of membership, formulates policy for regulatory actions including declaring a member as defaulter, imposes appropriate regulatory measures, makes recommendation to the

MCX IPF Trust regarding payment of claims, oversees contribution towards Core Settlement Guarantee Fund (SGF) of the Clearing Corporation and performs such other functions as prescribed in the SECC Regulations, 2018 and the circulars/guidelines etc. issued thereunder. The members of the Committee are given below:

Mr. Prithvi Haldea (C)

Mr. Saurabh Chandra

Dr. Deepali Pant Joshi

Mr. P.V. Ananthakrishnan (Independent External Expert)

Mr. Mrugank Paranjape

viii. **MCX Investor Protection Fund (IPF) Trust**: The Trust has been created, *inter-alia*, for the management and administration of the Investor Protection Fund ("Fund") which is utilized primarily for protecting and safeguarding the interest of the investors/ clients of the Exchange, in such manner as may be permitted by the Regulator and decided by the Trustees from time to time. The members of the Trust are given below:

Mr. Shankar Aggarwal (C)

Mr. Basant Seth

Mr. Ashok K. Dhere (Representative from investor association)

Mr. Girish Dev (Chief Regulatory Officer)

ix. **Regulatory Oversight Committee**: The Committee is constituted in terms of the SECC Regulations, 2018 and circular/s issued thereunder to *inter-alia* oversee matters related to member regulation, trading & surveillance related functions, product design and to oversee SEBI inspection observations in respect of each of these, supervise functioning of investor services cell and the investor service fund, oversee implementation of Code of Ethics prescribed for Directors and such other functions as prescribed in the SECC Regulations, 2018 and the circulars/guidelines etc. issued thereunder. The members of the Committee are given below:

Mr. Shankar Aggarwal (C)

Mr. Saurabh Chandra

Mr. C.S. Verma (Independent External Expert)

Mr. Udayan A Maroo (Independent External Expert)

4. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Venue of the meeting
2017-18 16th AGM	August 31, 2018	11.30 a.m.	Yashwantrao Chavan Auditorium, General Jagannath Bhosale Marg, Opposite Mantralaya, Nariman Point, Mumbai - 400021
2016-2017 15th AGM	August 22, 2017	11.30 a.m.	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai – 400018
2015-2016 14th AGM	September 19, 2016	11.00 a.m.	Navinbhai Thakkar Auditorium, Near Rajpuria Hall, Shraddhanand Road, Vile Parle (East), Mumbai - 400057

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

Date	Particulars
August 31, 2018	➢ No Special Resolutions were passed.
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.

(C) Postal Ballot: During the Financial Year 2018-19, 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 2018-19.

5. DISCLOSURES:

(A) Disclosures on materially significant related party transactions

A detailed note on related party transactions is provided in the Directors' Report. Particulars of material contracts or arrangements with related parties are provided in **Annexure V** to the Directors' Report. The transactions with related parties have been disclosed in **Note 39** of Notes to Accounts of the Standalone and **Note 38** of Notes to Accounts of Consolidated Financial Statements of your Company. Further, the Company's Policy on Related Party Transactions is available on the website of the Company at https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/policy_on_related_party_transactions_july2019.pdf?sfvrsn=dadcaf90_4.

(B) Non-compliance by the Company, 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 non-compliances, 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, unethical, unlawful or improper practices, acts or activities. 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 and 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. 3 (three) complaints were received during the FY 2018-19 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) Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The details have been disclosed in the Business Responsibility Report forming part of the Annual Report.

(E) Management Discussion and Analysis

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

(F) 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 25, 2019 and is annexed to the Report.

(G) Certificates from Practicing Company Secretary

A certificate has been received from M/s P. Naithani & Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company as on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

Certificate regarding the compliance of conditions of Corporate Governance is annexed.

(H) Statutory Auditors

The particulars of fees paid by the Company to the Statutory Auditors, M/s. Shah Gupta & Co., Chartered Accountants (Firm Registration No. 109574W), during FY 2018-19 on a consolidated basis are as under:

Particulars	Amount in lacs(₹)
- For audit	20
- For taxation matters	3
- For other services	2
Total	25

(I) 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.

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.

(J) Subsidiary

The Audit Committee/Board periodically reviews significant developments, transactions and arrangements entered into with the Unlisted Subsidiary Company, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL). The Audit Committee/Board 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-subsidiary-policy.pdf?sfvrsn=321a890_2. As on March 31, 2019, MCXCCL was not a material subsidiary of MCX.

6. MEANS OF COMMUNICATION:

The quarterly, half yearly, annual results of the Company are generally published in the newspapers, namely, Business Standard, an English daily newspaper with circulation in the whole or substantially the whole of India and Navshakti, a Marathi daily newspaper. The financial results, shareholding pattern, press releases, stock information, annual reports, investor presentations are uploaded on the website of the Company *www.mcxindia.com*. The same 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 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 & their contract specifications, 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.

7. GENERAL SHAREHOLDER INFORMATION:

1.	Day, Date, Time and Venue of Annual General Meeting (F.Y. 2018-19)	Friday, September 20, 2019 at 11:30 a.m. at Ravindra Natya Mandir, Ground Floor, PL Deshpande Auditorium, near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai - 400025.
2.	Financial year	April 1, 2018 to March 31, 2019
3.	Book Closure date	The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 14, 2019 to Friday, September 20, 2019 (both days inclusive) for the purpose of payment of dividend for the Financial Year ended March 31, 2019 and the AGM of the Company.

<table>
<tr><td>4.</td><td>Dividend payment date</td><td colspan="2">Dividend for the financial year ended 31st March, 2019, as recommended by the Board of Directors of the Company, if approved at the AGM, will be paid to the Members on/after Friday, September 27, 2019 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, September 13, 2019;
ii) To all Members in respect of shares held in physical form after giving effect to valid transposition/transmission requests lodged with the Company on or before the close of business hours on Friday, September 13, 2019.</td></tr>
<tr><td>5.</td><td>Mode of payment of dividend</td><td colspan="2">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/non-negotiable instruments.</td></tr>
<tr><td>6.</td><td>Listing on Stock Exchanges</td><td colspan="2">The equity shares of the Company are listed on BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The applicable annual listing fee 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).</td></tr>
<tr><td rowspan="3">7.</td><td rowspan="3">Stock Market Code</td><td>BSE</td><td>534091</td></tr>
<tr><td>Reuters</td><td>MCEI.BO</td></tr>
<tr><td>Bloomberg</td><td>MCX:IN</td></tr>
<tr><td>8.</td><td>Registrar & Share Transfer Agent</td><td colspan="2">Karvy Fintech Private Limited
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</td></tr>
<tr><td>9.</td><td>Share Transfer system</td><td colspan="2">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.
Regulation 40 of SEBI Listing Regulations 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, 2018, securities of a recognised stock exchange shall be in dematerialised form. Therefore, shareholders holding shares in physical form are requested to dematerialise the same.</td></tr>
<tr><td>10.</td><td>Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity</td><td colspan="2">As at March 31, 2019, the Company did not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments.</td></tr>
<tr><td>11.</td><td>Commodity price risk or foreign exchange risk and hedging activities</td><td colspan="2">The Company does not have any exposure in commodities nor any foreign exchange exposure and therefore no hedging activities are carried out. There is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018.</td></tr>
</table>

12.	Exchange operations are located at	Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai - 400 093, India.
13.	Address for Correspondence	Registered Office: Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai - 400 093, India. Tel: +91-22-6731 8888 Fax: +91-22-6649 4151 Website: *www.mcxindia.com*
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 Sections 124 and 125 the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, dividends which are unpaid/unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Accordingly, the unpaid dividend for FY 2010-11 amounting to ₹ 5180/- was transferred to IEPF on October 05, 2018.

Further, all shares (except when there is a specific order of Court, Tribunal or any Statutory Authority restraining any transfer of 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 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 as well as details of transfer of shares to IEPF 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, may claim the same by making an application in prescribed form to the IEPF Authority in this regard, details of which are available on www.iepf.gov.in . No claims shall lie against the Company in respect of the dividend/shares so transferred. The Members/Claimants can file only one consolidated claim in a financial year as per the IEPF Rules.

Dematerialisation of Shares and Liquidity:

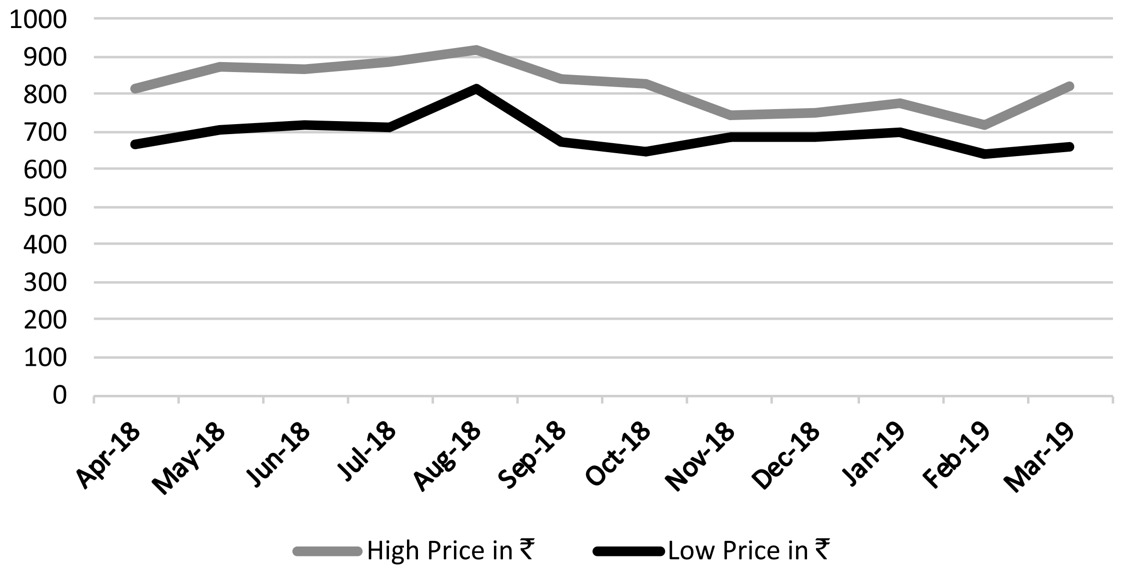
The shares of the Company are tradable compulsorily in dematerialised (electronic) form, and through Karvy Fintech Private Limited, RTA, we have established connectivity with both the depositories viz. NSDL and CDSL. The bifurcation of the category of shares in physical and electronic mode as on March 31, 2019 is given below:

Category	No. of shareholders	% of shareholders	Total Shares	% of Equity
Physical	6	0.00	308	0.00
Demat				
– NSDL	88050	62.59	39283478	77.03
– CDSL	52623	37.41	11714583	22.97
Sub-total	140673	100.00	50995856	100.00
Total	**140679**	**100.00**	**50998369**	**100.00**

Month-Wise Stock Market Data:

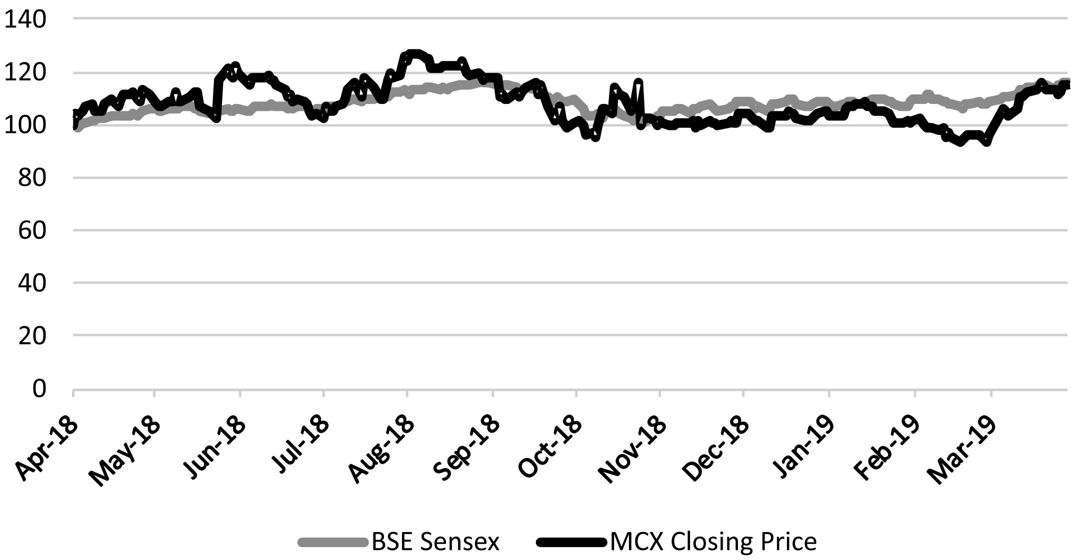
The monthly high and low quotations as well as the volume of shares traded at the BSE are given below:

Month	BSE Limited		
	High Price in ₹	Low Price in ₹	No. of shares traded during the month
April-18	817.00	669.00	869460
May-18	872.00	709.30	1648174
June-18	868.00	720.00	889686
July-18	885.00	712.70	1611401
August-18	917.00	814.75	988197
September-18	843.15	674.25	1203511
October-18	831.40	650.00	3087311
November-18	744.20	688.80	796687
December-18	750.50	688.05	618312
January-19	778.00	701.85	904967
February-19	720.50	643.50	378583
March-19	823.60	660.25	824041



Share Price Performance in Comparison to Broad Based Indices:

Performance of the company's closing price of share vis-à-vis the sensex at a common base of 100 is given below:



Distribution of Shareholding as on March 31, 2019:

Sr. No.	Category(Amount)	Shareholders		Shares held	
		No. of holders	% of Total	No. of shares	% of Total
1	1-5000	137412	97.68	5506781	10.80
2	5001-10000	1765	1.26	1313102	2.58
3	10001-20000	720	0.51	1040390	2.04
4	20001-30000	243	0.17	610921	1.20
5	30001-40000	90	0.06	318532	0.62
6	40001-50000	85	0.06	394366	0.77
7	50001-100000	118	0.08	846973	1.66
8	100001& Above	246	0.18	40967304	80.33
	Total	**140679**	**100.00**	**50998369**	**100.00**

Shareholding pattern as on March 31, 2019:

Sr. No	Category	No. of shares held	% of shareholding
1.	Foreign Portfolio Investors	15232999	29.87
2.	Mutual Funds	11377529	22.31
3.	Resident Individuals	11262057	22.08
4.	Financial Institutions /Banks	9032029	17.71
5.	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	130439	0.26
6.	NBFC	5581	0.01
7.	Others	3957735	7.76
	Total	**50998369**	**100.00**

Detailed shareholding pattern is provided in **Annexure IV** to the Directors' Report.

Reconciliation of Share Capital Audit :

Pursuant to Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and SEBI Circular No. D&CC/FITTC/CIR-16/2002 dated December 31, 2002, a qualified Practicing Company Secretary, carries out on a quarterly basis, a Share Capital Audit to reconcile the total admitted equity share capital with NSDL and CDSL, 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 held in physical form and dematerialised form held with NSDL and CDSL.

For and on behalf of the Board of Directors

Saurabh Chandra
Chairman
(DIN: 02726077)

Mumbai
August 22, 2019

CEO /CFO CERTIFICATION FOR THE FY 2018-19

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, 2019 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 for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to the financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee:

  (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 25, 2019

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, 2019.

Mumbai
August 22, 2019

P.S. REDDY
MD & CEO

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of
Multi Commodity Exchange of India Limited

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

I have examined the compliance of conditions of Corporate Governance of Multi Commodity Exchange of India Limited, for the year ended on March 31, 2019 as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulation).

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulation. The Board of Directors of the Company are duly constituted with proper balance of Independent Directors and Woman Director as per the Listing Regulation, however, the composition of Board of Directors has been affected due to resignation of a Public Interest Director with effect from 06th March, 2019 as per Regulation 23 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

I, further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **P. Naithani & Associates,**
Company Secretary in Practice

P. Naithani
Membership No. 3830
C.P. No. 3389

Place: Mumbai
Date: 22nd August, 2019

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	www.mcxindia.com
E-mail id	info@mcxindia.com ig-mcx@mcxindia.com
Financial Year reported	April 01, 2018 – March 31, 2019
Sector(s) that the Company is engaged in (industrial activity code-wise)	Multi Commodity Exchange of India Limited (MCX) is a Stock 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 of commodity derivatives.
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 other locations within India. a. Nil b. Ten
Markets served by the Company -Local/State/National/ International	National

SECTION B: FINANCIAL DETAILS OF THE COMPANY AS ON MARCH 31, 2019

1.	Paid up Capital (INR)	5,099.84 Lakh
2.	Total Revenue (INR)	38,472 Lakh
3.	Total profit after taxes (INR)	13,650 Lakh
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	252 Lakh (1.85% 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 Director's 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. Going forward, MCX intends to get its stakeholders associated in the BR initiatives 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)	**Details of the Director responsible for implementation of the BR policy/policies (F.Y. 2018-19)**	**Details**
	DIN Number	02162026
	Name	Mr. Mrugank Paranjape*
	Designation	MD & CEO
(b)	**Details of BR head (F.Y. 2018-19)**	**Details**
	DIN Number (if applicable)	NA
	Name	Mr. Ajay Puri**
	Designation	Company Secretary
	Telephone number	022- 67318888
	e-mail id	ajay.puri@mcxindia.com

* *Ceased to be the MD & CEO of the Company w.e.f. May 09, 2019.*

** *Mr. Ajay Puri was appointed as the Company Secretary of the Company w.e.f December 07, 2018, consequent to cessation of Mr. Ashwin Patel as the Company Secretary w.e.f. November 07, 2018.*

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:

1. 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 14001:2015 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 Company.
4. The Board has appointed Mr. P. S. Reddy, 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	https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/mcx-code-of-conduct_april2019.pdf?sfvrsn=e0edd890_2
Code of Ethics for Directors and Key Management Personnel of Stock Exchanges	https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/code_of_ethics_for_directors_and_key_management_personnel_21january2019.pdf?sfvrsn=ee80d690_2
Bye-law 14 of Bye laws of the Company	https://www.mcxindia.com/docs/default-source/about-us/legal-framework/bye-laws.pdf?sfvrsn=2246e390_4
Policy relating to avoidance by directors and Key Managerial Personnel of Conflict of Interest	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
Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/code_of_practices_and_procedures_for_fair_disclosure_of_unpublished_price.pdf
Code of Conduct for Prevention of Insider Trading	https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/code_of_conduct_for_prevention_of_insider_trading_19july2017.pdf?sfvrsn=2
Whistle Blower Policy	https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/whistle-blower-policy_july2019.pdf?sfvrsn=2f14ad90_2
Policy Disclosure of Material Events and Information	https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/policy-on-disclosure-of-material-events-and-information.pdf?sfvrsn=2
Criteria for Eligibility, Retention and re-introduction of derivative contracts on Commodities	https://www.mcxindia.com/docs/default-source/default-document-library/circular-024-2017.zip
Corporate Social Responsibility Policy	https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/mcx_csr_policy.pdf?sfvrsn=2
CSQ-Service Policy	https://www.mcxindia.com/docs/default-source/about-us/csq_service-policy.pdf?sfvrsn=fe9bc490_2

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. Your Company 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 Board has assessed the BR performance of the Company for FY 2018- 19 and proposes to assess the same 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 FY19 can be accessed under the Annual Report heading through the link: https://www.mcxindia.com/investor-relations It is 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 of conflict of Interest for Directors and Key Managerial Personnel; Code of Practices & Procedures For Fair Disclosure of Unpublished Price Sensitive Information; Code of Conduct for Prevention of Insider Trading; Policy for inquiry in case of leak or suspected leak of unpublished price sensitive information; Policy for appointment of Independent External Persons on Committees of the Board; Whistle Blower Policy; Policy for 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 Company. All products i.e. the Commodity derivatives contracts as launched by the Company are in accordance with the regulatory approvals. The Company strives to engage stakeholders at every stage starting with product design till the launch of products and thereafter reviews the factors affecting the performance of the products on a regular basis. The practical experience garnered by the Company coupled with domain expertise backed by extensive research enables the Company to assess the market needs and introduce new products on a regular basis. The Company 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 Company strives to enhance awareness, understanding and the advantages of exchange-enabled trades in commodity derivatives, and towards that end, conducts numerous awareness programmes across the country. It makes constant efforts to create products that enable stakeholders to hedge and 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 enabling the Company to provide more efficient trade execution services, increases economy of scale and reach of the Company, maximizes the use of environment-friendly processes and contributes to the sustainability in the Company's business operations.
- The Company 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 Company also engages with publications and media houses to spread awareness about hedging and price 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:

Remuneration Policy for Key Managerial Personnel, Senior Management Team and other employees; Gratuity Policy; Leave Policy; Retirement Policy; Office Timing Policy; Maternity Benefits Policy; Crèche Policy; Affirmation Action Policy; Provident Fund Policy; Reward & Recognition; Annual Health Check-up; Training & Development; Educational Sponsorship; Performance Management System; Promotion policy; Insurance Policy.

Practices:

Town Hall, Skip Level Meeting, Annual Offsite get together, Doctor available on call.

P 4 STAKEHOLDER ENGAGEMENT

Policies:

Affirmative Action Policy, Corporate Social Responsibility Policy.

P 5 HUMAN RIGHTS

Policies:

Equal Opportunity Policy; Affirmative Action Policy; Code of Ethics; Disciplinary Action Policy; Whistle Blower Policy; Prevention, Prohibition and Redressal of Sexual Harassment to Women at Workplace 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 building and at Disaster Recovery Site at GIFT City, Gandhinagar 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.
- Installation of Aerators in water taps to reduce water consumption.
- Installation of Motion Sensors in Equipment rooms and washrooms.
- Password enabled printer solution to reduce waste of printing papers.

P 7 PUBLIC ADVOCACY

Policies:

Policy for responsible advocacy

Practices:

- Your Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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:

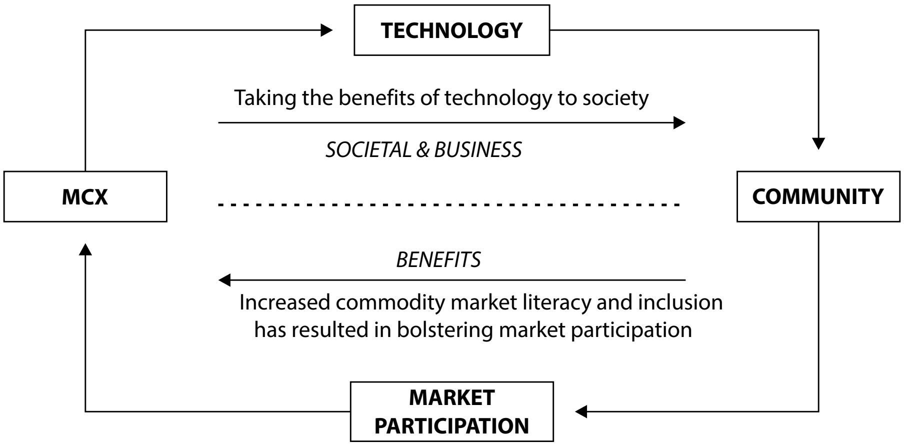
Corporate Social Responsibility Policy, Affirmative Action Policy

P 9 VALUE FOR CUSTOMERS AND CONSUMERS

Practices:

- Commodity derivative contracts are the principal products of the Exchange. Apart from Futures contracts across Bullion, Base Metals, Energy and Agri, Options contracts in Gold, Crude Oil, Zinc, Copper and Silver are actively traded on the Exchange platform. Your Company continues to endeavour to engage with its stakeholders to further develop and energize the Indian Commodity markets.
- Your Company continues to actively engage with physical industry participants across commodities by soliciting their active participation in hedging their risks on the Exchange platform.
- Your Company 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 Company conducts product awareness seminars, conclaves, educational training and awareness sessions to educate the members/clients about risks of trading in the products, efficient usage of its products and services in line with the guidelines laid down by the regulator.
- Your Company 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 Company has a mechanism in place to handle grievances/complaints/queries raised by any of the customers through its Customer Service and Quality (CSQ) desk and/or Investor Service Centres. CSQ team plays an important role in providing voice support on dedicated landlines and giving e-mail support to Members and Market Participants. Additionally, the CSQ team has recently taken an initiative to start Chat Services for all Members and Market Participants. The CSQ department jointly with other internal departments has launched an Online Member Query Portal on 5th September 2018 that acts as the centralized automated platform for all Company's departments, to assist members and provide an end-to-end solution for their queries and other requirements.
- Your Company gathers annual feedback from members on the services provided by it. The data collated becomes basis for changes in various operational processes related to members to make them more efficient and member friendly.

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 act 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 evolved suitable policies, wherever feasible. The Company presently extends such policy(ies) to the following:

   a. **Directors/Employees:** Your Company framed a "Code of Conduct" for Board of Directors and Senior Management and "Code of Ethics" for Directors, Key Management Personnel and Executives of the Company with an 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, 2018 from its Directors/Key Management Personnels.

   b. **Members:** The Company also endeavours to ensure 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 Company communicates to all vendors during the registration phase, in the Solicitation Documents and in the Contract documents that in their dealings with the Company 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, 2018.

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

   Your Company 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.

A. Under CSQ, your Company sorts queries/complaints/suggestions under following categories:

i. Queries: Calls/Emails which does not hamper trading activities of MCX Member.

ii. Complaints: Calls/Emails pertaining to connectivity issues of the Members in MCX, System related issues, etc., which hamper trading activities of MCX Members.

iii. Suggestions: Calls/Emails pertaining to suggestion or improvement required in MCX Operations, Customer Service & Quality (CSQ), Systems & Networking, Membership, Inspection, Accounts processes, etc. which will improve customer responsiveness.

B. Investors (Client):

Investors/Clients can approach the Investors Services Department of the Company 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/ submitting their complaint to the nearest Investor Service Centre/online mode through Company's 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 also provided on the Company's 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 party 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, Bye-laws and Business-Rules of the Company.

D. Shareholders:

Shareholders generally approach the Company with their complaints either directly or through SCORES - online portal of SEBI /BSE - Exchange where the shares are listed /Karvy -Company's Registrar and Share Transfer Agent.

The status of complaints received/ disposed off and pending as on March 31, 2019 is given below:

Complaints from:	As on April 01, 2018	Received during the year	Disposed off	% Satisfactorily resolved	Pending as on March 31, 2019
Members	0 0	Calls: 1200 E-mails: 68	All closed	100	0
Investor(Client)	42	608	635*	97.69	15
Arbitration	9	40	45	91.83	4
Shareholders	0	16	16	100	0

** Includes 115 complaints against the defaulter Member, M/s Capital Focus, 29 complaints against defaulter Member, M/s. F6 Commodities Pvt Ltd, and 5 complaints against defaulter Member, M/s. Wealth Mantra Commodities Pvt Ltd, whose complaints have been disposed off. However, the claims received from these investors against the defaulter Members 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, hedging and tie ups with associations to reach out to physical stakeholders at the farm level, remote areas to spread awareness about futures market.

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. Empowering farmers and making farming economically viable for rural communities through different initiatives under taken in Gramin Suvidha Kendra programme entailing capacity building, agriculture advancement, productivity enhancement and price dissemination on agricultural commodities.

b. Bullion Related:

i. Aimed at further expanding the gold contracts' footprint in India, the Company has added five more locations to the list of additional delivery centres for Gold and Gold Mini contracts. In addition to Ahmedabad (basis centre), Mumbai and New Delhi, the Company has now set up additional delivery centres at Chennai, Hyderabad, Kochi, Bengaluru and Kolkata.

ii. Continuously engaging with physical industry participants for creating awareness on futures and options, exchange-based delivery mechanism and risk management best practices, MCX bullion team has conducted 121 seminars with 48 apex and regional bullion and jewellery associations at 89 locations covering 18775 entities from physical industry during FY 18-19.

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.

iii. Modification of Aluminium, Zinc, Nickel, Lead and Copper from both options to delivery-based settlement mode. The delivery-based mechanism for these contracts has given an opportunity to the base metals industry in India to not only manage their price risk by hedging on an ex-warehouse price, but also use the Exchange platform to give and take deliveries of the actual metal.

Further, under the direction from SEBI, your Company is converting its Agri, Bullion and Base Metals contracts into "Compulsory Delivery" based contracts from the erstwhile "Both Options" contracts. Your Company has successfully completed the delivery cycles for a few base metal contracts and continues to accredit and add more warehouses across the country to ensure seamless delivery of products. Your Company is also in the process of phasing out all the mini contracts under directive from SEBI.

Pursuant to the regulator SEBI initiating substantial reforms and transformation within the commodity derivatives market by allowing new institutional participants such as Banks, Bank Broking arms, Category III Alternative Investment Funds (AIFs), Eligible Foreign Entities (EFEs), Mutual Funds (MFs), Portfolio Management Services (PMS) etc., your Company is constantly reaching out to and engaging with these participants in order to on board them. A few Bank Broking arms as Members, Banks as Professional Clearing Members and Category III AIFs have been on boarded, while your Company continues to work with the others for their active participation.

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 Company 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 1652 MT CO2 in 2017-18 to 1605 MT CO2 in 2018-19.

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?

Maximum procurement is done from the local market for product and services. Your Company has an extensive database of local suppliers who can be approached for future requirements. During festive season, MCX organizes an in-house sale of products made by local tribes/communities through NGOs.

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 in turn direct such supplies to the recycling units. 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, 2019 - 351 (including Trainees & Probationary)

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis:

As at March 31, 2019 - 6 (Six)

3. Please indicate the Number of permanent women employees:

As at March 31, 2019 - 89 (Eighty Nine)

4. Please indicate the Number of permanent employees with disabilities:

As at March 31, 2019 - 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 Company 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 Company strives to reach out to the vulnerable sections of society lying at the bottom of the pyramid. It endeavours to enhance awareness and understanding of exchange-enabled trades in commodity derivatives amongst the stakeholders including the marginalised one. To this effect the Company conducts series of awareness programmes across the country.

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 Company is to demonstrate the utility of the derivatives market to marginalised players in the commodities ecosystem by creating sustainable and viable models, whereby they could 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 marginalized stakeholders. We take small, yet significant steps to do this through:

1. Creation of separate fund to be utilized exclusively for the benefit of and encourage participation by Farmers and FPOs in the agri-commodity derivatives market. Pursuant to SEBI's reduction of regulatory fee with respect to turnover in agricultural commodity derivatives, the Company has created a separate fund with the regulatory fee forgone by SEBI.

   The Exchange use the funds to reimburse the assaying charges to the FPOs for the Agri Commodities deposited by them with MCXCCL accredited warehouses.

2. Undertaking projects that focus on securing sustainable long-term growth and development of the society. The Company aims to improve the quality of life through community-centric initiatives by creating social asset or enabling environment through projects like the water shed programme, preservation of India's rural heritage, enhancing education, etc. Our social inclusion project, Gramin Suvidha Kendra (GSK) in association with India Post seeks to include farmers in the modern commodity market ecosystem by enhancing their value realization from agriculture activities by providing them future price signals thereby enabling to make sound business decisions. This initiative works on the principle and belief of shifting farmers from being mere 'producers' to becoming 'marketers'.

   For more details on about the social interventions of the Company, refer Annexure III - Corporate Social Responsibility of the Directors' Report.

3. 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), The southern Gujarat Chamber of commerce and Industry, Suman Mahila Vikas Mandal, Somnath Farmer Producer company Ltd, etc. to spread awareness amongst farmers and other physical participants about price risk management and hedging using futures market. In the year 2018, we entered into a MOU with the Government of Maharashtra for a project called 'Cotton Mission'. The main objective of Cotton Mission was to help set up FPOs in the Vidarbha region of Maharashtra for Cotton and help them to understand the process of price risk management and hedging through Commodity futures. As part of 'Cotton Mission', MCX also set-up warehouses in Arvi, Hinganghat, and Wardha in Vidarbha region and observed decent deposits. Availability of MCX warehouses in vicinity didn't only provide alternate market to local farmers but also encouraged them for value addition and better price realisation.

4. Your Company has added 235 members as COMRIS Participants since the launch of its web based application "COMRIS" (Commodity Receipts Information System) on January 01, 2018 to maintain electronic record of commodities deposited at Exchange accredited warehouses and ensure flow of real time information from the warehouse/warehouse service providers. Your Company has seen a good deposit of Cotton, Metals and Bullion in the Exchange Accredited Warehouses/Vaults which is a testament to the market acceptance of our endeavour in widening deliveries and hedger participation on our platform.

5. 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:

   Company has continued 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 can be availed from the website of Company under section MyMCX.

   b. Price Dissemination through Mobile App. :

   The Company 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 37 Ticker boards at various Associations, Producers, Krishi Vigyan Kendra (KVKs) & Institutions in FY 2018-19 which presently provides national agriculture commodity price information by disseminating price information (both spot and futures).

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 Company complies and adheres to all the human rights laws and guidelines of the Constitution of India, National laws and policies. Your Company respects the rights of all its Members/clients, employees, partners etc., and upholds the dignity of every individual. As mandated by the Fair Practice Code, the Company 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 Company ensures that the minimum wages, payment of wages and other statutory compliances are complied with including all contract staff through their employers/ Contractors and is reviewed and monitored regularly. The Company does not employ nor does not encourage employment of child labour.

   Further, in its commitment to respect and promote human rights, the Company has extended similar practices in its wholly owned subsidiary, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL).

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. 2018-19, 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.**

   The Company is sensitive towards global environmental issues and contributes to address the same through its Environment Policy, E-waste Management Policy, Corporate Social Responsibility Policy (https://www.mcxindia.com/docs/default-source/about-us/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 Company has not taken initiatives on clean technology and for renewable energy however for ensuring energy efficiency, following initiative are undertaken:

   i. 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.

   ii. 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.

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 Company is within the permissible limits prescribed by CPCB/SPCB for F.Y. 2018-19.

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 for the FY 2018-19.

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 Company is a member of the following trade and chamber or association:

   a) International Organization of Securities Commissions (IOSCO)

   b) Futures Industry Association (FIA)

   c) World Federation of Exchanges (WFE)

   d) Confederation of Indian Industries (CII)

   e) Associated Chambers of Commerce and Industry (ASSCHAM)

   f) Federation of Indian Chambers of Commerce and Industry (FICCI)

   g) IMC Chamber of Commerce and Industry (IMC)

   h) Indian Association of Alternative Investment Funds (IAAIF)

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 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 Company focuses mainly on community-centric interventions and the thrust areas for such interventions are sustainable livelihood and empowerment – especially watershed programs, preservation of India's rural heritage 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 Company also collaborates with NGOs and other organizations in thematic areas of livelihoods, watersheds, education, etc. Your Company 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 was done during the year.

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 Company contributes to community development projects by enhancing livelihood opportunities through skill development enhancing education, supporting and implementing the Gramin Suvidha Kendra and watershed program which adds to economic well-being by progressively empowering farmers and communities. Various interventions by the Company resulted in income enhancement and sustainable development in the area of intervention. The amount of direct contribution and the details of the projects undertaken towards community development are, *inter alia*, included in the Annexure III of the Director's Report.

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 impact can be seen on community development, empowerment, livelihood opportunities and skill development. Some of which are listed below:

- The watershed programs in drought prone areas has encouraged water harvesting and storage of water empowering the community by not only providing water for irrigation purpose but also providing employment opportunities.
- To enhance the livelihood opportunities to the farmers different initiatives through the Gramin Suvidha Kendra programme like kitchen gardening, floriculture, nursery, exposure visit, expert advisory etc. were undertaken. The interventions like wadi programmes were directed towards women empowerment.
- Organic farming and vermin-compost was promoted to maintain soil quality and fertility. We further support the community by encouraging them to undertake productivity enhancement technique like System of Rice Intensification (SRI) and Front Line Demonstration (FLD) and for better soil management, practices are encouraged to do soil testing of the respective farms.
- Conservation of India's heritage through the involvement of rural communities surrounding it by providing them to earn livelihood.
- Installation of Automatic Weather Station to make the meteorological data available to local farmers and assist them to appropriately decide on the agricultural activities to be undertaken.
- The Company has supported setting of Computer laboratories and construction of school to facilitate and enhance education for the underprivileged students.

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 2.31% investor (client) grievances and 8.17% Arbitration references pending for redressal and disposal respectively as on March 31, 2019, which are well within the time limits specified by SEBI. Further, there were no pending shareholder complaints/Members complaints under Customer Service & Quality as at March 31, 2019.

Further, as on date there are 20 (13.07%) Consumer complaints including appeals pending against the Company out of total 157 pending litigation cases.

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 display of product information on the product 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 Company believes that stakeholder engagement is an integral part of the business and constantly strives to reach out and interact at every stage in a structured manner with all the stakeholders, including members, physical market participants, employees, investors, farmers, industry associations and vendors, etc.

Members & Industry association's feedback

Your Company rolls out an Online Annual feedback survey through its Customer Service and Quality department (CSQ) to all its members, encompassing service standards of various departments of the Company. 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 monitors trends and seeks an Action Taken Report from all the Head of departments based on the feedback, concerns and suggestions shared by Members. Basis the feedback, corrective actions are taken to better serve the members and information is shared with the senior management and incorporated in the FAQ's that are updated on the Company's website, as and when required.

Your Company also conducted a survey through an independent external agency to gather feedback from members on several parameters across the various departments of the Comapny. The results were then shared with the top management as well as relevant departments for review and necessary action.

Your Company hosted the third edition of the annual MCX Awards function on April 26th 2019 to recognize and reward the performance of various stakeholders in the commodity markets eco-system. A total of 57 awards were given under different categories viz. Fulcrums of Commodity Derivatives Market, Connectors of Commodity Derivatives Market, Pillars of Commodity Derivatives Market, Integrators of Commodity Derivatives with Physical Markets, Enablers of the Commodity Derivatives Market, First Foot Forward on Evolving Regulatory Developments, Torchbearers, Commodity Research House of the Year etc. These were very well received and appreciated by the industry.

Your Company has formed an Advisory committee comprising of its members. Meetings at the prescribed intervals were conducted to interact and gather feedback from members on various issues that could potentially affect the working of non- regulatory functions as well as operational matters including product development, technology, clearing & settlement, delivery, etc.

Physical market participants, Investors & Farmers feedback

With regard to product design, several stakeholders in the value chain of the commodity are involved in the initial assessment which includes Farmers' and traders' associations of the respective commodity, traders, brokers and other stakeholders. They are approached to understand the market and its requirements. Basis such interactions and information gathered, a draft contract is designed 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.

Employee's 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 and what their concerns are.

The Company solicited proactive feedback relating to the training sessions conducted and also had a dedicated email id townhallfeedback@mcxindia.com to enable the employees to provide their feedback/ send their suggestions.

Further, on the basis of the feedback received, the Company refined Internal Job Posting policy, improved its appraisal process by structuring midterm feedback process, constituted Health, Safety and Welfare Committee to primarily 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.

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of

MULTI COMMODITY EXCHANGE OF INDIA LIMITED

Report on the Standalone Ind AS Financial Statements

Opinion

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 March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profits and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr.No.	Key Audit Matter	Auditor's Response
1	**Transfer of clearing and settlement activity to subsidiaries as per regulatory requirement** - Refer Note 45 & 49. The Company is subject to various challenges by regulatory authorities on a range of regulatory matters during the normal course of business. The changes are complex and there are areas of uncertainty relating to the manner in which transaction will be recorded in books along with other compliances. Therefore, the identification of transaction related compliance in certain areas due to unique nature of transaction on account of regulatory requirement and related tax provision is critical.	**Principal Audit Procedures:** We used our expertise to gain an understanding of the current status of the transaction treatments in the books, compliance with Indian Accounting Standards and tax implication on said transaction by reading external advice received by the Company, where relevant, to establish that the implementation had been appropriately made to reflect the regulatory requirement and other compliances. • We evaluated the design and implementation of controls in respect of identifying uncertain tax positions and scheme of entries relating to the transaction, which we found to be satisfactory for the purposes of our audit. We also evaluated the related accounting policy, provisioning for tax exposures and found it to be appropriate; • read correspondence received by the Company from the regulatory authorities, updating our evidence from audits; • discussed with management the advice and action they had taken with regards to the transaction and reviewed any associated documents; and • discussed certain aspects of the matter directly with the Company's legal and tax advisers. We concluded that the position adopted in the financial statements was reasonable based on the work we performed, in particular.

Sr.No.	Key Audit Matter	Auditor's Response
		• We have evaluated the transaction entered was at arm's length and appropriate disclosures were made in the stand alone financial statements We assessed the appropriateness of the related disclosures in notes of the standalone financial statements, and considered them to be reasonable.
2.	**Taxation and Legal matters - Refer note. 1.3., note 1.2.O and note 33.** There are a number of legal, regulatory and tax cases against the Company. There is a high level of judgement required in estimating the level of provisioning required.	**Principal Audit Procedures:** We used our expertise to gain an understanding of the current status of the cases and monitored changes in the disputes by reading external advice received by the Company, where relevant, to establish that the provisions had been appropriately adjusted to reflect the latest external developments. For legal, regulatory and tax matters our procedures included the following: • testing key controls surrounding litigation, regulatory and tax procedures; • performing substantive procedures on the underlying calculations supporting the provisions recorded; • where relevant, reading external legal opinions obtained by the management; • meeting with the management and reading subsequent Companies correspondence; • discussing open matters with the Companies litigation, regulatory, general counsel and tax teams; • assessing the management's conclusions through understanding precedents set in similar cases; and • Direct communication with third party legal representatives of the Company and discussion with them regarding certain material cases. Based on the evidence obtained, while noting the inherent uncertainty with such legal, regulatory and tax matters, we satisfy ourselves that the level of provisioning as at March 31, 2019 is appropriate. We validated the completeness and appropriateness of the related disclosures through assessing that the disclosure of the uncertainties in note 33 & 46 of the financial statements were sufficient.
3.	**Change in estimate for valuation of tax free bonds.** - Refer note 1.2.P and note 44. There is a high level of judgement required in an assessment of the methodology and the appropriateness of the valuation models and inputs used by the management to value investments.	**Principal Audit Procedures:** Our audit procedures included, among other things, an assessment of the methodology and the appropriateness of the valuation models and inputs used by the management to value investments. Further, we assessed the valuation of all individual investments to determine whether the valuations performed by the company were as per the policy. As part of these audit procedures we assessed the accuracy of key inputs used in the valuation, which were used by the external agency providing the valuation of the securities. Based on these procedures we have not noted any material differences. We have assessed the appropriateness of the related disclosures in notes 44 of the Company's financial statements, and considered them to be reasonable.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report, Report on Corporate governance and Business Responsibility report, but does not include the financial statements and our auditor's report thereon.

The Directors' Report, Report on Corporate governance and Business Responsibility report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report, Report on Corporate governance and Business Responsibility report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations

Responsibilities of Management and Those Charged with Governance 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 of these standalone financial statements that give a true and fair view of the financial position, financial performance, statement of changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

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

   (h) With respect to the other matters to be included in the 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 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

Mumbai, April 25, 2019

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. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 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.

vii. According to the information and explanations given to us and on the basis of our examination of the records of the Company,

   a. The Company has generally been regular in depositing undisputed statutory dues including Provident fund, Income-Tax, Cess, Goods and Service Tax and other material statutory dues applicable to it to the appropriate authorities.

   b. There were no undisputed amounts payable in respect of Provident fund, Income-Tax, Cess, Goods and Service Tax and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

   c. Details of dues of Income Tax and Service Tax which have not been deposited as on 31st March, 2019 on account of disputes are given below:

Name of the statute	Nature of dues	Amount ₹ in lakh	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax	5,160.48	A.Y. 2010-2011	CIT (Appeals)
Income Tax Act, 1961	Tax	2,551.45	A.Y. 2013-2014	CIT (Appeals)
Income Tax Act, 1961	Tax	2,687.58 *	A.Y. 2014-2015	CIT (Appeals)
Finance Act, 1994	Service Tax, Interest@& Penalty	25.63	For the period October 2006 to March 2015	Commissioner of Services Tax (Appeals)
* Net of Deposit of ₹ 643.20 Lakh @ 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 institutions, banks, and government or debenture holders during the year. Accordingly, clause 3 (vii) 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 employees 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. 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. Therefore, 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 the 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

Mumbai, April 25, 2019

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **MULTI COMMODITY EXCHANGE OF INDIA LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone 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 March 31, 2019, 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 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

Mumbai, April 25, 2019

Standalone Balance Sheet as at March 31, 2019

₹ In Lakh

Particulars	Note No.	Standalone As at March 31, 2019	Standalone As at March 31, 2018
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2A	14,125	14,668
(b) Capital work in progress	2B	3	233
(c) Intangible assets	3A	1,561	955
(d) Intangible assets under development	3B	1,892	321
(e) Financial assets			
(i) Non-current investments	4	72,362	52,838
(ii) Other non-current financial assets	5	1,096	21,393
(f) Deferred tax assets (net)	34	298	–
(g) Income tax assets (net)	6	5,149	3,067
(h) Other non-current assets	7	565	846
Total Non-current assets		**97,051**	**94,321**
(2) Current assets			
(a) Financial assets			
(i) Current Investments	8	52,839	88,775
(ii) Trade receivables	9	908	631
(iii) Cash and cash equivalents	10	473	4,728
(iv) Bank balances (other than cash and cash equivalents (iii) above)	11	3,217	1,232
(v) Loans	12	21	27
(vi) Other current financial assets	13	4,872	3,769
(b) Other current assets	14	2,934	2,647
Total current assets		**65,264**	**1,01,809**
Total Assets		**1,62,315**	**1,96,130**
Equity and Liabilities			
(1) Equity			
(a) Equity Share Capital	15	5,100	5,100
(b) Other Equity	16	1,41,185	1,32,527
Total equity		**1,46,285**	**1,37,627**
(2) Settlement Guarantee Fund	17	–	18,060
Liabilities			
(3) Non-current liabilities			
(a) Financial Liabilities			
(i) Other non-current financial liabilities	18	4,005	330
(b) Deferred tax liabilities (net)	34	–	1,705
(c) Non-current provisions	19	117	148
Total non-current liabilities		**4,122**	**2,183**
(4) Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	20	3,452	4,140
(ii) Other current financial liabilities	21	1,721	30,177
(b) Other current liabilities	22	3,811	3,048
(c) Current provisions	23	174	90
(d) Income tax liabilities (net)	24	2,750	805
Total current liabilities		**11,908**	**38,260**
Total liabilities		**16,030**	**58,503**
Total Equity and Liabilities		**1,62,315**	**1,96,130**
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 25, 2019

For and on behalf of the Board of Directors

Mrugank Paranjape
Managing Director & CEO
DIN : 02162026

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Sanjay Wadhwa
Chief Financial Officer

Standalone Statement of Profit and Loss for the year ended March 31, 2019

₹ In Lakh, except EPS

Particulars		Note No.	Standalone	
			Year ended March 31, 2019	Year ended March 31, 2018
I	**Income**			
	Revenue From Operations	25	29,835	25,984
	Other Income	26	8,637	8,636
	Total Income		**38,472**	**34,620**
II	**Expenses**			
	Employee benefits expense	27	6,517	6,796
	Clearing and Settlement charges	28	2,142	–
	Finance costs	29	3	–
	Depreciation and amortization expense	2A, 3A	1,529	1,666
	Software support charges and Product license Fees	30	5,252	4,944
	Computer Technology and Communication expenses	31	1,848	2,291
	Other expenses	32	4,816	4,521
	Total expenses		**22,107**	**20,218**
III	**Profit before exceptional items and tax**		**16,365**	**14,402**
IV	Exceptional items	44	2,380	–
V	**Profit before tax**		**13,985**	**14,402**
VI	**Tax expenses**			
	(1) Current tax	34	(2,690)	(2,836)
	(2) Minimum Alternate Tax (MAT) credit entitlement	34	2,065	–
	(3) Excess provision for tax relating to previous years	34	382	–
	(4) Deferred tax	34	(92)	(931)
VII	**Profit for the year**		**13,650**	**10,635**
VIII	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss (net of tax)			
	i) Changes in fair value of Equity instruments		(183)	259
	ii) Remeasurement of Employee benefits obligations		(3)	6
IX	**Total Comprehensive Income for the year**		**13,464**	**10,900**
X	**Earnings per equity share (of ₹ 10/- each)**			
	(1) Basic	38	26.83	20.91
	(2) Diluted	38	26.83	20.91
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 25, 2019

For and on behalf of the Board of Directors

Mrugank Paranjape
Managing Director & CEO
DIN : 02162026

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Sanjay Wadhwa
Chief Financial Officer

Standalone Statement of Changes in Equity for the year ended March 31, 2019

₹ In Lakh

Particulars	Equity Share Capital (A)	Other Equity					Total other equity (B)
		Reserves and Surplus				Other Comprehensive Income	
		Securities Premium	Retained Earnings	ESOP Compen-sation Reserve	General Reserve	Equity Instruments through Other Comprehensive Income	
Balance as at April 01, 2017	**5,100**	**21,684**	**95,670**	**399**	**16,449**	**(3,425)**	**1,30,777**
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
Balance as at March 31, 2018	**5,100**	**21,684**	**97,104**	**456**	**16,449**	**(3,166)**	**1,32,527**
Profit for the year	–	–	13,650	–	–	–	13,650
Dividend	–	–	(8,670)	–	–	–	(8,670)
Dividend distribution tax	–	–	(1,782)	–	–	–	(1,782)
Transfer from/(to) Settlement Guarantee Fund	–	–	5,634	–	–	–	5,634
Equity instruments through other comprehensive income	–	–	–	–	–	(183)	(183)
Reclassified to retained earning from ESOP Reserve	–	–	314	(314)	–	–	–
Reclassified to retained earning on disposal	–	–	98	–	–	(98)	–
ESOP Compensation Reserve	–	–	–	10	–	–	10
Re-measurement of employee benefits obligation and others	–	–	(3)	–	–	–	(3)
Balance as at March 31, 2019	**5,100**	**21,684**	**1,06,345**	**152**	**16,449**	**(3,447)**	**1,41,185**

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 25, 2019

For and on behalf of the Board of Directors

Mrugank Paranjape
Managing Director & CEO
DIN : 02162026

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Sanjay Wadhwa
Chief Financial Officer

Standalone Cash Flow Statement for the year ended March 31, 2019

₹ In Lakh

	Particulars	for the year ended			
		March 31, 2019		March 31, 2018	
A	**Cash flow from operating activities**				
	Profit before taxes		**13,985**		**14,402**
	Adjustments for:				
	Depreciation and amortization expense	1,529		1,666	
	Finance costs	3		–	
	Dividend income	(194)		(327)	
	Net gain on sale of investments	(4,307)		(1,047)	
	(Gain)/loss on fair valuation of Investments	(500)		(2,947)	
	Provisions no longer required written back	(354)		(19)	
	Loss on fixed assets sold/scrapped*	4		0	
	Interest income	(2,735)		(4,258)	
	Shared based payment	10		57	
	Remeasurement of Employee benefit	(3)	**(6,547)**	4	**(6,870)**
	Operating profit before working capital changes		**7,438**		**7,532**
	Adjustments for (increase) / decrease in:				
	Other financial assets	20,296		(106)	
	Trade receivables	77		(331)	
	Loans	6		8	
	Other financial assets	(822)			
	Other current assets	(287)		(421)	
	Adjustments for increase/ (decrease) in:				
	Other non-current financial liabilities	3,675		(1,082)	
	Provisions	(32)		5	
	Trade payables	(688)		1,133	
	Other current financial liabilities	(28,810)		6,412	
	Other current liabilities	751		(915)	
	Provisions	84	**(5,749)**	(137)	**4,565**
	Adjustment for increase/(decrease) in Settlement Guarantee Fund (SGF)		(12,427)		1,011
	Cash generated from operations		**(10,738)**		**13,108**
	Net income tax paid (net of refunds)		(2,475)		(2,882)
	Net cash generated/ (used) from operating activities (A)		**(13,212)**		**10,226**

	Particulars	for the year ended	
		March 31, 2019	March 31, 2018
B	**Cash flow from investing activities**		
	Capital expenditure on fixed assets including capital advances	(2,579)	(2,660)
	Proceeds from sale of fixed assets	(4)	1
	Proceeds/ (Purchase) of long-term investments-others (Net)	(14,900)	(8,266)
	Proceeds/(Purchase) of Current investments (Net)	35,936	(9,613)
	Other non-current assets	281	18,328
	Bank Balances other than classified as cash	(1,970)	300
	Dividend received	194	327
	Interest received	2,454	4,888
	Net cash generated from investing activities (B)	**19,412**	**3,305**
C	**Cash flow from financing activities**		
	Dividend paid (including tax thereon)	(10,452)	(9,207)
	Finance costs	(3)	–
	Net cash (used) in financing activities (C)	**(10,455)**	**(9,207)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(4,255)	4,324
	Cash and cash equivalents at the beginning of the year	4,728	404
	Cash and cash equivalents at the end of the year (Refer Note 10)	**473**	**4,728**

*0 denotes ₹ 0.04 lakh for FY 2017-18

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 25, 2019

For and on behalf of the Board of Directors

Mrugank Paranjape
Managing Director & CEO
DIN : 02162026

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Sanjay Wadhwa
Chief Financial Officer

Notes forming part of the Standalone 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
Network 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 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 measure 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. Investment in Associate Company

Investment in associates are shown at cost. Where the carrying amount of an investment in greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

J. 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) Interest income accrued on time proportion basis. The amounts disclosed as revenue are net of taxes and amounts collected on behalf of third parties.

Effective from April 1, 2018, the Company has adopted Ind AS 115 "Revenue from contracts with customers" using the cumulative effect method. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information is not restated in the statement of profit and loss. The effect of adoption is insignificant.

K. 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.

Effective from April 01, 2018, the Company has adopted Appendix B to Ind AS 21, The Company determines exchange rate to use on initial recognition of the related asset, expense or income, when the Company receives or pays advance consideration in a foreign currency. The effect of adoption is insignificant.

L. 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.

M. 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.

N. 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.

O. 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.

P. 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.

Q. 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.

R. 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.

S. 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.

T. 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 financials 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.

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

  Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Company is currently evaluating the method and impact of transition.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition – i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The Company is currently evaluating the effect of this amendment on the standalone financial statements.

Amendment to Ind AS 12 – Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

2A. PROPERTY, PLANT AND EQUIPMENT

₹ In Lakh

Particulars	Land-Freehold	Buildings	Office Equipments (Including Computer Hardware)	Networking Equipment	Furniture and fixtures	Vehicles	Total
Gross carrying amount							
Balance as at April 1, 2017	**5,061**	**6,268**	**3,775**	**48**	**568**	**76**	**15,796**
Additions	–	–	1,570	1	–	136	1,707
Disposals	–	–	27	3	1	7	38
Balance as at March 31, 2018	**5,061**	**6,268**	**5,318**	**46**	**567**	**205**	**17,465**
Additions	–	–	678	–	3	–	681
Disposals	–	–	10	1	–	88	99
Balance as at March 31, 2019	**5,061**	**6,268**	**5,987**	**44**	**570**	**117**	**18,047**
Accumulated Depreciation							
Balance as at April 1, 2017	**–**	**196**	**1,394**	**29**	**128**	**41**	**1,788**
Additions	–	115	796	9	97	29	1,046
Disposals#	–	–	27	3	0	7	37
Balance as at March 31, 2018	**–**	**310**	**2,163**	**36**	**225**	**63**	**2,797**
Additions	–	115	968	5	58	26	1,171
Disposals	–	–	10	1	–	35	46
Balance as at March 31, 2019	**–**	**425**	**3,121**	**40**	**283**	**54**	**3,922**
Net carrying amount							
Balance as at March 31, 2018	**5,061**	**5,958**	**3,155**	**10**	**342**	**142**	**14,668**
Balance as at March 31, 2019	**5,061**	**5,843**	**2,866**	**5**	**287**	**63**	**14,125**

0 represents ₹0.09 lakh

2B. CAPITAL WORK IN PROGRESS

Balance as at March 31, 2018	**–**	**–**	**233**	**–**	**–**	**–**	**233**
Balance as at March 31, 2019	**–**	**–**	**3**	**–**	**–**	**–**	**3**

3A INTANGIBLE ASSETS

₹ In Lakh

Particulars	Computer Software	Total
Gross carrying amount		
Balance as at April 1, 2017	**3,687**	**3,687**
Additions	405	405
Disposals	–	–
Balance as at March 31, 2018	**4,092**	**4,092**
Additions	1,046	1,046
Disposals	95	95
Balance as at March 31, 2019	**5,043**	**5,043**
Accumulated Depreciation		
Balance as at April 1, 2017	**2,517**	**2,517**
Additions	620	620
Disposals	–	–
Balance as at March 31, 2018	**3,137**	**3,137**
Additions	357	357
Disposals	12	12
Balance as at March 31, 2019	**3,482**	**3,482**
Net carrying amount		
Balance as at March 31, 2018	**955**	**955**
Balance as at March 31, 2019	**1,561**	**1,561**

3B. INTANGIBLE ASSETS UNDER DEVELOPMENT

Balance as at March 31, 2018	**321**	**321**
Balance as at March 31, 2019	**1,892**	**1,892**

4. NON CURRENT INVESTMENTS

Particulars	Face Value	As at March 31,2019		As at March 31,2018	
	Per Share	Shares	₹ In Lakh	Shares	₹ In Lakh
A Investments in equity instruments:					
(i) **of Subsidiary - FVTOCI**					
Multi Commodity Exchange Clearing Corporation Limited	₹ 10	**23,99,85,000**	**23,999**	**10,60,00,000**	**10,600**
(ii) **of Associate - Cost**					
CDSL Commodity Repository Limited	₹ 10	**1,20,00,000**	**1,200**	–	–
(iii) **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**
			25,199		**10,899**

	Particulars	Face Value	As at March 31,2019		As at March 31,2018	
		Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
B	**Investment in Mutual Funds - FVTPL**					
	Aditya Birla Sun Life Fixed Term Plan - Series RA	₹ 10	50,00,000	530	–	–
	Aditya Birla Sun Life Fixed Term Plan - Series RC	₹ 10	80,00,000	852	–	–
	Birla Sunlife FMP Series OG 1146 days - Direct Growth	₹ 10	60,00,000	693	60,00,000	644
	Birla Sunlife FMP Series OI- Direct Growth	₹ 10	50,00,000	579	50,00,000	537
	Birla Sun Life Fixed Term Plan Series PU Direct Growth	₹ 10	50,00,000	547	–	–
	DSP Blackrock FMP Series 204 37M - Direct Growth	₹ 10	1,00,00,000	1,153	1,00,00,000	1,073
	HDFC Fixed Maturity Plan Oct 2018 (43) 1 Direct Growth	₹ 10	70,00,000	745	–	–
	HDFC Fixed Maturity Plan Sept 2018 (42) -1-1115 Direct Growth	₹ 10	50,00,000	534	–	–
	HDFC Fixed Maturity Plan Sept 2018 (42) -1-1381 Direct Growth	₹ 10	80,00,000	859	–	–
	ICICI Pru FMP Series 80 Growth Plan G - Direct Growth	₹ 10	1,00,00,000	1,156	1,00,00,000	1,073
	ICICI Pru FMP Series 80 plan J -Direct Growth	₹ 10	1,00,00,000	1,160	1,00,00,000	1,076
	ICICI Pru FMP Series 84 1293 days -Direct Growth	₹ 10	1,00,00,000	1,072	–	–
	Invesco India Fixed Maturity Plan Series XXXII Direct Growth	₹ 10	50,00,000	538	–	–
	Kotak FMP Series 200 - 1158 days - Direct Growth	₹ 10	1,00,00,000	1,155	1,00,00,000	1,074
	Kotak FMP Series 245 - 1140 days - Direct Growth	₹ 10	80,00,000	848	–	–
	Kotak FMP Series 247 - 1308 days - Direct Growth	₹ 10	1,00,00,000	1,071	–	–
	Reliance FHF XXXIII Series 1 FMP - Direct Growth	₹ 10	60,00,000	697	60,00,000	646
	Reliance FHF XXXIII Series 4 FMP - Direct Growth	₹ 10	50,00,000	579	50,00,000	537
	Reliance FHF 38 Series 6 FMP - Direct Growth	₹ 10	50,00,000	533	–	–
	Reliance FHF 39 Series 4 FMP - Direct Growth	₹ 10	70,00,000	753	–	–
	Reliance FHF 39 Series 6 FMP - Direct Growth	₹ 10	80,00,000	858	–	–
	Reliance FHF 39 Series 9 FMP - Direct Growth	₹ 10	80,00,000	851	–	–
	SBI Magnum DFS C - 26 -1125 Days Direct Growth	₹ 10	1,00,00,000	1,064	–	–
	UTI Fixed Term Income Fund Series XXX Plan 5	₹ 10	80,00,000	854	–	–
	UTI FFTIF Series XXVI - VI - Direct Growth	₹ 10	50,00,000	577	50,00,000	537
				20,258		**7,197**
C.	**Investment in Tax Free Bonds - FVTPL**					
	7.19% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 31 July 2025)	₹ 10,00,000	400	4,161	400	4,603
	7.11% National Highway Authority of India Tax free bonds (Maturity Date 18 September 2025)	₹ 10,00,000	500	5,182	500	5,730
	7.07% Housing and Urban Development Corporation Ltd.Tax free bonds (Maturity Date 01 October 2025)	₹ 10,00,000	440	4,543	440	5,030
	7.11% NTPC Ltd.Tax free bonds (Maturity Date 05 October 2025)	₹ 1,000	62,457	648	62,457	716
	7.11% Power Housing Finance Corporation Ltd.Tax free bonds (Maturity Date 17 October 2025)	₹ 1,000	25,670	266	25,670	294
	7.09% Rural Electrification Corporation Ltd.Tax free bonds (Maturity Date 05 November 2030)	₹ 1,000	–	–	1,14,504	1,364
	7.28% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 21 December 2030)	₹ 1,000	–	–	1,05,700	1,156
	7.35% National Highway Authority of India Tax free bonds (Maturity Date 11 January 2031)	₹ 1,000	1,08,849	1,172	1,92,849	2,381

Notes forming part of the financial statements *(Contd...)*

Particulars	Face Value	As at March 31,2019		As at March 31,2018	
	Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
7.49% Indian Renewable Energy Development Agency Ltd. Tax free bonds (Maturity Date 21 January 2031)	₹ 1,000	1,36,241	1,483	1,36,241	1,693
7.39% Housing and Urban Development Corporation Ltd.Tax free bonds (Maturity Date 08 February 2031)	₹ 1,000	–	–	28,028	341
7.39% National Highway Authority of India Tax free bonds (Maturity Date 09 March 2031)	₹ 1,000	–	–	16,189	200
7.39% Housing and Urban Development Corporation Ltd.Tax free bonds (Maturity Date 15 March 2031)	₹ 1,000	1,30,244	1,406	1,63,244	1,989
7.35% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 22 March 2031)	₹ 1,000	1,50,000	1,616	1,78,216	2,194
7.35% National Bank For Agriculture And Rural Development Tax free bonds (Maturity Date 23 March 2031)	₹ 1,000	4,95,649	5,342	5,35,149	5,885
7.38% India Infrastructure Finance Company Ltd. Tax free bonds (Maturity Date 15 Nov 2027)	₹ 10,00,000	50	531	50	598
8.20% Housing And Urban Development Corporation Ltd. Tax free bonds (Maturity Date 05 March 2027)	₹ 1,000	50,000	555	50,000	568
			26,905		**34,742**
Total			**72,362**		**52,838**
Aggregate amount of listed and quoted investments at fair value			26,905		34,742
Aggregate amount of listed and quoted investments at cost			26,345		30,836
Aggregate amount of listed but not quoted investments at fair value			20,258		7,197
Aggregate amount of listed but not quoted investments at cost			18,400		6,700
Aggregate amount of unquoted investments at fair value			25,199		10,899
Aggregate amount of unquoted investments at cost			25,199		10,819

₹ In Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
5.	**OTHER NON-CURRENT FINANCIAL ASSETS**		
	Security deposits	1,096	138
	Bank deposits with more than 12 months maturity (Refer note 11)	–	18,845
	Interest accrued but not due on fixed deposits	–	2,410
	Total	**1,096**	**21,393**
6.	**INCOME TAX ASSETS (NET)**		
	Advance income tax [net of provisions ₹73,867 lakh (as at March 31, 2018 ₹71,271 lakh)]	5,149	3,067
	Total	**5,149**	**3,067**
7.	**OTHER NON-CURRENT ASSETS**		
	Capital advances	18	–
	Advances other than capital advances		
	Advances for supply of services	488	665
	Others		
	Prepaid expenses	59	181
	Total	**565**	**846**

8. CURRENT INVESTMENTS

Particulars	Face Value	As at March 31,2019		As at March 31,2018	
	Per Share	Shares	₹ In Lakh	Shares	₹ In Lakh
A Investments in equity instruments:					
of other Entities - FVTOCI	₹ 10	**65,00,000**	**528**	**65,00,000**	**508**
Metropolitan Clearing Corporation of India Limited (formerly Known as MCX SX Clearing Corporation Limited)					
Metropolitan Stock Exchange of India Limited (Formerly Known as MCX Stock Exchange Limited)	₹ 1	**33,17,77,008**	**1,957**	**33,17,77,008**	**2,322**
			2,485		**2,830**

Particulars	Face Value	As at March 31,2019		As at March 31,2018	
	Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
B Investment in Mutual Funds - FVTPL					
Axis Enhanced Arbitrage Fund - Direct - Dividend	₹ 10	–	–	1,75,77,651	1,921
Axis Short Term Fund Direct Growth	₹ 10	52,36,370	1,111	52,36,370	1,029
Axis Banking & PSU Debt Fund Direct Growth	₹ 1,000	60,260	1,066	–	–
Aditya Birla Sunlife Cash Plus Direct Growth	₹ 100	5,78,619	1,738	–	–
Birla Sunlife Income Plus Direct Growth	₹ 10	–	–	17,54,457	1,384
Birla Sun life Enhanced Arbitrage Fund Direct MDR	₹ 10	–	–	45,91,437	507
DSP BlackRock Short Term Fund - Direct - Growth	₹ 10	51,09,777	1,680	51,09,777	1,563
HDFC Corporate Bond Fund Direct Growth	₹ 10	59,65,110	1,249	–	–
HDFC Low Duration Fund Direct Growth	₹ 10	33,57,861	1,372	–	–
HDFC Medium Term Debt Fund Direct Growth	₹ 10	57,79,286	2,207	–	–
HDFC Short Term Debt Fund Direct Growth	₹ 10	50,21,996	1,046	–	–
HDFC Medium Term Opportunities Fund Direct Plan Growth	₹ 10	–	–	59,65,110	1,158
HDFC Gilt Fund Long Term Plan Direct Growth	₹ 10	–	–	1,04,63,704	3,743
HDFC High Interest Fund Dynamic Plan Direct Growth	₹ 10	–	–	21,21,554	1,302
HDFC Liquid Fund - Direct - Growth	₹ 1,000	–	–	1,00,885	3,454
HDFC High Interest Fund - Short Term Plan - Direct Growth	₹ 1,000	–	–	57,79,286	2,056
HDFC Cash Management Fund Treasury Advantage Direct Growth	₹ 10	–	–	8,05,473	306
ICICI Prudential Income Opportunity Fund Direct Growth	₹ 10	–	–	2,59,86,965	6,434
ICICI Prudential Bond Fund Direct Growth	₹ 10	2,59,86,965	6,866	–	–
ICICI Prudential Equity Arbitrage Fund Direct Plan Growth	₹ 10	–	–	35,20,408	508
ICICI Prudential Short Term Direct Growth	₹ 10	26,15,792	1,055	26,15,792	981
ICICI Prudential Money Market Fund Direct Growth	₹ 100	1,54,695	402	27,31,911	6,569
ICICI Pru Banking & PSU Debt Fund Direct Growth	₹ 1,000	51,95,885	1,120	51,95,885	1,050
IDFC Dynamic Bond Fund Direct Growth	₹ 10	–	–	1,55,45,405	3,359
IDFC Cash Fund - Direct - Growth	₹ 1,000	–	–	1,43,636	3,031
IDFC Corporate Bond Fund Direct Growth	₹ 10	5,44,90,469	7,008	5,44,90,469	6,523
IDFC Arbitrage Fund - Direct - Monthly Dividend	₹ 10	–	–	1,47,18,881	1,917
Invesco India Short Term Fund - Direct - Growth	₹ 1,000	21,334	546	21,334	508

Particulars	Face Value	As at March 31,2019		As at March 31,2018	
	Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
Invesco India Arbitrage Fund - Direct - Dividend	₹ 10	–	–	75,45,422	1,012
Kotak Bond Short Term Plan - Direct - Growth	₹ 10	90,82,190	3,313	90,82,190	3,059
Kotak Equity Arbitrage Fund Direct Growth	₹ 10	–	–	21,59,370	509
Kotak Flexi debt Fund Direct Plan Growth	₹ 10	–	–	90,80,288	2,090
Kotak Banking and PSU Debt Fund - Direct - Growth	₹ 10	39,27,851	1,688	39,27,851	1,563
Kotak Corporate Bond Fund - Direct - Growth	₹ 1,000	89,285	2,256	89,285	2,079
Kotak Dynamic Bond Fund Direct Growth	₹ 10	90,80,288	2,289	–	–
L&T Arbitrage Opportunities Fund - Direct - Monthly Dividend	₹ 10	–	–	98,59,823	1,011
L&T Triple Ace Bond Fund - Direct - Growth	₹ 10	23,22,638	1,125	23,22,638	1,048
LIC MF Bond Fund Direct Growth	₹ 10	65,62,527	3,310	65,62,527	3,104
Reliance Interval Fund - IV - Series3 - Direct Growth	₹ 10	–	–	50,00,000	622
Reliance Banking & PSU Debt Fund Direct Growth	₹ 10	1,74,68,775	2,376	1,74,68,775	2,203
Reliance Arbitrage Advantage Fund - Direct - Monthly Dividend	₹ 10	–	–	1,76,95,877	1,922
Reliance Floating Rate Fund Direct Growth	₹ 10	37,91,410	1,142	–	–
Reliance Prime Debt Fund Direct Growth	₹ 10	13,05,268	524	–	–
Reliance Liquid Fund Direct Growth	₹ 1,000	14,263	651	–	–
SBI Debt Fund Series - B - 29 (1200 days) - Direct Growth	₹ 10	50,00,000	644	50,00,000	600
SBI Arbitrage Opportunities Fund - Direct - Dividend	₹ 10	–	–	1,35,69,900	1,920
UTI Bond Fund Direct Plan Growth	₹ 10	–	–	59,30,728	3,238
UTI Ultra Short Term Fund Direct Dr	₹ 1,000	34,065	1,069	–	–
UTI Dynamic Bond Fund Direct Plan Growth	₹ 10	–	–	33,03,846	684
UTI Short Term Income Fund Direct Growth	₹ 10	23,45,601	544	–	–
UTI Short Term Income Fund Institutional Option - Direct Growth	₹ 10	–	–	1,64,02,311	3,549
UTI-Liquid Cash Plan -Direct- Growth	₹ 1,000	31,309	957	1,19,843	3,410
UTI Fixed Term Income Fund Series XXIII - XI (1100 days) - Direct Growth	₹ 10	–	–	50,00,000	600
UTI Floating Rate Fund - STP - Direct - Growth	₹ 1,000	–	–	17,525	510
UTI Spread Fund - Direct - Dividend	₹ 10	–	–	1,14,53,617	1,909
			50,354		**85,945**
Total			**52,839**		**88,775**
Aggregate amount of listed but not quoted investments at fair value			644		1,822
Aggregate amount of listed but not quoted investments at cost			500		1,500
Aggregate amount of not listed not quoted investments at fair value			49,710		84,123
Aggregate amount of not listed not quoted investments at cost			44,521		78,253
Aggregate amount of unquoted investments at fair value			2,485		2,830
Aggregate amount of unquoted investments at cost			7,087		7,087

₹ In Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
9.	**TRADE RECEIVABLES**		
	Secured, considered good *	304	424
	Unsecured, considered good	604	207
	Doubtful	208	421
		1,116	1,052
	Less: Provision for doubtful trade receivables	(208)	(421)
	Total	**908**	**631**
	* secured by cash margins / bank guarantees / fixed deposit receipts and hypothecation of movables such as commodities, etc. from members.		
10.	**CASH AND CASH EQUIVALENTS**		
	Balances with banks		
	– in current accounts	473	4,726
	Cheques on hand	–	2
	Total	**473**	**4,728**
11.	**BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**		
	Bank deposits *	3,152	20,027
	Less :Bank deposits with more than 12 months maturity	–	(18,845)
	Bank deposits with less than 12 months maturity	3,152	1,182
	In earmarked accounts		
	– unpaid dividend accounts	65	50
	Total	**3,217**	**1,232**
	*Bank deposits include:		
	(a) Deposits which are earmarked for Settlement Guarantee Fund ₹ Nil (as at March 31 2018: ₹ 4,456 lakh) out of which deposits of ₹ Nil (as at March 31, 2018 : ₹ Nil) are under lien.		
	(b) Deposits other than note (a) which are under lien with banks for overdraft facilities and bank guarantee - ₹ 2,065 lakh (as at March 31, 2018: ₹ 12,093 lakh)		
12.	**LOANS**		
	Loans and advances to employees	21	27
	Total	**21**	**27**
13.	**OTHER CURRENT FINANCIAL ASSETS**		
	Security deposits	300	300
	Secured, considered good :		
	Unbilled revenue*	2,581	2,248
	Unsecured, considered good :		
	Other Receivables	500	11
	Interest accrued but not due on fixed deposits**	475	43
	Interest accrued but not due on Tax free Bonds	1,016	1,167
	Total	**4,872**	**3,769**
	* Secured by cash margins / bank guarantees / fixed deposit receipts and hypothecation of movables such as commodities, etc. from members.		
	** Includes interest of ₹ NIL (as at March 31, 2018: ₹462 lakh) on fixed deposits which are earmarked for Settlement Guarantee Fund.		

₹ In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
14. OTHER CURRENT ASSETS		
a) Unsecured, considered good (unless stated otherwise)		
Prepaid expenses	1,360	1,288
Balance with government authorities	526	267
Advances for supply of services other than capital advances	1,027	1,062
Other advances	21	30
	2,934	2,647
(b) Unsecured, considered doubtful		
Other advances	–	3
Other recoverable	282	326
Less : Provision	(282)	(329)
Total	**2,934**	**2,647**

Particulars	As at March 31,2019		As at March 31,2018	
	No. of shares	**₹ In Lakh**	**No. of shares**	**₹ In Lakh**
15. EQUITY SHARE CAPITAL				
Authorized				
Equity shares of ₹ 10/- each	7,00,00,000	7,000	7,00,00,000	7,000
Issued				
Equity shares of ₹ 10/- each	5,09,98,369	5,100	5,09,98,369	5,100
Subscribed and Paid-Up				
Equity shares of ₹ 10/- each	5,09,98,369	5,100	5,09,98,369	5,100
	5,09,98,369	**5,100**	**5,09,98,369**	**5,100**
a. Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting year :				
Opening Balance at the beginning of the year	5,09,98,369	5,100	5,09,98,369	5,100
Add: Shares issued during the year	–	–	–	–
Closing balance at the end of the year	**5,09,98,369**	**5,100**	**5,09,98,369**	**5,100**

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 31,2019		As at March 31,2018	
	Number of Shares	**% of holding**	**Number of Shares**	**% of holding**
Kotak Mahindra Bank Limited	76,49,755	15%	76,49,755	15%

d. For particulars of options granted under Employee Stock Option Schemes, refer note no.41 on ESOP.

16. OTHER EQUITY

₹ In Lakh

Particulars	Other Equity					Total other equity
	Reserves and Surplus				Other Comprehensive Income	
	Securities Premium	Retained Earnings	ESOP Compensation Reserve	General Reserve	Equity Instruments through Other Comprehensive Income	
Balance as at April 01,2017	**21,684**	**95,670**	**399**	**16,449**	**(3,425)**	**1,30,777**
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
Balance as at March 31, 2018	**21,684**	**97,104**	**456**	**16,449**	**(3,166)**	**1,32,527**
Profit for the year	–	13,650	–	–	–	13,650
Dividend	–	(8,670)	–	–	–	(8,670)
Dividend distribution tax	–	(1,782)	–	–	–	(1,782)
Transfer from/(to) Settlement Guarantee Fund	–	5,634	–	–	–	5,634
Equity instruments through other comprehensive income	–	–	–	–	(183)	(183)
Reclassified to retained earning from ESOP Reserve	–	314	(314)	–	–	–
Reclassified to retained earning on disposal	–	98	–	–	(98)	–
ESOP Compensation Reserve	–	–	10	–	–	10
Re-measurement of employee benefits obligation and others	–	(3)	–	–	–	(3)
Balance as at March 31, 2019	**21,684**	**1,06,345**	**152**	**16,449**	**(3,447)**	**1,41,185**

Note:

i) 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.

ii) ESOP Compensation Reserve - Refer Note 41

₹ In Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
17.	**SETTLEMENT GUARANTEE FUND (SGF)**		
	Opening balance (cash component)	18,060	17,049
	Add/(Less): Base minimum capital (BMC)	154	(23)
	Add: Settlement related penalties (Net of Tax)	5	24
	Add : Appropriation of dues of defaulting members	–	8
	Add: Income from earmarked investments (Net of Tax)	120	1,002
	On transfer of Clearing and settlement activity to MCXCCL:		
	Less : Transfer of Base Minimum Capital to other Non Current Financial Liabilities	(3,541)	
	Less : Transferred to MCXCCL SGF	(9,164)	–
	Less :Balance transfer to retained earnings	(5,634)	–
	Total	**–**	**18,060**

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 on March 31, 2019 is Nil (as at March 31, 2018 ₹ 5,493 lakh).

(ii) As on March 31, 2018, SGF does not include Base Minimum Capital of Non-SEBI registered members.

₹ In Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
18.	**OTHER NON CURRENT FINANCIAL LIABILITIES**		
	Trade / Security deposits from		
	– Members*	4,005	330
	Total	**4,005**	**330**

*includes Base Minimum Capital from members as on March 31,2019 and from non-SEBI registered members as on March 31, 2018; in addition to the cash component of Base Minimum Capital, the amount of bank guarantees/fixed deposits receipts (Non cash component) forming part of base minimum capital as on March 31, 2019 is ₹5,739 lakh

19.	**NON CURRENT PROVISIONS**		
	Provision for Compensated absences (Refer note 40)	117	148
	Total	**117**	**148**
20.	**TRADE PAYABLES**		
	Due to Micro and Small Enterprises (Refer note. 47)	3	12
	Due to Others	3,449	4,128
	Total	**3,452**	**4,140**

₹ In Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
21.	**OTHER CURRENT FINANCIAL LIABILITIES**		
	Advance received from members and applicants towards		
	– Trading Margin from Members (Refer note 49)	–	27,069
	– Member's Security Deposits	505	752
	– Application Money (pending admission)	48	51
	– Networking Equipment Deposits	4	20
	– Trade / Security deposits from Settlement bankers (Refer note 49)	–	1,900
	Employee benefits payable	373	–
	Payable for purchase of fixed assets	737	383
	Security deposits from Depository participants	54	2
	Total	**1,721**	**30,177**
22.	**OTHER CURRENT LIABILITIES**		
	Statutory remittances	2,184	1,769
	Payable to Multi Commodity Exchange Investor Protection Fund (IPF)	350	378
	Investor Services Fund (ISF)#	333	4
	SEBI regulatory fund	5	–
	Payable to employees	13	52
	Advance received from members and applicants	752	771
	Income received in advance	109	24
	Unclaimed dividends *	65	50
	Total	**3,811**	**3,048**

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 Centers. Accordingly, Contribution during the year ₹ 405 lakh and utilized ₹ 75 Lakh (previous year ended March 31,2018 ₹195 lakh and ₹191 lakh respectively)
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

	Particulars	As at March 31, 2019	As at March 31, 2018
23.	**CURRENT PROVISIONS**		
	Provision for Compensated absences (Refer note. 40)	21	28
	Provision for Gratuity (Refer note. 40)	153	62
	Total	**174**	**90**
24.	**INCOME TAX LIABILITIES (NET)**		
	Provision for tax [net of advance tax ₹296 lakh (as on March 31, 2018 ₹2,181 lakh)]	2,750	805
	Total	**2,750**	**805**

Notes forming part of the financial statements *(Contd...)*

₹ In Lakh

	Particulars		Year ended March 31, 2019	Year ended March 31, 2018
25.	**REVENUE FROM OPERATIONS**			
	Sale of Services			
	Transaction fees		28,331	23,892
	Annual subscription fees		269	317
	Membership admission fees		–	102
	Terminal charges		48	51
			28,647	24,362
	Other operating revenues			
	Connectivity Income		650	977
	Other recoveries from members			
	– Penalties (net of transfer to SGF)		–	67
	– Others		135	134
	Data feed Income		342	329
	Warehouse Income		63	115
			1,188	1,622
		Total	**29,835**	**25,984**
26.	**OTHER INCOME**			
	Dividend income from mutual funds		194	327
	Interest income:			
	– on bank deposits		653	2,080
	– on Tax Free Bonds		2,082	2,174
	– from Others#		0	4
			2,735	4,258
	Net gain on sale of :			
	– current investments		637	812
	– long-term investments		3,671	235
	Gain/(loss) on fair valuation of Mutual Funds		1,166	2,859
	Gain/(loss) on fair valuation of Bonds		(666)	88
			4,808	3,994
	Rental income from operating lease		139	–
	Provisions/Liability no longer required written back*		354	19
	Miscellaneous income		407	38
		Total	**8,637**	**8,636**
	#0 represents ₹0.25 lakh			
	*net of bad debts ₹ 1,015 lakh for Financial year 2017-18			
27.	**EMPLOYEE BENEFITS EXPENSE**			
	Salaries and wages		6,034	6,290
	Contribution to provident and other funds		306	309
	Staff welfare expenses		167	140
	Share based payment to employee		10	57
		Total	**6,517**	**6,796**
28.	**CLEARING AND SETTLEMENT FEES**			
	– Clearing and Settlement Fees (Refer note 49)		2,142	–
		Total	**2,142**	**–**

₹ In Lakh

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
29. FINANCE COSTS			
Interest expenses on :			
– Others		3	–
	Total	**3**	**–**
30. SOFTWARE SUPPORT CHARGES AND PRODUCT LICENSE FEES			
Software support charges		3,617	4,021
Product License fees		1,635	923
	Total	**5,252**	**4,944**
31. COMPUTER TECHNOLOGY AND COMMUNICATION EXPENSES			
Computer Technology expenses		1,454	1,417
Communication expenses		394	874
	Total	**1,848**	**2,291**
32. OTHER EXPENSES			
Advertisement		187	264
Electricity charges		295	325
Rent		140	333
Repairs and maintenance - others		210	325
Insurance		45	52
Rates and taxes		23	23
Travelling and conveyance		293	471
Printing and stationery		19	52
Business promotion		261	223
CSR related expenses (Note No. 43)		252	181
Legal and Professional Charges		839	539
Sponsorships and Seminar expenses		58	130
Membership fees and subscriptions		100	106
Security service charges		111	121
SEBI - Exchange regulatory fees		436	363
Payment to the auditors			
– For audit		20	20
– For taxation matters		3	3
– For other services		3	1
– Reimbursement of out of pocket expenses		–	1
		25	25
Contribution to Multi Commodity Exchange Investor Protection Fund (IPF)		465	191
Contribution to Investor Service Fund		405	195
Contribution to Settlement Gurantee Fund		65	–
Net loss on foreign currency transactions and translations		16	18
Loss on fixed assets sold/scrapped*		4	0
Directors Sitting fees		72	67
Office expenses		255	273
Miscellaneous expenses		239	244
	Total	**4,816**	**4,521**

*0 represents ₹0.04 lakhs for FY 2017-18

₹ In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
33. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
Contingent liabilities :		
Claims against the Company not acknowledged as debts :		
– Income tax demands against which the Company is in appeals (including interest upto date of order) (Refer note 46) (Net of rectification order)	10,928	3,054
– Sales tax demands against which the Company is in appeals	–	1,015
– Service tax (CENVAT credit)	26	26
– Others (excluding interest)	30	67
Bank guarantee given*	1,127	1,127
Capital Commitments:		
The estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	675	850

* Bank guarantee as on 31.03.2019 includes, Expired BG amounting to ₹ 762 Lakh (expired on 11-01-2019)

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.

34. TAXATION

The Major component of tax expenses for the year are as under :

₹ In Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current income tax (MAT)	2,308	2,836
Deferred Tax	92	931
Minimum Alternate Tax (MAT) credit entitlement	(2,065)	0
Total Income Tax Expense	**335**	**3,767**

Reconciliation of tax expense and the accounting profit for the year is as under:

₹ In Lakh (as otherwise stated)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Profit / (loss) before tax	13,985	14,402
Applicable tax rate	34.944%	34.608%
Computed expected tax expense	4,887	4,984
Add:		
Expenses disallowed	709	916
Income not considered in Profit & Loss Account	430	177
Long Term Capital Gain on Tax Free Bond	876	–
Less:		
IND AS Impact (Net)	(492)	(1,029)
Expenses allowed	(796)	(1,086)
Exempt income	(1,807)	(1,124)
Contribution to SGF (Refer note 45)	(2,751)	–
Capital Gain/(Loss)	–	(2)
Normal Income Tax Liability	1,055	2,836
MAT-Income Tax Liability	2,690	–
Excess provision for tax relating to previous years	(382)	–
Income tax expense per Profit & Loss Account	**2,308**	**2,836**
Effective Tax Rate	**16.50%**	**19.69%**

Deferred tax relates to the following:

₹ In Lakh

Particulars	Balance Sheet	
	As at March 31, 2019	As at March 31, 2018
Expenses allowable on payment basis	126	131
Other items giving rise to temporary differences (including impact on fair value of investments)	(497)	(619)
Difference between WDV of Property, Plant and Equipment as per books of accounts & Income Tax	(1,315)	(1,216)
Minimum Alternate Tax (MAT) credit entitlement (Refer note 45)	2,065	–
Deferred tax asset / (liability)	**378**	**(1,705)**

Reconciliation of deferred tax assets / (liabilities) net:

₹ In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	(1,705)	(749)
Tax income / (expense) during the period recognized in profit & loss account	(92)	(931)
Differences on other comprehensive income	110	(24)
Minimum Alternate Tax (MAT) credit entitlement	2,065	–
Closing Balance	**378**	**(1,705)**

35. 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.

36. FOREIGN CURRENCY TRANSACTIONS

₹ In Lakh

Particulars	Year ended	
	March 31, 2019	**March 31, 2018**
Expenditure in Foreign Currency		
– License Fees	1,635	923
– Repairs and Maintenance-Others	–	12
– Membership and Subscription	27	6
– Professional Charges	5	106
– Computer Technology and Communication expenses	46	19
– Travel & Conveyance*	–	0
– Registration Fees	7	–
– Seminar & conference expenses	6	–
– Software License Fees Exp	3	–
– Loss from exchange rate fluctuation	2	–
– Advertisement expenses-Sales	2	–
– Honorarium Charges	1	–
– Sponsorship Expenses	1	–
– Bank charges	2	1
– Courier charges#	0	–
Earnings in Foreign Exchange		
– Data feed income	91	98

* 0 represents ₹ 0.07 lakhs
# 0 represents ₹ 0.02 lakhs

37. OPERATING LEASES

The Company has entered into 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	Year ended	
	March 31, 2019	**March 31, 2018**
Lease rentals (Included in Rent - Note No. 32)	74	77

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, 2019	As at March 31, 2018
Obligations on Non Cancellable Lease		
Not later than 1 year	100	124
Later than 1 year but not later than 5 years	80	152
Later than 5 years	–	–

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.

38. 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	Year ended	
	March 31, 2019	March 31, 2018
Weighted Average Shares Outstanding - Basic	5,08,67,930	5,08,60,437
Effect of dilutive securities on account of ESOP	(27,249)	(32,118)
Weighted Average Shares Outstanding - Diluted	5,08,40,681	5,08,28,319

Net Profit available to equity shareholders of the company used in the Basic and Diluted Earnings per Equity Share was determined as follows:

₹ In Lakh, except EPS

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Earnings available to equity shareholders	13,650	10,635
Earnings available for equity shareholders for diluted earnings per share	13,650	10,635
Basic Earnings per Share	26.83	20.91
Diluted Earning per Share	26.83	20.91

39. RELATED PARTY INFORMATION

Names of related parties and nature of relationship:

Nature of relationship	Name of Related Party
Subsidiary Company	Multi Commodity Exchange Clearing Corporation Limited (MCX CCL)
Associate Company	CDSL Commodity Repository Limited
Shareholders' Directors	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
Independent Directors	Mr. Saurabh Chandra (w.e.f. 03.07.2016)
	Mr. Arun Bhargava (upto 06.03.2019)
	Mr. Arun Kumar Nanda (upto 18.05.2018)
	Dr. Govinda Marapalli Rao (upto 07.08.2018)
	Mr. Prithvi Haldea (w.e.f. 25.10.2016)
	Mr. Subrata Kumar Mitra (upto 18.05.2018)
	Mr. Shankar Aggarwal (w.e.f. 01.10.2017)
	Ms. Pravin Tripathi (upto 12.08.2017)
	Mr. Basant Seth (w.e.f 19.05.2018)
	Dr. Deepali Pant Joshi (w.e.f 08.08.2018)
Key Managerial Personnel (KMP)	Mr. Mrugank Paranjape, MD & CEO (w.e.f. 09.05.2016)
	Mr. Parveen Kumar Singhal,(President & Whole Time Director) : upto 13.10.2017)
	Mr. Sanjay Wadhwa, Chief Financial Officer (w.e.f. 27.02.2017)
	Mr. Ashwin Patel, Company Secretary (upto 06.11.2018)
	Mr. Ajay Puri, Company Secretary (w.e.f. 07.12.2018)

Notes forming part of the financial statements *(Contd...)*

Nature of relationship	Name of Related Party
	Others:
	Mr. Narendra Kumar Ahlawat, Chief Regulatory Officer (upto 31.03.2018)
	Mr. Girish Dev, Chief Regulatory Officer (w.e.f. 01.04.2018)
	Mr. Rahi Racharla, Chief Information Officer, Technology (upto 17.08.2018)
	Mr. Pareshnath Paul Chief Information Officer, Technology (w.e.f. 11.02.2019)
	Mr. Praveen Dalvani Ganapathi#
	Mr.Venkatachalam Shunmugam#
	Mr. Chittaranjan Rege#
	Mr.Himanshu Ashar#
	Mr. Rajendra Gogate#
	Mr. Sanjay Gakhar#
	Mrs. Neetu Juneja#
	Mr. Deepak Mehta#
	Mr. Shivanshu Mehta#
	Mr. Arvind Sharma#
	Mr. Chandrakant Upadhyay#
	Mr. Jayaprakash Menon#
	Mr. Sudeendra Venkatesh Nadager# (upto 16.11.2018)
	Mr. Sanjay Golecha#
	Mr.Rishi Nathany#
	Mr. Sunil Kurup#

Others

Relatives of KMPs or company in which KMP is interested and where transaction exists –

Employee Welfare Trust MCX ESOP Trust

#Identified as KMP's under SECC Regulations, 2018 by the Nomination and Remuneration Committee, in its meeting held on November 16, 2018, hence transactions with them considered from Oct-Dec'18 quarter onwards.

Transactions with related parties:

The details of transactions with related parties for year ended March 31, 2019 are as follows:

₹ In Lakh

Particulars	Subsidiary	Associate	Others					Total
	MCX CCL	CDSL Commodity Repository Limited	MCX ESOP Trust	Shareholder's Directors	Independent Directors	KMPs	Relatives of KMPs or company in which KMP is interested	
Transactions								
Re-imbursements charged to the company	–	–	–	–	6	21	–	27
Purchase consideration under Business Transfer Agreement	33,132	–	–	–	–	–	–	33,132
MCX contibution towards SGF transfer	7,938	–	–	–	–	–	–	7,938
Recoveries charged by the company	19	–	1	–	–	–	–	20
Clearing & settlement fees	2,142	–	–	–	–	–	–	2,142
Annual Subscription fees	60	–	–	–	–	–	–	60
Rent Deposit & Rent Income	196	–	–	–	–	–	–	196
IT and other infrastructure charges	1,273	–	–	–	–	–	–	1,273
Sitting Fees Paid	–	–	–	48	110	–	–	159
Dividend paid	–	–	22	–	–	–	–	22
Loans & Advances	1,685	–	–	–	–	–	–	1,685
Interest receivable on loans & advances	10	–	–	–	–	–	–	10
Balances as at March 31, 2019								
Investments	23,999	1,200	–	–	–	–	–	25,199
Outstanding Balance receivable / (payable)	821	–	–	–	–	–	–	821

The details of amounts due to or due from related parties as at March 31, 2018 are as follows:

₹ In Lakh

Particulars	Subsidiary	Others						Total
	MCX CCL	MCX IPF#	MCX ESOP Trust	Shareholder's Directors	Independent Directors	KMPs	Relatives of KMPs or company in which KMP is interested	
Transactions								
Re-imbursements charged to the company	–	1	–	–	2	5	–	8
Recoveries charged by the company	86	37	–	–	–	–	–	123
Software Licence Fees	–	–	–	–	–	–	1	1
Dividend paid	–	–	21	–	–	–	–	21
Contribution to IPF	–	69	–	–	–	–	–	69
Penalties /Non Compliance Charges	–	1,328	–	–	–	–	–	1,328
Sitting Fees Paid	–	–	–	43	89	–	–	132
Balances as at March 31, 2018								
Investment	10,600	–	–	–	–	–	–	10,600
Outstanding Balance receivable / (payable)	12	220	–	–	–	–	–	232

#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

Terms and conditions of transactions with related parties

The services provided to and received from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured, interest free and will be settled in cash. There have been no guarantees received or provided for any related party receivables or payable.

Compensation of key managerial personnel of the company

(₹ In Lakh)

Particulars	2018-19	2017-18
Short-term employment benefits	946	709
Post-emplyment benefits	33	–
Termination benefits	–	–
Share-based payments	–	–

Transactions with Key Managerial Personnel :

(₹ In Lakh except as otherwise stated)

Nature of Transactions	Year ended	
	March 31, 2019	March 31, 2018
1. Salary and Allowances Paid/payable to KMPs*:		
Mr. Parveen Kumar Singhal	–	146
Mr. Mrugank Paranjape	229	253
Mr. Sanjay Wadhwa	82	66
Mr. Ajay Puri	21	28
Mr. Ashwin Patel	19	34
Others	594	182
2. Dividend paid to KMPs:		
Mr. Parveen Kumar Singhal	–	0.69
Others	–	0.00

(₹ In Lakh except as otherwise stated)

Nature of Transactions	Year ended	
	March 31, 2019	**March 31, 2018**
3. Employee Stock Options (ESOP Scheme 2008):	**In Numbers**	**In Numbers**
Opening Balance at the beginning of year		–
ESOPs held by KMPs identified as per SECC	3,640	–
Add: Options granted during the year	–	–
Less: Options Cancelled/ forfeited	(3,640)	
Less : Exercised during the year	–	–
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 :

1. There are no amounts written off or written back during the year in respect of debts due from or to related parties.
2. KMPs as on the respective dates are considered.

40. EMPLOYEE BENEFIT PLANS:

1. 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, 2019 and March 31, 2018.

₹ In Lakh

Particulars	Year ended	
	March 31, 2019	**March 31, 2018**
Change in benefit obligations		
Present Value of Benefit obligation at the beginning of the year	628	566
Interest Cost	49	41
Current Service Cost	93	87
Liability transferred out/Disinvestment	(121)	
Gains/Losses on Curtailment	–	–
Transfer of obligation	–	–
Benefits paid from the Fund	(58)	(56)
Actuarial (Gains)/Losses on obligations - due to change in finanancial assumptions	(1)	(41)
Actuarial (Gains)/Losses on obligations - due to experience*	(0)	31
Present Value of Benefit obligations at the end of the year	**590**	**628**

₹ In Lakh

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Change in plan assets		
Fair value of plan assets at the beginning of the year	565	450
Interest Income	44	33
Transfer of assets	–	–
Assets Transferred out/ disinvestment	(121)	–
Remeasurements - Return on plan assets excluding amounts included in interest income*	(6)	(0)
Contributions by the employer	12	140
Benefits paid from the fund	(58)	(56)
Fair value of plan assets at the end of the year	**437**	**565**
Net (liability)/ asset recognised in the Balance Sheet	**(153)**	**(62)**

*0 represents ₹ -0.16 lakh

Amount for the year ended March 31, 2019 and March 31, 2018 recognized in the Statement of Profit and Loss under employee benefits expenses.

₹ In Lakh

Recognized in Profit and Loss	Year ended	
	March 31, 2019	March 31, 2018
Current Service Cost	93	87
Net Interest Cost	5	8
Gains/Losses on Curtailment	–	–
Expenses Recognized	**98**	**96**

Amount for the year ended March 31, 2019 and March 31, 2018 recognized in statement of other comprehensive income:

₹ In Lakh

Recognized in Other Comprehensive Income	Year ended	
	March 31, 2019	March 31, 2018
Actuarial (gains) / losses on obligation for the year	(1)	(10)
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)*	6	0
Change in Asset Ceiling	–	–
Net (Income)/Expense for the year recognized in OCI	**5**	**(10)**

*0 represents ₹ 0.16 lakh

The weighted-average assumptions used to determine benefit obligations as at March 31, 2019 and March 31, 2018 are set out below:

Weighted Average Actuarial Assumptions	As at March 31, 2019	As at March 31, 2018
Discount rate	7.79%	7.78%
Weighted average rate of increase in compensation levels	7.50%	7.50%
Weighted average duration of defined projected benefit obligation	15	15

Sensitivity Analysis	**As at March 31, 2019**	**As at March 31, 2018**
Projected Benefit Obligation on Current Assumptions	590	628
Delta Effect of +1% change in rate of Discounting	(68)	(74)
Delta Effect of -1% change in rate of Discounting	81	88
Delta Effect of +1% change in rate of Salary Increase	80	88
Delta Effect of -1% change in rate of Salary Increase	(69)	(75)
Delta Effect of +1% change in rate of Employee Turnover*	0	(0)
Delta Effect of -1% change in rate of Employee Turnover#	(0)	0

*represents ₹0.16 lakh for FY 2018-19 and ₹-0.28 lakh for FY 2017-18

#represents ₹-0.40 lakh for FY 2018-19 and ₹0.03 lakh for FY 2017-18

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 ₹153 lakhs to the plan assets during financial year 2019-20.

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, 2019**	**March 31, 2018**
Within 1 year	30	13
1-2 year	13	14
2-3 year	18	33
3-4 year	18	19
4-5 year	32	27
5-10 years	128	174
11 years and above	1,669	1,794

1. 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 ₹224 Lakhs (Previous Year ₹ 214 Lakh) Refer Note No. 27

₹ In Lakh

Particulars	**Year ended**	
	March 31, 2019	**March 31, 2018**
Contribution to Provident and Family Pension Fund	206	211
Contribution to Employees State Insurance Scheme (ESIC)*	0	1
Contribution to Labour Welfare Fund	16	–
Contribution to Employees Deposit Linked Insurance (EDLI)	2	2

*represents ₹0.39 lakh for FY 2018-19

2) Other Long term employee benefits

Privilege Leave and Sick Leave assumptions

The liability towards compensated absences (Privilege leave and Sick leave) for the year ended March 31, 2019 based on acturial valuation carrried out by using Projected Accrual Benefit method resulted in decrease in liability by ₹38 lakh. (Previous year - decreased by ₹77 lakh)

a) Financial assumptions

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.79 % p.a.	7.78 % p.a.
Salary escalation rate	7.50 % p.a.	7.50 % p.a.

b) Demographic assumptions

Particulars	As at March 31, 2019	As at March 31, 2018
Employee turnover		
For service 4 years and below	10.00 % p.a.	10.00 % p.a.
For service 5 years and above	2.00 % p.a.	2.00 % p.a.

Mortality rate Indian Assured Lives Mortality (2006-08) Ultimate

41. 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	3,91,725	₹ 144.00	2-Jul-08
2 July 2008 to 2 July 2010	3,91,725	₹ 144.00	
2 July 2008 to 2 July 2011	5,22,300	₹ 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	1,32,700	₹ 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	

Vesting period	No. of Options granted	Exercise Price	Grant Date
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, 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, 2019	As at March 31, 2018
Expense arising from equity settled share based payment transactions	10	57

The activity in the 2008 Plan for equity-settled share based payment transactions during the year ended March 31, 2019 is set out below:

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
2008 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning of year	76,785	851.10	95,484	851.12
Granted during the year	–		–	
Forfeited and lapsed during the year	35,757	851.10	8,072	851.38
Exercised during the year	–		10,627	851.10
Outstanding at the end of year	**41,028**	**851.10**	**76,785**	**851.10**
Exercisable at the end of year	**41,028**		**27,657**	

During the year, company transferred 61 employees to its subsidiary company (MCXCCL) on 01.09.2018. Outstanding ESOP pertaining to transferred employees were 3690 on the date of transfer. Subsequently, 6660 ESOP got vested on 11th nov 2018 (4th Tranche), out of which 1760 esop's of identified KMP's of MCXCCL were cancelled/forfeited. Outstanding ESOP as on 31.03.2019 of MCXCCL employees are 4900.

Lapsed options available for reissuance are 89,411 (As at March 31, 2018: 53,654) 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, 2019:

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	41,028	0.61	₹ 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	
Grant date	2-Jul-08	23-Aug-08
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 A pril 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

42. FINANCIAL INSTRUMENTS

(a) 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, 2019 were as follows:

₹ In Lakh

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value
Financial Assets at amortized cost:				
Cash and cash equivalents (Refer Note No 10)	473	473	4,728	4,728
Bank Balances (Refer Note No. 11)	3,217	3,217	1,232	1,232
Bank deposits with original maturity of more than twelve months (Refer Note No 5)	–	–	18,845	18,845
Unbilled Revenue (Refer Note No 13)	2,581	2,581	2,248	2,248
Trade receivables (Refer Note No 9)	908	908	631	631
Loans (Refer Note No 12)	21	21	27	27
Other financial assets (Refer Note No 5, 7 & 13)	1,455	1,455	619	619
Financial Liabilities at amortized cost:				
Trade payables (Refer Note No 20)	3,452	3,452	4,140	4,140
Other financial liabilities (Refer Note No 18 & 21)	5,726	5,726	30,124	30,124
Fair value through profit or loss:				
Investments (Refer Note No 4 & 8)				
Tax free bonds	26,905	26,905	34,742	34,742
Mutual Funds	70,612	70,612	93,142	93,142
Fair value through OCI:				
Investments in unquoted equity shares of subsidiary	23,999	23,999	10,600	10,600
Investments in unquoted equity shares of other entities	2,485	2,485	3,129	3,129

Note : Investment in equity instrument 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 P & L 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.

(b) Fair Value Measurement

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2019:

₹ In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018	Level	Hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Financial Assets				
Investments in Mutual Funds (FVTPL)	70,612	93,142	1 & 2	1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Investments in tax free bonds (FVTPL)	26,905	34,742	1 & 2	1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Investments in equity instruments (FVTOCI)	26,484	13,729	3	Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Particulars	As at March 31, 2019	As at March 31, 2018	Level	Hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Financial Liabilities				
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.

(c) Financial risk management

1. 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.

2. 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.

3. 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.

4. 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:

₹ In Lakh

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹ In Lakh	Amount in Foreign Currency	₹ In Lakh	Amount in Foreign Currency
Trade receivables				
In USD	17	23,971	5	7,633
Trade Payables				
In USD	3	4,553	98	1,50,716
In GBP	130	1,44,112	268	2,90,689

5. Sensitivity Analysis

A Change of 5% in Foreign currency would have following impact on Profit before tax ₹ In Lakh

Particulars	2018-19		2017-18	
	5% Increase	5% decrease	5% Increase	5% decrease
Trade Payables/Receivables				
USD	1	(1)	(5)	5
GBP	(7)	7	(15)	15

6. Derivative financial instruments

The company has not entered into any forward exchange contract being derivative instruments.

7. 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 ₹ 1,116 lakhs and ₹ 631 lakhs as at March 31, 2019 and March 31, 2018 respectively and unbilled revenue amounting to ₹ 2,581 lakhs and ₹ 2,248 lakhs as at March 31, 2019 and March 31, 2018 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, 2019**	**As at March 31, 2018**
Trade receivables		
Less than 6 months	908	619
More than 6 months	208	11
Total	**1,116**	**631**

Movement in provisions of doubtful debts ₹ In Lakh

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Opening provision	421	1,436
Add: Additional provision made	11	–
Less: Provision reversed	80	19
Less: Bad debt written off	144	996
Closing provision	**208**	**421**

8. 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 unutilized sanctioned bank overdraft limits as at the respective year end.

₹ In Lakh

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Expiring within one year (bank overdraft)	935	9,635

(ii) Maturity patterns of other Financial liabilities ₹ In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payable	–	–
Less than 6 months	3,445	4,136
More than 6 months	7	4
Total	**3,452**	**4,140**

9. 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 optimize 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.

10. 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. The Company's regulatory team keeps a track regarding the amendments in SEBI circulars/regulations pertaining to the functioning of the Company.

43. 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.

₹ In Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Amount required to be spent as per Section 135 of the Act	270	287
Amount spent during the year on:		
(i) Construction / acquisition of an asset	–	–
(ii) On purpose other than (i) above	252	181
Total	**252**	**181**

44. Exceptional items At the beginning of the financial year, i.e., April 01, 2018, the Company had a portfolio of tax free bonds, with a cost base of ₹ 30,836 Lakh. The Company has valued the said portfolio of tax free bonds on Security Level Valuation (SLV) approach which seeks to capture the fair valuation on daily basis by computing the present value of all future cash flows instead of valuation approach prescribed by FIMMDA hitherto followed by the Company. The present value under SLV approach is calculated by discounting the future cash flows, factoring yield from the specific yield curve as applicable for the respective tenor of each security. The SLV approach is widely accepted by Market Participants such as Mutual funds, Insurance Companies, FII's and Corporates. Fair value loss as at April 1, 2018, amounting to ₹ 2,380 Lakh attributable to change in approach is disclosed as an exceptional item.

45. As per Circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014 issued by the Securities and Exchange Board of India ("SEBI") regarding a Core Settlement Guarantee Fund ("SGF"), every stock exchange shall contribute at least 25% of the Minimum Required Corpus to a Core SGF established and maintained by its clearing corporation. Accordingly, during the year, the Company has contributed ₹ 7,938 lakh towards Core SGF.The said contribution, being an expenditure allowable under section 37 of The Income Tax Act, 1961, has resulted in tax payable u/s 115JB (Minimum Alternate Tax) under the Income Tax Act, 1961. Further, in accordance with the guidance note issued by the Institute of Chartered Accountants of India on "Accounting for credit available in respect of MAT under the Income Tax Act, 1961", the

Company can recognize MAT credit as an asset only when and to the extent there is convincing evidence that the Company will be liable to pay normal income tax during the specified period.

Accordingly, the Company has recognized MAT credit entitlement of ₹2,065 Lakh for the year.

46. During the year, Hon'ble Bombay High Court has dismissed department order of Special audit u/s 142(2A) for AY 2010-11, 2011-12 and 2014-15. However, for AY 2015-16 Hon'ble Bombay High Court has issued order in favor of the department. Pursuant to the reopening of assessment for AY 2010-11 u/s 148, Department has issued re-assessment order u/s. 143(3) of the Income Tax Act, 1961 determining a demand of ₹ 5,160 lakh (including Interest of ₹ 2,731 lakh u/s 234B). For AY 2014-15 assessing officer has completed the assessment and issued order u/s. 143(3) of the Income Tax Act, 1961 determining a demand of ₹ 3,331 lakh (including Interest of ₹1,314 lakh u/s 234B). Further, for AY 2013-14, Transfer pricing officer had passed an order in FY 2016-17 determining a demand of ₹ 2,774 lakh (including interest of ₹ 868 lakh u/s 234). Company is contesting the above demands and the management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operation. Accordingly no provision has been made as on 31st March 2019 and the above amounts are shown under contingent liabilities. "

47. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2018-19, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

₹ In Lakh

Particulars		**As at 31.03.2019**	**As at 31.03.2018**
(i)	Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)	–	–
	Principal amount due to micro and small enterprise	3	12
	Interest due on above	–	–
(ii)	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	–	–
(iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	–	–
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year	–	–
(v)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

48. (A) Disclosure as per Regulation 53(f) of SEBI(Listing Obligation and Disclosure Requirements) Regulations:

Loans and Advances in the nature of loans given to subsidiaries, associates and others and investments in shares of the Company by such parties:

₹ In Lakh

Name of Party and Relationship	**Amount outstanding at March 31, 2019**	**Amount outstanding at March 31, 2018**	**Maximum balance outstanding during the year March 31, 2019**	**Maximum balance outstanding during the year March 31, 2018**
Multi Commodity Exchange Clearing Corporation of India Limited (MCXCCL) - Wholly Owned Subsidiary Company	–	–	1,250	–

The above loans was given to the subsidiary for its business activities.

(B) Disclosure as per Section 186 of the Companies Act, 2013

The details of loans, guarantees and investments under section 186 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 are as follows:

(i) Details of Investments made are given in Note 4.

(ii) During the year amount of ₹ 1,685 Lakh has been given as loans to Multi Commodity Exchange Clearing Corporation of India Limited (MCXCCL) a Wholly Owned Subsidiary Company with interest rate of 7.5%.

(iii) There are no guarantees issued in accordance with Section 186 of the Companies Act, 2013 read with rules issued thereunder.

49. During the current year, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL), a wholly owned subsidiary for the Company, has been granted approval by SEBI to act as a Clearing Corporation vide letter no. SEBI/HO/CDMRD/DEA/OW/P/2018/21541/1 dated August 01, 2018. Therefore, the clearing and settlement division of the Multi Commodity Exchange of India Ltd (MCX) was transferred to MCXCCL by executing a Business Transfer Agreement with MCX. The said transfer; on a Slump Sale basis, was effective September 01, 2018. Post this transfer, MCXCCL commenced clearing and settlement operations.

Further pursuant to the agreement following assets & liabilities have been transferred to MCXCCL by MCX:

₹ In Lakh

Particulars	Assets	Liabilities
Clearing Banks Deposit	–	1,900
WSP Deposit	–	116
Initial Margin	–	26,645
Member's obligation for transaction fees	–	77
Trading Member Cash Deposit	–	239
Margin shortfall block amount	–	2
Leave Encashment	–	33
Motor Cars	21	–
E-warehousing Software	82	–
Total	**103**	**29,012**

50. EVENT OCCURRING AFTER BALANCE SHEET DATE

The Board of Directors has recommended Equity dividend of ₹ 20 per share (Previous year ₹ 17/-) for the financial year 2018-19.

Dividend

₹ In Lakh except equity shares

Particulars	As at March 31, 2019	As at March 31, 2018
Equity shares	5,09,98,369	5,09,98,369
Final dividend for the year ended March 31, 2019 of ₹ 20/- (March 31, 2018 - ₹ 17/-) per fully paid share	10,200	8,670
Dividends not recognized at the end of the reporting period	10,200	8,670

51. Previous year figures have been regrouped/reclassified wherever necessary to conform to current year figures.

52. The Financial Statements were approved by the Audit Committee & Board of Directors on April 25, 2019.

For and on behalf of the Board of Directors

Mrugank Paranjape
Managing Director & CEO
DIN : 02162026

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Sanjay Wadhwa
Chief Financial Officer

Mumbai, April 25, 2019

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of

MULTI COMMODITY EXCHANGE OF INDIA LIMITED

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of **MULTI COMMODITY EXCHANGE OF INDIA LIMITED** (hereinafter referred to as "the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group") which includes the Group's share of profit in its associates, which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries and associates referred to below in the Other Matter section below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Transfer of clearing and settlement activity by Parent Company to its subsidiaries as per regulatory requirement** - Refer Note 46 & 47. The Parent Company is subject to various challenges by regulatory authorities on a range of regulatory matters during the normal course of business.	**Principal Audit Procedures:** We used our expertise to gain an understanding of the current status of the transaction treatments in the books, compliance with Indian Accounting Standards and tax implication on said transaction by reading external advice received by the Parent Company, where relevant, to establish that the implementation had been appropriately made to reflect the regulatory requirement and other compliances. • We evaluated the design and implementation of controls in respect of identifying uncertain tax positions and scheme of entries relating to the transaction, which we found to be satisfactory for the purposes of our audit. We also evaluated the related accounting policy, provisioning for tax exposures and found it to be appropriate;

	The changes are complex and there are areas of uncertainty relating to the manner in which transaction will be recorded in books along with other compliances. Therefore, the identification of transaction related compliance in certain areas due to unique nature of transaction on account of regulatory requirement and related tax provision is critical.	• read correspondence received by the Company from the regulatory authorities, updating our evidence from audits; • discussed with management the advice and action they had taken with regards to the transaction and reviewed any associated documents; and • discussed certain aspects of the matter directly with the Parent Company's legal and tax advisers. We concluded that the position adopted in the financial statements was reasonable based on the work we performed, in particular. • We have evaluated the transaction entered was at arm's length and appropriate disclosures were made in the standalone financial statements. We assessed the appropriateness of the related disclosures in notes of the consolidated financial statements, and considered them to be reasonable.
2.	**Taxation and Legal matters - Refer note. 1.4., note 1.3.N and note 32.** There are a number of legal, regulatory and tax cases against the Parent Company. There is a high level of judgement required in estimating the level of provisioning required.	**Principal Audit Procedures:** We used our expertise to gain an understanding of the current status of the cases and tracked changes in the disputes by reading external advice received by the Parent Company, where relevant, to establish that the provisions had been appropriately adjusted to reflect the latest external developments. For legal, regulatory and tax matters our procedures included the following: • testing key controls surrounding litigation, regulatory and tax procedures; • performing substantive procedures on the underlying calculations supporting the provisions recorded; • where relevant, reading external legal opinions obtained by the management; • meeting with the management and reading subsequent Parent Companies correspondence; • discussing open matters with the Parent Companies litigation, regulatory, general counsel and tax teams; • assessing the management's conclusions through understanding precedents set in similar cases; and • Direct communication with third party legal representatives of the Parent Company and discussion with them regarding certain material cases. Based on the evidence obtained, while noting the inherent uncertainty with such legal, regulatory and tax matters, we satisfied ourselves that the level of provisioning as at March 31, 2019 determined by the Management is appropriate. We validated the completeness and appropriateness of the related disclosures through assessing that the disclosure of the uncertainties in note 32 & 48 of the consolidated financial statements were sufficient.
3.	**Change in estimate for valuation of tax free bonds.** - Refer note 1.3.O and note 44. There is a high level of judgement required in an assessment of the methodology and the appropriateness of the valuation models and inputs used by the management to value investments.	**Principal Audit Procedures:** Our audit procedures included, among other things, an assessment of the methodology and the appropriateness of the valuation models and inputs used by the management to value investments. Further, we assessed the valuation of all individual investments to determine whether the valuations performed by the company were as per the policy. As part of these audit procedures we assessed the accuracy of key inputs used in the valuation, which were used by the external agency providing the valuation of the securities.

		Based on these procedures we have not noted any material differences. We have assessed the appropriateness of the related disclosures in notes 44 of the consolidated financial statements, and considered them to be reasonable
4	**Key Audit Matter of Subsidiary - Computation of Core Settlement Guarantee Fund ("Core SGF")** It is a mandatory compliance requirement for the Clearing corporation which involves the evaluation of the historic information, large variety and complexity of computation as well as involvement of significant judgment in the computation of price of underlying commodities, future contracts etc and is clarified by Securities and Exchange Board of India ("SEBI") through various Circulars. As per SEBI regulations, maintenance of SGF is a regulatory requirement for the clearing corporation to guarantee the settlement of trades executed on the stock exchange, non-compliance with which may attract penalty from SEBI. In the event of a clearing member failing to honor settlement Commitments, the SGF is used to fund the obligations of such member and complete the settlement without affecting the normal settlement process. Due to the level of judgement and complexity involved relating to computation of SGF, this is considered to be a key audit matter.	**Principal Audit Procedures of Subsidiary Auditors:** Audit procedures of subsidiary auditors, in respect of this area included: 1. Obtained an understanding of the regulatory framework to be complied by the Company for the maintenance of Core SGF; 2. Understood, evaluated and validated the design of the process adopted by the company over the computation of Core SGF; 3. Compared the computation method applied by the management with the computation method prescribed by the SEBI; 4. Tested the Core SGF computation under various scenarios keeping in view the assumption made by the management; and 5. Recomputed the stress test results on sample basis to check the Core SGF is recognized as on March 31, 2019.

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

The Parent's Board of Directors is responsible for the other information. The other information comprises the Directors' Report, Report on Corporate governance and Business Responsibility report, but does not include the financial statements and our auditor's report thereon.

The Directors' Report, Report on Corporate governance and Business Responsibility report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors' Report, Report on Corporate governance and Business Responsibility report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.

Management Responsibilities for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associate in accordance with Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent, as aforesaid. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group and of its associate is also responsible for overseeing the financial reporting process of the Group and of its associate.

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the Consolidated Financial Statements.

We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities or business activities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements/financial information of a subsidiary, whose financial statements reflect total assets of ₹70,227/- lakh as at March 31, 2019, total revenues of ₹3,875/- lakh and net cash inflows amounting to ₹10,357/- lakh for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors. Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

The Consolidated Financial Statements also include the Group's share of net profit of ₹43 lakh for the year ended March 31, 2019, as considered in the Consolidated Financial Statements, in respect of an associate, whose Financial Statements have not been audited by us. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, and matters identified and disclosed under key audit matters section above and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group. Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

Report on other legal and regulatory requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on separate financial statements of subsidiary and associate companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.;

(d) In our opinion, the aforesaid Ind AS Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2019 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Company and its subsidiary company incorporated in India is disqualified as on March 31, 2019 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 Holding Company, and its subsidiary company and associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in **'Annexure A'.**

(g) With respect to the matter to be included in the Auditors' report under Section 197(16): In our opinion and according to the information, explanation given to us and based on the reports of the statutory auditors of such subsidiary company incorporated in India which were not audited by us, the remuneration paid during the current year by the Parent Company and its subsidiary which are incorporated in India is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary which are incorporated in India, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

(h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate.

   ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.; and

   iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund.

For **SHAH GUPTA & CO.**
Chartered Accountants
Firm Registration No.: 109574W

Vipul K. Choksi
Partner
Membership No.: 37606

Mumbai, April 25, 2019

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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 Financial Statements of the Company as of and for the year ended 31st March, 2019, we have audited the internal financial controls over financial reporting of **MULTI COMMODITY EXCHANGE OF INDIA LIMITED** ("the Company" or "the Parent") and its subsidiary company and its associate company, which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary company and its associate company, which are companies incorporated in India, 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, its subsidiary companies and its associate companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary company which are companies 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, to the best of our information and according to the explanations given to us and based on the consideration of other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary company, 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, 2019, based on the criteria for internal control over financial reporting 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company which is company incorporated in India, is based on the report of the auditors of such company incorporated in India. We do not comment on the adequacy and operating effectiveness of the Internal Financial Controls over Financial Reporting of associate company incorporated in India, whose financial statements are unaudited and have been furnished to us by the Management.

For **SHAH GUPTA & CO.**
Chartered Accountants
Firm Registration No.: 109574W

Vipul K. Choksi
Partner
Membership No.: 37606

Mumbai, April 25, 2019

Consolidated Balance Sheet as at March 31, 2019

₹ In Lakh

Particulars	Note No.	Consolidated As at March 31, 2019	Consolidated As at March 31, 2018
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2A	14,141	14,668
(b) Capital work in progress	2B	3	233
(c) Intangible assets	3A	1,660	955
(d) Intangible assets under development	3B	1,892	321
(e) Financial assets			
(i) Non-current Investments	4		
- Associates		1,229	–
- Others		47,163	42,238
(ii) Other non-current financial assets	5	13,572	28,831
(f) Deferred tax assets (net)	33	297	–
(g) Income tax assets (net)	6	5,180	3,069
(h) Other non-current assets	7	570	846
Total non-current assets		**85,707**	**91,161**
(2) Current assets			
(a) Financial assets			
(i) Current Investments	8	58,235	89,967
(ii) Trade receivables	9	601	631
(iii) Cash and cash equivalents	10	10,836	4,734
(iv) Bank balances (other than cash and cash equivalents (iii) above)	11	42,623	1,232
(v) Loans	12	21	27
(vi) Other current financial assets	13	6,477	6,230
(b) Other current assets	14	2,956	2,647
Total current assets		**1,21,749**	**1,05,468**
Total Assets		**2,07,456**	**1,96,629**
Equity and Liabilities			
(1) Equity			
(a) Equity Share Capital	15	5,100	5,100
(b) Other Equity	16	1,19,990	1,32,948
Total equity		**1,25,089**	**1,38,048**
(2) Settlement Guarantee Fund	17	32,980	18,060
Liabilities			
(3) Non-current liabilities			
(a) Financial Liabilities			
(i) Other non-current financial liabilities	18	4,005	330
(b) Deferred tax liabilities (net)	33	–	1,721
(c) Non-current provisions	19	137	150
Total non-current liabilities		**4,142**	**2,201**
(4) Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	20	3,323	4,163
(ii) Other current financial liabilities	21	35,095	30,178
(b) Other current liabilities	22	3,896	3,053
(c) Current provisions	23	180	97
(d) Income tax liabilities (net)	24	2,750	829
Total current liabilities		**45,244**	**38,320**
Total liabilities		**82,366**	**58,581**
Total Equity and Liabilities		**2,07,456**	**1,96,629**
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 25, 2019

For and on behalf of the Board of Directors

Mrugank Paranjape
Managing Director & CEO
DIN : 02162026

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Sanjay Wadhwa
Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

₹ In Lakh, except EPS

	Particulars	Note No.	Consolidated	
			Year ended March 31, 2019	Year ended March 31, 2018
I	**Income**			
	Revenue From Operations	25	30,003	25,984
	Other Income	26	9,856	9,202
	Total Income		**39,859**	**35,186**
II	**Expenses**			
	Employee benefits expense	27	7,246	6,821
	Finance costs	28	1	4
	Depreciation and amortization expense	2A, 3A	1,545	1,666
	Software support charges and Product license Fees	29	6,134	4,944
	Computer Technology and Communication expenses	30	2,055	2,291
	Other expenses	31	5,172	4,742
	Total expenses		**22,153**	**20,468**
III	Profit before exceptional items, tax and Share of Profit of Associate		17,706	14,718
IV	Exceptional items	44	2,380	–
V	**Profit before tax and Share of Profit of Associate**		**15,326**	**14,718**
VI	Add: Share of Profit of Associate		43	–
VII	**Profit before tax**		**15,369**	**14,718**
VIII	**Tax expenses**			
	(1) Current tax	33	(3,116)	(2,943)
	(2) Minimum Alternate Tax (MAT) credit entitlement	33	2,065	–
	(3) Excess provison for tax relating to prior years	33	382	–
	(4) Deferred tax	33	(76)	(939)
IX	**Profit for the year**		**14,624**	**10,836**
X	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss (net of tax)			
	i) Changes in fair value of equity instruments		(184)	118
	ii) Remeasurement of employee benefits obligations	39	13	6
	iii) Share of profit in associate#	42	0	–
XI	**Total Comprehensive Income for the year**		**14,453**	**10,960**
	Net Profit attributable to :			
	a) Owners of the Company		14,624	10,836
	b) Non-controlling Interest		–	–
	Other Comprehensive Income attributable to :			
	a) Owners of the Company		(171)	124
	b) Non-controlling Interest		–	–
	Total Comprehensive Income attributable to :			
	a) Owners of the Company		14,453	10,960
	b) Non-controlling Interest		–	–
XII	**Earnings per equity share (of ₹ 10/- each)**			
	(1) Basic	37	28.75	21.31
	(2) Diluted	37	28.75	21.31
	#0 represents ₹ 0.01 lakh			
	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 25, 2019

For and on behalf of the Board of Directors

Mrugank Paranjape
Managing Director & CEO
DIN : 02162026

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Sanjay Wadhwa
Chief Financial Officer

Consolidated Statement of Changes in Equity for the year ended March 31, 2019

₹ In Lakh

Particulars	Equity Share Capital (A)	Other Equity						Total other equity (B)
		Reserves and Surplus				Other Comprehensive Income		
		Securities Premium	Retained Earnings	ESOP Compensation Reserve	General Reserve	Equity Instruments through Other Comprehensive income	Share of profit in Associate	
As at April 01, 2017	**5,100**	**21,684**	**95,941**	**399**	**16,449**	**(3,335)**	**–**	**1,31,139**
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
As at March 31, 2018	**5,100**	**21,684**	**97,577**	**455**	**16,449**	**(3,217)**	**–**	**1,32,948**
Profit for the year	–	–	14,624	–	–	–	–	14,624
Transfer to Settlement Guarantee Fund	–	–	(16,973)	–	–	–	–	(16,973)
Dividend	–	–	(8,670)	–	–	–	–	(8,670)
Dividend distribution tax	–	–	(1,782)	–	–	–	–	(1,782)
Equity instruments through other comprehensive income#	–	–	–	–	–	(184)	0	(184)
Reclassified to retained earning from ESOP Reserve	–	–	314	(314)	–	–	–	–
Reclassified to retained earning on disposal	–	–	98	–	–	(98)	–	–
ESOP Compensation Reserve	–	–	–	10	–	–	–	10
Re-measurement of employee benefits obligation and others	–	–	13	–	–	–	–	13
As at March 31, 2019	**5,100**	**21,684**	**85,201**	**151**	**16,449**	**(3,499)**	**0**	**1,19,990**

#0 represents ₹ 0.01 lakh

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 25, 2019

For and on behalf of the Board of Directors

Mrugank Paranjape
Managing Director & CEO
DIN : 02162026

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Sanjay Wadhwa
Chief Financial Officer

Consolidated Cash Flow Statement for the year ended March 31, 2019

₹ In Lakh

Particulars		for the year ended			
		March 31, 2019		March 31, 2018	
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit before tax		**15,369**		**14,718**
	Adjustments for:				
	Depreciation and amortization expense	1,545		1,666	
	Finance costs	1		4	
	Dividend income	(194)		(359)	
	Net gain on sale of investments	(4,435)		(1,475)	
	(Gain)/loss on fair valuation of Investments	(506)		(2,997)	
	Provisions no longer required written back	(354)		(19)	
	Loss on fixed assets sold/scrapped*	4		0	
	Interest income	(4,166)		(4,314)	
	Share of profit of Associate	43		–	
	Shared based payment	10		57	
	Remeasurement of Employee benefit	13	**(8,039)**	4	**(7,432)**
	Operating profit before working capital changes		**7,330**		**7,286**
	Adjustments for (increase) / decrease in:				
	Other financial assets	15,259		(106)	
	Trade receivables	384		(331)	
	Loans	6		8	
	Other financial assets	(334)			
	Other current assets	(309)		(422)	
	Adjustments for increase/ (decrease) in:				
	Other non-current financial liabilities	3,675		(1,082)	
	Provisions	(12)		7	
	Trade payables	(840)		1,155	
	Other current financial liabilities	4,564		6,409	
	Other current liabilities	829		(907)	
	Provisions	84	**23,306**	(130)	**4,601**
	Adjustment for increase/(decrease) in Settlement Guarantee Fund (SGF)		(2,053)		1,011
	Cash generated from operations		**28,583**		**12,898**
	Income tax paid (net of refunds)		(2,952)		(2,964)
	Net cash generated from operating activities (A)		**25,631**		**9,934**

	Particulars	for the year ended March 31, 2019	for the year ended March 31, 2018
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital expenditure on fixed assets including capital advances	(2,711)	(2,660)
	Proceeds from sale of fixed assets	(4)	(0)
	Purchase of Non current investments-others	(5,210)	1,695
	Proceeds/(Purchase) of Current investments	35,502	(9,464)
	Other non-current assets	276	8,481
	Other Bank balances	(41,376)	300
	Dividend received	194	359
	Interest received	4,253	4,894
	Net cash flow (used)/generated from investing activities (B)	**(9,076)**	**3,605**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Dividend paid (including tax thereon)	(10,452)	(9,207)
	Finance costs paid	(1)	(4)
	Net cash flow used in financing activities (C)	**(10,453)**	**(9,212)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	6,102	4,327
	Cash and cash equivalents at the beginning of the year	4,734	407
	Cash and cash equivalents at the end of the year (Refer Note 10)	**10,836**	**4,734**

* 0 denotes ₹ 0.04 lakh for FY 2017-18

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 25, 2019

For and on behalf of the Board of Directors

Mrugank Paranjape
Managing Director & CEO
DIN : 02162026

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Sanjay Wadhwa
Chief Financial Officer

Notes forming part of the Consolidated financial statements

GROUP OVERVIEW

The consolidated financial statements comprise financial statements of the Multi Commodity Exchange of India Limited (the "Company" or the "Exchange"), a deemed Stock Exchange recognised under the Securities Contracts (Regulation) Act, 1956, and its subsidiary (collectively, the Group), and includes the share of profit of associate for the year ended March 31, 2019. 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 Parent 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

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 31st March. 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 recognized 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 recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. In addition, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized 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 recognizing its share of further losses. Additional losses are recognized 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 recognizing 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.

Upon loss of significant influence over the associate, the Group measures and recognizes 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 recognized 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
Network 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 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 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 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)

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 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 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 measure 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 (nonrefundable) 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 Company's right to receive dividend is established.

e) Warehouse income is recognized 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.

Effective from April 1, 2018, the Group has adopted Ind AS 115 "Revenue from contracts with customers" using the cumulative effect method. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information is not restated in the Interim statement of profit and loss. The adoption of the standard did not have any material impact to the financial statements of the Group. The effect of adoption is insignificant.

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.

Effective from April 01, 2018, the Group has adopted Appendix B to Ind AS 21, The Group determines exchange rate to use on initial recognition of the related asset, expense or income, when the Group receives or pays advance consideration in a foreign currency. The effect of adoption is insignificant.

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 financials 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 up to the date of issuance of the Group's financial statements is disclosed below. The Group intends to adopt this standard when it becomes effective.

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

  Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Group is currently evaluating the method and impact of transition.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition – i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Group will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The Group is currently evaluating the effect of this amendment on the standalone financial statements.

Amendment to Ind AS 12 – Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is currently evaluating the effect of this amendment on it's financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group does not have any impact on account of this amendment.

2A. PROPERTY, PLANT AND EQUIPMENT

₹ In Lakh

Particulars	Land-Freehold	Buildings	Office Equipments	Networking Equipment	Furniture and fixtures	Vehicles	Total
Gross carrying amount							
Balance as at April 1, 2017	**5,061**	**6,268**	**3,775**	**48**	**568**	**76**	**15,796**
Additions	–	–	1,570	1	–	136	1,707
Disposals	–	–	27	3	1	7	38
Balance as at March 31, 2018	**5,061**	**6,268**	**5,318**	**46**	**567**	**205**	**17,465**
Additions	–	–	678	–	3	29	710
Disposals	–	–	10	1	–	87	98
Balance as at March 31, 2019	**5,061**	**6,268**	**5,986**	**45**	**570**	**147**	**18,077**
Accumulated Depreciation							
Balance as at April 1, 2017	**–**	**196**	**1,394**	**29**	**128**	**41**	**1,788**
Additions	–	115	796	9	97	29	1,046
Disposals*	–	–	27	3	0	7	37
Balance as at March 31, 2018	**–**	**310**	**2,163**	**36**	**225**	**63**	**2,797**
Additions	–	115	968	5	58	38	1,184
Disposals	–	–	10	1	–	34	45
Balance as at March 31, 2019	**–**	**425**	**3,121**	**40**	**283**	**67**	**3,936**
Net carrying amount							
Balance as at March 31, 2018	**5,061**	**5,958**	**3,155**	**10**	**342**	**142**	**14,668**
Balance as at March 31, 2019	**5,061**	**5,843**	**2,866**	**5**	**287**	**79**	**14,141**

*represents ₹ 0.09 lakh

2B. CAPITAL WORK IN PROGRESS

Balance as at March 31, 2018	**–**	**–**	**233**	**–**	**–**	**–**	**233**
Balance as at March 31, 2019	**–**	**–**	**3**	**–**	**–**	**–**	**3**

3A INTANGIBLE ASSETS

₹ In Lakh

Particulars	Computer Software	Trademark and Copyright	Total
Gross carrying amount			
Balance as at April 1, 2017	**3687**	**–**	**3687**
Additions	405	–	405
Disposals	–	–	–
Balance as at March 31, 2018	**4,092**	**–**	**4,092**
Additions	1,168	–	1,168
Disposals	95	–	95
Balance as at March 31, 2019	**5,165**	**–**	**5,165**
Accumulated Depreciation			
Balance as at April 1, 2017	**2,517**	**–**	**2,517**
Additions	620	–	620
Disposals	–	–	–
Balance as at March 31, 2018	**3,137**	**–**	**3,137**
Additions	380	–	380
Disposals	12	–	12
Balance as at March 31, 2019	**3,505**	**–**	**3,505**
Net carrying amount			
Balance as at March 31, 2018	**955**	**–**	**955**
Balance as at March 31, 2019	**1,660**	**–**	**1,660**

3B. INTANGIBLE ASSETS UNDER DEVELOPMENT

Balance as at March 31, 2018	**321**	**–**	**321**
Balance as at March 31, 2019	**1,892**	**–**	**1,892**

4. NON CURRENT INVESTMENTS

Particulars		As at March 31,2019		As at March 31,2018	
	Per Share	Shares	₹ In Lakh	Shares	₹ In Lakh
A Investments in equity instruments:					
(i) of Associate - Cost					
CDSL Commodity Repository Limited, fully paid up	₹ 10	1,20,00,000	1,200	–	–
Add : Share of profit of associate (Net of Tax)			29		–
			1,229		**–**
(ii) **of other entities - FVTOCI**					
Class B Shares of USD 1,000 each fully paid-up in Dubai Gold and Commodities Exchange DMCC	₹ 10	**–**	**–**	**500**	**299**
			–		**299**
			1,229		**299**

Particulars		As at March 31,2019		As at March 31,2018	
	Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
B Investment in Mutual Funds - FVTPL					
Aditya Birla Sun Life Fixed Term Plan - Series RA	₹ 10	50,00,000	530	–	–
Aditya Birla Sun Life Fixed Term Plan - Series RC	₹ 10	80,00,000	852	–	–
Birla Sunlife FMP Series OG 1146 days - Direct Growth	₹ 10	60,00,000	693	60,00,000	644
Birla Sunlife FMP Series OI- Direct Growth	₹ 10	50,00,000	579	50,00,000	537
Birla Sun Life Fixed Term Plan Series PU Direct Growth	₹ 10	50,00,000	547	–	–
DSP Blackrock FMP Series 204 37M - Direct Growth	₹ 10	1,00,00,000	1,153	1,00,00,000	1,073
HDFC Fixed Maturity Plan Oct 2018 (43) 1 Direct Growth	₹ 10	70,00,000	745	–	–
HDFC Fixed Maturity Plan Sept 2018 (42) -1-1115 Direct Growth	₹ 10	50,00,000	534	–	–
HDFC Fixed Maturity Plan Sept 2018 (42) -1-1381 Direct Growth	₹ 10	80,00,000	859	–	–
ICICI Pru FMP Series 80 Growth Plan G - Direct Growth	₹ 10	1,00,00,000	1,156	1,00,00,000	1,073
ICICI Pru FMP Series 80 plan J -Direct Growth	₹ 10	1,00,00,000	1,160	1,00,00,000	1,076
ICICI Pru FMP Series 84 1293 days -Direct Growth	₹ 10	1,00,00,000	1,072	–	–
Invesco India Fixed Maturity Plan Series XXXII Direct Growth	₹ 10	50,00,000	538	–	–
Kotak FMP Series 200 - 1158 days - Direct Growth	₹ 10	1,00,00,000	1,155	1,00,00,000	1,074
Kotak FMP Series 245 - 1140 days - Direct Growth	₹ 10	80,00,000	848	–	–
Kotak FMP Series 247 - 1308 days - Direct Growth	₹ 10	1,00,00,000	1,071	–	–
Reliance FHF XXXIII Series 1 FMP - Direct Growth	₹ 10	60,00,000	697	60,00,000	646
Reliance FHF XXXIII Series 4 FMP - Direct Growth	₹ 10	50,00,000	579	50,00,000	537
Reliance FHF 38 Series 6 FMP - Direct Growth	₹ 10	50,00,000	533	–	–
Reliance FHF 39 Series 4 FMP - Direct Growth	₹ 10	70,00,000	753	–	–
Reliance FHF 39 Series 6 FMP - Direct Growth	₹ 10	80,00,000	858	–	–
Reliance FHF 39 Series 9 FMP - Direct Growth	₹ 10	80,00,000	851	–	–
SBI Magnum DFS C - 26 -1125 Days Direct Growth	₹ 10	1,00,00,000	1,064	–	–
UTI Fixed Term Income Fund Series XXX Plan 5	₹ 10	80,00,000	854	–	–
UTI FFTIF Series XXVI - VI - Direct Growth	₹ 10	50,00,000	577	50,00,000	537
			20,258		**7,197**
C. Investment in Tax free Bonds - FVTPL	**Per unit**	**Units**	**₹ In Lakh**	**Units**	**₹ In Lakh**
7.19% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 31 July 2025)	₹ 10,00,000	400	4,161	400	4,603
7.11% National Highway Authority of India Tax free bonds (Maturity Date 18 September 2025)	₹ 10,00,000	500	5,182	500	5,730
7.07% Housing and Urban Development Corporation Ltd. Tax free bonds (Maturity Date 01 October 2025)	₹ 10,00,000	440	4,543	440	5,030
7.11% NTPC Ltd.Tax free bonds (Maturity Date 05 October 2025)	₹ 1,000	62,457	648	62,457	716
7.11% Power Housing Finance Corporation Ltd.Tax free bonds (Maturity Date 17 October 2025)	₹ 1,000	25,670	266	25,670	294
7.09% Rural Electrification Corporation Ltd.Tax free bonds (Maturity Date 05 November 2030)	₹ 1,000	–	–	1,14,504	1,364
7.28% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 21 December 2030)	₹ 1,000	–	–	1,05,700	1,156
7.35% National Highway Authority of India Tax free bonds (Maturity Date 11 January 2031)	₹ 1,000	1,08,849	1,172	1,92,849	2,381
7.49% Indian Renewable Energy Development Agency Ltd. Tax free bonds (Maturity Date 21 January 2031)	₹ 1,000	1,36,241	1,483	1,36,241	1,693

Particulars		As at March 31,2019		As at March 31,2018	
	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
7.39% National Highway Authority of India Tax free bonds (Maturity Date 09 March 2031)	₹ 1,000	–	–	16,189	200
7.39% Housing and Urban Development Corporation Ltd.Tax free bonds (Maturity Date 15 March 2031)	₹ 1,000	1,30,244	1,406	1,63,244	1,989
7.35% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 22 March 2031)	₹ 1,000	1,50,000	1,616	1,78,216	2,194
7.35% National Bank For Agriculture And Rural Development Tax free bonds (Maturity Date 23 March 2031)	₹ 1,000	4,95,649	5,342	5,35,149	5,885
7.38% India Infrastructure Finance Company Ltd. Tax free bonds (Maturity Date 15 Nov 2027)	₹ 10,00,000	50	531	50	598
8.20% Housing And Urban Development Corporation Ltd. Tax free bonds (Maturity Date 05 March 2027)	₹ 1,000	50,000	555	50,000	567
			26,905		**34,742**
Total			**48,392**		**42,238**
Aggregate amount of listed and quoted investments at fair value			26,905		34,742
Aggregate amount of listed and quoted investments at cost			26,345		30,836
Aggregate amount of listed but not quoted investments at fair value			20,258		7,197
Aggregate amount of listed but not quoted investments at cost			18,400		6,700
Aggregate amount of unquoted investments at fair value			1,229		299
Aggregate amount of unquoted investments at cost			1,229		219

₹ In Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
5.	**OTHER NON-CURRENT FINANCIAL ASSETS**		
	Unsecured, considered good:		
	Security deposits	1,150	138
	Bank deposits with more than 12 months maturity (Refer note 11)	12,422	28,693
	Total	**13,572**	**28,831**
6.	**INCOME TAX ASSETS (NET)**		
	Advance income tax [net of provisions ₹74,389 lakh (as at March 31, 2018 ₹ 71,271 lakh)]	5,180	3,069
	Total	**5,180**	**3,069**
7.	**OTHER NON-CURRENT ASSETS**		
	Capital advances	18	–
	Advances other than capital advances		
	Advances for supply of services	488	665
	Others		
	Prepaid expenses	64	181
	Total	**570**	**846**

8. CURRENT INVESTMENTS

	Particulars	Face Value	As at March 31,2019		As at March 31,2018	
		Per Share	Shares	₹ In Lakh	Shares	₹ In Lakh
A	**Investment in equity instruments of other Entities - FVTOCI**	₹ 10	**65,00,000**	**528**	**65,00,000**	**508**
	Metropolitan Clearing corporation of India Limited (formerly Known as MCX SX Clearing Corporation Limited)					
	Metropolitan Stock Exchange of India Limited (Formerly Known as MCX Stock Exchange Limited)	₹ 1	**33,17,77,008**	**1,957**	**33,17,77,008**	**2,322**
				2,485		**2,830**

	Particulars	Face Value	As at March 31,2019		As at March 31,2018	
		Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
B	**Investment in Mutual Funds - FVTPL**					
	Axis Enhanced Arbitrage Fund - Direct - Dividend	₹ 10	–	–	1,75,77,651	1,921
	Axis Short Term Fund Direct Growth	₹ 10	52,36,370	1,111	52,36,370	1,029
	Axis Liquid Fund Direct Growth *	₹ 1,000	32,514	674	–	–
	Axis Banking & PSU Debt Fund Direct Growth	₹ 1,000	60,260	1,066	–	–
	Aditya Birla Sunlife Cash Plus Direct Growth	₹ 100	5,78,619	1,738	–	–
	Birla Sunlife Income Plus Direct Growth	₹ 10	–	–	17,54,457	1,384
	Birla Sun life Enhanced Arbitrage Fund Direct MDR	₹ 10	–	–	45,91,437	507
	DSP BlackRock Short Term Fund - Direct - Growth	₹ 10	51,09,777	1,680	51,09,777	1,563
	HDFC Corporate Bond Fund Direct Growth	₹ 10	59,65,110	1,249	–	–
	HDFC Low Duration Fund Direct Growth	₹ 10	33,57,861	1,372	–	–
	HDFC Medium Term Debt Fund Direct Growth	₹ 10	57,79,286	2,207	–	–
	HDFC Short Term Debt Fund Direct Growth	₹ 10	50,21,996	1,046	–	–
	HDFC Medium Term Opportunities Fund Direct Plan Growth	₹ 10	–	–	59,65,110	1,158
	HDFC Gilt Fund Long Term Plan Direct Growth	₹ 10	–	–	1,04,63,704	3,743
	HDFC High Interest Fund Dynamic Plan Direct Growth	₹ 10	–	–	21,21,554	1,302
	HDFC Liquid Fund - Direct - Growth *	₹ 1,000	19,489	717	1,00,885	3,454
	HDFC High Interest Fund - Short Term Plan - Direct Growth	₹ 1,000	–	–	57,79,286	2,056
	HDFC Cash Management Fund Treasury Advantage Direct Growth	₹ 10	–	–	8,05,473	306
	ICICI Prudential Income Opportunity Fund Direct Growth	₹ 10	–	–	2,59,86,965	6,434
	ICICI Prudential Bond Fund Direct Growth	₹ 10	2,59,86,965	6,866	–	–
	ICICI Prudential Equity Arbitrage Fund Direct Plan Growth	₹ 10	–	–	35,20,408	508
	ICICI Prudential Short Term Direct Growth	₹ 10	26,15,792	1,055	26,15,792	981
	ICICI Prudential Money Market Fund Direct Growth	₹ 100	1,54,695	402	32,27,442	7,761
	ICICI Pru Banking & PSU Debt Fund Direct Growth	₹ 1,000	51,95,885	1,120	51,95,885	1,050
	ICICI Pru Liquid Fund Direct Growth *	₹ 100	2,53,848	702	–	–
	IDFC Dynamic Bond Fund Direct Growth	₹ 10	–	–	1,55,45,405	3,359
	IDFC Cash Fund - Direct - Growth	₹ 1,000	–	–	1,43,636	3,031
	IDFC Corporate Bond Fund Direct Growth	₹ 10	5,44,90,469	7,008	5,44,90,469	6,523
	IDFC Arbitrage Fund - Direct - Monthly Dividend	₹ 10	–	–	1,47,18,881	1,917
	Invesco India Short Term Fund - Direct - Growth	₹ 1,000	21,334	546	21,334	508

Particulars	Face Value	As at March 31,2019		As at March 31,2018	
	Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
Invesco India Arbitrage Fund - Direct - Dividend	₹ 10	–	–	75,45,422	1,012
Kotak Bond Short Term Plan - Direct - Growth	₹ 10	90,82,190	3,313	90,82,190	3,059
Kotak Equity Arbitrage Fund Direct Growth	₹ 10	–	–	21,59,370	509
Kotak Flexi debt Fund Direct Plan Growth	₹ 10	–	–	90,80,288	2,090
Kotak Banking and PSU Debt Fund - Direct - Growth	₹ 10	39,27,851	1,688	39,27,851	1,563
Kotak Corporate Bond Fund - Direct - Growth	₹ 1,000	89,285	2,256	89,285	2,079
Kotak Dynamic Bond Fund Direct Growth	₹ 10	90,80,288	2,289	–	–
L&T Arbitrage Opportunities Fund - Direct - Monthly Dividend	₹ 10	–	–	98,59,823	1,011
L&T Triple Ace Bond Fund - Direct - Growth	₹ 10	23,22,638	1,125	23,22,638	1,049
LIC MF Bond Fund Direct Growth	₹ 10	65,62,527	3,310	65,62,527	3,104
Reliance Interval Fund - IV - Series3 - Direct Growth	₹ 10	–	–	50,00,000	622
Reliance Banking & PSU Debt Fund Direct Growth	₹ 10	1,74,68,775	2,376	1,74,68,775	2,203
Reliance Arbitrage Advantage Fund - Direct - Monthly Dividend	₹ 10	–	–	1,76,95,877	1,922
Reliance Floating Rate Fund Direct Growth	₹ 10	37,91,410	1,142	–	–
Reliance Prime Debt Fund Direct Growth	₹ 10	13,05,268	524	–	–
Reliance Liquid Fund Direct Growth	₹ 1,000	86,677	3,954	–	–
SBI Debt Fund Series - B - 29 (1200 days) - Direct Growth	₹ 10	50,00,000	644	50,00,000	600
SBI Arbitrage Opportunities Fund - Direct - Dividend	₹ 10	–	–	1,35,69,900	1,920
UTI Bond Fund Direct Plan Growth	₹ 10	–	–	59,30,728	3,238
UTI Ultra Short Term Fund Direct Dr	₹ 1,000	34,065	1,069	–	–
UTI Dynamic Bond Fund Direct Plan Growth	₹ 10	–	–	33,03,846	684
UTI Short Term Income Fund Direct Growth	₹ 10	23,45,601	544	–	–
UTI Short Term Income Fund Institutional Option - Direct Growth	₹ 10	–	–	1,64,02,311	3,549
UTI-Liquid Cash Plan -Direct- Growth	₹ 1,000	31,309	959	1,19,843	3,410
UTI Fixed Term Income Fund Series XXIII - XI (1100 days) - Direct Growth	₹ 10	–	–	50,00,000	600
UTI Floating Rate Fund - STP - Direct - Growth	₹ 1,000	–	–	17,525	510
UTI Spread Fund - Direct - Dividend	₹ 10	–	–	1,14,53,617	1,909
			55,750		**87,137**
Total			**58,235**		**89,967**

Mutual Funds which are earmarked for Settlement Guarantee Fund ₹ 2,093 lakh (as at March 31 2018: ₹ 13,059 Lakh)

Aggregate amount of listed but not quoted investments at fair value	644	1,822
Aggregate amount of listed but not quoted investments at cost	500	1,500
Aggregate amount of not listed not quoted investments at fair value	55,106	85,315
Aggregate amount of not listed not quoted investments at cost	49,835	79,383
Aggregate amount of unquoted investments at fair value	2,485	2,831
Aggregate amount of unquoted investments at cost	7,087	7,087

₹ In Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
9.	**TRADE RECEIVABLES**		
	Secured, considered good *	328	424
	Unsecured, considered good	273	207
	Doubtful	208	421
		809	1,052
	Less: Provision for doubtful trade receivables	(208)	(421)
	Total	**601**	**631**
	* secured by cash margins / bank guarantees / fixed deposit receipts and hypothecation of movables such as commodities, etc. from members.		
10.	**CASH AND CASH EQUIVALENTS**		
	Balances with banks		
	- in current accounts*	10,836	4,732
	Cheques on hand	–	2
	Total	**10,836**	**4,734**
	*includes bank balances of ₹ 30 Lakh pertaining to Settlement Guarantee Fund as at 31st March 2019		
11.	**BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**		
	Bank deposits	54,980	29,875
	Less :Bank deposits with more than 12 months maturity	(12,422)	(28,693)
	Bank deposits with less than 12 months maturity	42,558	1,182
	In earmarked accounts		
	– unpaid dividend accounts	65	50
	Total	**42,623**	**1,232**
	*Bank deposits include: (a) Deposits which are earmarked for Settlement Guarantee Fund ₹ 29,827 lakh (as at March 31 2018: ₹ 4,456 lakh) out of which deposits of ₹ Nil (as at March 31, 2018 : ₹ Nil) are under lien. (b) Deposits other than note (a) which are under lien with banks for overdraft facilities and bank guarantee - ₹ 13,385 (as at March 31, 2018: ₹ 12,093 lakh)		
12.	**LOANS**		
	Loans and advances to employees	21	27
	Total	**21**	**27**
13.	**OTHER CURRENT FINANCIAL ASSETS**		
	a) Secured, considered good		
	Security deposits	300	300
	Unbilled revenue	2,581	2,248
	b) Unsecured, considered good (unless stated otherwise)		
	Other Receivables	13	11
	Interest accrued but not due on fixed deposits*	2,567	2,504
	Interest accrued but not due on Tax free Bonds	1,016	1,167
	Total	**6,477**	**6,230**
	* Includes interest of ₹ 928 lakh (as at March 31, 2018: ₹ 462 lakh) on fixed deposits which are earmarked for Settlement Guarantee Fund.		

₹ In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
14. OTHER CURRENT ASSETS		
a) Unsecured, considered good (unless stated otherwise)		
Prepaid expenses	1,366	1,288
Balance with government authorities	526	571
Advances for supply of services other than capital advances	1,044	770
Other advances	20	18
	2,956	**2,647**
b) Unsecured, considered doubtful		
Other advances	–	3
Other recoverable	282	326
Less : Provision	(282)	(329)
Total	**2,956**	**2,647**

Particulars	As at March 31,2019		As at March 31,2018	
	No. of shares	**₹ In Lakh**	**No. of shares**	**₹ In Lakh**
15. EQUITY SHARE CAPITAL				
Authorized				
Equity shares of ₹ 10/- each	7,00,00,000	7,000	7,00,00,000	7,000
Issued				
Equity shares of ₹ 10/- each	5,09,98,369	5,100	5,09,98,369	5,100
Subscribed and Paid-Up				
Equity shares of ₹ 10/- each	5,09,98,369	5,100	5,09,98,369	5,100
	5,09,98,369	**5,100**	**5,09,98,369**	**5,100**

a. Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting year :

Particulars	As at March 31,2019		As at March 31,2018	
	No. of shares	**₹ In Lakh**	**No. of shares**	**₹ In Lakh**
Opening Balance at the beginning of the year	5,09,98,369	5,100	5,09,98,369	5,100
Add: Shares issued during the year	–	–	–	–
Closing balance at the end of the year	**5,09,98,369**	**5,100**	**5,09,98,369**	**5,100**

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 31,2019		As at March 31,2018	
	Number of Shares	**% of holding**	**Number of Shares**	**% of holding**
Kotak Mahindra Bank Limited	76,49,755	15%	76,49,755	15%

d. For particulars of options granted under Employee Stock Option Schemes, refer note no. 40 on ESOP.

16. OTHER EQUITY

₹ In Lakh

Particulars	Other Equity						Total other equity
	Reserves and Surplus				Other Comprehensive Income		
	Securities Premium	Retained Earnings	ESOP Compensation Reserve	General Reserve	Equity Instruments through Other Comprehensive Income	Share of profit in Associate	
As at April 01, 2017	**21,684**	**95,941**	**399**	**16,449**	**(3,335)**	**–**	**1,31,139**
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
As at March 31, 2018	**21,684**	**97,577**	**455**	**16,449**	**(3,217)**	**–**	**1,32,948**
Profit for the year	–	14,624	–	–	–	–	14,624
Transfer to Settlement Guarantee Fund	–	(16,973)	–	–	–	–	(16,973)
Dividend	–	(8,670)	–	–	–	–	(8,670)
Dividend distribution tax	–	(1,782)	–	–	–	–	(1,782)
Equity instruments through other comprehensive income#	–	–	–	–	(184)	0	(184)
Reclassified to retained earning from ESOP Reserve	–	314	(314)	–	–	–	–
Reclassified to retained earning on disposal	–	98	–	–	(98)	–	–
ESOP Compensation Reserve	–	–	10	–	–	–	10
Re-measurement of employee benefits obligation and others	–	13	–	–	–	–	13
As at March 31, 2019	21,684	85,201	151	16,449	(3,499)	0	1,19,990

#0 represents ₹ 0.01 lakh

Note:

i) 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.

ii) ESOP Compensation Reserve - Refer Note no. 40

₹ In Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
17.	**SETTLEMENT GUARANTEE FUND (SGF)**		
	Opening balance (cash component)	18,060	17,049
	Add/(Less): Base minimum capital (BMC)	154	(23)
	Add: Settlement related penalties (Net of Tax)	5	24
	Add : Appropriation of dues of defaulting members	–	8
	Add: Income from earmarked investments (Net of Tax)	120	1,002
	On transfer of Clearing and settlement activity to MCXCCL:		
	Less : Transfer of Base Minimum Capital to other Non Current Financial Liabilities	(3,541)	–
	Less : Transferred to MCXCCL SGF	(9,164)	–
	Less : Balance transfer to retained earnings	(5,634)	–
	Add: Exchange -MCX contribution to core SGF during the year	8,259	–
	Add/(Less): CCL Contribution to core SGF during the year	23,370	–
	Add: Settlement related penalties	320	–
	Add: Income from earmarked investments	1,031	–
	Total	**32,980**	**18,060**

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 on March 31, 2018 aggregate ₹ 5,493 lakh.

(ii) As at March 31, 2018, SGF does not include Base Minimum Capital of Non-SEBI registered members.

₹ In Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
18.	**OTHER NON CURRENT FINANCIAL LIABILITIES**		
	Trade / Security deposits from		
	- Members*	4,005	330
	Total	**4,005**	**330**

*includes Base Minimum Capital from members as on March 31,2019 and from non-SEBI registered members as on March 31, 2018; in addition to the cash component of Base Minimum Capital, the amount of bank guarantees/fixed deposits receipts (Non cash component) forming part of base minimum capital as on March 31, 2019 is ₹ 5,739 lakh

19.	**NON CURRENT PROVISIONS**		
	Provision for Compensated absences (Refer note 39)	137	150
	Total	**137**	**150**
20.	**TRADE PAYABLES**		
	Due to Micro and Small Enterprises	3	12
	Due to Others	3,320	4,151
	Total	**3,323**	**4,163**

₹ In Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
21.	**OTHER CURRENT FINANCIAL LIABILITIES**		
	Advance received from members and applicants towards		
	- Trading Margin from Members (Refer note 45)	28,679	27,069
	- Members' Security Deposits	3,060	752
	- Application Money (pending admission)	48	51
	- Networking Equipment Deposits	4	20
	Employee benefits payable	482	–
	Members Obligation for transaction fees and Warehouse deposits	185	–
	Trade / Security deposits from Settlement bankers (Refer note 45)	1,900	1,900
	Payable for purchase of fixed assets	737	384
	Security deposits from Depository participants	–	2
	Total	**35,095**	**30,178**
22.	**OTHER CURRENT LIABILITIES**		
	Statutory remittances	2,269	1,776
	Payable to Multi Commodity Exchange Investor Protection Fund (IPF)	350	378
	Investor Services Fund (ISF) #	333	4
	SEBI regulatory fund	5	–
	Payable to employees	17	51
	Amount received from members and applicants	753	770
	Income received in advance	104	24
	Unclaimed dividends *	65	50
	Total	**3,896**	**3,053**

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 Centers. Accordingly, contribution during the year ₹ 405 lakh and utilized ₹ 75 Lakh(during the year ended March 31, 2018 ₹ 195 lakh and ₹ 191 lakh respectively)
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

	Particulars	As at March 31, 2019	As at March 31, 2018
23.	**CURRENT PROVISIONS**		
	Provision for Compensated absences (Refer Note 39)	26	29
	Provision for Gratuity (Refer Note 39)	154	68
	Total	**180**	**97**
24.	**INCOME TAX LIABILITIES (NET)**		
	Provision for tax [net of advance tax ₹ 296 lakh (as on March 31, 2018 ₹ 2,181 lakh)]	2,750	829
	Total	**2,750**	**829**

₹ In Lakh

	Particulars		Year ended March 31, 2019	Year ended March 31, 2018
25.	**REVENUE FROM OPERATIONS**			
	Transaction fees		28,331	23,892
	Annual subscription fees		331	317
	Membership admission fees		5	102
	Terminal charges		47	51
			28,713	24,362
	Other operating revenues			
	Connectivity Income		650	976
	Other recoveries from members			
	- Penalties (net of transfer to SGF)		–	67
	- Others		137	133
	Data feed Income		342	329
	Warehouse Income		161	116
			1,290	1,621
		Total	**30,003**	**25,984**
26.	**OTHER INCOME**			
	Dividend income			
	Dividend income from mutual funds		194	359
	Interest income:			
	- on bank deposits		2,084	2,137
	- on Tax Free Bonds		2,082	2,174
	- from Others#		0	3
			4,166	4,314
	Net gain on sale of :			
	- current investments		764	1,240
	- long-term investments		3,671	235
	Gain/(loss) on fair valuation of Mutual Funds		1,171	2,909
	Gain/(loss) on fair valuation of Bonds		(666)	88
			4,940	4,472
	Provisions/Liability no longer required written back*		354	19
	Miscellaneous income		202	38
		Total	**9,856**	**9,202**
	#0 represents ₹ 0.25 lakh			
	*net of bad debts ₹ 1,015 lakh for Financial year 2017-18			
27.	**EMPLOYEE BENEFITS EXPENSE**			
	Salaries and wages		6,699	6,311
	Contribution to provident and other funds		362	313
	Staff welfare expenses		174	140
	Share based payment to employee		11	57
		Total	**7,246**	**6,821**
28.	**FINANCE COSTS**			
	Interest expenses on :			
	– Others		1	4
		Total	**1**	**4**

₹ In Lakh

	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
29.	**SOFTWARE SUPPORT CHARGES & PRODUCT LICENSE FEES**		
	Software support charges	4,499	4,021
	Product License fees	1,635	923
	Total	**6,134**	**4,944**
30.	**COMPUTER TECHNOLOGY AND COMMUNICATION EXPENSES**		
	Computer Technology expenses	1,593	1,417
	Communication expenses	462	874
	Total	**2,055**	**2,291**
31.	**OTHER EXPENSES**		
	Advertisement	200	271
	Electricity charges	295	325
	Rent	178	333
	Repairs and maintenance - others	210	323
	Insurance	66	52
	Rates and taxes	23	156
	Travelling and conveyance	325	472
	Printing and stationery	20	53
	Business promotion	271	223
	CSR expenses	252	181
	Legal and Professional Charges	1,019	593
	Sponsorships and Seminar expenses	58	130
	Membership fees and subscriptions	111	107
	Security service charges	111	121
	SEBI - Exchange regulatory fees	436	363
	Payment to the auditors	25	26
	Contribution to Multi Commodity Exchange Investor (Client) Protection Fund (IPF)	465	191
	Contribution to Settlement Gurantee Fund	65	–
	Contribution to Investor Service Fund	405	195
	Net loss on foreign currency transactions and translations	16	18
	Loss on fixed assets sold/scrapped*	4	0
	Directors sitting fees	89	75
	Office expenses	256	273
	Miscellaneous expenses	272	261
	Total	**5,172**	**4,742**

*0 represents ₹ 0.04 lakh

₹ In Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
32.	**CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR):**		
	Contingent liabilities :		
	Claims against the Group not acknowledged as debts:		
	– Income tax demands against which the Group is in appeals (including interest upto date of order) (Refer note 48) (Net of rectification order)	10,928	3,054
	– Sales tax demands against which the Group is in appeals	–	1,015
	– Service tax (CENVAT credit)	26	26
	– Others (excluding interest)	30	67
	Bank guarantee given*	1,127	1,127
	Capital Commitments:		
	The estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	675	850

* Bank guarantee as on 31.03.2019 includes, Expired BG amounting to ₹ 762 Lakh (expired on 11-01-2019)

In addition to the matters as specified in contingent liabilities above, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business the impact of which is unascertainable. The Group's management does not expect that the legal actions, when ultimately concluded and determined, will have adverse effect on the Group's financial statements.

Other Commitments:

The Group 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.

33. TAXATION - CONSOLIDATED

The Major component of tax expenses for the year are as under :

₹ In Lakh

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Current income tax	2,734	2,943
Deferred Tax	76	939
Minimum Alternate Tax (MAT) credit entitlement	(2,065)	–
Total Income Tax Expense	**745**	**3,883**

Reconciliation of tax expense and the accounting profit for the year is as under:

₹ In Lakh (as otherwise stated)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Profit for the year before Share of Profit in Asscociate:	15,326	14,718
Applicable tax rate for respective companies	34.944%	34.608%
Computed expected tax expense	5,356	5,094
Add:		
Expenses disallowed	752	959
Income not considered in Profit & Loss Account	430	177
Share of Profit of Associate	15	–
Short Term Capital Gain*	–	0

₹ In Lakh (as otherwise stated)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Less:		
Ind AS Impact (Net)	(493)	(1,043)
Expenses allowed	(808)	(1,086)
Loss adjusted against long term capital gain	–	–
Exempt income	(1,352)	(1,133)
Capital Loss	411	(2)
Contribution to SGF (Refer note 47)	(2,751)	–
Set off of Business loss	–	(2)
Effect of differential tax rate	(78)	(22)
Short provision for tax relating to prior year#	–	0
Normal Income Tax Liability	1,482	2,943
MAT-Income Tax Liability	2,690	–
Excess provision for tax relating to previous years	(382)	–
Income tax expense as per Profit & Loss Account	**2,734**	**2,943**
Effective Tax Rate	**18%**	**20%**

*0 represents ₹ 0.10 lakh

#0 represents ₹ 0.04 lakh

Deferred tax relates to the following:

₹ In Lakh

Particulars	Balance Sheet	
	As at March 31, 2019	As at March 31, 2018
Expenses allowable on payment basis	133	131
Other items giving rise to temporary differences (including impact on fair value of investments)	(498)	(636)
Difference between WDV of Property, Plant and Equipment as per books of accounts & Income Tax	(1,402)	(1,216)
Minimum Alternate Tax (MAT) credit entitlement (Refer note 47)	2,065	–
Deferred tax asset / (liability)	**297**	**(1,721)**

Reconciliation of deferred tax assets / (liabilities) net:

₹ In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	(1,721)	(757)
Tax income / (expense) during the year recognized in profit & loss account	(76)	(939)
Differences on other comprehensive income	29	(25)
Minimum Alternate Tax (MAT) credit entitlement	2,065	–
Closing Balance	**297**	**(1,721)**

34. 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.

35. FOREIGN CURRENCY TRANSACTIONS

₹ In Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Expenditure in Foreign Currency		
– License Fees	1,635	923
– Repairs and Maintenance-Others	–	12
– Membership and Subscription	27	6
– Sponsorship and Seminar Expenses		
– Professional Charges	5	106
– Computer Technology and Communication expenses	46	19
– Travel and Conveyance*	–	0
– Registration Fees	7	–
– Seminar and conference expenses	6	–
– Software License Fees Expense	3	–
– Loss from exchange rate fluctuation	2	–
– Advertisement expenses-Sales	2	–
– Honorarium Charges	1	–
– Sponsorship Expenses	1	–
– Bank charges	2	1
– Courier charges**	0	–
Earnings in Foreign Exchange		
Data feed income	91	98

* 0 represents ₹ 0.07 lakhs
** 0 represents ₹ 0.02 lakhs

36. OPERATING LEASES

The Group has entered into operating lease agreements as lessee for various premises. The lease rentals recognized as an expense in the Statement of Profit and Loss during the year is as follows:

₹ In Lakh

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Lease rentals (Included in Rent - Note No. 31)	74	77

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, 2019	As at March 31, 2018
Obligations on Non Cancellable Lease		
Not later than 1 year	100	124
Later than 1 year but not later than 5 years	80	152
Later than 5 years	–	–

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.

37. 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	Year ended	
	March 31, 2019	March 31, 2018
Weighted Average Shares Outstanding - Basic	5,08,67,930	5,08,60,437
Effect of dilutive securities on account of ESOP	(27,249)	(32,118)
Weighted Average Shares Outstanding - Diluted	5,08,40,681	5,08,28,319

Net Profit available to equity shareholders of the company used in the Basic and Diluted Earnings per Equity Share was determined as follows:

₹ In Lakh, except EPS

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Earnings available to equity shareholders	14,624	10,836
Earnings available for equity shareholders for diluted earnings per share	14,624	10,836
Basic Earnings per Share	28.75	21.31
Diluted Earning per Share	28.75	21.31

38. RELATED PARTY INFORMATION

Names of related parties and nature of relationship:

Nature of relationship	Name of Related Party
Associate Company	CDSL Commodity Repository Limited
Shareholders' Directors	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
Independent Directors	Mr. Saurabh Chandra (w.e.f. 03.07.2016)
	Mr. Arun Bhargava (upto 06.03.2019)
	Mr. Arun Kumar Nanda (upto 18.05.2018)
	Dr. Govinda Marapalli Rao (upto 07.08.2018)
	Mr. Prithvi Haldea (w.e.f. 25.10.2016)
	Mr. Subrata Kumar Mitra (upto 18.05.2018)
	Mr. Shankar Aggarwal (w.e.f. 01.10.2017)
	Ms. Pravin Tripathi (upto 12.08.2017)
	Mr. Basant Seth (w.e.f 19.05.2018)
	Dr. Deepali Pant Joshi (w.e.f 08.08.2018)
Key Managerial Personnel (KMP)	Mr. Mrugank Paranjape, MD & CEO (w.e.f. 09.05.2016)
	Mr. Parveen Kumar Singhal,(President & Whole Time Director) : upto 13.10.2017)
	Mr. Sanjay Wadhwa, Chief Financial Officer (w.e.f. 27.02.2017)
	Mr. Ashwin Patel, Company Secretary (upto 06.11.2018)
	Mr. Ajay Puri, Company Secretary (w.e.f. 07.12.2018)

Nature of relationship	Name of Related Party
	Others:
	Mr. Narendra Kumar Ahlawat, Chief Regulatory Officer (upto 31.03.2018)
	Mr. Girish Dev, Chief Regulatory Officer (w.e.f. 01.04.2018)
	Mr. Rahi Racharla, Chief Information Officer, Technology (upto 17.08.2018)
	Mr. Pareshnath Paul Chief Information Officer, Technology (w.e.f. 11.02.2019)
	Mr. Praveen Dalvani Ganapathi#
	Mr. Venkatachalam Shunmugam#
	Mr. Chittaranjan Rege#
	Mr. Himanshu Ashar#
	Mr. Rajendra Gogate#
	Mr. Sanjay Gakhar#
	Mrs. Neetu Juneja#
	Mr. Deepak Mehta#
	Mr. Shivanshu Mehta#
	Mr. Arvind Sharma#
	Mr. Chandrakant Upadhyay#
	Mr. Jayaprakash Menon#
	Mr. Sudeendra Venkatesh Nadager# (upto 16.11.2018)
	Mr. Sanjay Golecha#
	Mr. Rishi Nathany#
	Mr. Sunil Kurup#(w.e.f. 21.01.2019)
Others	
Relatives of KMPs or company in which KMP is interested and where transaction exists	–
Employee Welfare Trust	MCX ESOP Trust

#Identified as KMP's under SECC Regulations, 2018 by the Nomination and Remuneration Committee, in its meeting held on November 16, 2018, hence transactions with them considered from Oct-Dec'18 quarter onwards.

Transactions with related parties:

The details of transactions with related parties for year ended March 31, 2019 are as follows:

₹ In Lakh

Particulars	As at March 31, 2019						
	Associate	Others					Total
	CDSL Commodity Repository Limited	MCX ESOP Trust	Shareholder's Directors	Independent Directors	KMPs	Relatives of KMPs or company in which KMP is interested	
Transactions							
Re-imbursements charged to the company	–	–	–	6	21	–	27
Recoveries charged by the company		1					
Sitting Fees Paid	–	–	48	110	–	–	159
Dividend paid	–	22	–	–	–	–	22
Investment in shares	1,200	–	–	–	–	–	1,200
Balances as at March 31, 2019							
Investments	1,200	–	–	–	–	–	1,200
Outstanding Balance receivable / (payable)	–	–	–	–	–	–	–

The details of transactions with related parties for year ended March 31, 2018 are as follows:

₹ In Lakh

Particulars	As at March 31, 2018						
	Others						Total
	MCX ESOP Trust	MCX IPF#	Shareholder's Directors	Independent Directors	KMPs	Relatives of KMPs or company in which KMP is interested	
Transactions							
Re-imbursements charged to the company	–	1	–	2	5	–	8
Recoveries charged by the company	–	37	–	–	–	–	37
Software License Fees	–	–	–	–	–	1	1
Contribution to IPF	–	69	–	–	–	–	69
Penalties /Non Compliance Charges	–	1,328	–	–	–	–	1,328
Sitting Fees Paid	–	–	43	89	–	–	132
Dividend paid	21	–	–	–	–	–	21
Balances as at March 31, 2018							
Outstanding Balance receivable / (payable)	–	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

Terms and conditions of transactions with related parties

The services provided to and received from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured, interest free and will be settled in cash. There have been no guarantees received or provided for any related party receivables or payable.

Compensation of key managerial personnel of the Parent Company

(₹ In Lakhs)

Particulars	2018-19	2017-18
Short-term employment benefits	946	709
Post-employment benefits	33	–
Termination benefits	–	–
Share-based payments	–	–

Transactions with Key Managerial Personnel :

(₹ In Lakh except as otherwise stated)

Nature of Transactions	Year ended	
	March 31, 2019	March 31, 2018
1. Salary and Allowances Paid/payable to KMPs*:		
Mr. Parveen Kumar Singhal	–	146
Mr. Mrugank Paranjape	229	253
Mr. Sanjay Wadhwa	82	66
Mr. Ajay Puri	21	28
Mr. Ashwin Patel	19	34
Others	594	182
2. Dividend paid to KMPs:		
Mr. Parveen Kumar Singhal	–	0.69
Others	–	0.00

(₹ In Lakh except as otherwise stated)

Nature of Transactions	Year ended	
	March 31, 2019	March 31, 2018
3. Employee Stock Options (ESOP Scheme 2008):	**In Numbers**	**In Numbers**
Opening Balance at the beginning of year		–
ESOPs held by KMPs identified as per SECC	3,640	–
Less : Cancelled/forfeited during the year	(3,640)	–
Add: Options granted during the year	–	–
Less : Exercised during the year	–	–
Closing Balance at the end of the year	–	–

* Excludes gratuity and long term compensated absences which are actuarially valued at Group level and where separate amounts are not identifiable.

Notes :

1. There are no amounts written off or written back during the year in respect of debts due from or to related parties.
2. KMPs as on the respective dates are considered.

39. EMPLOYEE BENEFIT PLANS:

1) 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 Group's financial statements as at March 31, 2019 and March 31, 2018.

₹ In Lakh

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Change in benefit obligations		
Present Value of Benefit obligation at the beginning of the year	634	566
Interest Cost	49	41
Current Service Cost	106	93
Liability transferred out/Disinvestment	(27)	–
Gains/Losses on Curtailment	–	–
Transfer of obligation	–	–
Benefits paid from the Fund	(58)	(56)
Actuarial (Gains)/Losses on obligations - due to change in financial assumptions	(1)	(41)
Actuarial (Gains)/Losses on obligations - due to experience	14	31
Present Value of Benefit obligations at the end of the year	**716**	**634**

₹ In Lakh

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Change in plan assets		
Fair value of plan assets at the beginning of the year	565	450
Interest Income	44	33
Transfer of assets	–	–
Assets Transferred out/ disinvestment	–	–
Remeasurements - Return on plan assets excluding amounts included in interest income*	(3)	(0)
Contributions by the employer	12	140
Benefits paid from the fund	(57)	(56)
Fair value of plan assets at the end of the year	**561**	**565**
Net (liability)/ asset recognized in the Balance Sheet	**(155)**	**(68)**

*0 represents ₹ -0.16 lakh

Amount for the year ended March 31, 2019 and March 31, 2018 recognized in the Statement of Profit and Loss under employee benefits expenses.

₹ In Lakh

Recognized in Profit and Loss	Year ended	
	March 31, 2019	March 31, 2018
Current Service Cost	106	93
Net Interest Cost	5	8
Gains/Losses on Curtailment	–	–
Expenses Recognized	**111**	**101**

Amount for the year ended March 31, 2019 and March 31, 2018 recognized in statement of other comprehensive income:

₹ In Lakh

Recognized in Other Comprehensive Income	Year ended	
	March 31, 2019	March 31, 2018
Actuarial (gains) / losses on obligation for the year	(14)	(10)
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)*	1	0
Change in Asset Ceiling	–	0
Net (Income)/Expense for the year recognized in OCI	**(13)**	**(10)**

*0 represents ₹ 0.16 lakh

The weighted-average assumptions used to determine benefit obligations as at March 31, 2019 and March 31, 2018 are set out below:

Weighted Average Actuarial Assumptions	As at March 31, 2019	As at March 31, 2018
Discount rate	7.79%	7.78%
Weighted average rate of increase in compensation levels	7.50%	7.50%
Weighted average duration of defined projected benefit obligation	15	15

Sensitivity Analysis	**As at March 31, 2019**	**As at March 31, 2018**
Projected Benefit Obligation on Current Assumptions	716	634
Delta Effect of +1% change in rate of Discounting	(81)	(75)
Delta Effect of -1% change in rate of Discounting	96	89
Delta Effect of +1% change in rate of Salary Increase	96	88
Delta Effect of -1% change in rate of Salary Increase	(82)	(75)
Delta Effect of +1% change in rate of Employee Turnover*	0	(0)
Delta Effect of -1% change in rate of Employee Turnover#	(1)	0

*0 represents ₹0.10 lakh for FY 2018-19 and ₹ -0.30 lakh for FY 2017-18

#0 represents ₹0.06 lakh for FY 2017-18

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 ₹ 58 lakh to the plan assets during financial year 2019-20.

Actuarial Gains/Losses are recognized in the year 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, 2019**	**March 31, 2018**
Within 1 year	32	13
1-2 year	16	15
2-3 year	21	33
3-4 year	32	19
4-5 year	43	27
5-10 years	461	189
11 years and above	1,669	1,794

b. Defined Contribution Plans :

Amounts recognized as expenses towards contributions to Provident and Family Pension Fund, Employee State Insurance Corporation and other funds by the Company are ₹ 251 Lakhs (Previous Year ₹ 215 Lakh) Refer Note No. 27

₹ In Lakh

Particulars	**As at**	
	March 31, 2019	**March 31, 2018**
Contribution to Provident and Family Pension Fund	232	212
Contribution to Employees State Insurance Scheme (ESIC)*	0	1
Contribution to Labour Welfare Fund**	16	0
Contribution to Employees Deposit Linked Insurance (EDLI)	3	2

* 0 represents ₹ 0.39 Lakh for FY 2018-19

** 0 Represents ₹ 0.14 lakh for FY 2017-18

2) Other Long term employee benefits

Privilege Leave and Sick Leave assumptions

The liability towards compensated absences (Privilege leave and Sick leave) for the year ended March 31, 2019 based on actuarial valuation carried out by using Projected Accrual Benefit method resulted in decrease in liability by ₹ 16 lakh. (Previous year - decreased by ₹ 74 lakh)

a) Financial assumptions

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.79 % p.a.	7.78 % p.a.
Salary escalation rate	7.50 % p.a.	7.50 % p.a.

b) Demographic assumptions

Particulars	As at March 31, 2019	As at March 31, 2018
Employee turnover		
For service 4 years and below	10.00 % p.a.	10.00 % p.a.
For service 5 years and above	2.00 % p.a.	2.00 % p.a.
Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	

40. 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	3,91,725	₹ 144.00	2-Jul-08
2 July 2008 to 2 July 2010	3,91,725	₹ 144.00	
2 July 2008 to 2 July 2011	5,22,300	₹ 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	1,32,700	₹ 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

Vesting period	No. of Options granted	Exercise Price	Grant Date
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, 2019	As at March 31, 2018
Expense arising from equity settled share based payment transactions	10	57

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, 2019		As at March 31, 2018	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
2008 Plan: Employee Stock Options (ESOPs)	–	–	–	–
Outstanding at the beginning of year	76,785	851.10	95,484	851.12
Granted during the year	–	–	–	
Forfeited and lapsed during the year	35,757	851.10	8,072	851.38
Exercised during the year	–	–	10,627	851.10
Outstanding at the end of year	**41,028**	**851**	**76,785**	**851.10**
Exercisable at the end of year	**41,028**		**27,657**	

During the year, company transferred 61 employees to its subsidiary company (MCXCCL) on 01.09.2018. Outstanding ESOP pertaining to transferred employees were 3690 on the date of transfer. Subsequently, 6660 ESOP got vested on 11th nov 2018 (4th Tranche), out of which 1760 Esops of identified KMP's of MCXCCL were cancelled/forfeited. Outstanding ESOP as on 31.03.2019 of MCXCCL employees are 4900.

Lapsed options available for reissuance are 89,411 (As at March 31, 2018: 53,654) 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, 2019:

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	41,028	0.61	₹ 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	
Grant date	**2-Jul-08**	**23-Aug-08**
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

41. FINANCIAL INSTRUMENTS

(a) 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.

The carrying value and fair value of financial instruments by categories as at March 31, 2019 are as follows:

₹ In Lakh

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value
Amortized cost:				
Financial Assets at amortized cost:	–	–	–	–
Cash and cash equivalents (Refer Note No 10)	10,836	10,836	4,734	4,734
Bank Balances (Refer Note No. 11)	42,623	42,623	1,232	1,232
Bank deposits with original maturity of more than twelve months (Refer Note No 5)	12,422	12,422	28,693	28,693
Unbilled Revenue (Refer Note No 13)	2,581	2,581	2,248	2,248
Trade receivables (Refer Note No 9)	601	601	631	631
Loans (Refer Note No 12)	21	21	27	27
Other financial assets (Refer Note No 5 & 13)	17,468	17,468	32,812	32,812
Financial Liabilities at amortized cost:				
Trade payables (Refer Note No 20)	3,323	3,323	4,163	4,163
Other financial liabilities (Refer Note No 18 & 21)	39,100	39,100	30,125	30,125
Fair value through profit or loss:				
Investments (Refer Note No 4 & 8)				
Tax free bonds	26,905	26,905	34,742	34,742
Mutual Funds	76,008	76,008	94,334	94,334
Fair value through OCI:				
Investments in other entities (Refer Note No 4 & 8)	3,714	3,714	3,130	3,130

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 P & L 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 values.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2019:

(b) Fair Value Measurement

₹ In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018	Level	Hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Financial Assets				
Investments in Mutual Funds (FVTPL)	76,008	94,334	1 & 2	1- Quoted prices (unadjusted) in active markets for identical assets or liabilities. 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Investments in tax free bonds (FVTPL)	26,905	34,742	1 & 2	1- Quoted prices (unadjusted) in active markets for identical assets or liabilities. 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Investments in equity instruments (FVTOCI)*	3,714	3,130	3	Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
Financial Liabilities				
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.

(c) Financial risk management

1. 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.

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by the Group's management.

2. 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.

3. 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 Group has no borrowings, exposure to risk of change in market interest rate is nil.

4. 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:

₹ In Lakh

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹ In Lakh	Amount in Foreign Currency	₹ In Lakh	Amount in Foreign Currency
Trade receivables				
In USD	17	23,971	5	7,633
Trade Payables				
In USD	3	4,553	98	1,50,716
In GBP	130	1,44,112	268	2,90,689

5. Sensitivity Analysis

A Change of 5% in Foreign currency would have following impact on Profit before tax

₹ In Lakh

Particulars	2018-19		2017-18	
	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
	5% Increase	5% decrease	5% Increase	5% decrease
Trade Payables/Receivables				
USD	1	(1)	(5)	5
GBP	(7)	7	(15)	15

6. Derivative financial instruments

The Group has not entered into any forward exchange contract being derivative instruments.

7. 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 Group 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 ₹ 809 lakh and ₹ 631 lakh as at March 31, 2019 and March 31, 2018 respectively and unbilled revenue amounting to ₹ 2581 lakh and ₹ 2248 lakh as at March 31, 2019 and March 31, 2018 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.

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, 2019**	**As at March 31, 2018**
Trade receivables		
Less than 6 months	807	619
More than 6 months	3	11
Total	**809**	**631**

Movement in provisions of doubtful debts

₹ In Lakh

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Opening provision	421	1,436
Add:- Additional provision made	11	–
Less:- Provision reversed	80	19
Less:- Bad debts written off	144	996
Closing provision	**208**	**421**

8. 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 unutilized sanctioned bank overdraft limits as at the respective year end.

₹ In Lakh

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Expiring within one year (bank overdraft)	11,133	9,635

(ii) Maturity patterns of other Financial liabilities ₹ In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payable		
Less than 6 months	3,316	4,159
More than 6 months	7	4
Total	**3,323**	**4,163**

9. Capital Risk Management

The Group aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The capital structure of the Group 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.

10. 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 recognized 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.

11. Clearing and Settlement Risk

Parties to a settlement may default on their obligations for reason beyond the control of the Group. Group guarantees the settlement of trade executed on the Group'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 Group is compliant with International benchmarks and regulations.

42. INVESTMENT IN AN ASSOCIATE

The Group has a 24% interest in CDSL Commodity Repository Limited (CCRL), which is involved in the business of repository for Electronic Warehousing Negotiable Receipets or any other instrument related to commodities related to warehouse repository, to service eNWR market.(CCRL) is a public entity that is not listed on any public Exchange. The Group's interest in CCRL is accounted for using the Equity method in the Consolidated Financials statements.The following table illustrates the summarised financial information of the Group's investment in CCRL

₹ In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Current assets	4,100	4,968
Non-current assets	1,093	97
Current liabilities	(40)	(6)
Non-current liabilities	(20)	(37)
Equity	**5,134**	**5,022**
Proportion of the group's ownership interest	24%	–
Carrying amount of the group's interest	1,229	–

₹ In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Revenue	456	287
Employee benefits expense	(161)	(83)
Depreciation and amortization expense	(55)	(19)
Administration and Other expenses	(145)	(126)
Profit before tax	**95**	**59**
Tax expense	17	(37)
Profit for the year	**112**	**22**
Other Comprehensive Income*	0	–
Total Comprehensive Income for the year	112	22
Group's share of Profit for the year (Net of Tax)	29	–
Group's share of Other Comprehensive Income for the year #	–	–
Group's share of Total Comprehensive Income for the year	29	–

*0 represents ₹0.04 lakh

#0 represents ₹0.01 lakh

The Associate had the following contingent liabilities and capital commitment ₹ In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Contingent liabilities	–	–
Commitment:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	10	–

43. i) Subsidiaries/Associates considered for consolidation

The financial statements of the following subsidiaries have been consolidated as per Indian Accounting Standards (Ind AS) 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%
CDSL Commodity Repository Limited (CCRL)	India	24%	–

ii) Additional Information, as required under Schedule III to the Companies Act, 2013, of entities consolidated as Subsidiaries and Associate

₹ In Lakh

2018-19								
Name of the Entities	Net Assets i.e. total assets minus total liabilities		Share in profit /(loss)		Share in Other Comprehensive Income (OCI)		Share in total Comprehensive Income (TCI)	
	As a % of consolidated net assets	Amount	As a % of consolidated Profit	Amount	As a % of consolidated OCI	Amount	As a % of consolidated TCI	Amount
Parent								
Multi Commodity Exchange of India Limited	97%	1,21,086	93%	13,637	109%	−187	93%	13,464
Subsidiary (Indian)								
MCXCCL	2%	2,774	6%	943	−9%	16	7%	960
Associate (Indian)								
CDSL Repository Limited	1%	1,229	0%	43	0%	0	0%	29
Total	**100%**	**1,25,089**	**100%**	**14,624**	**100%**	**−171**	**100%**	**14,453**

2017-18								
Name of the Entities	Net Assets i.e. total assets minus total liabilities		Share in profit /(loss)		Share in Other Comprehensive Income (OCI)		Share in total Comprehensive Income (TCI)	
	As a % of consolidated net assets	Amount	As a % of consolidated Profit	Amount	As a % of consolidated OCI	Amount	As a % of consolidated TCI	Amount
Parent								
Multi Commodity Exchange of India Limited	92%	1,27,026	98%	10,633	100%	124	98%	10,757
Subsidiary (Indian)								
MCXCCL	8%	11,022	2%	203	0%	–	2%	203
Total	**100%**	**1,38,048**	**100%**	**10,836**	**100%**	**124**	**100%**	**10,960**

44. EXCEPTIONAL ITEMS:

At the beginning of the financial year, i.e., April 01, 2018, the Group had a portfolio of tax free bonds, with a cost base of ₹ 30,836 lakh. The Group has valued the said portfolio of tax free bonds on Security Level Valuation (SLV) approach which seeks to capture the fair valuation on daily basis by computing the present value of all future cash flows instead of valuation approach prescribed by FIMMDA hitherto followed by the Group. The present value under SLV approach is calculated by discounting the future cash flows, factoring yield from the specific yield curve as applicable for the respective tenor of each security. The SLV approach is widely accepted by Market Participants such as Mutual funds, Insurance Companies, FII's and Corporates. Fair value loss as at April 1, 2018, amounting to ₹ 2,380 lakh attributable to change in approach is disclosed as an exceptional item.

45. During the current year, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL), a wholly owned subsidiary for the Company, has been granted approval by SEBI to act as a Clearing Corporation vide letter no. SEBI/HO/CDMRD/DEA/OW/P/2018/21541/1 dated August 01, 2018. Therefore, the clearing and settlement division of the Multi Commodity Exchange of India Ltd (MCX) was transferred to MCXCCL by executing a Business Transfer Agreement with MCX. The said transfer; on a Slump Sale basis, was effective September 01, 2018. Post this transfer, MCXCCL commenced clearing and settlement operations.

Further pursuant to the agreement following assets & liabilities have been transferred to MCXCCL by MCX:

₹ In Lakh

Particulars	Assets	Liabilities
Clearing Banks Deposit	–	1,900
WSP Deposit	–	116
Initial Margin	–	26,645
Member's obligation for transaction fees	–	77
Trading Member Cash Deposit	–	239
Margin shortfall block amount	–	2
Leave Encashment	–	33
Motor Cars	21	–
E-warehousing Software	82	–
Total	**103**	**29,011**

46. Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, inter alia, has issued norms related to the computation of Minimum Required Corpus (MRC) to the Core Settlement Guarantee Fund (SGF).The required contribution shall be contributed by the Clearing Corporation (minimum 50%) from its own fund, Stock Exchange (minimum 25%) and members (maximum 25%). Accordingly, Core SGF has been contributed by Clearing Corporation (MCX CCL) from its own fund and Stock exchange (MCX) as prescribed by SEBI guidelines.

Accordingly,below mentioned amounts are transferred to SGF from reserves of MCXCCL to ensure compliance with said circular :

Month	₹ in lakh
Sept 2018	14,821
Nov 2018	6,650
Feb 2019	1,135
Total	**22,606**

In the event of a clearing member (member) failing to honour settlement commitments, the Core SGF shall be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process.

Total Core SGF as on March 31, 2019 is ₹ 329.80 crores comprising of:

MCXCCL contribution	MCX Contribution	Penalties/ Interest	₹ in lakh
23,370	8,259	1,351	32,980

The Contribution made by MCXCCL and MCX includes the income accrued thereon.

Accordingly, the penalties and Interest income on fixed deposits reflected in the financials statements are net of transfer to SGF of ₹ 6.23 lakh SGF penalties and ₹ 1,031.13 lakh relating to SGF fixed deposits fixed deposit interest respectively for Financial year ended March 31, 2019.

47. As per Circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014 issued by the Securities and Exchange Board of India ("SEBI") regarding a Core Settlement Guarantee Fund ("SGF"), every stock exchange shall contribute at least 25% of the Minimum Required Corpus to a Core SGF established and maintained by its clearing corporation. Accordingly, during the year, the Exchange has contributed ₹ 7,938 lakh towards Core SGF.The said contribution, being an expenditure allowable under section 37 of the Income Tax Act, 1961, has resulted in tax payable u/s 115JB (Minimum Alternate Tax) under the Income Tax Act, 1961. Further, in accordance with the guidance note issued by the Institute of Chartered Accountants of India on "Accounting for credit available in respect of MAT under the Income Tax Act, 1961", the Group can recognize MAT credit as an asset only when and to the extent there is convincing evidence that the Exchange will be liable to pay normal income tax during the specified period. Accordingly, the Exchange has recognized MAT credit entitlement of ₹ 2,065 lakh for the year.

48. During the year, Hon'ble Bombay High Court has dismissed department order of Special audit u/s 142(2A) for AY 2010-11, 2011-12 and 2014-15. However, for AY 2015-16 Hon'ble Bombay High Court has issued order in favor of the department. Pursuant to the reopening of assessment for AY 2010-11 u/s 148, Department has issued re-assessment order u/s. 143(3) of the Income Tax Act, 1961 determining a demand of ₹ 5,160 lakh (including Interest of ₹ 2,731 lakh u/s 234B). For AY 2014-15 assessing officer has completed the assessment and issued order u/s. 143(3) of the Income Tax Act, 1961 determining a demand of ₹ 3,331 lakh (including Interest of ₹ 1,314 lakh u/s 234B). Further, for AY 2013-14, Transfer pricing officer had passed an order in FY 2016-17 determining a demand of ₹ 2,774 lakh (including interest of ₹ 868 lakh u/s 234). Company is contesting the above demands and the management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operation. Accordingly no provision has been made as on 31st March 2019 and the above amounts are shown under contingent liabilities.

49. Event occurring after balance sheet date

The Board of Directors has recommended Equity dividend of ₹ 20/- per share (Previous year ₹ 17/-) for the financial year 2018-19.

Dividend by the Parent Company ₹ In Lakh except equity shares

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Equity shares	5,09,98,369	5,09,98,369
Final dividend for the year ended March 31, 2019 of ₹ 20/- (March 31, 2018 - ₹ 17/-) per fully paid share	10,200	8,670
Dividends not recognized at the end of the reporting period	10,200	8,670

50. Previous year figures have been regrouped/reclassified wherever necessary to conform to current year figures.

51. The Consolidated Financial Statements were approved by the Audit Committee and Board of Directors on April 25, 2019

For and on behalf of the Board of Directors

Mrugank Paranjape
Managing Director & CEO
DIN : 02162026

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Sanjay Wadhwa
Chief Financial Officer

Mumbai, April 25, 2019

Notes

Notes

Printed by: UCHITHA

Multi Commodity Exchange of India Limited
CIN: L51909MH2002PLC135594
Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai - 400 093, India.
Tel. No. +91-22-6731 8888
Email id: info@mcxindia.com, Website: www.mcxindia.com

MCX
METAL & ENERGY
Trade with Trust