MULTI COMMODITY EXCHANGE CLEARING CORPORATION LIMITED

(A Wholly owned subsidiary of Multi Commodity Exchange of India Limited)

Eleventh Annual Report

Financial Year Ended March 31, 2019

F.Y. 2018-19

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CORPORATE INFORMATION

Board of Directors (as on July 11, 2019)

Mr. Ved Kumar Jain	Chairman, Public Interest Director
Dr. Brinda Jagirdar	Public Interest Director
Mr. Nagesh Pinge	Public Interest Director
Mr. Rajesh Doshi	Public Interest Director
Mr. Chengalath Jayaram	Shareholder Director
Mr. Narendra Kumar Ahlawat	Managing Director and Chief Executive Officer

Key Managerial Personnel (as on July 11, 2019)

Mr. Dhawal Shah	Head-Operations
Mr. Kamal Priyadarshi	Head - Warehousing Operations
Mr. Pankaj Goel	Head – Compliance
Mr. Praveen Kotian	Head – Legal
Mr. Ulhas Ranade	Head - Warehousing Inspection
Mr. Gitesh Shah	Head - Clearing and Settlement & Delivery
Mr. Madhur Joshi	Chief Information Security Officer
Mr. Rajesh Agrawal	Chief Financial Officer
Mr. Mohammed Aslam Sheikh	Head - Risk Management
Mr. Ratul Roy	Head – Spot
Ms. Riddhi Parekh	Company Secretary

Statutory Auditors	M/s. MSKA & Associates, Chartered Accountants
Registrar and Transfer Agent	Karvy Fintech Private Limited Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Telangana – 500 032, Hyderabad Tel: +91-040-6716 2222 Toll Free No. 1800-425-4034 Fax: 040-2300 1153 Email: einward.ris@karvy.com, Website - http:\\karisma.karvy.com
Registered Office	**Multi Commodity Exchange Clearing Corporation Limited** CIN: U74999MH2008PLC185349 Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai- 400 093. Tel: +91-22-67318888, Fax: +91-22-66494151, Website: https://www.mcxccl.com

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the Eleventh Annual Report on the business and operations of MCXCCL along with the Audited Statement of Accounts and the Auditors' Report for the financial year (FY) ended March 31, 2019 ('year under review/FY 2018–19'), highlights of which are given below:

FINANCIAL RESULTS **(in Rs. lakh, except EPS)**

Particulars	**2018–19**	**2017–18**
Total income	**3,875.20**	**566.28**
Total expenses	2,534.53	249.39
Profit before tax	**1,340.67**	**316.89**
Less: Tax expenses	397.23	114.15
Profit after tax	**943.44**	**202.74**
Other comprehensive income	16.22	-
Total comprehensive income	959.66	202.74
No. of shares	2,399.85	1060.00
Earnings per share (EPS)		
Basic	**0.58**	**0.25**
Diluted	**0.58**	**0.25**

RESULTS OF OPERATIONS AND STATE OF COMPANY AFFAIRS

Multi Commodity Exchange Clearing Corporation Limited (MCXCCL/Your Company/the Clearing Corporation) is the first Clearing Corporation to receive approval from SEBI for clearing Commodity Derivatives Contracts. It received recognition from Securities and Exchange Board of India (SEBI) vide letter dated August 01, 2018 for the period of one year commencing July 31, 2018 and ending on July 30, 2019. Consequent to the grant of recognition, the Clearing and Settlement Division of Multi Commodity Exchange of India Limited (MCX/the Exchange), the holding and promoter company, was transferred to MCXCCL by executing a Business Transfer Agreement effective from September 01, 2018. The said transfer was executed as MCX was mandated to transfer the functions of clearing and settlement of trades to a separate clearing corporation, by September 27, 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. It currently undertakes clearing and settlement of commodity futures and options contracts and guarantees financial settlement of all the transactions, duly executed on the trading platform of MCX, to its Clearing Members. Since the commencement of its operations, MCXCCL has successfully completed settlement of all the trades submitted for clearing without any event of member default. Further, there was no change in the nature of business of your Company during the year under review.

During the period September 2018 to March 2019, MCXCCL cleared and settled future trades of Rs. 40,07,47,500 lakh and options trades (notional value of strike + premium) of Rs. 1,15,34,336 lakh. These trades amounted to the Mark to Market (MTM) & premium settlement of Rs 4,89,579 lakh. The highest monthly MTM & premium settlement was Rs. 79,064 lakh recorded in the month of November 2018. A total of 7792 option contracts devolved into underlying futures contracts of the respective commodities wherein Crude Oil options registered maximum devolvement at 4040 contracts. The Clearing Corporation witnessed the highest daily open interest value of Rs 16,88,036 lakh in the month of March 2019.

During the period September 2018 to March 2019, the total value of commodities settled through delivery was Rs.1,43,689 lakh and the highest monthly delivery settlement was Rs.33,147 lakh recorded in the month of December 2018. Deliveries were witnessed in Brass, Cardamom, Cotton, Gold, Gold Guinea, Gold Mini, Gold Petal, Mentha Oil & Silver contracts.

Further, the Clearing Corporation successfully implemented e-NWR based delivery settlement of agricultural commodities through the Repository System of CDSL Commodities Repository Ltd. and also rationalized the delivery settlement timelines. The revised delivery settlement timelines are applicable to all the newly launched contracts and is implemented progressively from June 2019 onwards. The Clearing Corporation started accepting e-FDRs from HDFC Bank resulting in substantial reduction in turnaround time for grant of margin limits to the members. MCXCCL also commenced providing information on provisional penalty on client margin collection reporting to the members.

Further, during the year under review, MCXCCL became a member of Asia Pacific Central Depository Group (ACG) at its 22nd Annual General Meeting held in Colombo, Sri Lanka on 28th November 2018 and also applied to ESMA for recognition as Third Country Central Counter Party (TC-CCP). Further, MCXCCL also became a member of CCP12 (Global Association of Central Counterparties) in June 2019.

Your Company was accredited with International Organization for Standardization (ISO) 27001:2013 & 9001:2015 for its Information Security Management System (ISMS) & Quality Management System (QMS) respectively in May 2019.

FINANCIAL HIGHLIGHTS

MCXCCL's total income stood at Rs. 3,875.20 lakh as compared to Rs. 566.28 lakh for the previous year. Total expenses including Administration and other expenses stood at Rs. 2,534.53 lakh *vis a vis* Rs. 249.39 lakh for F.Y. 2017-18. The Profit before tax stood at Rs. 1,340.67 lakh *vis a vis* Rs. 316.89 lakh for FY 2017-18. Further, profit for the period was Rs. 943.44 lakh for FY 2018-19 *vis a vis* Rs 202.74 lakh for FY 2017-18. The net worth, calculated as per SECC Regulations, as at March 31, 2019 stood at Rs. 26,750.36 lakh. For further details, please refer 'Management Discussion and Analysis' Report forming part of this Annual Report.

REGULATORY DEVELOPMENTS

During the year, SEBI issued various regulations to regulate the commodity derivatives market. Some of the important regulatory developments, *inter alia,* include the following:

i. Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC 2018) were notified on October 03, 2018 which repealed the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and Circular No. CIR/MRD/DSA/33/2012, dated December 13, 2012 - Procedural norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations; Circular No. SEBI/HO/MRD/DSA/CIR/P/2016/30 dated January 22, 2016 - Amendment to SEBI Circular CIR/MRD/DSA/33/2012 dated December 13, 2012 pursuant to amendment in Regulation 2(1)(b) of SECC Regulations, 2012.

ii. SEBI, vide circular dated July 11, 2018, aligned the Core SGF norms and prescribed standardized stress test scenarios for credit risk.

iii. SEBI, vide circular dated November 27, 2018, mandated interoperability among clearing corporations from June 01, 2019 but excluded commodity derivatives segment.

iv. SEBI, vide circular dated December 17, 2018, mandated an Early Warning Mechanism at each MII and sharing of information for effective monitoring of members.

v. SEBI, vide circular dated January 10, 2019, mandated the functions and composition norms for the rationalized committees, as per SECC 2018.

vi. SEBI, vide circular dated March 26, 2019, specifically made Business Continuity Plan (BCP) and Disaster Recovery (DR) applicable to Clearing Corporations and modified the norms for location of DR site as well as mandated a two day live trading from DR site, to test the systems.

vii. SEBI, vide circular dated April 10, 2019, prescribed the norms for Risk Based Capital and Networth requirements for Clearing Corporations.

MEMBERSHIP/CLEARING MEMBERS

As on March 31, 2019, the Clearing Corporation had 208 Members including 6 Professional clearing members.

RISK MANAGEMENT AND RISK MANAGEMENT POLICY

Risk management being considered as an important function of a clearing corporation, MCXCCL has a well-defined risk management framework in place. This works at various levels across the enterprise to form a strategic defence cover for the Company. The Company has constituted a Risk Management Committee, which monitors and reviews risk management plan and the implementation of SEBI norms on risk management and also recommends to the Board any modifications to the Risk Management Policy.

Core Settlement Guarantee Fund (Core SGF):

SEBI vide circular SEBI/HO/CDMRD/DRMP/CIR/2018/111 dated July 11, 2018, issued norms related to computation of standardized stress testing for commodity derivatives. Accordingly, the total Core SGF as on March 31, 2019 is Rs. 32,980 lakh of which Rs. 8,259 lakh is contribution by MCX, Rs. 23,370 lakh is contribution by MCXCCL (including contribution on behalf of the members) and Rs. 1,351 lakh is Penalties, Interests and Other accruals to Core SGF.

For further details, please refer section titled ‘Risk Management’ appearing in the ‘Management Discussion and Analysis’ forming part of this Annual Report.

WAREHOUSING

Warehousing being a key element in effecting physical deliveries through the Clearing Corporation, MCXCCL has made necessary warehousing arrangements with Warehouse Service Providers and Vault Service Providers to cater to the storage requirements of various Members and their respective constituents/ depositors who are willing to store goods and give delivery. For further details on Warehousing, please refer section titled ‘Warehousing’ appearing in the ‘Management’s Discussion and Analysis’ forming part of this Annual Report.

OPPORTUNITIES

Your Company is committed to explore all opportunities for unlocking the full potential of the Indian commodity derivatives market. Detailed discussion on opportunities and threats to your Company is provided in the ‘Management Discussion and Analysis’ report forming part of this Annual report.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

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

ALTERATION TO MEMORANDUM OF ASSOCIATION (MoA) AND ARTICLES OF ASSOCIATION (AoA) OF THE COMPANY

In FY 2018-19, as a condition precedent to the final recognition, SEBI vide its letter no. SEBI/HO/CDMRD/DEA/OW/P/2018/013232/1 dated May 03, 2018, and their email dated May 04, 2018, approved the Memorandum of Association and Articles of Association of the Company, under Section 4 of Securities Contracts (Regulation) Act, 1956 subject to certain changes as mentioned in the aforesaid letter and email. In accordance with the directives of SEBI, the shareholders at the EGM held on May 09, 2018, approved alteration of the objects clause of the Memorandum of Association and the Articles of Association of the Company, and the same were published in the State Gazette as well as the Gazette of India.

Further, during the year under review, your Company altered the Capital Clause in its Memorandum of Association by increasing its Authorised Share Capital from Rs. 15,000 lakh comprising 15,00,00,000 equity shares of Rs. 10/- each to 20,000 lakh comprising 20,00,00,000 equity shares of Rs. 10/- each, pursuant to the shareholders' approval at the EGM held on October 26, 2018 and further increased its Authorised Share Capital from Rs. 20,000 lakh comprising 20,00,00,000 equity shares of Rs. 10/- each to 25,000 lakh comprising 25,00,00,000 equity shares of Rs. 10/- each, pursuant to the shareholders' approval at the EGM dated December 03, 2018.

SHARE CAPITAL

During FY 2018-19, pursuant to the shareholders' approval at the EGM, MCXCCL increased its Authorised Share Capital from Rs. 15,000 lakh to Rs. 25,000 lakh.

In view of revised regulatory framework/guidelines with respect to maintenance of Settlement Guarantee Fund (SGF) issued by SEBI and in order to meet the criteria of making the contribution to the core SGF from its own funds, your Company, offered and allotted shares on rights basis to its existing shareholders, from time to time, details of which are given below:

i. Out 43,990,000 right equity shares of Rs. 10/- each offered vide letter of offer dated March 29, 2018, in the ratio of 415 equity share for every 1000 equity shares held, 43,990,000 rights equity shares were allotted to the existing equity shareholders on April 27, 2018.
ii. Out 49,996,667 right equity shares of Rs. 10/- each offered vide letter of offer dated November 06, 2018, in the ratio of 1 equity share for every 3 equity shares held, 49,996,667 rights equity shares were allotted to the existing equity shareholders on November 30, 2018.
iii. Out 24,998,333 right equity shares of Rs. 10/- each offered vide letter of offer dated December 07, 2018, in the ratio of 1 equity share for every 8 equity shares held, 24,998,333 rights equity shares were allotted to the existing equity shareholders on December 27, 2018.
iv. Out 24,99,83,33 right equity shares of Rs. 10/- each offered vide letter of offer dated February 25, 2019, in the ratio of 1 (One) equity share for every 3 (three) equity shares, 15,000,000 rights equity shares, were allotted to the existing equity shareholders on March 27, 2019.

Accordingly, as on March 31, 2019, the issued share capital stood at Rs. 24,998.33 lakh and subscribed and paid up capital stood at Rs. 23,998.50 lakh divided into 239,985,000 equity shares of Rs. 10/- each. For further details on the Share Capital, please refer note 13 of notes to Accounts and the section updates post March 31, 2019 of this report.

Your Company has, in FY 2018–19, neither issued any Equity shares with differential voting rights nor any shares (including sweat equity shares) to its employees under any Employee Stock Option Scheme.

TRANSFER TO RESERVES

An amount of Rs. -21,224.25 lakh is proposed to be retained in the statement of Profit and Loss account under the heading 'Reserves and Surplus' under other equity. Your Directors do not propose to transfer any amount to the General Reserve for the year ended March 31, 2019.

DIVIDEND

In order to conserve its resources, the Board is not recommending any dividend for FY 2018–19.

DEPOSITS

In FY 2018–19, MCXCCL did not invite any deposits from the public, and accordingly, no amount of principal or interest related thereto was outstanding as on the date of the Balance Sheet, that is, March 31, 2019.

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

In FY 2018–19, MCXCCL has not given any loans, guarantees, or provided security and has not made any investments in any body corporate under Section 186 of the Companies Act, 2013.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As at March 31, 2019, MCXCCL does not have any subsidiaries, joint ventures, or associates. In FY 2018–19, no company has become or has ceased to be a subsidiary, joint venture or associate company of your Company.

EXTRACT OF ANNUAL RETURN

The 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 is attached as **Annexure I** to this Report.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

Your Company has formulated the policy on materiality of related party transactions and dealing with related party transactions. The same is uploaded on website and may be accessed at web link https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/policy-on-related-party-transaction-(amended-on-11-07-2019).pdf?sfvrsn=3dfad90_2

All related party transactions entered into by your Company in FY 2018–19 are in the ordinary course of business and at arm's length pricing basis except the transaction with MCX relating to the Business Transfer Agreement. The BTA was executed to transfer the Clearing and settlement division of MCX on a Slump Sale basis. This being a onetime transaction, the approval of the Audit Committee & Board was taken in their meeting held on April 27, 2018.

Also, omnibus approval is obtained for the related party transactions which were of repetitive nature and entered in the ordinary course of business and are at arm's length. Further, all the related party transactions entered into by your Company in FY 2018–19, were placed and approved by the Audit Committee and/or by the Board, as applicable, in accordance with the Companies Act, 2013, Listing Regulations, 2015 and other applicable guidelines/directions from the 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 are appended in Form AOC–2 as **Annexure II** to this Report. All Related Party Transactions as required under Ind AS 24 – Related Party Disclosures are reported in Note 33 of Notes to Accounts of the Financial Statements.

ENVIRONMENTAL RESPONSIBILITY

Given the nature of its operations, the Company has a very low impact on the environment. Notwithstanding this, the Clearing Corporation is committed to minimize adverse environmental effects through efficient use of natural resources, including electricity, which is critical to the Clearing Corporation's technology-driven business.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During FY 2018-19, your Company did not fall under the purview of sub section (1) of Section 135 of the Companies Act, 2013 and hence as such the requirement of spending at least two percent of the average net profits of the Company made during the immediately three preceding financial years under sub-section (5) Section 135 of the Companies Act, 2013, did not apply. In view of the same, it had not framed a CSR Policy in FY 2018–19.

Nevertheless in view of its applicability from FY 2019-20 onwards, the Board vide a resolution by circulation on February 06, 2019 constituted CSR Committee effective from April 01, 2019 comprising of PIDs viz. Mr. Rajesh Doshi, Mr. Nagesh Pinge and Dr. Brinda Jagirdar, and approved CSR Policy in June 2019.

ETHICS AND GOVERNANCE POLICIES

Your Company adheres to the highest ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Accordingly, it has adopted various codes and policies to carry out its obligations ethically. Some of these codes/policies framed and implemented are Code of Conduct for Directors and Senior Management of the Company, Code of Ethics for directors and Key Management Personnel as prescribed under SECC Regulations, Whistle Blower Policy/Vigil Mechanism, Policy on Related Party Transaction, Risk Management Policy, Nomination & Remuneration Policy, Policy for appointment of Independent external persons/outside experts on Committees of the Board, Board diversity policy etc.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

MCXCCL believes in conducting the affairs of its constituents in a fair and transparent manner by adopting the 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 Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors implemented a vigil mechanism through the adoption of Whistle Blower Policy and the said policy was revised in terms of the provision of SECC Regulations, 2018, amendment in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. For further details, please refer to the report on Corporate Governance which forms part of this Annual Report.

CORPORATE GOVERNANCE

MCXCCL is committed to good corporate governance aligned with the best corporate practices. Pursuant to Regulation 33 of SECC Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies *mutatis mutandis* apply to a recognised clearing corporation. Accordingly, the detailed report on Corporate Governance for FY 2018–19 demonstrating MCXCCL's accountability to its stakeholders and the certificate from a Practicing Company Secretary regarding

compliance with Corporate Governance norms, forms a part of this Annual Report. The report on Corporate Governance also contains the disclosures required under the Companies Act, 2013.

DIRECTORS

Being a recognized clearing corporation under the Securities Contract (Regulation) Act, 1956 (SCRA), MCXCCL is, *inter alia,* regulated by SEBI. In accordance with SECC Regulations, 2018 "Public Interest Director" means an independent director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of SEBI, is in conflict with his role. Accordingly, Public Interest Directors are considered as Independent Directors for adhering to compliance with the provisions under the Listing Regulations, 2015 and Companies Act, 2013. As on March 31, 2019 the Board comprised of 7 (seven) Directors, of which 4 (four) were Public Interest Directors including 1 (One) women Independent Director, 2 (two) were Shareholder Directors, and 1 (one) MD & CEO.

Your Company has received confirmations from the respective PIDs to the effect that each of them meets the criteria of independence as prescribed under Regulation 16 (1)(b) of the SEBI Listing Regulations, 2015 and Section 149(6) of the Companies Act, 2013. The nomination/ appointment of PIDs/Independent Directors on the Board is also in accordance with the eligibility conditions prescribed by SEBI. Further, all the Directors as on March 31, 2019 have confirmed that they are 'Fit and Proper' in terms of the SECC Regulations. Your Company has also obtained affirmation of adherence to Schedule IV of the Companies Act, 2013 and the Code of Conduct under Part A, Schedule II of SECC Regulations from the respective Directors as on March 31, 2019, as applicable.

Mr. Mrugank Paranjape (DIN: 02162026), Shareholder Director of the Company nominated by MCX on the Board of your Company, retired by rotation and being eligible offered himself for re-appointment at the tenth AGM of the Company. The resolution for his re-appointment was passed by the shareholders, subject to approval of SEBI. SEBI accorded its approval vide letter dated SEBI/HO/CDMRD/DEA/OW/P/2018/23766/1 dated August 27, 2018 effective August 16, 2018.

In accordance with the provision of Companies Act, 2013, Mr. Chengalath Jayaram (DIN: 00012214), Shareholder Director, who have been longest in the office since his appointment, is liable to retire by rotation at the ensuing AGM and being eligible, is seeking re-appointment. The Board recommends his re-appointment.

MEETINGS OF THE BOARD

7 (Seven) meetings of the Board of Directors were held during FY 2018–19. For further details, please refer to the report on Corporate Governance forming part of this Annual Report.

PERFORMANCE EVALUATION OF THE BOARD AND THE EVALUATION CRITERIA

Considering introduction of SECC Regulations, 2018 read with SEBI circular dated February 05, 2019 on performance review of Public Interest Directors (PIDs) and amendment in the Companies Act, 2013, Listing Regulations, 2015, MCXCCL revised its policy for performance evaluation/review of Directors. In terms of the revised policy, the performance evaluation of all the Directors, Board as a whole, its Committees, was conducted based on the criteria and the framework prescribed therein. In addition to aforesaid, your Company also conducted performance evaluation of Chairman of the Board and Independent External Persons. The performance evaluation process and criteria for the same are set out in **Annexure III** to this Report.

AUDIT COMMITTEE

The composition of the Audit Committee is covered under the Corporate Governance Report. During the FY 18-19 there were no instance, where the Board did not accept any recommendations of the Audit Committee.

KEY MANAGERIAL PERSONNEL (KMP)

Mr. Narendra Kumar Ahlawat, was appointed as MD & CEO and was identified as KMP with effect from April 01, 2018.

Further during the year under review, the Nomination and Remuneration Committee identified Mr. Dhawal Shah, Head – Operations, Mr. Pankaj Goel, Compliance Officer, Mr. Kamal Priyadarshi, Head - Warehousing Operations Department, Mr. Praveen Kotian, Head - Legal Department, Mr. Ulhas Ranade, Head – Warehousing inspection, Mr. Gitesh Shah, Head - Clearing and Settlement Department, Mr. Mohamed Aslam Sheikh - Head - Risk Department; and Mr. Ratul Roy, Head – Spot as KMPs of the Company, effective from October 19, 2018, as per the Nomination & Remuneration policy.

Further, Mr. Madhur Joshi was appointed as the Chief Information Security Officer (CISO) and identified as KMP effective from March 05, 2019.

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

SEBI from time to time has issued various regulations and guidelines applicable to the Company. Your Company ensures compliances with the same and aims to remain at the forefront by creating a precedent for others to follow, in terms of compliance by implementing the best governance practices and disclosures.

During the year under review, your Company's regulatory division comprised of Risk Management, Member Registration, Compliance, Inspection (Member as well as Warehouse), Enforcement (post inspection activity), Default, Investor Protection, Investor Services, Spot, Clearing & Settlement, Warehousing Logistics and Legal, which take care of various critical aspects of regulatory compliances. Departments handling these functions are headed by senior officials of the Company, who in turn report to the Managing Director & CEO, Risk Management Committee, Regulatory Oversight Committee and Board of Directors, whenever required.

The Company ensures to make disclosures of various mandatory regulatory requirements along with reporting of the same to various regulatory authorities, if deemed necessary, in addition to informing the same to the Board of Directors and Committee members.

For the financial year ending on March 31, 2019, your Company incurred expenses like warehouse rent and insurance, travel, legal and advocate fees, professional charges, subscription charges and salaries, amounting to Rs. 501.67 lakh, as per activity based accounting methodology towards strengthening regulatory functions and towards ensuring compliance with regulatory requirements.

STATUTORY AUDITOR AND THEIR REPORT

M/s. MSKA & Associates, Chartered Accountants (Firm Registration Number: 105047W) were appointed as Statutory Auditors by the shareholders at their Tenth AGM held on August 16, 2018, for a term of five years, from the conclusion of Tenth Annual General meeting to the conclusion of the Fifteen Annual General meeting of the Company, consequent to cessation of M/s. Shah Gupta & Co., Chartered

Accountants (Firm Registration Number: 109574W), as Statutory Auditor of your Company from the conclusion of tenth AGM.

The Report issued by the Statutory Auditor, M/s. MSKA & Associates, on financial statements of the Company forms part of this Annual Report. There are no qualifications, reservations, or adverse remarks made by the Auditors in their report.

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

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

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

M/s Rathi & Associates, Practicing Company Secretaries, were appointed as the Secretarial Auditor by the Board to conduct the secretarial audit of the Company for FY 2018–19. In accordance with Section 204(1) of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Secretarial Audit Report for the financial year ended March 31, 2019, is annexed as **Annexure IV** to this Report.

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

INTERNAL CONTROL AND THEIR ADEQUACY

The Board of Directors confirms that it has laid down set of standards, processes and structure which enables to implement Internal Financial controls across the organisation with reference to Financial Statements and that such controls are adequate and are operating effectively. During the year under review, no material or serious observation/(s) have been observed for inefficiency or inadequacy of such controls. For further details on internal control and its adequacy, please refer 'Management Discussion and Analysis' Report forming part of this Annual Report.

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

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

HUMAN RESOURCE DEVELOPMENT

The Clearing Corporation believes in strategic alignment of Human Resources to its business priorities to achieve end objectives. As at March 31, 2019, MCXCCL employed 62 (Sixty two) employees and there was no attrition during the year under consideration. The Clearing Corporation endeavours to attract, retain, and nurture talented workforce and to provide safe, discrimination free and harassment free workplace. For further details on Human resource development, please refer 'Management Discussion and Analysis' Report forming part of this Annual Report.

Your Company has constituted an Internal Complaints Committee to redress the complaints received regarding the sexual harassment under the Sexual Harassment of Women at workplace (Prevention, Prohibition and redressal) Act, 2013. No complaints were received during the FY 2018-19 in relation thereto. Further, during the year under review, awareness programs in respect thereto have been conducted to cover all the employees of the Company. For further details, please refer to the report on Corporate Governance which forms part of this Annual Report.

PARTICULARS OF REMUNERATION

Your Company has adopted a well-defined Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees. The said policy was revised in terms of the provision of SECC Regulations, 2018 and amendment in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and same is forming part of this report as **Annexure V**.

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 Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the ratio of the remuneration of each director to the median employee's remuneration, ratio of compensation paid to each key management personnel, vis-a-vis. median of compensation paid to all employees and other details forms part of this report as **Annexure VI**.

Further, in accordance with Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 27(5) of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, a statement containing particulars of employees as stipulated therein also forms a part of this Report as **Annexure VII**.

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

The Clearing Corporation, a wholly owned subsidiary of MCX, operates from the premises of MCX and has entered into an agreement with MCX to share resources including technology. Not being energy intensive, MCXCCL jointly with MCX, takes various measures to reduce energy consumption by using energy-efficient computer systems and equipment. As an ongoing process, the Clearing Corporation evaluates new technologies and techniques to make its infrastructure more energy-efficient. During FY 2018–19, the following initiatives were undertaken together with MCX:

i) Steps taken or impact on conservation of energy

a. The data centre has an in-row cooling system for servers that cools the 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 the external environment.
b. Strict implementation and monitoring of equipment on/off schedule, helps in reducing wastage of energy.

ii) Steps taken by the Clearing Corporation for utilising alternate sources of energy

No alternate source of energy is utilized by MCXCCL.

iii) Capital investment on energy conservation equipment

During year under review, MCXCCL has not incurred any capital investment on energy conservation equipment.

B. Technology absorption

As the Clearing Corporation has entered into an agreement with MCX to share resources including technology, the following initiatives were undertaken during FY 2018–19 together with MCX:

i) The efforts made towards technology absorption

Technology is considered a key enabler and core facilitator for achievement of the major goals of the Clearing Corporation and is identified as one of the strategic pillars. MCXCCL ensures that all its mission-critical applications and supporting infrastructure are placed in state-of-art data centre equipped with best-of-breed network, security, and other necessary infrastructure. The Clearing Corporation uses technological infrastructure, which is built on the next generation technology mechanism, and which caters to all market participants by being fast, secure, cost effective, and transparent. The Clearing Corporation spends on the technology platform and systems to meet increasing market requirements and to keep pace with the rapid technological developments and changes.

ii) The benefits derived like product improvement, cost reduction, product development or import substitution

The Clearing Corporation uses cutting-edge technologies, with best in class IT systems and practices to ensure that its technology platform is a strategic business tool for building competitive advantage. The robust technology infrastructure is deployed which has the capacity to provide uninterrupted user experience and ensure no single-point of failure. Through use of carefully evaluated technology solutions, the Clearing Corporation has been able to offer quality services at optimal costs and minimal risks.

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

The Clearing Corporation has not imported any technology during the last three financial years.

iv) The Clearing Corporation has not incurred any expenditure on Research and Development during the year under review.

C. Foreign Exchange Earnings /Outgo during the year under review:

MCXCCL is engaged in the business of clearing and settlement of trades and aspires to gain opportunities as and when available for rendering its services internationally, subject to the regulatory framework. During FY 2018–19, the Clearing Corporation has not earned any foreign exchange and has incurred an expense of Rs. 97,385/- towards foreign currency purchased for foreign travel.

UPDATES POST MARCH 31, 2019

- Mr. Satyajeet Bolar ceased to be the Chief Financial Officer (CFO) & KMP of the Company from the close of the business hours on April 08, 2019 and Mr. Rajesh Agarwal was appointed as CFO & KMP of your Company effective from June 26, 2019.
- SEBI vide its letter no. MCXCCL/SEBI-01/2016 dated August 01, 2018 granted recognition for a period of one year commencing July 31, 2018 and ending on July 30, 2019. However, SEBI had directed to ensure compliance with the decision of Technical Advisory Committee (TAC) with respect to the existence of Primary Data Centre (PDC) and Disaster Recovery Site (DRS) to be in different seismic zones. SEBI, in May 2019, confirmed that the condition of recognition of shifting of DR site of MCXCCL is now treated as complied and that the Company be guided by

Guidelines for Business Continuity Plan (BCP) and DR of MIIs dated March 26, 2019. Further, MCXCCL has also made an application to SEBI for renewal of its recognition as a Clearing Corporation on April 12, 2019.

- Mr. Mrugank Paranjape, Shareholder Director tendered his resignation from the Board on May 08, 2019 with immediate effect as he relinquished his position as MD & CEO of MCX. The Board places on record its sincere appreciation for the valuable contribution made by Mr. Mrugank Paranjape during his tenure as Shareholder Director.
- Consequent to allotment of 15,00,00,000 rights equity shares, the Board at its meeting dated April 22, 2019 cancelled/abandoned 9,998,333 shares of Rs.10/- each, being the unsubscribed portion of rights issue offered. Further, the Board at its meeting dated June 03, 2019 cancelled/abandoned 9,999,375 rights equity shares of Rs.10/- each, which were offered vide Letter of offer dated April 22, 2019, in the ratio of 1 Equity share for every 24 equity shares, being the unsubscribed portion of rights issue.
- The Shareholders at its meeting held on June 13, 2019 approved:
    i. The appointment of Mr. P. S. Reddy as Shareholder Director, subject to the approval of SEBI. The Company has made an application to SEBI in respect thereto and is awaiting its approval.
    ii. Increase in Authorised share capital from Rs. 25,000 lakh to Rs. 30,000 lakh & Alteration of Memorandum of Association in respect thereto.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY AND THE DATE OF THE REPORT

There were no such material change & commitment affecting Financial Position of the Company occurred between end of the Financial Year and the date of the Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, your Directors state that:

(a) In the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

(b) The Directors 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) The Directors 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) The Directors have prepared the annual accounts on a 'going concern' basis;

(e) The Directors 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) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ACKNOWLEDGMENT

Your Directors place on record their sincere gratitude to the Government of India, Ministry of Finance, Ministry of Corporate Affairs, Securities and Exchange Board of India, Reserve Bank of India,

Shareholders viz. MCX, Financial Institutions, Bankers, Stakeholders and Business Associates for their continued support and faith in the Company. Your Directors also wish to place on record their appreciation for the contribution made by employees at all levels.

For and on behalf of the Board of Directors

Ved Kumar Jain
Chairman
Mumbai
July 11, 2019

ANNEXURE I

FORM No. MGT – 9

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

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN	U74999MH2008PLC185349
ii) Registration Date/Date of Incorporation	August 1, 2008
iii) Name of the Company	Multi Commodity Exchange Clearing Corporation 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: https://www.mcxccl.com
vi) Whether listed company	No
vii) Name, Address and Contact details of Registrar and Transfer Agent	Karvy Fintech Private Limited Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Telangana – 500 032, Hyderabad Tel: +91-040-6716 2222 Toll Free No. 1800 425 4034 Fax: 040-2300 1153 Email: einward.ris@karvy.com, Website - http:\\karisma.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.	Processing & Clearing services of securities	6619	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 of India Limited (MCX)	L51909MH2002PLC135594	Holding	100%	2(46) read with 2(87) (ii) of the Companies Act, 2013

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 at April 1, 2018)	No. of Shares held at the end of the year (as at March 31, 2019)	% Change during

	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	the year
A. Promoters									
1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	*106,000,000	*106,000,000	100	#239,984,994	6	239,985,000	100	126.42
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):	-	*106,000,000	*106,000,000	100	#239,984,994	6	239,985,000	100	126.42
2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-

e) Any Other…	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**-**	***106,000,000**	***106,000,000**	**100**	**#239,984,994**	**6**	**239,985,000**	**100**	**126.42**
B. Public Shareholding **1. Institutions**									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds/	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs/FPIs	-	-	-	-	-	-	-	-	-

h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	-	-	-	-	-	-	-	-	-
2. Non- Institutions									
a) Bodies Corp. (Indian & Overseas)	-	-	-	-	-	-	-	-	-
b) Individuals									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-

c) Others	-	-	-	-	-	-	-	-	-
Sub-total(B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	***106,000,000**	***106,000,000**	**100**	**#239,984,994**	**6**	**239,985,000**	**100**	**126.42**

** Includes 6 nominees holding 1 Equity share each of Rs.10/- each on behalf of MCX.*

 # As at March 31, 2018, the Company was in the process of executing the Corporate Action with CDSL for dematerialising 15,000,000 Equity shares of Rs. 10/- each, allotted on March 27, 2019. For further details please refer Note 13 of Notes forming part of Financial Statement.

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as at April 1, 2018)	Shareholding at the end of the year (as at March 31, 2019)	

		No. of Shares of Rs. 10/- each	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares of Rs. 10/- each	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1.	Multi Commodity Exchange of India Limited (MCX)	***106,000,000**	**100**	**0**	***239,985,000**	**100**	**0**	**126.42**
	Total	***106,000,000**	**100**	**0**	***239,985,000**	**100**	**0**	**126.42**

**Includes 6 nominees holding 1 Equity share each of Rs.10/- each on behalf of MCX.*

iii) Change in Promoters' Shareholding:

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.	Multi Commodity Exchange of India Limited	*106,000,000	100	April 1, 2018			*106,000,000	100
				April 27, 2018	+43,990,000	Allotment	*149,990,000	100
				November 30, 2018	+49,996,667	Allotment	*199,986,667	100
				December 27, 2018	+24,998,333	Allotment	*224,985,000	100

				March 27, 2019	+15,000,000	Allotment	*239,985,000	100
		*239,985,000	100	March 31, 2019			*239,985,000	100

**Includes 6 nominees holding 1 Equity share each of Rs.10/- each on behalf of MCX.*

iv) Shareholding Pattern of top Shareholders as at April 01, 2018 & March 31, 2019 (other than Directors, Promoters and Holders of GDR's and ADR's):

Multi Commodity Exchange of India Limited (MCX) is the sole shareholder holding 100% Equity Shares in Multi Commodity Exchange Clearing Corporation Limited (MCXCCL).

Sr. no	Name of the Share Holder	Shareholding		Date	Increase/Decrease in Share holding	Reason	Cumulative Shareholding during the Year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning	% of total shares of the Company				No. of Shares	% of total shares of the Company
NA								

v) 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. Satyajeet Bolar*	1	Negligible	April 1, 2018	-	-	1	Negligible
				February 25, 2019	-1	Transfer	0	0
		0	0	March 31, 2019		-	0	0

** Mr. Satyajeet Bolar was holding 1 Equity share each of Rs.10/- each on behalf of MCX.*

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 2018-19				
Principal Amount	NIL	NIL	NIL	NIL
Interest due but not paid				
Interest accrued but not due				
Total (i+ii+iii)				

Change in Indebtedness during the financial year · Addition · Reduction	NIL	NIL	NIL	NIL
Net Change				
Indebtedness at the end of the Financial Year 2018-19 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**

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of Managing Director Mr. Narendra Ahlawat	Total Amount
1.	**Gross salary** **(a)** Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs.89,50,615/-	**Rs.89,50,615/-**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs.32,400/-	**Rs.32,400/-**

	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	**NIL**
2.	Stock Option	NIL	**NIL**
3.	Sweat Equity	NIL	**NIL**
4.	Commission - as % of profit - others	NIL	**NIL**
5.	Others	NIL	**NIL**
	Total (A)	Rs. 89,83,015/-	**Rs. 89,83,015/-**
	Ceiling as per the Act	*As per Schedule V Part II Section II of the Companies Act, 2013*	

The abovementioned remuneration includes company contribution towards PF and excludes gratuity. An amount of Rs. 262,500/- is included above towards ex-gratia amount paid from Multi Commodity Exchange of India Limited.

In terms of the provisions of SECC Regulations, 2018, 50% of the variable pay to KMP is to be paid on deferred basis after three years. However, the variable pay for FY 2018-19 is not yet recommended by NRC and approved by the Board.

B. Remuneration to other directors during the FY 2018 - 19:

Particulars of Remuneration	**Name of the Director**				**Total**
Public Independent Directors	**Mr. Ved Kumar Jain**	**Mr. Nagesh Pinge**	**Mr. Rajesh Doshi**	**Dr. Brinda Jagirdar**	

Fees for attending Board/ Committee Meeting	Rs.9,20,000	Rs.9,80,000	Rs.8,90,000	Rs.10,10,000	**Rs.38,00,000**
Commission	NIL	NIL	NIL	NIL	**NIL**
Others	NIL	NIL	NIL	NIL	**NIL**
Total (1)	Rs.9,20,000	Rs.9,80,000	Rs.8,90,000	Rs.10,10,000	**Rs.38,00,000**
Shareholder Directors	**Mr. Mrugank M. Paranjape***		**Mr. Chengalath Jayaram**		**Total**
Fees for attending Board/Committee meeting	NIL		Rs.4,00,000		**Rs.4,00,000**
Commission	NIL		NIL		**NIL**
Others	NIL		NIL		**NIL**
Total(2)	**NIL**		Rs.4,00,000		**Rs.4,00,000**
Total = (1+2)					**Rs.42,00,000**
TOTAL MANAGERIAL REMUNERATION (A+B)					**Rs.42,00,000**
Overall Ceiling as per the Act	*Sitting fees not exceeding Rs. 100,000/- per meeting of the Board and Committee Meetings in terms of Rule 4 of Companies (Appointment and Remuneration of managerial personnel) Rules, 2014.*				

** Mr. Mrugank Paranjape waived off his sitting fees for attending the meetings of the Company.*

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

in Rs.

Sr. no	Particulars of Remuneration	Mr. Dhawal Shah*	Mr. Satyajeet Bolar**	Mr. Kamal Priyadarshi *	Mr. Pankaj Goel*	Mr. Praveen Kotian*	Mr. Ulhas Ranade *	Mr. Gitesh Shah*	Mr. Madhur Joshi#	Mr. Mohammed Sheikh Aslam*	Mr. Ratul Roy*	Ms. Riddhi Parekh**	Total
1.	**Gross salary** **(a)** Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28,27,042	55,18,479	22,42,998	17,86,773	14,29,870	15,61,500	24,46,198	1,93,967	8,58,481	12,44,520	15,20,256	2,16,30,084
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

3.	Sweat Equity	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
5.	Others:	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (A)	**28,27,042**	**55,18,479**	**22,42,998**	**17,86,773**	**14,29,870**	**15,61,500**	**24,46,198**	**1,93,967**	**8,58,481**	**12,44,520**	**15,20,256**	**2,16,30,084**

**Identified as KMP under SECC Regulation, 2018 with effect from October 19, 2018.*

 # Joined as CISO and KMP of the Company effective March 05, 2019.

** An amount of Rs.132,525/- is included above towards ex-gratia and/or variable pay from Multi Commodity Exchange of India Limited.

Notes:

1. The abovementioned remuneration includes company contribution towards PF and excludes gratuity.
2. In terms of the provisions of SECC Regulations, 2018, 50% of the variable pay to KMP is to be paid on deferred basis after three years. However, the variable pay for FY 2018-19 is not yet recommended by NRC and approved by the Board.

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 (give Details)
A. COMPANY					
Penalty	NIL				

Punishment	
Compounding	
B. DIRECTORS	
Penalty	NIL
Punishment	
Compounding	
C. OTHER OFFICERS IN DEFAULT	
Penalty	NIL
Punishment	
Compounding	

For and on behalf of the Board of Directors

Ved Kumar Jain
Chairman of the Board

Mumbai
July 11, 2019

Annexure II

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)

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

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

Sr.	Particulars	Reference
(a)	Name(s) of the related party and nature of relationship	N.A.
(b)	Nature of contracts/ arrangements/ transactions	N.A.
(c)	Duration of the contracts/ arrangements/ transactions	N.A.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A.
(e)	Justification for entering into such contracts or arrangements or transactions	N.A.
(f)	Date(s) of approval by the Board	N.A.
(g)	Amount paid as advances, if any	N.A.
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	N.A.

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

Sr.	Particulars	Remark
(a)	Name(s) of the related party and nature of relationship	Refer Notes
(b)	Nature of contracts/ arrangements/ transactions	
(c)	Duration of the contracts/ arrangements/ transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any	Nil

Notes:

1. During FY 18-19, the following transactions were entered into with Multi Commodity Exchange of India Limited (MCX), holding & promoter Company:

- MCX participated in the Rights issue by your Company offered on March 29, 2018, November 06, 2018, December 07, 2018 and February 25, 2019 and invested in aggregate Rs. 13,398.50 lakh by subscribing 133,985,000 equity shares of face value of Rs. 10/- each. The rights equity shares were approved by the Board/ Allotment Committee at their meetings held on April 27, 2018, November 30, 2018, December 27, 2018 and March 27, 2019. The Equity shares so allotted rank *pari passu* in all respects with the existing Equity shares of the Company.

- MCX paid Clearing and Settlement fees of Rs. 2,141.54 lakh and received Rent Deposit and Rent of Rs. 58.74 lakh and Rs.137.06 lakh respectively, received IT and other Infrastructure charges amounting to Rs. 1,272.65 lakh, in accordance with the Clearing & Settlement Agreement, Resource Sharing Agreement and Leave & License Agreement approved by the Audit Committee and Board at their respective meetings held on April 22, 2019. Further, MCX paid Annual subscription fees of Rs. 59.73 lakh and MCX received reimbursement of expenses of Rs. 19.05 lakh, which were paid on behalf of the Company.

- Further, MCX contributed Rs. 7,938.42 lakh towards Settlement Guarantee Fund and the Company paid consideration under Business Transfer Agreement (BTA) of Rs. 33,132.43 lakh, in accordance with the BTA approved by the Audit Committee and Board at their respective meetings held on April 22, 2019. The transaction with MCX relating to the Business Transfer Agreement was executed to transfer the Clearing and settlement division of MCX to your Company; on a Slump Sale basis. This being a onetime transaction, the approval of the Audit Committee & Board was taken in their meeting held on April 27, 2018.

Further pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and Regulation 23 of Listing Regulations, 2015, approval of the Audit Committee, Board and shareholders is exempt for the related party transactions, entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval, if the same are in the ordinary course of business and at arm's length.

2. During FY 18-19, your Company paid an aggregate of Rs. 302.84 lakh (including Company's contribution to Provident Fund) to the following KMPs towards salaries, perquisites and reimbursement of expenses to perform such duties, obligation and responsibilities as per their respective roles:

   Mr. Narendra Kumar Ahlawat - MD & CEO, Mr. Dhawal Shah – Head – Operations, Mr. Pankaj Goel – Compliance Officer, Mr. Kamal Priyadarshi – Head- Warehousing Operations, Mr. Praveen Kotian – Head- Legal, Mr. Ulhas Ranade – Head – Warehousing Inspection, Mr. Gitesh Shah – Head – Clearing & Settlement, Mr. Satyajeet Bolar- erstwhile CFO, Mr. Madhur Joshi- CISO, Mr. Mohamed Aslam Sheikh – Head – Risk management, Mr. Ratul Roy, Head – Spot and Ms. Riddhi Parekh, Company Secretary.

The terms and conditions of appointment of the KMPs is, *inter alia,* governed by the Nomination and Remuneration Policy of the Company. The NRC/Board at its meetings approved the identification/appointment of the aforesaid KMPs.

3. As the sitting fees to Non-Executive Directors are within the limits as prescribed under Section 197(5) of the Companies Act, 2013 and as Regulation 17(6)(b) of the Listing Regulations prescribe that the requirement of obtaining the approval of the shareholders in the general meeting shall not apply to payment of sitting fees, if made within the limits specified under the Companies Act, 2013, the sitting fees and reimbursement of expenses amounting to Rs. 44.14 lakh paid to such non-executive directors is not being placed before the shareholders for their approval. The said sitting fees and reimbursement thereof have been approved by the Board at its meeting held on December 22, 2017.

4. For further details on Related Party Transactions, please refer section titled 'Contracts and arrangements with related parties' appearing in the 'Directors Report' forming part of this Annual Report.

For and on behalf of the Board of Directors

Ved Kumar Jain
Chairman of the Board

Mumbai
July 11, 2019

ANNEXURE III

PERFORMANCE EVALUATION OF THE BOARD AND THE EVALUATION CRITERIA

In accordance with the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulation, 2018) read with SEBI circular ref. no. SEBI/HO/MRD/DOP2DSA2/ CIR/P/2019/26 dated February 5, 2019, your Company has formulated the criteria for performance evaluation of all the Directors, the Board, Chairman and its Committees.

The policy has been framed with an objective to ensure individual Directors of the Company and the Board as a whole, works efficiently and effectively in achieving their functions, in the interest of the Company and for the benefit of its stakeholders. Accordingly, the policy provides guidance on evaluation of the performance of: (i) individual Directors (including the Chairperson and Public Interest Directors); (ii) the Board as a whole; and (iii) various committees of the Board, on an annual basis.

In accordance with the aforesaid circular, Companies Act, 2013 and Listing Regulation, 2015, the forms for performance evaluation of the Board, its Committees, Chairman, individual directors have been designed to include the criteria as prescribed therein and the same is presented hereinafter. The said forms were circulated to all the Directors of the Company for *inter alia* for evaluating the performance of other Directors, Board as a whole, Chairman of the Board & Committee (by the Chairperson of respective committee). The Public Interest Directors Committee evaluated the performance of Non-independent Directors, Chairman of the Board and the Board as a whole and the Board evaluated the performance of its Committees and Public Interest Directors, excluding the Director being evaluated.

The mechanism for the performance evaluation/review are covered in the policy in following two parts:

1. **Part- A (Annual Internal Evaluation):**

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

i. **Individual Director's Performance Evaluation**
   Attendance at meetings, Qualification and Experience, Knowledge and Competency, fulfilment of functions and its ability to function as team, Initiative and commitment, contribution at meetings, Independent views and judgement, guidance to management outside board/committee meetings and independence of PIDs, etc.

ii. **Evaluation of the Board as a whole**
   Providing entrepreneurial leadership, understanding of Company's core business and strategic directions, level of contact with external stakeholders, ensuring integrity of financial controls and systems of risk management, maintain high standards of integrity and probity, channel of communication with management and others, response towards decision making.

iii. **Chairman's Performance Evaluation**
   Providing effective leadership, setting effective strategic agenda of the Board, encouraging active engagement by the Board members, effective communication with all stakeholders, providing guidance and motivation to MD & CEO.

iv. **Performance evaluation of Board Committees**
   Fulfilment of Key responsibilities, Sufficiency in the scope for addressing the objectives adequacy in composition and frequency of meetings, effectiveness of the meeting, committee dynamic, quality of relationship of the Committee with the Board and the Management.

2. Part- B (External Evaluation):

As per the SECC Regulation, 2018, Public Interest Directors can be nominated by SEBI on the Board of a recognized Clearing Corporation for an initial term of three years, extendable by another term of three years subject to performance review prescribed by SEBI. SEBI vide its circular dated February 5, 2019, has mandated the Public Interest Directors of a recognized stock exchange to be subject to an external evaluation during the last year of their term by a Management or a Human Resources Consulting Firm.

For and on behalf of the Board of Directors

Ved Kumar Jain
Chairman of the Board

Mumbai
July 11, 2019

ANNEXURE IV

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

To
The Members
Multi Commodity Exchange Clearing Corporation Limited
Exchange Square, Chakala, CTS 255
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 Clearing Corporation Limited (hereinafter called **"the Company"**). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 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 Multi Commodity Exchange Clearing Corporation Limited ("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 there under.

   (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been made applicable pursuant to the requirement of Regulation 35 of the erstwhile Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (effective till October 2, 2018) and Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (effective from October 3,

2018).

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report:-

(i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
(ii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
(iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
(v) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
(vi) The Securities and Exchange Board of India (Registrars to a Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; and
(vii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
(viii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

3. Provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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).

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.

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.

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 pursuant to the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

1. Allotment of 439,90,000 Equity Shares of Rs. 10/- each, offered through Rights Issue to the Holding Company i.e. Multi Commodity Exchange of India Limited vide resolution passed at the meeting of the Board of Directors of the Company on 27th April 2018.

2. Increase in the borrowing limits of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013 to Rs. 200 Crores and increase in the limits for creation of charge on the movable and immovable properties of the Company pursuant to Section 180 (1)(a) of the Companies Act, 2013 to Rs. 200 Crores, vide approval from the Shareholders of the Company obtained at the Annual General Meeting held on 16th August 2018.

3. Commencement of operations as the first clearing corporation in the commodity derivatives market in India with effect from September 3, 2018.

4. Allotment of 49,996,667 Equity Shares of Rs. 10/- each, offered through Rights Issue to the Holding Company i.e. Multi Commodity Exchange of India Limited vide resolution passed at the Allotment Committee of the Board of Directors of the Company on 30th November 2018.

5. Allotment of 2,49,98,333 Equity Shares of Rs. 10/- each, offered through Rights Issue to the Holding Company i.e. Multi Commodity Exchange of India Limited vide resolution passed at the Allotment Committee of the Board of Directors of the Company on 27th December 2018.

6. Allotment of 1,50,00,000 Equity Shares of Rs. 10/- each, offered through Rights Issue to the Holding Company i.e. Multi Commodity Exchange of India Limited vide resolution passed at the Allotment Committee of the Board of Directors of the Company on 27th March 2019.

For RATHI & ASSOCIATES
COMPANY SECRETARIES

NEHA R. LAHOTY
PARTNER
FCS NO. 8568
COP NO. 10286

Place: Mumbai
Date: 22nd April, 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:

- Memorandum & Articles of Association of the Company.
- Annual Report for the Financial Year ended 31st March, 2018.
- Minutes of the meetings of the Board of Directors and the Committees thereof held during the Financial Year under report, as per SEBI Regulations along with Attendance Registers.
- Minutes of General Body Meetings held during the Financial Year under report.
- Policies adopted by the Company
- Statutory Registers pursuant to the requirements of the Companies Act, 2013
- Notice and Agenda papers submitted to all the directors / members for the Board Meetings and Committee Meetings.
- Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013.
- 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.
- Intimations/documents/reports/returns filed with the Securities and Exchange Board (SEBI) during year under report.

ANNEXURE – II

To
The Members
Multi Commodity Exchange Clearing Corporation Limited
Mumbai

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices that we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For RATHI & ASSOCIATES
COMPANY SECRETARIES

NEHA R. LAHOTY
PARTNER
FCS NO. 8568
COP NO. 10286

Place: Mumbai
Date: 22nd April, 2019

ANNEXURE V

NOMINATION AND REMUNERATION POLICY

Multi Commodity Exchange Clearing Corporation 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) 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 Regulations2018], as may be amended from time to time.

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 long term interests of the company and its shareholders.

Definitions:

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

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

'Committee' means the Nomination and Remuneration Committee) of the Company as constituted/ reconstituted by the Board of Directors of the Company, in accordance with the 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 Company:

- Risk Management,
- Member Registration,
- Compliance,
- Inspection, (Both Inspection of Member as well as Warehouse)
- Enforcement, (Post Inspection activity)
- Default,
- Investor Protection,
- Investor Services,
- Spot,
- Clearing & Settlement,
- Warehousing Logistics, and
- Legal

'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/RE-APPOINTMENT AND REMOVAL/ RETIREMENT OF DIRECTORS, KMPs:

I. APPOINTMENT:

- **Criteria and qualifications:**

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

  Additionally, while determining the qualifications and positive attributes for appointment of a person as a director, the Committee shall also consider the criteria and qualifications/disqualifications prescribed under provisions of the Act, Listing Regulations, 2015 and SECC Regulations, 2018 take into consideration the factors defined by SEBI for a person to be "fit and proper". 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 and 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 Committees 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.

  Further, the tenure of KMPs in a regulatory department, would be generally till he/ she ceases to be the employee of the Company. However the same shall be reviewed every 3 years unless any other tenure is specifically decided by the Committee. The term of the KMP may or may not be extended by the Committee, if required.

II. 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.

Directors and KMPs shall retire/cease to hold office as per the applicable provisions of the Companies Act, 2013, Listing Regulation, 2015, SECC Regulation, 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 the 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:

I. Remuneration of Managing Director (MD) / 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 MD&CEO, the Clearing Corporation shall also seek prior approval for his/her compensation from SEBI. Any change in the terms and conditions of the compensation of MD/CEO will also require prior approval of SEBI.

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

a. Role and responsibilities of the MD/CEO
b. Financial condition / health of the Clearing Corporation
c. Comparability to the industry standards
d. Revenues, net profit of the Clearing Corporation
    - average levels of compensation payable to employees in similar ranks,
    - periodic review
e. Ensure that the variable component of the remuneration of MD/CEO does not exceed one third of the fixed remuneration.
    - 50% of the variable component of the remuneration is paid only after the audited annual accounts for the year are approved by the Board of Directors and also subject to such payment being approved by the Board; and

- the balance 50% of the variable pay will be paid on a deferred basis after three years.

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

f. No incentives are provided for excessive risks in the short term.
g. 'Value Add' perceived by the Committee and Board based on the relevant experience of the candidate.

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

II. 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 for payment of sitting fees.

The Board considers the following factors while approving the change in the sitting fees to the Board members:
(a) Contribution expected from Directors considering size and complexity of organization;
(b) Comparison with the peers/ Industry benchmarking;
(c) Regulatory guidelines as applicable etc.

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

The Company does not pay any commission on profit to the Non-Executive Directors. Independent directors shall not be entitled to any stock option.

III. 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) Relevance and importance of the function to the Organization.
b) Value added from time to time / their contribution to the Organization growth.
c) Financial condition / health of the Clearing Corporation.
d) Comparability to the industry standards
e) Revenues, net profit of the Clearing Corporation

- average levels of compensation payable to employees in similar ranks
- periodic review based on compensation benchmarking exercise.

f) Ensure that the variable component of the remuneration of other KMPs is basis the Performance rating as per the matrix adopted by the Company which under any circumstances does not exceed one third of the fixed remuneration.
   - 50% of the variable component of the remuneration is paid only after the audited annual accounts for the year are approved by the Board of Directors and also subject to such payment being approved by the Board; and
   - the balance 50% of the variable pay will be paid on a deferred basis after three years.

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

g) No incentives are provided for excessive risks in the short term.
h) 'Value Add' perceived by the Committee and Board based on the relevant experience of the candidate.

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

Malus and Clawback Provisions:

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

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

The aforesaid clauses shall be triggered under the following circumstances:

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

General parameters to consider increase in the remuneration:
The salary increment budget would be ascertained by the Committee / Board every year, based on following parameters:

1. Current year's Company performance;
2. Employee appraisal rating scale provided by Group 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: HR is authorized to make internal elaborative policy in accordance with this policy to be reviewed by the NRC on an overall basis for deciding on the approach to be adopted by the Company; and once the same is approved, MD & CEO is authorized to make minor modifications/amendments to such internal policies.

***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.*

Disclosure of the policy

The Policy shall be disclosed on the website of the Company and the salient feature of the policy and changes therein, if any, along with the web address of the policy shall be disclosed in the Board Report.

ANNEXURE VI

Disclosure pursuant to Rule 5 of Companies (Appointment and remuneration of managerial Personnel) Rules, 2014 and Regulation 27 (6) of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018

Sr. No	Requirements	Disclosure
I	The ratio of the remuneration/compensation of each Director and KMP to the median remuneration of the employees of the Company for the Financial Year 2018 -19.	MD & CEO - 9.5X CFO - 5.8X Company Secretary - 1.6X Head - Operations - 2.9X^ Head - Warehousing Operations - 2.4X^ Head - Clearing and Settlement & Delivery - 2.4X^ Head – Compliance - 1.9X^ Head - Warehousing Inspection - 1.7X^ Head – Legal - 1.4X^ Chief Information Security Officer - 1.0X^ Head- Spot - 1.3X^ Head- Risk Management - 0.9X^
II	The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the Financial Year 2018-19	MD & CEO ** CFO - 3.77% CS - 20.97%
III	The percentage increase in the median remuneration of employees in the Financial Year 2018-19.	NA*
IV	The number of permanent employees on the rolls of Company	There were 62# employees 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	Not Applicable
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes

Notes:
^Remuneration of the KMP is considered from the date of appointment.
*** There was no increase in remuneration of MD & CEO as the appointment was effective April 01, 2018.*
** This being the first year of operationalisation, there were only 2 employees at the beginning of the year and 60 employees were appointed during the Financial Year 2018-19. Accordingly, the median cannot be ascertained.*
 # The employees count include only confirmed employees and excludes probationers and trainees.

For and on behalf of the Board of Directors

Ved Kumar Jain
Chairman
Mumbai
July 11, 2019

ANNEXURE VII

Statement pursuant to section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and 27(5) of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018

Sr. No.	Name of the Employee	Age	Qualification	Designation/Role /Nature of Duties	Total Remuneration (In Rs.)	Approx. Experience (in Years)	Joining Date	Last Employment
A.	**Employed throughout the Financial Year**							
1	Mr. Narendra Kumar Ahlawat	57	Chartered Financial Analyst, Post Graduate Diploma in Rural Management	MD & CEO	89,83,015/-	33	1-Apr-18	Chief Regulatory Officer- Multi Commodity Exchange of India Ltd.
2	Mr. Satyajeet Bolar	56	Chartered Accountant, Bachelor's degree in Commerce	Chief Financial Officer	55,18,479/-	29	1-Jan-18	Vice President-Finance & Accounts, Multi Commodity Exchange of India Ltd.
3	Ms. Riddhi Parekh	34	Company Secretary, Bachelor's degree in law, Bachelor's degree in Commerce	Company Secretary	15,20,256/-	14	1-Jan-18	Assistant Manager-Secretarial & Compliance, Multi Commodity Exchange of India Ltd.
B.	**Employed for the Part of the Financial Year**							
1	Mr. Dhawal Shah^	41	Chartered Accountant, Bachelor's degree in Commerce	Head - Operations	32,83,375/-	18	1-Sep-18	Vice President-Trading & Clearing & Settlement, Multi Commodity Exchange of India Ltd.
2	Mr. Kamal Priyadarshi^	41	Post Graduate Program in Agricultural Business Management, Bachelor's degree in Science	Head - Warehousing Operations	26,16,831/-	16	1-Sep-18	Vice President-Warehousing Operations, Multi Commodity Exchange of India Ltd.

3	Mr. Gitesh Shah^	42	Chartered Accountant, Bachelor's degree in Commerce	Head - Clearing and Settlement & Delivery	28,25,448/-	19	1-Sep-18	Assistant Vice President- Clearing & Settlement, Multi Commodity Exchange of India Ltd.
4	Mr. Pankaj Goel^	47	Chartered Accountant, Bachelor's degree in Commerce	Head - Compliance	20,79,023 /-	20	1-Sep-18	Assistant Vice President- Regulatory Compliance, Multi Commodity Exchange of India Ltd.
5	Mr. Ulhas Ranade^	48	Post Graduate Diploma in Business Administration, Bachelor's degree in Commerce	Head - Warehousing Inspection	18,21,750 /-	27	1-Sep-18	Assistant Vice President- Warehousing Inspection, Multi Commodity Exchange of India Ltd.
6	Mr. Praveen Kotian^	52	Bachelor's degree in law, Bachelor's degree in Arts	Head - Legal	16,47,787/-	27	1-Sep-18	Assistant Vice President- Legal Compliance, Multi Commodity Exchange of India Ltd.
7	Mr. Anthony Rodrigues	51	Bachelor's degree in law, Bachelor's degree in Arts	Sr. Manager - Clearing & Settlement	14,96,831/-	29	1-Sep-18	Sr. Manager- Clearing & Settlement, Multi Commodity Exchange of India Ltd.
8	Mr. Madhur Joshi*	37	Diploma in Business Management, Bachelor's degree in Science	Chief Information Security Officer	1,93,967/-	14	5-Mar-19	Team Lead, RBS Services India Pvt Ltd
9	Mr. Ratul Roy^	47	Bachelor's degree in Science	Head - Spot	14,42,520/-	26	1-Sep-18	Sr. Manager- Spot, Multi Commodity Exchange of India Ltd.
10	Mr. Mohamed Aslam Shaikh^	44	Masters of Business Administration,	Head - Risk Management	10,03,114/-	17	1-Sep-18	Sr. Manager- Risk Management, Multi

			Bachelor's Degree in Commerce					Commodity Exchange of India Ltd.

^identified as KMP w.e.f. October 19, 2018.
** identified as KMP w.e.f. March 05, 2019.*

Notes:

1. The above list includes remuneration paid to the aforesaid employees from the date of their respective appointments.
2. Total Remuneration includes salary, contribution to Provident Fund, taxable value of perquisites etc. excluding gratuity.
3. Mr. Narendra Kumar Ahlawat was appointed as MD & CEO of the Company effective April 01, 2018 for a period of three years.
4. All other employees mentioned above are in permanent employment of the Company, governed by NRC policy, employment terms & service rules.
5. None of the above employee is a relative of any Director of the Company within the meaning of relative under Companies Act, 2013.
6. None of the Employees are drawing salary in excess of that drawn by Managing Director/Whole Time Director.
7. As of March 31, 2019, none of the above employees by himself or along with his spouse and dependent Children, held 2% or more of the equity shares in the Company as referred to in sub-clause(iii) of Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
8. As of March 31, 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

Ved Kumar Jain
Chairman
Mumbai
July 11, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Global Economic Outlook

Global growth softened to 3.6 per cent in 2018 and is projected to decline further to 3.3 per cent in 2019, as per estimates of International Monetary Funds (IMF). Nevertheless, in 2018, economic growth accelerated in more than half the world's economies. Developed economies expanded at a steady pace of 2.2 per cent last year, and growth rate in many countries rose close to their potential, while unemployment rates in several developed economies dropped to historical lows. Among the developing economies, the regions of East and South Asia remained on a relatively strong growth trajectory in 2018, expanding by 5.8 per cent and 5.6 per cent, respectively.

According to IMF, with improved prospects for the second half of 2019, global growth in 2020 is projected to return to 3.6 per cent.

Indian Economic Outlook

India has emerged as the fastest growing major economy in the world, with her Gross Domestic product (GDP) estimated to have increased 6.8 per cent in 2018-19, according to the second advance estimates released by Ministry of Finance. While India's (GDP) growth rate is lower than 7.2% attained in 2017-18, growth is supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. As noted by the IMF, important steps have been taken in India in recent years to strengthen the financial sector balance sheets, including through accelerated resolution of non-performing assets under a simplified bankruptcy framework last year. These efforts should support sustained high growth rates in the future.

INDUSTRY STRUCTURE AND DEVELOPMENT

Global commodity markets

Global commodity markets witnessed tepid growth in 2018, though the overall global F&O market went through a period of substantial growth during the year. This was despite the significant headwind of a strong dollar. Except bullion, prices of almost all commodities declined in the last quarter of 2018. 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. However, by March 2019, more than half of all commodities (although virtually none of the energy commodities) had recouped their losses and returned to September 2018 levels. Renewed fiscal stimulus and a series of commodity-specific supply factors improved growth prospects and supported a rebound in commodity prices during the first quarter of 2019.

Global Futures and Options Volumes by Category (million contracts)

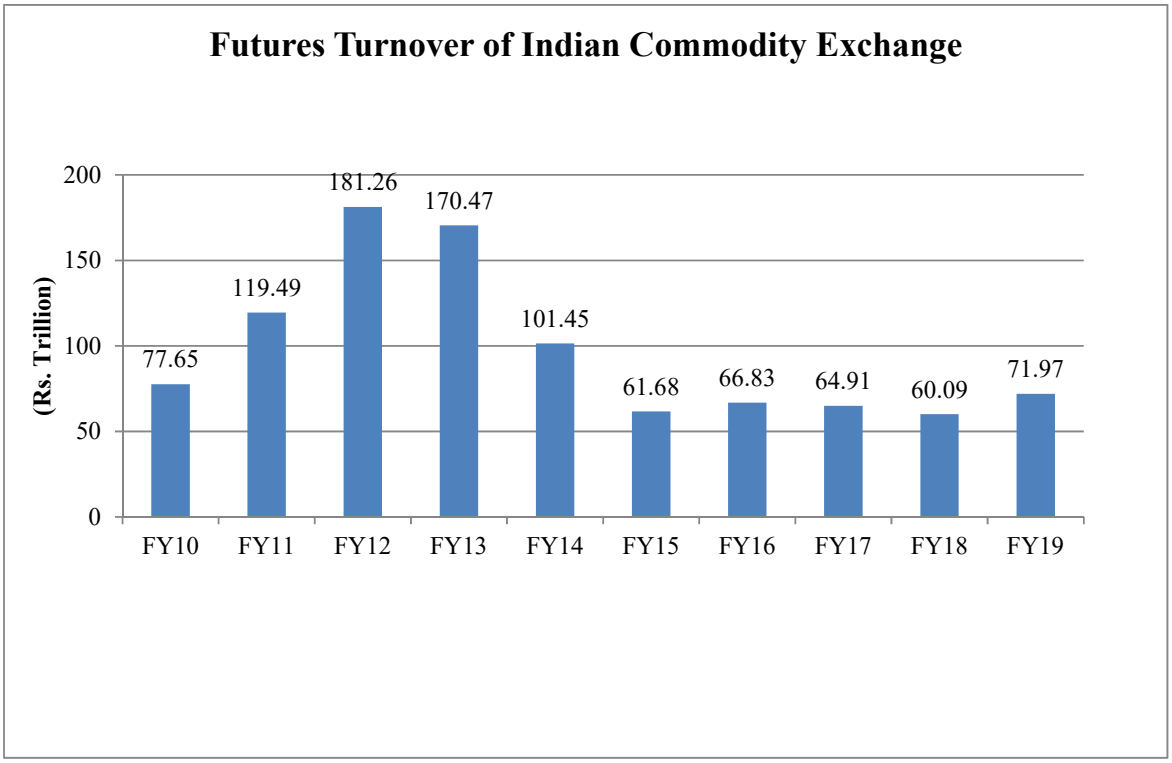
Years	CY 2017	CY 2018	Percentage Change
Equity Index	7,516	9,983	33%
Individual Equity	4,754	5,788	22%
Currency	2,984	3,929	32%
Interest Rates	3,968	4,554	15%
Commodity#	5,497	5,540	1%

Other	480	489	2%
Total	25,199	30,282	20%
#Commodity includes Agriculture, Energy , Non-Precious Metals and Precious Metals			
Source: Futures Industry Association			

Indian Commodity Markets

During FY 2018-19, total value of commodity futures traded by all national commodity exchanges in India was Rs. 71.97 lakh crore up by 20% from Rs. 60.09 lakh crore in FY 2017-18. The growth can be attributed to a number of factors, including the expansion of the market driven by a slew of regulatory developments.

Figure 1: Futures Turnover of Indian Commodity Exchanges (Rs. Trillion)



Source: Derived from FMC data, exchange's websites;

The number of commodity Options contracts traded in 2018-19 was 14,99,491, contributing to a notional turnover of Rs.17,111,800 lakh.

MCXCCL'S BUSINESS OVERVIEW IN 2018-19

During the year 2018-19, your Company received recognition from SEBI to act as a Clearing Corporation vide letter no. SEBI/HO/CDMRD/DEA/OW/P/2018/21541/1 dated August 01, 2018. Accordingly, the clearing and settlement division of the Multi Commodity Exchange of India Ltd (MCX) was transferred to your Company by executing a Business Transfer Agreement with MCX dated June 04, 2018. The said transfer; on a Slump Sale basis, was effective from September 01, 2018. Post this transfer, your Company commenced clearing and settlement operations from September 03, 2018.

For the Financial Year ended March 31, 2019, your Company's total income increased to Rs. 3,875.20 lakh from Rs. 566.28 lakh for Financial Year ended March 31, 2018. The increase is mainly due to revenues from clearing and settlement activity post commencement of operations

in the current year. Further, the Profit after Tax (PAT) for the year ended March 31, 2019 increased to Rs. 943.44 lakh as against Rs. 202.74 lakh for financial year ended March 31, 2018. The net worth (including SGF) as at March 31, 2019 stood at Rs. 35,754.29 lakh.

For further details, please refer section 'Financial performance and results of operations' in this Report.

PRODUCT WISE PERFORMANCE

Product-wise volume and turnover of different commodities cleared and settled by your Company from the commencement of its operations till March 31, 2019 is given in **Annexure I.**

FINANCIAL PERFORMANCE AND RESULTS OF OPERATIONS

Your Company derives its revenues primarily by charging clearing and settlement fees to the Exchange/(s) for whom it clears and settles trades. Your Company operates in a single segment business.

Revenue:
Your Company commenced its operations in September 2018. During FY 2018-19, your Company's total income increased to Rs. 3,875.20 lakh from Rs. 566.28 lakh in FY 2017-18. The operating expenses increased to Rs.2534.53 lakh in FY 2018-19, from Rs.249.39 lakh in FY 2017-18.

The profit before exceptional items and tax for the FY 2018-19 increased to Rs. 1340.67 lakh from Rs.316.89 lakh in the last financial year. During FY 2018-19, the profit after tax stood at Rs. 943.44 lakh as against Rs. 202.74 lakh in FY 2017-18.

Expenses
Your Company's expenditure consists of employee benefit expenses, software support charges, computer technology and communication expenses, depreciation / amortization charges and other operating expenses (Table 1).

Table 1: MCXCCL's expenditure **(Rs. in Lakh)**

Particulars	**FY 2018-19**	**FY 2017-18**
Employee benefit expense	728.96	24.77
Software support charges	882.63	-
Depreciation and amortization	15.90	-
Computer technology and communication expenses	408.97	-
Finance Costs	-	4.47
Other expenses	498.07	220.15
Total	**2534.53**	**249.39**

Other expenses principally comprise of costs / charges pertaining to office rent, legal & professional charges, ROC fees, Stamp duty, advertisement, insurance etc.

Profits, provision for tax and profit analysis

The Profit before tax for the year stood at Rs. 1,340.67 lakh (Previous Year: Rs. 316.89 lakh) and after provisions for tax of Rs. 397.23 lakh (Previous Year: Rs. 114.15 lakh), the Profit after Tax stood at Rs. 943.44 lakh (Previous Year: Rs. 202.74 lakh). The net profit margin stood at 24 percent in FY 2018-19 (Previous year: 19 percent).

Shareholders' funds
Share capital

As at March 31, 2019, your Company's Issued Share Capital stood at Rs.24,998.33 lakh and Subscribed and Paid-up Share Capital stood at Rs.23,998.50 lakh (Previous year: Issued, Subscribed and Paid-up Share Capital stood at Rs. 10,600 lakh). For further details on the share capital, please refer the Directors Report.

Other equity

Your Company's other equity stood at Rs. -21,224.25 lakh as on March 31, 2019 against Rs. 422.31 lakh as on March 31, 2018. The net worth stood at Rs.2,774.25 lakh as on March 31, 2019 as against Rs. 11,022.31 lakh as on March 31, 2018.

Secured loans

Your Company had no secured loans in its books as at March 31, 2019 and as at March 31, 2018.

Current Assets

As at March 31, 2019, total current assets stood at Rs. 28,531.91 lakh (Previous year: Rs. 1,263.22 lakh) which consisted of Current Investments in Schemes of Mutual Funds at Rs. 5,396.18 lakh as against Rs. 1,191.57 lakh as at March 31, 2018. Further, cash and cash equivalents stood at Rs. 10,362.34 lakh (Previous year: Rs. 5.64 lakh), Bank balances stood at Rs.12,000 lakh (Previous year: Rs. Nil) and other assets stood at Rs. 773.39 lakh (Previous year: Rs. 66.01 lakh).

Non-Current Assets

As at March 31, 2019, your Company's Total Non-Current assets stood at Rs. 41,694.64 lakh which consisted of Income tax assets (net) of Rs. 30.79 lakh (Previous year: Nil) and Other Non-Current Assets of Bank deposits with maturity of more than 12 months at Rs. 41,544.09 lakh (Previous year: Rs.9,848 lakh). Other Non-current assets as at March 31, 2019 stood at Rs.119.76 lakh (Previous Year: Nil).

Current liabilities:

Total Current Liabilities stood at Rs. 34,450.35 lakh (Previous year: Rs.70.67 lakh) which consisted of Trade Payables of Rs. 112.56 lakh (Previous year: Rs. 22.78 lakh), Income tax liabilities (net) Rs. Nil (Previous Year: 22.29 lakh), provisions of Rs. 5.25 lakh (Previous Year: 6.33 Lakh), other financial liabilities of Rs. 34,247.98 lakh (Previous Year: Rs. 12.37 lakh) and other current liabilities of Rs. 84.56 lakh (Previous Year: 6.90 lakh).

Non-Current Liabilities:

Total Non-current liabilities stood at Rs. 21.91 lakh (Previous year: Rs. 18.24 lakh) which consisted of deferred tax liabilities (net) of Rs. 1.47 lakh (Previous year: Rs. 16.20 lakh) and Employee benefit obligations of Rs. 20.44 lakh (Previous year: Rs.2.04 lakh).

Details of Significant changes in Key Financial Ratios (i.e. change of 25% or more as compared to the immediately previous Financial Year) along with detailed explanations therefor:

Sr. no.	Ratio	Financial Year		% change
		2018-19	2017-18	
1	Debtors Turnover	0.76	0	100

2	Inventory Turnover	N.A	N.A	N.A.
3	Interest Coverage Ratio	N.A	N.A	N.A.
4	Current Ratio	82.82	1787.61	-95
5	Debt Equity Ratio	N.A	N.A	N.A.
6	Operating Profit Margin	35	54	-36
7	Net Profit Margin	24	35	-31

Notes:

1. Your Company commenced its operations from September 01, 2018 and accordingly the debtor balances turnover ratios increased.
2. Current ratio reduced due to increase in current liability of Members' Margins.
3. Operating Profit margin & Net profit margin reduced mainly due to expenses on software support, computer technology & employee benefit expenses.

Change in Return on Net Worth along with detailed explanation:

Sr. no.	Ratio	Financial Year	
		2018-19	2017-18
1	Return on Net worth	34	1.84

Note: The Increase in return on net worth ratio is mainly due to the commencement of operation of Clearing & Settlement in September, 2018.

OPPORTUNITIES AND THREATS

Given the slew of reforms being witnessed in the commodity derivatives market, your Company sees a number of opportunities coming its way and has the potential to reap the benefits thereof as and when they present themselves. A number of these opportunities are arising from strong and positive policy action directed at the growth and development of the commodity derivatives market.

New categories of financial institutions have been and are being permitted to participate in the Indian commodity derivatives market. Portfolio Management Services and Mutual Funds have been allowed to trade in the market for the first time. SEBI has also allowed Eligible Foreign Entities (EFEs), which are foreign entities having exposure to Indian commodity derivatives market, to hedge in the Indian market. This is a new opportunity for your Company, as financial institutions and foreign entities look for professional clearing, independent of the Exchange. Moreover, to facilitate the participation of institutional players, SEBI has amended the SEBI (Custodian of Securities) Regulations, 1996, allowing custodial services in goods underlying commodity derivative contracts. These amendments would facilitate participation of institutional investors in commodity derivatives market and, therefore, are key to expanding the breadth and liquidity of the commodity derivatives market and clearing services of exchange-traded markets. Going ahead, we are hopeful that other financial institutions such as pension funds and insurance companies, as well as foreign portfolio investors, could also be allowed to participate in this market which would bring in new business opportunities to your Company.

During the year 2018-19, SEBI released a Consultation Paper on introducing tradable derivative contracts on commodity indices, and subsequently, on June 18, 2019, issued guidelines on the design of commodity indices and design for futures on commodity indices. These derivative products have been in demand for a considerable length of time and as and when MCX launches these products, your Company would provide clearing services for them.

During the year, SEBI allowed all exchanges to launch financial products across all product segments. The market regulator also gave its approval to NSE and BSE, two biggest stock exchanges, to offer commodity derivatives products. This move makes MCX face competition and is a potential threat to your Company. At the same time, the decision also allows MCX to launch and offer products in segments outside commodity derivatives, which could be cleared on MCXCCL, an opportunity for your Company.

As the Indian securities market is moving towards integration of different segments, the platforms for trading and intermediation are getting unified. Going forward, regulatory guidelines may even allow for interoperability of clearing houses in the commodity space.

The permissibility of clearing houses to clear all securities instruments poses both an opportunity and a threat to your Company. While this will provide access to clearing new types of instruments thereby creating new opportunities, well-capitalised competitors may also offer clearing services in commodity derivatives resulting in a competitive environment.

INITIATIVES AND OUTLOOK

FY 2018-19 was a landmark year for Indian commodity derivatives markets, as this year witnessed several new initiatives and policy reforms aimed at broadening the commodity derivatives market. With SEBI allowing more participant categories and derivative products, including tradable commodity indices, your Company looks forward to providing clearing services to these new participants and in these new product segments, as and when they are traded on MCX.

In a landmark development, banks were allowed to become Professional Clearing Members (PCMs) in the commodity segment of exchanges/ clearing corporations in 2017-18. Subsequently, since 2018-19, several banks have started becoming professional clearing members of Exchanges/ Clearing Corporations, making the exchange-traded commodity markets more attractive for financial institutions to participate. The trend is likely to continue as more banks take membership of MCXCCL in the current year.

In all, the policy reforms underway in the Indian commodity derivatives market are expected to contribute to deepening and broadening the market, expanding the clientele of MCX and its product base, and thereby enhancing the demand for clearing services to support an enhanced commodity derivatives market, contributing to your Company’s business.

ROLE OF TECHNOLOGY

Technology is considered as the backbone of your Company’s business and a strategic differentiator. Accordingly, your Company entered into an agreement with MCX to share resources including technology.

Pursuant to such agreement, MCX has deployed and maintains technology products and services for MCXCCL. MCX has deployed a scalable architecture capable of being adapted to innovations and new market solutions. A well-designed system along with a structured technology road map ensures reliability, scalability, security and functionality of the system for your Company.

The robust technology deployed enables us to adopt market safeguards through real time risk monitoring by tracking of members' margin utilisations and mark-to-market (MTM) losses against their collaterals made available to your Company. The system automatically would generate real time alert and take pre-decided actions, which provides flexibility to Clearing members to manage and control their risk.

We have adopted a defence-in-depth strategy to ensure information security at all layers with a well-defined Cyber Security and Cyber Resilience Policy. The Information Security Policy

is based on the ISO 27001 controls and MCXCCL was accredited with ISO 27001:2013 certification in May 2019. The cyber security and cyber resilience policy is based on Identify, Protect, Detect, Respond and Recover principles to identify, assess, and manage cyber security risk associated with processes, information, networks and systems.

Since the cyber-attack horizon is expanding day-by-day and such attacks are becoming more sophisticated, we are continuously evaluating and implementing various security solutions for early identification, better detection, quick protection, respond and recover from all such cyber-attacks. MCXCCL is committed to provide continuous delivery of their services through an effective and efficient response to unforeseen disruptions while ensuring security of all employees and critical assets.

The Disaster Recovery site of MCXCCL is located at GIFT City, Gandhinagar and we carry out periodical market drills from DR site to ensure the readiness in accordance with the Business Continuity Plan. In addition to DR site, we have a Near Site (NS) where database is replicated using Enterprise class Storage solution in synchronous mode to achieve zero data loss.

MEMBERSHIP

As on March 31, 2019, the Clearing Corporation has 208 Members including 6 (six) Professional Clearing Members.

RISK MANAGEMENT

Your Company has applied market safeguards and risk management techniques to ensure that its members meet their financial obligations promptly and your Company is well protected from undesirable risks. Some of the risk management mechanisms your Company implements to safeguard itself are listed below:

- **Settlement Guarantee Fund (SGF):**

  To protect your Company against any default and in accordance with SEBI requirements, your Company carries out daily stress tests and maintains a Settlement Guarantee Fund. Accordingly, the total Core SGF of your Company as on March 31, 2019 stood at Rs. 32,980 lakh.

- **Minimum net worth requirements:**

  MCXCCL has necessitated all its members to have a certain minimum net worth. Members are required to confirm their net worth on a half-yearly basis, which enables the Company to monitor and ensure their financial strength.

- **Margin Requirements:**

  Your Company has necessitated members to pay a security deposit at the time of registration, which serves as the initial deposit. Members are also required to provide a Minimum Liquid Net worth amount on which no exposure is provided. Further, to mitigate risks associated with daily price movements in commodities, your Company imposes margins. Members are required to place collateral deposits to avail margin limits. The initial margin requirement is computed using SPAN™, which is a portfolio-based margining system, to identify the overall risk in a portfolio of contracts for each client of a member. Further, your Company also levies other margins to safeguard members and the ecosystem against adverse market movements.

WAREHOUSING

Warehousing is a key element in effecting physical deliveries through the Clearing Corporation. Your Company has made necessary warehousing arrangements with Warehouse Service Providers (WSP) / Vault Service Providers (VSP) for this purpose and undertakes accreditation of the warehouses/vaults, for safe storage and preservation of goods deposited by various business participants for delivery on its platform.

As at March 31, 2019, your Company had 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, your Company had accredited 55 warehouses of these four WSPs, of which 52 warehouses are registered with the Warehousing Development & Regulatory Authority (WDRA) and 3 warehouses for metals do not require WDRA registration.

Further, your Company 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.

RISKS AND CONCERNS

Some external factors on which your Company's business performance depends, may pose some risks to your Company. Some of the risks are as follows:

- **Market-related risks**
  India's commodity derivatives market is impacted by domestic and global economic conditions. Events such as the country's industrial growth, global financial crisis, recession, regional economic disintegration, inflation, etc. are likely to influence the commodity fundamentals and hence the market. Generally, an increase in demand for commodities along with increased price volatility generate greater demand for trading and clearing of commodity derivative contracts, which would have a positive impact on your Company's operational results.

- **Policy-related risks**

  Your Company's operational performance is largely dependent on the trading activity on the Exchange whose trades it clears and settles viz. MCX. Thus, any development that adversely affects the performance of MCX would have an adverse effect on your Company. For instance, a new tax or increase in the existing rates of taxation like CTT or introduction of a new statutory levy or any regulatory requirements may dampen MCX's trading volumes which would have a cascading effect on the clearing volumes, thereby impacting your Company's profitability.

- **Competitive pressures**

  After SEBI allowed trading of commodity derivatives and other segments of securities market on a single exchange, the interoperability of clearing houses may be permitted by the market regulator in the commodity space. This would mean that clearing of commodity derivatives traded on an Exchange would be allowed on any clearing platform, which could be a source of competition and a potential area of risk to your Company.

- **Risks from Technology**

  Your Company is dependent for technology on third party vendors for services that are important to its business and any interruption in or cessation of an important supply or

service by any third party could have an adverse effect on its business and operations. Any failure to keep pace with industry standards in technology and respond to participant preferences could have an adverse effect on the business and operations.

SEGMENT-WISE PERFORMANCE

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 clearing and settlement of trades in commodities" 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.

Your Company currently undertakes clearing and settlement of commodity futures and options contracts, duly executed on the trading platform of MCX, in accordance with the clearing and settlement agreement entered into with MCX.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Board of Directors of your Company has put in place various internal controls systems 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 it operates effectively and ensures the accuracy and completeness of the accounting records and their presentation gives a true and fair view of the state of affairs of your Company and are free from material misstatements, whether due to error or fraud.

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

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

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

The Audit Committee of your Company, comprising majority of Public Interest Directors, periodically reviews and recommends the unaudited quarterly financial results as also the annual audited financial statements of your Company to the Board for approval. Further, all related party transactions are placed before the Audit Committee and are approved / ratified by it after deliberations.

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.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

As at March 31, 2019, your Company employed 62 employees. Your Company continues to attract, retain and nurture talented workforce in its endeavour to be an employer of choice.

Cultural integration being the integral part of management philosophy, your Company 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 & awarding their Long Service to recognize the contribution & value add of deserving employees.

Structured 'Internal Job Posting' platform enabled opportunities within the Company to aspiring and deserving employees to be considered for lateral & hierarchical career growth within the Company. To enhance competencies and collaborative efforts on part of senior team of the Organisation, 360 degree feedback was initiated to align self-perception to the perception across subordinate, peers and superiors levels. Objective appraisal systems based on Key result areas (KRAs), mid-term feedback to employees are in place across all levels.

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

Your Company runs an 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.

Strong Leadership Team

Your Company endeavours to emerge as a world-class institution through the direction provided by leadership from the Top Management team and the Board of Directors, whose guidance will be instrumental in the growth of your Company.

MATERIAL DEVELOPMENTS AFTER THE BALANCE SHEET DATE:

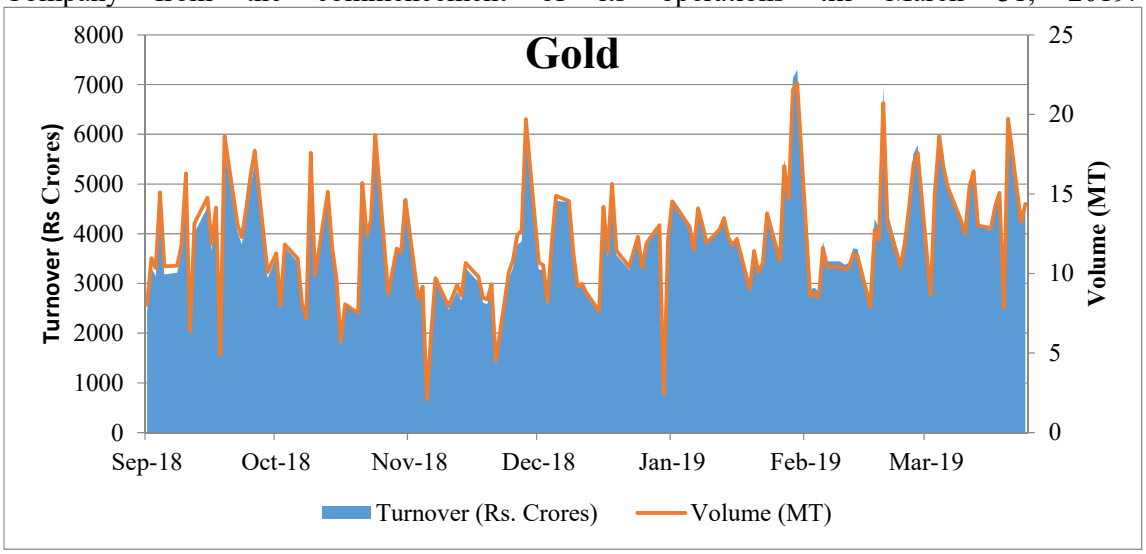
The material developments after the Balance Sheet date have been elaborated in the Directors' Report at respective sections.

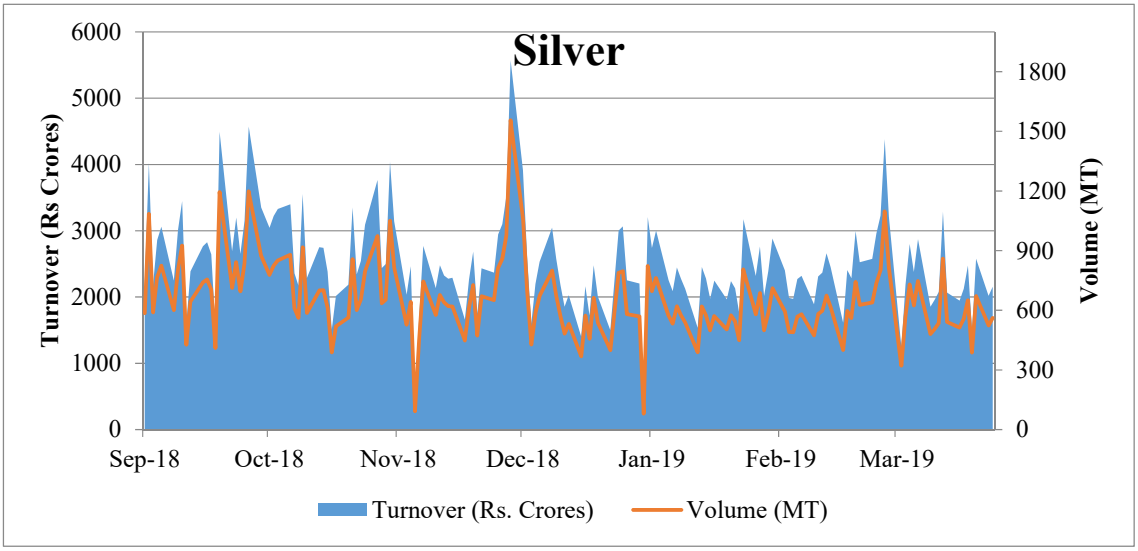
CAUTIONARY STATEMENT

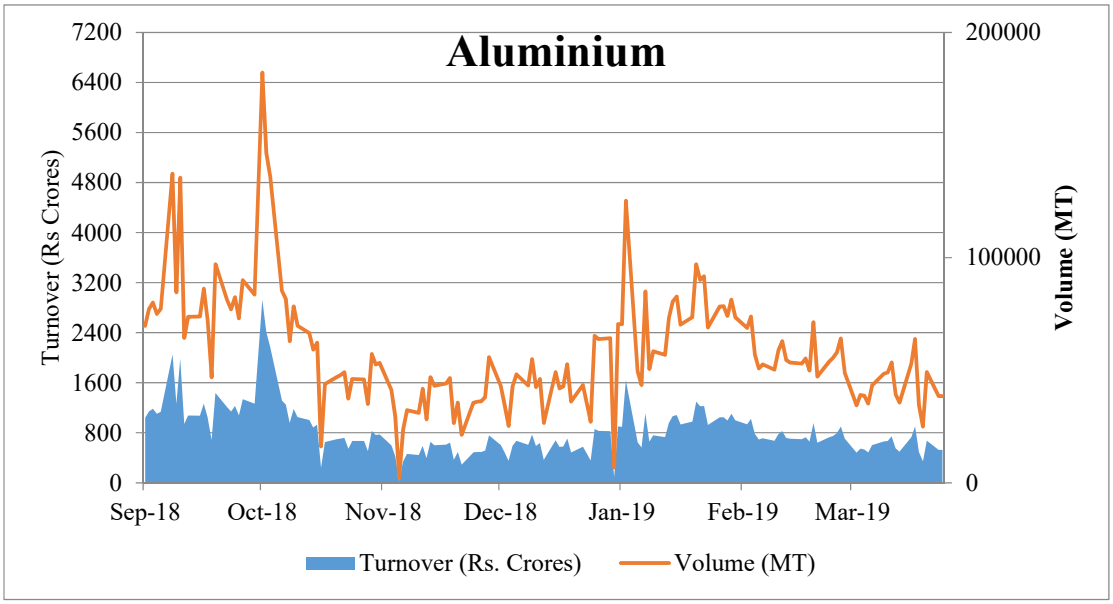
In this annual report we have disclosed some future developments expected to take place soon so that investors can better understand the Company's future prospects and make informed decisions. This annual report and other written and oral statements that we make from time to time may contain such forward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

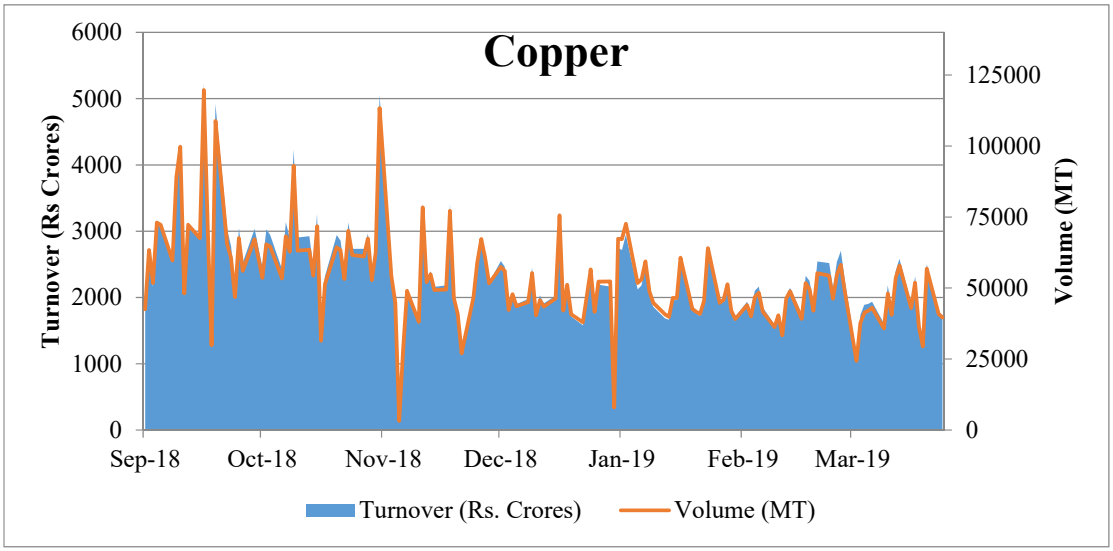
Annexure I

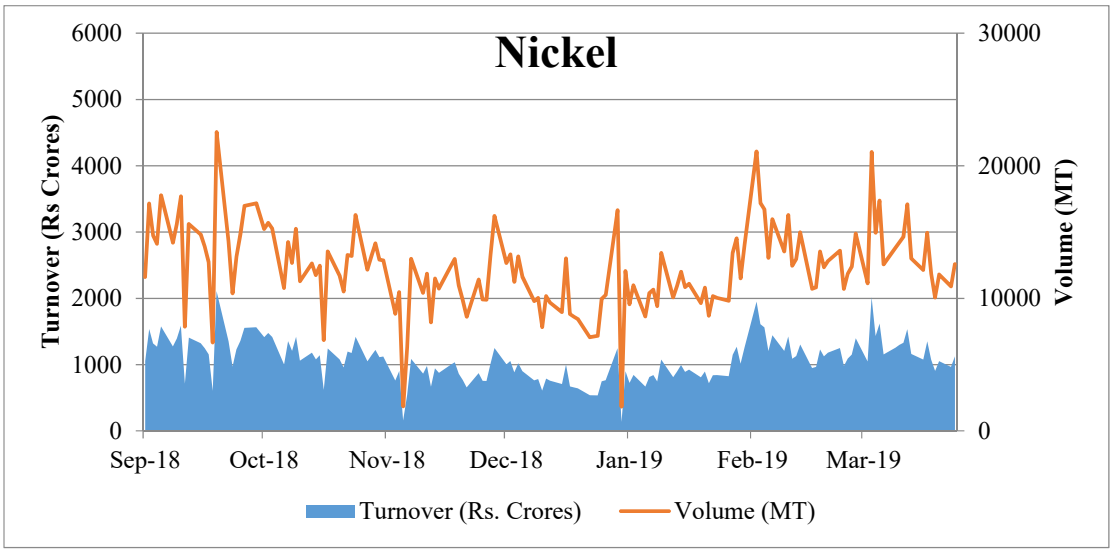
Product-wise volume and turnover of different commodities cleared and settled by your Company from the commencement of its operations till March 31, 2019.

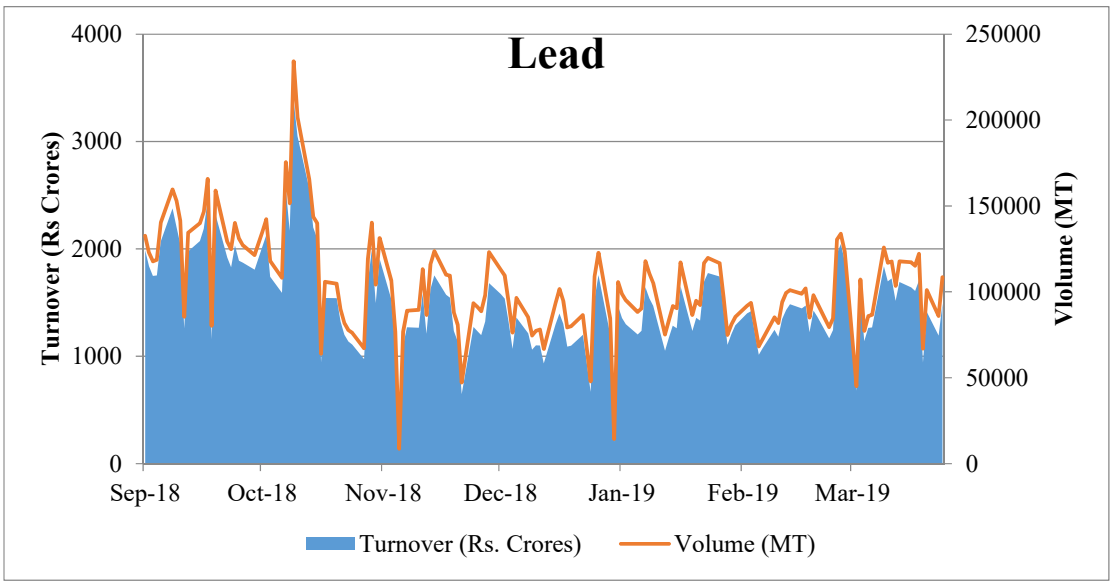


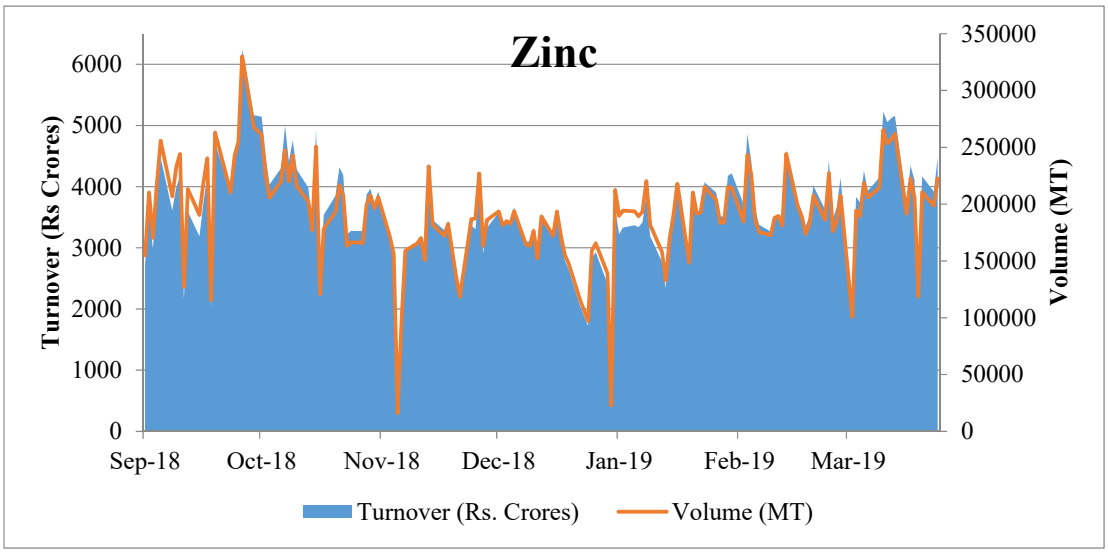


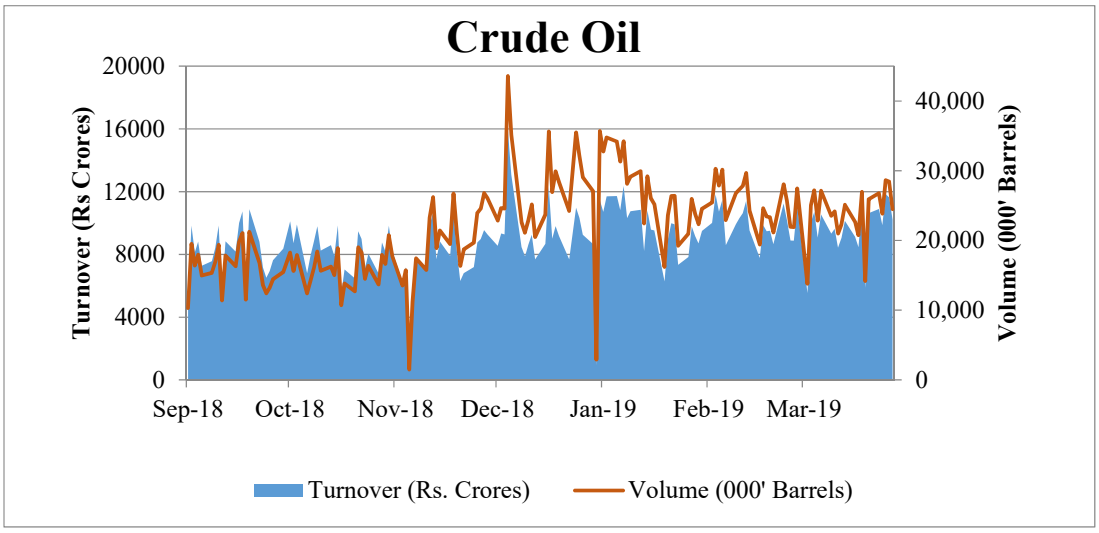

Aluminium
Turnover (Rs Crores)
Volume (MT)
7200
6400
5600
4800
4000
3200
2400
1600
800
0
200000
100000
0
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (Rs. Crores)
Volume (MT)

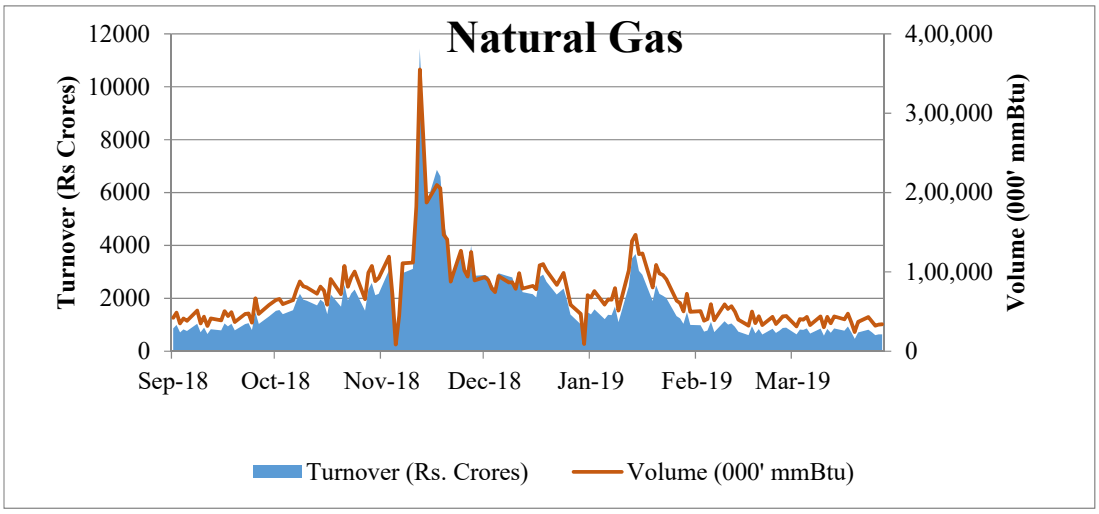

Copper
Turnover (Rs Crores)
Volume (MT)
6000
5000
4000
3000
2000
1000
0
125000
100000
75000
50000
25000
0
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (Rs. Crores)
Volume (MT)

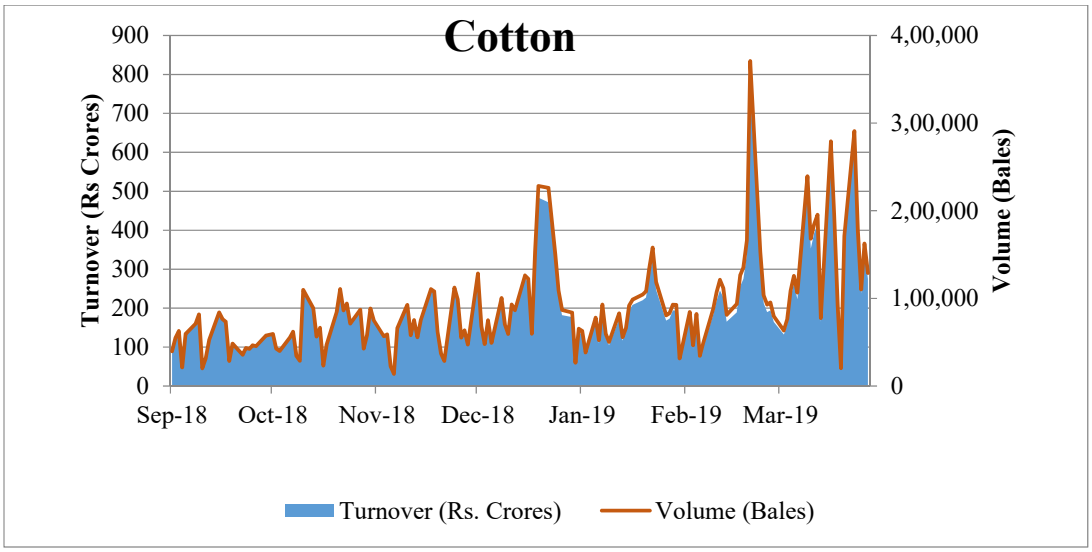

Nickel
Turnover (Rs Crores)
Volume (MT)
6000
5000
4000
3000
2000
1000
0
30000
20000
10000
0
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (Rs. Crores)
Volume (MT)

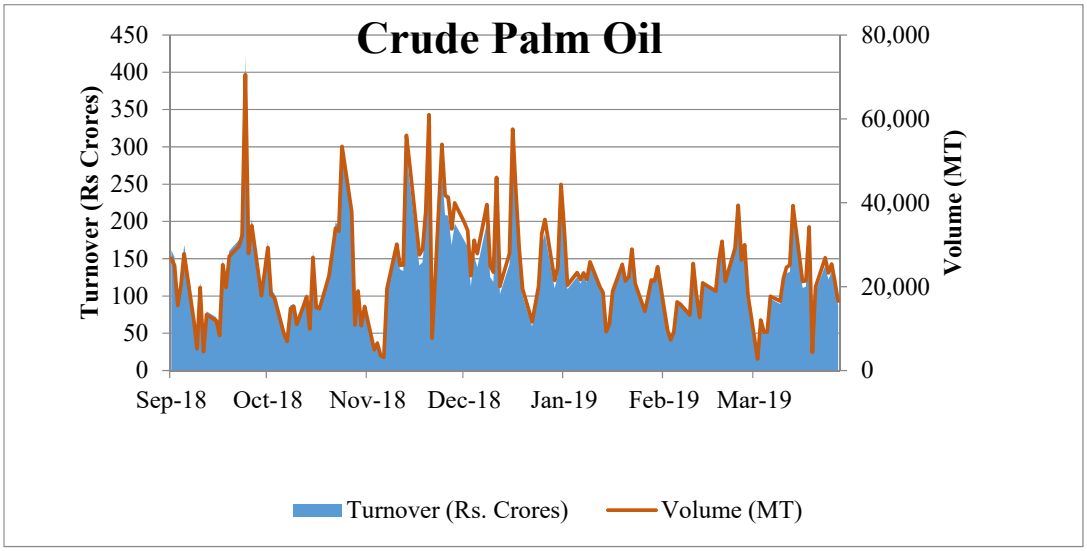

Lead
Turnover (Rs Crores)
Volume (MT)
4000
3000
2000
1000
0
250000
200000
150000
100000
50000
0
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (Rs. Crores)
Volume (MT)

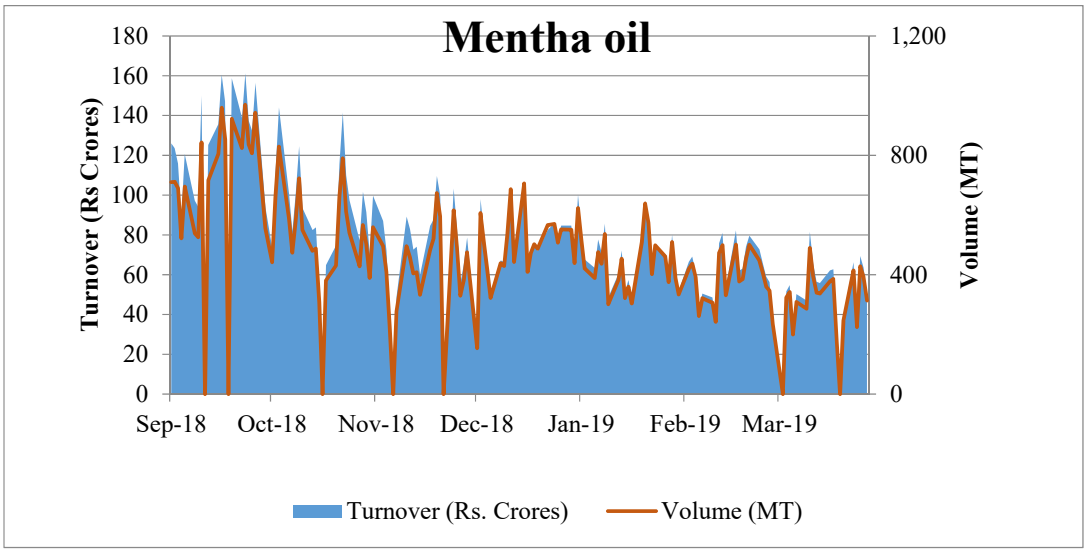

Zinc
Turnover (Rs Crores)
Volume (MT)
6000
5000
4000
3000
2000
1000
0
350000
300000
250000
200000
150000
100000
50000
0
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (Rs. Crores)
Volume (MT)

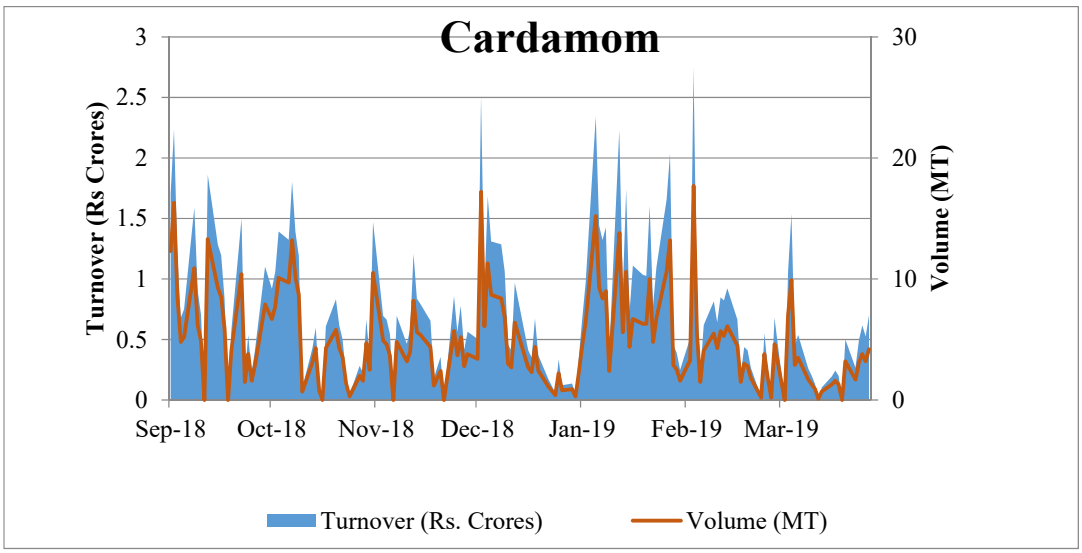

Crude Oil
Turnover (Rs Crores)
Volume (000' Barrels)
20000
16000
12000
8000
4000
0
40,000
30,000
20,000
10,000
0
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (Rs. Crores)
Volume (000' Barrels)

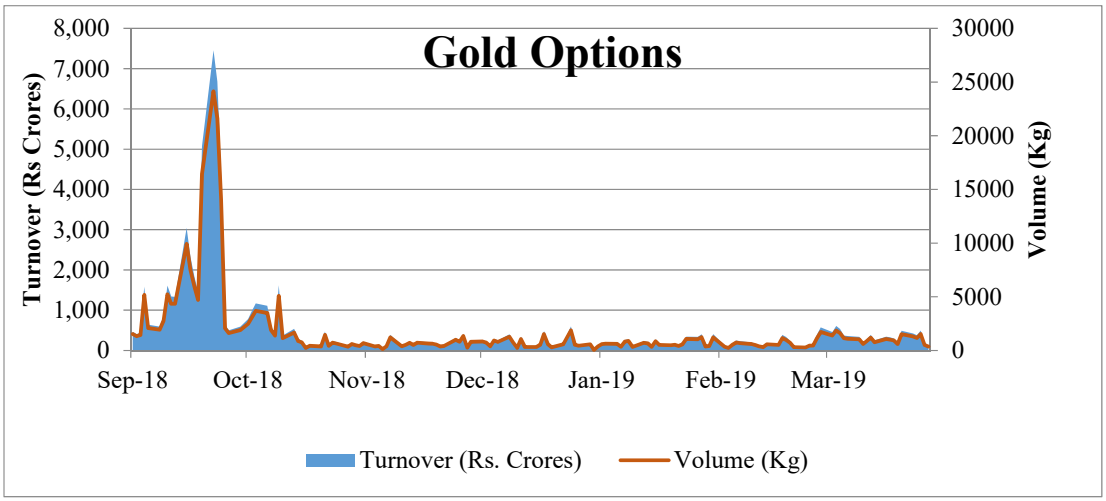

Natural Gas
Turnover (Rs Crores)
Volume (000' mmBtu)
12000
10000
8000
6000
4000
2000
0
4,00,000
3,00,000
2,00,000
1,00,000
0
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (Rs. Crores)
Volume (000' mmBtu)

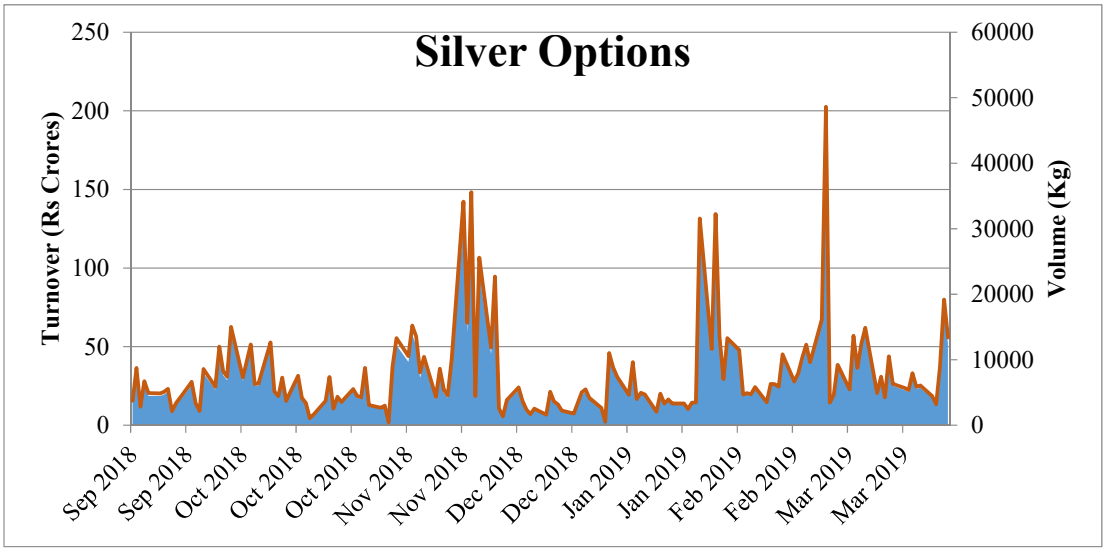

Cotton
Turnover (Rs Crores)
Volume (Bales)
900
800
700
600
500
400
300
200
100
0
4,00,000
3,00,000
2,00,000
1,00,000
0
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (Rs. Crores)
Volume (Bales)

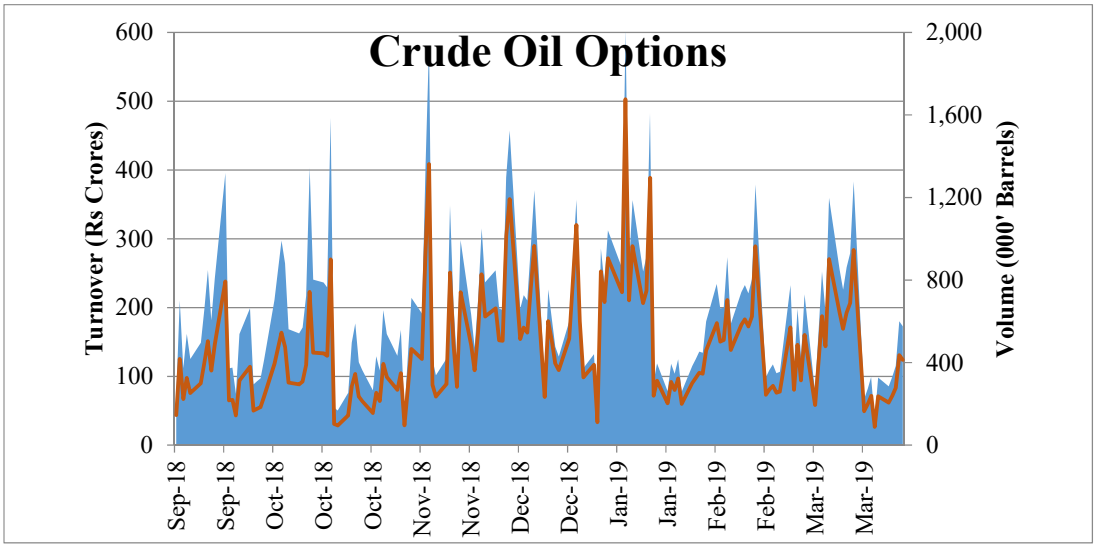

Crude Palm Oil
Turnover (Rs Crores)
Volume (MT)
450
400
350
300
250
200
150
100
50
0
80,000
60,000
40,000
20,000
0
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (Rs. Crores)
Volume (MT)

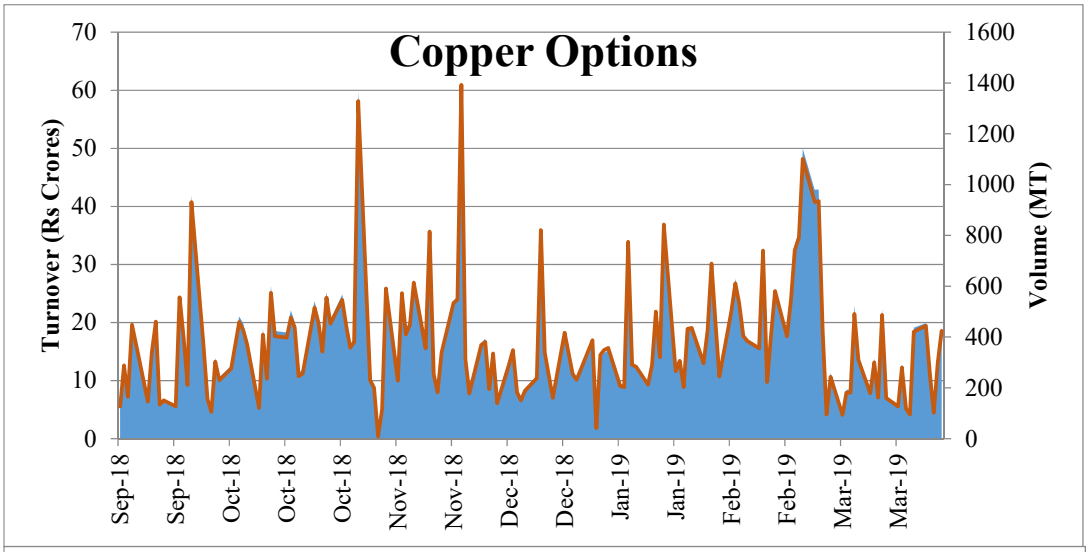

Mentha oil
Turnover (Rs Crores)
Volume (MT)
180
160
140
120
100
80
60
40
20
0
1,200
800
400
0
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (Rs. Crores)
Volume (MT)

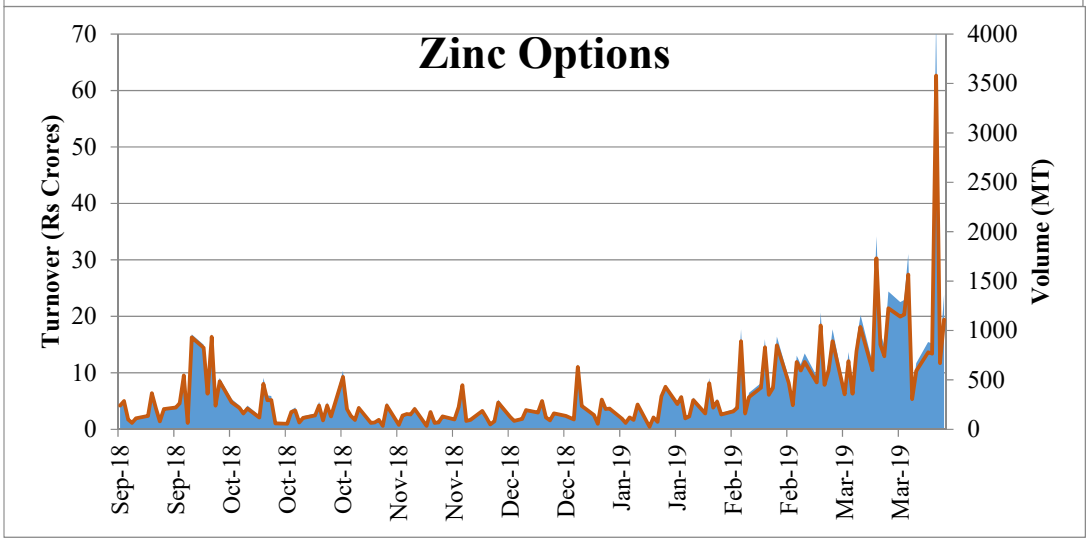

Cardamom
Turnover (Rs Crores)
Volume (MT)
3
2.5
2
1.5
1
0.5
0
30
20
10
0
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (Rs. Crores)
Volume (MT)


Gold Options
Turnover (Rs Crores)
Volume (Kg)
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
30000
25000
20000
15000
10000
5000
0
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Turnover (Rs. Crores)
Volume (Kg)


Silver Options
Turnover (Rs Crores)
Volume (Kg)
250
200
150
100
50
0
60000
50000
40000
30000
20000
10000
0
Sep 2018
Sep 2018
Oct 2018
Oct 2018
Oct 2018
Nov 2018
Nov 2018
Dec 2018
Dec 2018
Jan 2019
Jan 2019
Feb 2019
Feb 2019
Mar 2019
Mar 2019


Crude Oil Options
Turnover (Rs Crores)
Volume (000' Barrels)
600
500
400
300
200
100
0
2,000
1,600
1,200
800
400
0
Sep-18
Sep-18
Oct-18
Oct-18
Oct-18
Nov-18
Nov-18
Dec-18
Dec-18
Jan-19
Jan-19
Feb-19
Feb-19
Mar-19
Mar-19


Copper Options
Turnover (Rs Crores)
Volume (MT)
0
10
20
30
40
50
60
70
0
200
400
600
800
1000
1200
1400
1600
Sep-18
Sep-18
Oct-18
Oct-18
Oct-18
Nov-18
Nov-18
Dec-18
Dec-18
Jan-19
Jan-19
Feb-19
Feb-19
Mar-19
Mar-19


Zinc Options
Turnover (Rs Crores)
Volume (MT)
0
10
20
30
40
50
60
70
0
500
1000
1500
2000
2500
3000
3500
4000
Sep-18
Sep-18
Oct-18
Oct-18
Oct-18
Nov-18
Nov-18
Dec-18
Dec-18
Jan-19
Jan-19
Feb-19
Feb-19
Mar-19
Mar-19

CORPORATE GOVERNANCE REPORT

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

Your Company being a recognised Clearing Corporation under Securities Contracts Regulation Act, 1956 is required to *inter alia* comply with the SEBI (Stock Exchange and Clearing Corporation) Regulation, 2018. Pursuant to Regulation 33 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as 'the SECC Regulations, 2018') the disclosure requirements and corporate governance norms as specified for listed companies are *mutatis mutandis* applicable to a recognised clearing corporation. Accordingly, a 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:

Your Company, being identified as a Market Infrastructure Institution (MII) by SEBI, believes in adopting best practices in the area of Corporate Governance viz. Transparency, Integrity, comprehensive disclosures, professionalism and structured accountability, 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.

Your Company emphasises the need for transparency and accountability in all its transactions, and the Board considers itself as a Trustee of its Stakeholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. 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, clients, employees, members of the Clearing Corporation and the communities in which it operates. This philosophy of your Company has been further strengthened with the adoption of the Code of Conduct for Board of Directors and Key Managerial Personnel's of the Company.

2. BOARD OF DIRECTORS:

A. Composition of the Board:

Your Company's Board has optimum combination of Executive and Non-Executive Directors with 1 (one) Independent Women Director, all being expert professionals having experience in diverse areas such as Management, Technical, Finance and Accounting, Risk management, Ethics etc.

Your Company being a Clearing Corporation is, *inter alia,* regulated by SEBI. In accordance with SECC Regulations, 2018 "Public Interest Director" (PID) 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 SEBI, is in conflict with his role. Accordingly, Public Interest Directors are considered as Independent Directors for adhering compliance with the provisions under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations, 2015) and Companies Act, 2013.

As on March 31, 2019, the Board comprised of 7 (seven) Directors, of which 4 (four) are PIDs (i.e. Independent Directors) including 1(one) Independent Woman Director, 2 (two) Shareholder Directors and 1 (one) Managing Director & Chief Executive Officer (MD&CEO). Except Mr. Narendra Kumar Ahlawat who is an Executive Director, others including the Chairman are Non-Executive Directors.

Mr. Narendra Kumar Ahlawat was appointed as MD & CEO of the Company for a period of three years effective April 01, 2018, with the approval of SEBI and shareholders.

Further, in compliance with the requirement of Regulation 17(1)(b) of Listing Regulations, 2015, more than one-third of the Board members are Independent Directors with a Non-Executive Director, Mr. Ved Kumar Jain, as the Chairman of the Board.

Your Company confirms that in the opinion of the Board of Directors, the Independent Directors fulfil the conditions specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations, 2015 and are independent of the management.

The Board's composition and in respect of each Director, the nature of directorship, the number of meetings of the Board of Directors attended during the year and the attendance in the last annual general meeting, are given below:

Sr. No	**Name and DIN of the Director**	**Nature of Directorship**	**Board Meetings**		**Attendance at the last AGM held on August 16, 2018**
			Held#	**Attended**	
1.	Mr. Ved Kumar Jain (DIN: 00485623)	Chairman, Non- Executive, Independent, PID	7	7	Yes
2.	Dr. Brinda Jagirdar (DIN: 06979864)	Non- Executive Independent, PID	7	7	Yes
3.	Mr. Nagesh Pinge (DIN: 00062900)	Non-Executive Independent, PID	7	7	Yes
4.	Mr. Rajesh Doshi (DIN : 00059903)	Non- Executive Independent, PID	7	7	Yes
5.	Mr. Chengalath Jayaram (DIN 00012214)	Non-Executive Non- Independent, Shareholder Director	7	5	Yes
6.	Mr. Mrugank Paranjape (DIN 02162026)	Non-Executive Non-Independent, Shareholder Director	7	5	Yes

7.	Mr. Narendra Kumar Ahlawat (DIN: 07629724)	Executive Non-Independent, MD & CEO	7	7	Yes

i. *There are no inter-se relationships between the Board Members.*
ii. *The Non-Executive Directors do not hold any equity share/s) in the Company.*
iii. *Mr. Narendra Kumar Ahlawat, MD & CEO of the Company was appointed with effect from April 01, 2018.*
iv. *Mr. Mrugank Paranjape Shareholder Director nominated by Multi Commodity Exchange of India Limited (MCX) resigned with effect from May 8, 2019*

No. of Board Meetings held during the tenure of the Director during FY 2018-2019.

Number of other Board of Directors or Committees in which a Director is Member or Chairperson and names of the listed entities where the person is a Director and category of directorship as at March 31, 2019:

Name of the Director	**Number of the Directorships in other companies in which he is a Director(*)**	**Number of Board Committees in which Director is (**)**		**Name of the other listed entities where the person is a Director. (*)**	**Category of directorship**
		Member	**Chairperson**		
Mr. Ved Kumar Jain (DIN: 00485623)	3	1	3	DLF Limited	Non- Executive Independent Director
				Himachal Futuristic Communications Limited	Non- Executive Independent Director
Dr. Brinda Jagirdar (DIN: 06979864)	2	1	1	Rane Engine Valve Limited	Non- Executive Independent Director
				IDFC First Bank Limited	Non- Executive Independent Director
Mr. Nagesh Pinge (DIN: 00062900)	3	2	0	Arvind Fashions Limited	Non- Executive Independent Director
Mr. Rajesh Doshi (DIN 00059903)	2	0	0	0	N.A.
Mr. Chengalath Jayaram (DIN 00012214)	5	1	2	Kotak Mahindra Bank Limited	Non-Independent Non- Executive Director

				Multi Commodity Exchange of India Limited	Non-Independent Non- Executive Director
				Allsec Technologies Limited	Non Executive Director
Mr. Mrugank Paranjape (DIN 02162026)	1	0	0	Multi Commodity Exchange of India Limited	Managing Director & CEO
Mr. Narendra Kumar Ahlawat (DIN: 07629724)	0	0	0	0	N.A.

***** Excludes directorship(s) in Foreign Companies and partnerships in LLPs.

****** Only Audit Committee and Stakeholders Relationship Committee of Indian Public Companies are considered excluding MCXCCL.

The number of Directorships, Committee Membership(s)/ Chairmanship(s) of all Directors is within respective limits prescribed under the Companies Act, 2013 and Regulation 26(1) (a) of SEBI Listing Regulations, 2015.

Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting as required under Regulation 36(3) of the Listing Regulations are annexed to the notice convening the Annual General Meeting.

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

Except in case of emergent meetings, *inter-alia*, to take care of exigencies of business, the Company gives adequate notice of meetings to the Board of Directors. The meetings held at a shorter notice were attended by adequate number of Independent Directors and were in compliance with the provisions of the Companies Act, 2013. During the Financial Year 2018-19, 7 (Seven) meetings of the Board of Directors were held and the gap between any two meetings did not exceed one hundred and twenty days. The said Board meetings were held on April 27, 2018, July 19, 2018, October 19, 2018, November 06, 2018, December 07, 2018, January 11, 2019 and February 25, 2019. In certain cases, the Board's approval was taken by passing resolutions through circulation, as permitted by law, which were confirmed in the subsequent meeting of the Board of Directors.

During the year under review, the information mentioned in Part A of Schedule II of the Listing Regulations, 2015 was periodically placed before the Board for their consideration, to the extent applicable and deemed appropriate by the Management. This information was made available either as a part of the agenda papers or tabled at the Board Meeting/(s).

C. Independent Directors:

The Company appoints Independent Directors on the Board in accordance with the provisions of the SECC Regulations, 2018 and the Companies Act, 2013. The Independent Directors have

varied experience and expertise in their respective field / profession, which they bring to all the deliberations. Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations, 2015. The Independent Directors are complying with the provisions relating to limit of directorships as required under Regulation 25(1) of the Listing Regulations, 2015. The Company issues a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed on the website of the Company.

The Independent Directors met twice during the financial year *i.e*. on April 27, 2018 & January 11, 2019. During their meetings, the Independent Directors reviewed*, inter alia*, the following:

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

Further, no independent director has resigned before the expiry of his respective tenure in the FY 2018-19**.**

D. Familiarisation Programme for Directors:

Your Company conducts familiarisation programmes/training for the newly appointed independent directors as well as for the existing ones. The Directors are made aware / updated regarding the its business operations, nature of industry in which the Company operates, regulatory environment, functioning of various departments, membership related information on admission & registration of members, warehousing operations, risk management, Stress test methodology, procedures and practices followed, international commodities market scenario and the matters related thereto. Presentations are made at the Board/Committee Meetings on performance of the Company, risk management etc. Also, updates on relevant statutory/regulatory changes and important letters received from SEBI are circulated to the Directors at the Board Meetings.

The appointment letter issued to the Public Interest Directors (PID), inter alia, sets out the expectation of the Board from the Directors so appointed, their fiduciary duties and the accompanying liabilities. The PID's are also apprised about their roles under various statutes. Further, all Directors at the time of their appointment, as well as on annual basis affirm adherence to the Code of Conduct of the Company and Code of Ethics, which, inter alia, sets out their role, responsibilities, etc.

The Company conducted familiarisation programmes for the Independent Directors in which they were informed about trading and Settlement process, spot department activities, margins and monitoring of Mark to market, Collaterals, Settlement Guarantee Fund (SGF), methodology of computation of SGF and stress testing of SGF, membership related information on categories of members, warehousing and matters related thereto. Also, updates on relevant statutory changes and important letters from SEBI were regularly placed before the Directors at the Meetings.

The details of familiarisation programme for Directors have been posted on the website of the Company at https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/2018-19-familarisation-programme2a02bd4657fb64e3bdfdff00007acb35.pdf?sfvrsn=8af9d990_2

The Board has identified the following specific functional areas/ skill set with reference to its Business and Industry and the same are available with the Board:

Leadership	Extended leadership in significant enterprise, resulting in practical understanding of organizations, processes, strategic planning and risk management. Demonstrating strengths in developing talent, planning succession and driving change and long-term growth.
Economics	Background in understanding of the international and domestic markets along with tracking developments in the Indian And Global economy and analysing implications of the same on the businesses. Research studies on relevant issues including financial inclusion, financial stability, banking sector reforms etc.
Finance, Accounting & Law	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation and financial reporting processes, or experience in actively supervising a principal financial officer or person performing similar functions. Background in understanding the regulatory framework and the implications of the same in the capital and securities markets.
Technology	A significant background in technology, tracking developments therein, anticipating the Technological trends and innovating and extending or creating Information technology Systems, managing cyber security, system failures, etc.
Risk Management	Background and experience in practical understanding of the risks relating to the business of the Company and managing potential risks in order to minimise the negative impact that it may have on an organisation.
Ethics	Background and records of accomplishment in conducting businesses in an ethical manner by abiding the following values: honesty, integrity, fair, morale and accountability in letter and spirit.
Management	Background in management or having specialisation in management skills like planning, organizing, controlling, leading execution of projects or processes resulting in ability to use management expertise according to the needs of the businesses

E. Compliance Reports for applicable laws:

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

F. Code of Conduct:

The Company has formulated and implemented a comprehensive Code of Conduct for the Board of Directors and Senior Management of the company which is available on the website of the Company at https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/mcxccl-code-of-conduct-(last-amended-on-01-11-2019).pdf?sfvrsn=c749d590_2

The Board Members and the Senior Management Personnel affirm compliance with the Code of Conduct at the time of their appointment and thereafter on an annual basis. The necessary declaration by the MD & CEO as required under Regulation 34(3) read with Schedule V (D) of

Listing Regulations, 2015 regarding adherence of the code of conduct has been obtained for the FY 2018-2019 and forms part of this Annual Report.

Further, all the directors and Key Managerial Personnel's have affirmed compliance with the Code of Ethics as prescribed by SEBI. All the employees of the Company also, at the time of joining, affirm compliance with the Code of Ethics of the Company.

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

Managing Director and CEO is the only executive director of the Company. Remuneration paid to Executive Director is as per the terms of agreement between the Company and Executive director. The Board approves the terms of agreement at the time of appointment.

The particulars of remuneration paid to whole time director during the financial year 2018-19 is as under:

Sl No.	Particulars of Remuneration	Mr. Narendra Kumar Ahlawat, Managing Director & CEO
a.	**Fixed Component** a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	89,50,615/-**
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	32,400/-
	c. Profits in lieu of salary under section 17(3) Income-tax Gross salary	NIL
b.	**Variable Component** Bonus/Incentive/Variable Pay	
c.	Stock Options	NIL
d.	Sweat Equity	NIL
e.	Commission - As % of profit - Others, specify	NIL
f.	Others	NIL
	Total	89,83,015/-
	Shareholding as at March 31, 2019 (in Nos.)	-

Further, an amount of Rs. 35,583/- is towards premium amount for Group Accident Insurance, Term Life Insurance & Mediclaim Insurance as per Company policy. As MD& CEO, Mr. Ahlawat is also covered under Directors & officers Insurance policy, which being a group policy, specific premium can't be ascertained.

*** In terms of the provisions of SECC Regulations, 2018, 50% of the variable pay to KMP is to be paid on deferred basis after three years. However, the variable pay for FY 2018-19 is not yet recommended by NRC and approved by the Board. The performance criteria for the same is covered under the Nomination and Remuneration Policy of the Company which is annexed as an Annexure to Directors Report.*

Mr. Narendra Ahlawat is not entitled to any severance allowance and his employment can be terminated in accordance with Companies policy and /or his employment contract, the notice period being three months.

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 INR)		Outstanding Stock options** (in Nos.)	Shareholding in the Company as at March 31, 2019 (In Nos.)
	Board Meetings	Committee Meetings		
Mr. Ved Kumar Jain	3,50,000	5,70,000	N.A.	Nil
Dr. Brinda Jagirdar	3,50,000	6,60,000	N.A.	Nil
Mr. Nagesh Pinge	3,50,000	6,30,000	N.A.	Nil
Mr. Rajesh Doshi	3,50,000	5,40,000	N.A.	Nil
Mr. Chengalath Jayaram	2,50,000	1,50,000	N.A.	Nil
Mr. Mrugank Paranjape*	-	-	N.A.	Nil

** Mr. Mrugank Paranjape waived off his sitting fees for attending the meetings of the Company.*

*** The Company has not issued any stock options.*

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 for attending the meetings as a Member and as Invitee.

During FY 2018-19, the non-Executive Directors were entitled to sitting fees of INR 50,000 per meeting for attending the Meetings of the Board and INR 30,000/- per meeting for attending the Meetings of the Committees of the Board. Further, during FY 2018-19, few Board Committees have co-opted independent external persons as mandatorily prescribed by SEBI and/or to the extent it was considered appropriate to assist functions. The independent external persons were entitled to sitting fees of INR 30,000/- per meeting for attending the Committee Meetings.

The criteria of making payments to Non-Executive Directors is available on the website of the Company at https://www.mcxccl.com/docs/default-source/about-us/legal-framework/mcx-ccl/criteria-of-making-payments-to-non-executive-directors.pdf?sfvrsn=2ab9f890_2

3. BOARD COMMITTEES:

The Board has constituted various Committees in accordance with the provisions of the Companies Act, 2013, the Listing Regulations, 2015 read with the SECC Regulations, 2018, as applicable to take

informed decisions in the best interest of the Company, to ensure effective oversight on the functioning of Clearing Corporation and to facilitate cohesive decision-making

The committees monitor the activities falling within their terms of reference. The Managing Director & Chief Executive Officer of the Company, in consultation with the Company Secretary and in accordance with the policy of the Company on frequency of meetings, determine the schedule for the Committee Meetings. The minutes of all the Committee Meetings are placed at the respective subsequent Meetings and also before the Board for its noting. The recommendations of Committees are submitted to the Board for approval, wherever required.

SEBI has notified Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 effective from October 3, 2018 thereby repealing erstwhile SECC Regulations 2012. Accordingly, various committees constituted under erstwhile SECC Regulations, 2012 have been aligned to Regulation 29 of the SECC Regulations 2018, read with SEBI circular no. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/13 dated January 10, 2019 on "Committees at Market Infrastructure Institutions". The details with respect to composition, terms of reference, meetings and attendance for Audit Committee, Nomination and Remuneration Committee and the Stakeholders' Relationship Committee:

I. Audit Committee:

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

(A) TERMS OF REFERENCE:

1. recommendation for appointment, remuneration and terms of appointment of auditors of the company;
2. review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. examination of the financial statement and the auditors' report thereon;
4. 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:
5. scrutiny of inter-corporate loans and investments;
6. valuation of undertakings or assets of the company, wherever it is necessary;
7. evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters.
9. Review the financial statements, in particular, the investments made by unlisted subsidiary.

(B) POWERS OF AUDIT COMMITTEE

The Audit committee has the following powers:

1. to investigate any activity within its terms of reference,
2. seek information from any employee,

3. obtain outside legal or other professional advice and
4. secure attendance of outsiders with relevant expertise, if it considers necessary.

(C) ROLE OF THE COMMITTEE

The role of the audit committee shall include the following:

1. oversight of the financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
    a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
    b. changes, if any, in accounting policies and practices and reasons for the same;
    c. major accounting entries involving estimates based on the exercise of judgment by management;
    d. significant adjustments made in the financial statements arising out of audit findings;
    e. compliance with listing and other legal requirements relating to financial statements;
    f. disclosure of any related party transactions;
    g. modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. approval or any subsequent modification of transactions with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. discussion with internal auditors of any significant findings and follow up there on;
15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. to review the functioning of the whistle blower mechanism;

19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

(D) REVIEW OF INFORMATION BY AUDIT COMMITTEE

The audit committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;
2. statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. management letters / letters of internal control weaknesses issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
6. statement of deviations:

a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

(E) COMPOSITION, MEETINGS AND ATTENDANCE DURING THE YEAR:

During the Financial Year 2018-19, Audit Committee Meetings were held on April 27, 2018, July 19, 2018, October 19, 2018 & January 11, 2019 and the gap between two meetings of the Committee did not exceed one hundred and twenty days. The constitution and the number of meetings attended by the members are as under:

Members	**Category**	**Meetings held#**	**Meetings attended**
Mr. Nagesh Pinge (Chairman)	Non-Executive Director, PID, Independent Director	4	4
Mr. Ved Kumar Jain	Non-Executive Director, PID, Independent Director	4	4
Dr. Brinda Jagirdar	Non-Executive Director, PID, Independent Director	4	4
Mr. Mrugank Paranjape	Non-Executive Director, Shareholder Director	0	0

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

During the year, Mr. Mrugank Paranjape was inducted in the Audit Committee on February 06, 2019.

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

Mr. Nagesh Pinge, Chairman of the Audit Committee, attended the Annual General Meeting of the Company held on August 16, 2018.

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

II. Nomination and Remuneration Committee:

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

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

(A) Terms of Reference:

1. 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;
2. Identify a Key management personnel, other than personnel as specifically provided in its definition under SECC Regulations, 2018;
3. 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;

   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:

4. Determine the tenure of a key management personnel, other than a director, to be posted in a regulatory department
5. Selecting the Managing Director
6. Recommend to the Board, all remuneration, in whatever form, payable to KMPs in terms of the compensation/Nomination and Remuneration policy.
7. 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;
8. Recommend to the Board, the performance evaluation/review policy and changes made therein, for its approval;

9. Recommend whether to extend or continue the term of appointment of the PID, on the basis of the report of performance evaluation of PID;
10. Devise a policy on diversity of Board of directors

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

During the F.Y 2018-19, 6 (six) meetings of the Nomination and Remuneration Committee were held. The said meetings were held on April 27, 2018, May 28, 2018, July 20, 2018, October 19, 2018, December 07, 2018 and February 18, 2019. The constitution and the number of meetings attended by the members are as under:

Members	Category	Meetings held#	Meetings attended
Dr. Brinda Jagirdar (Chairperson)	Non-Executive Director, PID, Independent Director	6	6
Mr. Nagesh Pinge	Non-Executive Director, PID, Independent Director	6	6
Mr. C. Jayaram*	Non-Executive, Shareholder Director, Non-Independent Director	5	4
Mr. Rajesh Doshi *	Non-Executive, PID, Independent Director	1	1

*Mr. Rajesh Doshi was inducted in the place of Mr. C. Jayaram in the Nomination and Remuneration Committee effective February 06, 2019.

Dr. Brinda Jagirdar, Chairperson of the Nomination and Remuneration Committee, attended the Annual General Meeting of the Company on August 16, 2018.

No of meetings held during the tenure of the Member of the Committee in FY 2018-19.

III. Stakeholders Relationship Committee

As per the provisions of the Companies Act, 2013, the Company is not required to constitute a Stakeholders Relationship Committee.

Further, during the F.Y 2018-19, no complaints were received from shareholders. The quarterly reports on Investor complaints are available on the website of the Company at https://www.mcxccl.com

To resolve Stakeholder Grievance, Stakeholders can contact Company Secretary:

email: riddhi.parekh@mcxccl.com

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

The broad terms of reference & constitution of other Committees including as required under SEBI (SECC) Regulations, 2018 as at March 31, 2019 are as under:

I. Public Interest Director's (PID) Committee:

A. Constitution

Mr. Ved Kumar Jain (Chairperson)
Dr. Brinda Jagirdar
Mr. Nagesh Pinge
Mr. Rajesh Doshi

B. Terms of Reference

1. Review the status of compliance with SEBI letters/ circulars.
2. Review the functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions, etc. PIDs shall prepare a report on the working of the committees of which they are member and circulate the same to other PIDs. The consolidated report in this regard shall be submitted to the governing board of the MII.A consolidated report shall then be submitted to the Board of Directors of the Exchange.
3. The independent directors shall identify important issues which may involve conflict of interest for the Clearing Corporation or may have significant impact on the market and report the same to SEBI.
4. PIDs shall identify the important issues which may involve conflict of interest for the MII or may have significant impact on the functioning of CC or may not be in the interest of securities market and report the same to SEBI, from time to time.
5. Review the performance of non-independent directors and the Board as a whole;
6. Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
7. Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

II. <u>Risk Management Committee</u>

A. Constitution

Mr. Ved Kumar Jain (Chairperson)
Mr. Nagesh Pinge
Mr. Udayan Maroo (Independent External Person)

B. **Terms of Reference**

1. Formulate a detailed risk management policy which shall be approved by the Governing Board.
2. To review the Risk Management Framework & risk mitigation measures from time to time.
3. To monitor and review enterprise-wide risk management plan and such other functions as it may deem fit which shall specifically cover cyber security function, and lay down procedures to inform Board members about the risk assessment and minimisation procedures.
4. The risk management committee shall monitor implementation of the risk management policy and keep the Board and the governing board informed about its implementation and deviation, if any.

III. Standing Committee on Technology

A. Constitution

Mr. Ved Kumar Jain (Chairman)
Mr. Rajesh Doshi
Dr. Brinda Jagirdar
Mr. Kavi Arya (Independent External Persons)
Mr. Anil Vaidya (Independent External Persons)

B. Terms of Reference

1. To monitor whether the technology used by the clearing corporation remains upto date and meets the growing demands of the markets.
2. To monitor the adequacy of systems capacity and efficiency.
3. To look into the changes being suggested by the clearing corporation to the existing software/hardware.
4. To investigate into problems of computerised Risk Management/ Clearing and Settlement System, such as hanging/ slowdown/ breakdown.
5. To ensure that transparency is maintained in disseminating information regarding slowdown/ breakdown in Risk Management/ Clearing and Settlement System.
6. The Committee shall submit a report to the Board of the clearing corporation. The Board will deliberate on the report and suitable action/ remedial measure will be taken.
7. Any stoppage beyond five minutes will be explained and reported to the Board. The Clearing Corporation shall issue a press release specifying the reasons for the breakdown.
8. Review the implementation of board approved cyber security and resilience policy and its framework
9. Such other matters in the scope as may be referred by the Governing Board of the Clearing Corporation and/or SEBI.

IV. Advisory Committee

A. Constitution

Mr. Ved Kumar Jain (Head of the Committee)
ISSL Settlement & Transaction Services Limited
Globe Commodities Limited
Open Futures & Commodities Pvt. Ltd
SMC Comtrade Ltd
Sharekhan Comtrade Private Limited
Goyal Securities
East India Commodities Pvt. Ltd
Mr. Narendra Ahlawat (Permanent invitee)

B. Terms of Reference

Advise the governing board on non-regulatory and operational matters including product design, technology, charges and levies.

V. Membership Selection Committee

A. Constitution

Dr. Brinda Jagirdar (Chairperson)
Mr. Nagesh Pinge
Mr. Rajesh Doshi
Mr. Narendra Kumar Ahlawat
Mr. P.V. Ananthakrishnan (Independent External Persons)

B. Terms of Reference

1. To scrutinize, evaluate, accept or reject applications for admission of members and transfer of membership and approve voluntary withdrawal of membership.
2. Also in case of clearing corporations with commodity segment, the committee shall also look into:
    - Approving enplanement & cancellation of Warehouse Service Providers/Vault Service Providers /Assayers, accreditation of warehouse, etc.
    - Reviewing the continuous functioning, monitoring, and compliance of norms by Warehouse Service Providers, Vault Service Providers and assayers.
3. Formulate policy for regulatory actions, including warning, monetary fine, suspension, deactivation of terminal, declaring a member as defaulter , expulsion, to be taken for various violations by the members of the clearing corporation.
4. Based on the laid down policy, the Committee shall consider the cases of violations observed during inspection, etc. and impose appropriate regulatory measure on the members of the clearing corporation.
5. While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice'.
6. Realize the assets / deposits of defaulter/expelled member and appropriate amongst various dues and claims against the defaulter/ expelled member in accordance with the Rules, Byelaws and Regulations of the Clearing corporation
7. Admission /rejection of claims against such members over the assets of the defaulter/expelled member.
8. To manage the Core Settlement Guarantee Fund (Core SGF) of the clearing corporation, including its investments as per norms laid down and ensure proper utilization of Core SGF.

VI. Investment Committee

A. Constitution

Mr. Ved Kumar Jain (Chairperson)
Mr. Chengalath Jayaram
Mr. Mrugank Paranjape
Mr. Narendra Kumar Ahlawat

B. Terms of Reference

1. Provide investment parameters to ensure there is adequate diversification, concentration within eligible limits and liquidity within the portfolio, so that all investible assets are managed in accordance with the objectives of investment policy.

2. Ensure Investment Policy of the Company is in sync with the guidelines issued by SEBI from time to time
3. Outline procedures and criteria to monitor, evaluate and compare the performance results achieved by Treasury/Finance team on a periodical basis, and report the performance to the Governing Board.
4. Define and assign responsibilities to the management.

VII. Investor Grievance Redressal Committee:

A. Constitution

Mr. Nusrat S. Hassan (Independent External Persons)
Mr. Anish Wadia (Independent External Persons)
Mr. Vijay Kumar Gupta (Independent External Persons)
Mr. Krishna Mohan Asawa (Independent External Persons)
Mr. N. N. Pal (Independent External Persons)
Mr. Uday Tardalkar (Independent External Persons)
Mr. Umesh P Maskeri (Independent External Persons)

B. Terms of Reference

To deal with the complaints referred to it by the Clearing Corporation, hear the parties and resolve their complaints / disputes.

VIII. Regulatory Oversight Committee

A. Constitution

Mr. Rajesh Doshi (Chairperson)
Mr. Ved Kumar Jain
Dr. Brinda Jagirdar
Mr. Ashok Dheere (Independent External Person)
Mr. Udayan Maroo (Independent External Person)

B. Terms of Reference

1. Oversee matters related to member regulation such as admission of members, inspection, disciplinary action, etc.
2. Oversee SEBI inspection observations on membership related issues.
3. Estimate adequacy of resources dedicated to member regulation
4. Monitor the disclosures made under Reg.33 of SCR(SECC) Regulations, 2018
5. Review the actions taken to implement the suggestions of SEBI's Inspection Reports and place it before the Board of Clearing Corporation
6. To follow up and ensure compliance/ implementation of the inspection observations.
7. Supervising the functioning of Investors' Services Cell of the Clearing Corporation, which includes review of complaint resolution process, review of complaints unresolved over long period of time, estimate the adequacy of resources dedicated to investor services, etc.
8. Lay down procedures for the implementation of the Code
9. Prescribe reporting formats for the disclosures required under the Code.
10. Oversee the implementation of the code of ethics.

11. To periodically monitor the dealings in securities of the Key Management Personnel
12. To periodically monitor the trading conducted by firms/corporate entities in which the directors hold twenty percent or more beneficial interest or hold a controlling interest.
13. Reviewing the fees and charges levied by a Clearing Corporation
14. Monitoring implementation of SECC Regulations and other applicable rules and regulations along-with SEBI Circulars and other directions issued thereunder
15. Any action of a recognized clearing corporation against the aforesaid head(s) shall be subject to an appeal to the committee, within such period as may be determined by the governing board

Note:

The Board of Directors vide resolution passed by circulation on February 06, 2019, disbanded the following Committees, in accordance with the applicable provisions of SECC Regulations, 2018 and SEBI Circular No. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/13 dated January 10, 2019:

i. *Ethics Committee*
ii. *Disciplinary Action Committee*
iii. *Defaulters' Committee/SGF utilisation Committee*
iv. *Sub-Committee for Monitoring Compliance of suggestions given in SEBI inspection report*
v. *Investor Services Committee*
vi. *Independent Oversight Committee of the governing board for Member Regulation*

4. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Venue of the meeting
2017-2018	August 16, 2018	3.00 pm	Exchange Square, CTS No. 255, Suren Road, Andheri (East), Mumbai 400093.
2016-2017	August 25, 2017	11.00 am	
2015-2016	September 29, 2016	11.00 am	

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

Date	Particulars
August 16, 2018	3 (three) special resolutions were passed in the meeting: • Appointment of Mr. Narendra Kumar Ahlawat as MD & CEO of the Company and approving the remuneration payable to him. • Revision of the overall borrowing power of the company from Rs. 100 crore to Rs. 200 crore. • Creation of charge on the moveable and immoveable property of the Company.
August 25, 2017	No Special resolutions were passed.

September 29, 2016	Adoption of new set of Article of Association of the Company in substitution to the existing Article of Association, pursuant to Section 14 of the Companies Act and other applicable provisions read with rules made there under.

(C) Postal Ballot: During the Financial Year 2018-19, the Company did not pass any resolution through postal ballot as the requirement of passing any resolution by postal ballot is not applicable to the Company since the number of shareholders of the Company is less than 200.

(D) Extra-ordinary General Meeting: There were 3 (three) Extra Ordinary General Meeting held during Financial Year 2018-2019 on May 09, 2018, October 26, 2018 and December 03, 2018.

5. DISCLOSURES:

a) Disclosures on materially significant related party transactions.

A detailed note on related party transactions is provided in the Director's Report. Details of material contracts or arrangements or transactions at arm's length basis forms part of **Annexure II** to the Director's Report. The transaction with related parties have been disclosed in Note 33 of the Notes of the Financial Statements of your Company.

Further, the Related Party Transaction Policy of the Company is available on the website of the Company at https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/policy-on-related-party-transaction-(amended-on-11-07-2019).pdf?sfvrsn=3dfad90_2

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

There were no instances of non- compliance by the Company, penalties or strictures imposed by 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 and employees to report, in good faith, genuine concerns or grievances about unethical behavior, actual or suspected fraud or any instances of leak of unpublished price sensitive information or violation of the Company's code of conduct or Code of Ethics. The said mechanism ensures that the whistle blowers are protected against the victimization/ any adverse action and/or discrimination as a result of such reporting. This Policy, inter- alia, provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no personnel of the Company have been denied access to the Audit Committee. No complaints were received during the FY 2018-2019. The whistle Blower policy of the Company has been disclosed on the website of the Company at https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/06-whistle-blower-policy---ac.pdf?sfvrsn=631cd990_2

d) Management's Discussion and Analysis

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

e) CEO Certification

The certificate signed by the CEO in terms of Regulation 17(8) of the SEBI Listing Regulation was placed before the Board of Directors in its meeting held on April 22, 2019. The certificate is covered elsewhere in this Annual report.

f) Practicing Company Secretary's certificate on Corporate Governance

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

g) Compliance with mandatory requirements and adoption of the non-mandatory requirements

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

Shareholder Rights - The Annual Audited financials 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.

Reporting of Internal Auditor- The Internal auditor of the Company directly Reports to the Audit Committee.

h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):

The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) in the Financial Year 2018-2019.

i) A certificate from a Company secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by SEBI/Ministry of Corporate Affairs or any such statutory authority

The Company has obtained a certificate from a Company Secretary in Practice dated July 11, 2019 in respect thereto.

j) Disclosure where the Board had not accepted any recommendation of any Committee of the Board in FY 2018-19 which was mandatorily required

There were no such instances during the Financial Year 2018-2019**.**

k) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

The total fees paid by the Company to its Statutory Auditors for Financial Year 2018-2019 is Rs. 2.51 lakhs for F.Y 2018-2019. Further, the Company did not have any subsidiary in the Financial Year 2018-2019.

l) DISCLOSURE ON COMPLIANCE WITH COPORATE GOVERANCE REQUIREMENTS

Your Company has complied with all the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, wherever applicable to your Company.

6. SUBSIDIARIES:

As on March 31, 2019, the Company did not have any subsidiary'. Therefore, the Company has not formulated any policy for determining 'material' subsidiaries.

7. MEANS OF COMMUNICATION:

The quarterly, half-yearly and annual results of the Company are generally published in the newspapers, namely Business standard/Financial Express – 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, annual reports are uploaded on the website of the Company at https://www.mcxccl.com

Significant events, if any, during the FY are reported on the website of the Company www.mcxccl.com from time to time. The Company's website provides information on Membership, Clearing & Settlement, Risk Management, Delivery, Warehousing Operations, SPOT, Disclosures, legal framework 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 the shareholders. Those who have not yet registered their email ids are requested to register the same with the Company/Registrar and Share transfer Agent (RTA)/ Depository, to enable the Company to send the documents by the electronic mode. Physical copies shall be sent to all those members whose email addresses are not registered with the Company/RTA/Depository and to those who have requested the Company that they wish to receive the documents in physical mode.

8. DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Particulars	Number
i. Number of complaints as on April 01, 2018	0

ii.	Number of complaints filed/received during FY 2018- 19	0
iii.	Number of complaints disposed of during FY 2018-19	0
iv.	Number of complaints pending as at March 31, 2019 (including for more than 90 days)	0
v.	Nature of action taken by the employer	Not applicable

9. GENERAL SHAREHOLDER INFORMATION:

I.	Day, Date, Time and Venue of Annual General Meeting (F.Y. 2018-19)	Friday, September 06, 2019, 04.00 p.m. at Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai 400093
II.	Financial year	April 01, 2018 to March 31, 2019
III.	Book Closure date	Not Applicable
IV.	Dividend payment date	Not Applicable
V.	Mode of Payment of Dividend	Not Applicable
VI.	The name and address of each stock exchange(s) at which the Company's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s).	The Company is not listed on any Stock Exchange.
VII.	Stock Code	Not Applicable
VIII.	Registrar and Share Transfer Agent	Karvy Fintech Private Limited Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Telangana – 500 032, Hyderabad Tel: +91-040-6716 2222 Toll Free No. 1800_425_4034 Fax: 040-2300 1153 Email: einward.ris@karvy.com, Website - http:\\karisma.karvy.com
IX.	Share Transfer System and ISIN	Pursuant to Regulation 46 of SECC Regulations, the securities have been admitted in the Depository system of Central Depository Services (India) Limited and the ISIN INE00Q801016 has been activated. Further, the ISIN has been marked frozen for all debits for the purpose of ensuring compliance of the provisions of SECC Regulations. The shareholders are requested to get their physical shares dematerialised. In terms of Regulation 46 of SECC Regulations, 2018 any rematerialisation request will not be entertained by the Company.

X.	Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	As at March 31, 2019, the Company did not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments.
XI.	Commodity price risk or foreign exchange risk and hedging activities	Not Applicable
XII.	Company operations are located at	Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai - 400 093, India.
XIII.	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
XIV.	Depository for Equity Shares	Central Depository Services (India) Limited (CDSL)
XV.	Corporate Identification Number (CIN) of the Company	U74999MH2008PLC185349
XVI.	Market price data- high, low during each month in the last financial year	Not Applicable
XVII.	Performance in comparison to broad- based indices such as BSE Sensex, CRISIL Index etc.	Not Applicable
XVIII.	In case securities are suspended from trading, the directors report shall explain the reason thereof	Not Applicable
XIX.	List of all Credit ratings obtained by the Company along with any revisions thereto during the relevant Financial Year for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad.	The Company has neither issued any debt instruments nor taken any fixed deposit in the financial year 2018-2019. However, the Company has obtained a credit rating on the general credit worthiness of the Company from CARE Rating Limited**.** The Company was assigned **CARE AA+** rating**.**

10. UNCLAIMED DIVIDEND

The Company has not paid any dividend in its lifetime.

11. DEMATERIALISATION OF SHARES

The distribution of shareholding in physical & demat mode as on March 31, 2019 is given below:

Category	No. of Shareholders	Total Shares of Rs. 10/- each	% of Equity
Physical	6	* 6	0.000003
Demat	1	# 239,984,994	99.999997

Total	**7**	**239,985,000**	**100**

** 6 nominees hold 1 (one) equity share each of Rs. 10/- each, on behalf of MCX*

 # As on March 31, 2019, the Company was in the process of executing a corporate action with CDSL for 15,000,000 Equity Shares of Rs. 10 each allotted on March 27, 2019.

12. DISTRIBUTION OF SHAREHOLDING

Sr No.	Category(Amount)	Shareholders		Shares held (F.V. – Rs. 10/- each)	
		No. of holders	% of Total	No. of Shares	% of Total
1.	1-5000	6	85.714286	* 6	0.000003
2.	100001 & Above	1	14.285714	#239,984,994	99.999997
	Total	**7**	**100.00**	**239,985,000**	**100**

** 6 nominees hold 1 (one) equity share each of Rs. 10/- each, on behalf of MCX*

 # As on March 31, 2019 the Company was in the process of executing a Corporate action with CDSL 15,000,000 Equity Shares of Rs. 10 each allotted on March 27, 2019.

The detailed Shareholding pattern is included in the 'Extract of Annual return' forming part of this Annual Report.

13. RECONCILIATION OF SHARE CAPITAL AUDIT

As stipulated by SEBI, a qualified Practising Company Secretary carries out, on a quarterly basis, Reconciliation of Share Capital Audit to reconcile the total admitted capital with CDSL and the total issued capital and report thereon is available on the website of the Company. Based on the audit report, it is certified/confirmed that the total issued/paid-up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with CDSL.

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Multi Commodity Exchange Clearing Corporation Limited
Exchange Square, CTS 255,Suren Road,
Andheri (East), Mumbai – 400 093

We have examined the compliance of conditions of Corporate Governance by **Multi Commodity Exchange Clearing Corporation Limited** ('the Company') for the year ended March 31, 2019 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been madeapplicable pursuant to the requirement of Regulation 33 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018

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

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

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

For RATHI & ASSOCIATES
COMPANY SECRETARIES

NEHA R LAHOTY
PARTNER
FCS No.: 8568
COP No.: 10286

Place: Mumbai
Date: 11th July, 2019

CEO CERTIFICATION FOR THE FY 2018-19

The Board of Directors
Multi Commodity Exchange Clearing Corporation Limited
3rd Floor, Exchange Square, CTS No. *255,*
Suren Road, Andheri — East
Mumbai-400 093.

I, Narendra Ahlawat, Managing Director & Chief Executive Officer of Multi Commodity Exchange Clearing Corporation Limited certify that:

(a) I have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2019 and to the best of my 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 my 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) I accept the responsibility for establishing and maintaining internal controls for financial reporting. I 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 I am aware and the steps I have taken or propose to take to rectify these deficiencies.

(d) I 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.

Mumbai
April 22, 2019

For **Multi Commodity Exchange Clearing Corporation Limited**

Narendra Kumar Ahlawat
MD & CEO

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

This is to confirm that the members of Board of Directors and Key Management Personnel of the Company have affirmed compliance with the Code of Conduct of Multi Commodity Exchange Clearing Corporation Limited, as applicable to them, for the Financial Year ended March 31, 2019.

Mumbai
July 11, 2019

Narendra Kumar Ahlawat
MD & CEO

INDEPENDENT AUDITORS' REPORT

To the Members of Multi Commodity Exchange Clearing Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Multi Commodity Exchange Clearing Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013("the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, 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 Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Computation of Core Settlement Guarantee Fund ("Core SGF") 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 judgement 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 honour 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.

Our audit procedures, 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 ensure the adequacy of the Core SGF to be recognised as on March 31, 2019.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report. The Company's Annual Report is expected to be made available to us after the date of this auditors' 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.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2018, were audited by another auditor whose report dated April 27, 2018 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of these matters.

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 "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid 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 as on March 31, 2019 taken on record by the Board of Directors, none of the directors 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 internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. As required by the Companies (Amendment) Act, 2017, in our opinion, according to information and explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai
April 22, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE FINANCIAL STATEMENTS OF MULTI COMMODITY EXCHANGE CLEARING CORPORATION LIMITED

Auditor's Responsibilities for the Audit of the 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the 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 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.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai
April 22, 2019

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MULTI COMMODITY EXCHANGE CLEARING CORPORATION LIMITED FOR THE YEAR ENDED MARCH 31, 2019

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment). Also read note no. 2A.**td**

(b) All the fixed assets (Property, Plant and Equipment) have been physically verified by the Management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us, the Company does not own any immovable property. Therefore the provision stated in paragraph 3(i)(c) of the order are not applicable to the Company.

ii. The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited liability Partnerships (LLP) or other parties* covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under. Accordingly, provisions stated in paragraph 3(v) of the Order are note applicable to the Company.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3(vi) of the Order are not applicable to the Company

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it.

(b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, goods and service tax, customs duty, cess and any other statutory dues which have not been deposited on account of any dispute.

viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3(ix) of the Order are not applicable to the Company.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

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 for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are 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 financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3(xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3(xvi) of the Order are not applicable to the Company.

For MSKA & Associates
Chartered Accountants
Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai
April 22, 2019

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MULTI COMMODITY EXCHANGE CLEARING CORPORATION LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in 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 with reference to financial statements of Multi Commodity Exchange Clearing Corporation Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls With Reference to Financial Statements

A Company's internal financial control with reference to financial statements 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 with reference to financial statements 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 standalone[1] 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 standalone[1] financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number:.117812

Mumbai
April 22, 2019

Multi Commodity Exchange Clearing Corporation Limited
Balance Sheet as at March 31, 2019
CIN : U74999MH2008PLC185349 **Rs. In Lakh**

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2A	17.96	-
(b) Intangible assets	3A	96.60	-
(c) Financial assets			
(i) Other financial assets	4	41,544.09	9,848.00
(d) Income tax assets (net)	5	30.79	-
(e) Other non-current assets	6	5.20	-
Total Non-current assets		**41,694.64**	**9,848.00**
(2) Current assets			
(a) Financial assets			
(i) Investments	7	5,396.18	1,191.57
(ii) Trade receivables	8	25.78	-
(iii) Cash and cash equivalents	9	10,362.34	5.64
(iv) Bank balances (other than cash and cash equivalents)	10	12,000.00	-
(v) Others financial assets	11	741.98	51.05
(b) Other current assets	12	5.63	14.96
Total current assets		**28,531.91**	**1,263.22**
Total Assets		**70,226.55**	**11,111.22**
Equity and liabilities			
(1) Equity			
(a) Equity share capital	13	23,998.50	10,600.00
(b) Other equity	14	(21,224.25)	422.31
Total equity		**2,774.25**	**11,022.31**
(2) Core settlement guarantee fund	15	32,980.04	-
(3) Non-current liabilities			
(a) Deferred tax liabilities (net)	29	1.47	16.20
(b) Employee benefit obligations	16	20.44	2.04
Total non-current liabilities		**21.91**	**18.24**
(4) Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
Due to micro and small enterprises		0.22	0.04
Due to others		112.34	22.74
(ii) Other financial liabilities	17	34,247.98	12.37
(b) Income tax liabilities (net)	18	-	22.29
(c) Employee benefit obligations	19	5.25	6.33
(d) Other current liabilities	20	84.56	6.90
Total current liabilities		**34,450.35**	**70.67**
Total Liabilities		**67,452.30**	**88.91**
Total Equity and Liabilities		**70,226.55**	**11,111.22**

Summary of significant accounting policies 1

See accompanying notes to the financial statements. 1-42

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration Number : 105047W

Swapnil Kale
Partner
Membership No. 117812

Mumbai
April 22, 2019

For and on behalf of the Board of Directors

Narendra Ahlawat	**Ved Jain**	**Nagesh Pinge**
Managing Director & CEO	Chairman	Director
DIN : 07629724	DIN : 00485623	DIN : 00062900

Riddhi Parekh
Company Secretary

Mumbai
April 22, 2019

Multi Commodity Exchange Clearing Corporation Limited
Statement of Profit and Loss for the year ended March 31, 2019

Rs. In Lakh unless otherwise stated

	Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
I	**Income**			
	Revenue from operations	21	3,393.58	-
	Other income	22	481.62	566.28
	Total Income		**3,875.20**	**566.28**
II	**Expenses**			
	Employee benefits expense	23	728.96	24.77
	Finance costs	24	-	4.47
	Depreciation and amortization expense	2A, 3A	15.90	-
	Software support charges	25	882.63	-
	Computer technology and communication expenses	26	408.97	-
	Other expenses	27	498.07	220.15
	Total expenses		**2,534.53**	**249.39**
III	**Profit before tax**		**1,340.67**	**316.89**
IV	**Tax expenses**			
	Current tax	29	411.95	106.17
	Deferred tax	29	(14.72)	7.98
V	**Profit for the year**		**943.44**	**202.74**
VI	Other Comprehensive Income			
	Items that will be reclassified to profit or loss (net of tax)			
	Remeasurement of employee benefits obligations		16.22	-
VII	**Total Comprehensive Income for the period**		**959.66**	**202.74**
VIII	**Earnings per equity share (of Rs. 10/- each)**	31		
	Basic earnings per share (in Rs.)		0.58	0.25
	Diluted earnings per share (in Rs.)		0.58	0.25

Summary of significant accounting policies	1
See accompanying notes to the financial statements.	1-42

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For MSKA & Associates

Firm Registration Number : 105047W

Swapnil Kale
Partner
Membership No. 117812

April 22, 2019

For and on behalf of the Board of Directors

Narendra Ahlawat
Managing Director & CEO
DIN : 07629724

Ved Jain
Chairman
DIN : 00485623

Nagesh Pinge
Director
DIN : 00062900

Riddhi Parekh
Company Secretary

Mumbai
April 22, 2019

Multi Commodity Exchange Clearing Corporation Limited

Statement of changes in equity for the year ended March 31,2019

Rs. In lakh

Particulars	Equity Share Capital (A)	Other Equity (B) Reserves and Surplus Retained Earnings
As at April 01, 2017	**600.00**	**219.57**
Profit for the year	-	202.74
Equity shares issued during the year	10,000.00	-
As at March 31, 2018	**10,600.00**	**422.31**
Profit for the year	-	959.66
Equity shares issued during the year	13,398.50	-
Transfer to Settlement Guarantee Fund (Refer Note 38)	-	(22,606.22)
As at March 31, 2019	**23,998.50**	**(21,224.25)**

As per our report of even date attached.

For MSKA & Associates
Chartered Accountants
Firm Registration Number : 105047W

For and on behalf of the Board of Directors

Swapnil Kale
Partner
Membership No. 117812
Mumbai
April 22, 2019

Narendra Ahlawat
Managing Director & CEO
DIN : 07629724

Ved Jain
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Nagesh Pinge
Director
DIN : 00062900

Riddhi Parekh
Company Secretary

Mumbai
April 22, 2019

Multi Commodity Exchange Clearing Corporation Limited

Cash Flow Statement for the year ended March 31, 2019 **Rs. In Lakh**

	Particulars	For the year ended			
		31 March 2019		31 March 2018	
A	**Cash flow from operating activities**				
	Profit before exceptional items and tax		**1,340.67**		**316.89**
	Adjustments for:				
	Depreciation and amortisation expense	15.90		-	
	Dividend income	-		(31.69)	
	Net gain on sale of investments	(129.64)		(427.27)	
	Gain/(loss) on fair valuation of Investments	(3.44)		(50.42)	
	Interest income	(1,429.73)		(56.72)	
	Miscellaneous income	-		(0.17)	
	Remeasurement of Employee benefit	16.22		-	
			(1,530.69)		**(566.27)**
	Operating profit before working capital changes		**(190.02)**		**(249.38)**
	Changes in working capital				
	Adjustments for (increase) / decrease in assets				
	Other financial assets (Non current)	(53.51)		-	
	Other non-current assets	(5.20)		-	
	Trade receivables	(25.78)		-	
	Other financial assets (Current)	(311.90)		-	
	Other current assets	9.33		(14.99)	
	Adjustment for increase in Settlement Guarantee Fund (SGF)	10,373.82		-	
	Adjustments for increase / (decrease) in liabilities				
	Non - current Provisions	18.40		2.04	
	Trade payables	89.78		31.83	
	Other financial liabilities	34,235.61		-	
	Other current liabilities	77.66		7.45	
	Current Provisions	(1.08)		6.32	
			44,407.13		**32.65**
	Cash generated from operations		**44,217.11**		**(216.73)**
	Net income tax paid (net of refunds)		(465.04)		(76.46)
	Net cash (used)/from operating activities		**43,752.07**		**(293.19)**
B	**Cash flow from investing activities**				
	Capital expenditure on fixed assets including capital advances		(130.47)		-
	(Purchase)//Sale of long-term/Current investments-others		(4,071.52)		111.55
	Other Bank balances		(41,980.00)		(9,848.00)
	Dividend received		-		31.69
	Interest received		(611.88)		-
	Net cash flow from investing activities		**(46,793.87)**		**(9,704.76)**
C	**Cash flow from financing activities**				
	Proceeds from issue of Equity shares		13,398.50		10,000
	Net cash flow used in financing activities		**13,398.50**		**10,000**
	Net increase/(decrease) in cash and cash equivalents		10,356.70		2.06
	Cash and cash equivalents at the beginning of the year		5.64		3.58
	Cash and cash equivalents at the end of the year		**10,362.34**		**5.64**

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 MSKA & Associates
Chartered Accountants
Firm Registration Number : 105047W

Swapnil Kale
Partner
Membership No. 117812
Mumbai
April 22, 2019

For and on behalf of the Board of Directors

Narendra Ahlawat	**Ved Jain**	**Nagesh Pinge**
Managing Director & CEO	Director	Director
DIN : 07629724	DIN : 00485623	DIN : 00062900

Riddhi Parekh
Company Secretary

Mumbai
April 22, 2019

1. Company Overview

Multi Commodity Exchange Clearing Corporation Limited (MCX CCL) is a fully owned subsidiary of Multi Commodity Exchange of India Limited (MCX) incorporated on 01st August, 2008 under the provisions of the Companies Act, 2013. The Company has its registered office at 'Exchange Square', Suren Road, Chakala, Andheri (East), Mumbai 400093, India. The Company is primarily engaged in the business of providing Clearing and Settlement of contracts traded on the platform of MCX.

2. Significant Accounting Policies, Key accounting estimates and Judgements

2.1 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.

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.

2.2 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
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end.

The Company, based on management estimate, depreciates certain items over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

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.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

Computer software – 5 years

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 whenever the carrying amount of an asset exceeds its recoverable amount.

C. 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 to 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.

D. Revenue Recognition

Revenue is recognized on accrual basis and when no significant uncertainty as to measurement and realization exists.

a) Clearing and Settlement charges, are recognized on accrual basis as and when the services are rendered
b) Subscription and other fees – Revenue is recognized on straight line basis over the period to which fee relates.
c) Dividend income is recognized when the Company's right to receive dividend is established.
d) Warehouse income is recognized on accrual basis.
e) Interest income accrued on time proportion basis.

E. Income taxes

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.

F. 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.

G. Provisions and Contingent liabilities

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.

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.

Provisions and contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

H. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks, 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.

I. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

J. 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).

Financial assets measured at FVTPL:

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 as mentioned in (ii) above 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 that 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.

K. 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.

L. Core Settlement Guarantee Funds

As per SEBI vide circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014 every recognized clearing corporation shall establish and maintain a Fund to guarantee the settlement of trades executed in the exchange. The Clearing Corporation shall have a fund called Core SGF to guarantee the settlement of trades executed in the respective segment of the Stock Exchange. In the event of a clearing member failing to honour settlement commitments, the Core SGF shall be used to fulfil the obligations of that member and complete the settlement without affecting the normal settlement process. The Core SGF shall be contributed in a manner as prescribed by SEBI. This fund is represented by earmarked Core SGF investments. The income earned on such investments is credited to the respective contributor's funds and adjusted towards incremental requirement of Minimum Required Corpus (MRC) as per SEBI letter reference no. SEBI/HO/MRD/DRMNP/OW/P/2018/4559/1 dated February 12, 2018. Penalties and fines levied by the Company are transferred to Core SGF as Other Contributions.

M. Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

N. 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.

O. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off up to two decimal points in lakh as per the requirement of Schedule III, unless otherwise stated.

P. 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.

2.1 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.

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.

Property, Plant and Equipment
The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values 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.

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.

2.2 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 - 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.

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.

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.

Ind AS 109 – Prepayment Features with Negative Compensation
The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The company does not expect this amendment to have any impact on its financial statements.

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

2A.Property, plant and equipment

Rs. In Lakh

Particulars	Vehicles	Total
Gross carrying amount		
Balance as at April 1, 2017	**-**	**-**
Additions	-	**-**
Disposals	-	**-**
Balance as at March 31, 2018	**-**	**-**
Additions(Refer Note 40)	**28.30**	**28.30**
Disposals	**-**	**-**
Balance as at March 31, 2019	**28.30**	**28.30**
Accumulated Depreciation		
Balance as at April 1, 2017	**-**	**-**
Additions	-	**-**
Disposals	-	**-**
Balance as at March 31, 2018	**-**	**-**
Additions*(Refer Note 40)	10.34	**10.34**
Disposals		**-**
Balance as at March 31, 2019	**10.34**	**10.34**
Net carrying amount		
Balance as at March 31, 2018	**-**	**-**
Balance as at March 31, 2019	**17.96**	**17.96**

*includes Rs. 3.29 lakh depreciation post post slump sale from MCX on September 01,2018

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

3A.Intangible assets

Rs. In Lakh

Particulars	**Computer Software**	**Total**
Balance as at April 1, 2017	**-**	**-**
Additions	-	**-**
Disposals	-	**-**
Balance as at March 31, 2018	**-**	**-**
Additions*(Refer Note 40)	**121.84**	121.84
Disposals	**-**	-
Balance as at March 31, 2019	**121.84**	**121.84**
Accumulated Depreciation		
Balance as at April 1, 2017	**-**	**-**
Additions	-	-
Disposals	-	-
Balance as at March 31, 2018	**-**	**-**
Additions#(Refer Note 40)	**25.24**	25.24
Disposals	**-**	-
Balance as at March 31, 2019	**25.24**	**25.24**
Net carrying amount		
Balance as at 31st March, 2018	-	**-**
Balance as at 31st March, 2019	96.60	96.60

*Addition of Rs.27.01 lakh post slump sale on September 01,2018
#includes Rs. 12.61 lakh depreciation post slump sale from MCX on September 01,2018

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

4. Non current - Other financial assets

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good:		
Security deposits	53.51	-
Bank deposits with more than 12 months maturity*	39,828.00	9,848.00
Interest accrued but not due on fixed deposits	1,662.58	
Total	**41,544.09**	**9,848.00**

*Bank deposits include :

a) Deposits which are earmarked for settlement guarantee fund Rs. 17,827 lakh (as at March 31 2018: Rs. Nil)

b) Deposits other than note (a) which are under lien with banks for overdraft facilities and bank guarantee - Rs. 11,320 lakh (as at March 31, 2018: Rs. NIL)

5. Income tax assets (net)

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Advance income tax [net of provision of Rs.522.34 lakh (as at March 31,2018 : Nil)]	30.79	-
Total	**30.79**	**-**

6. Other non-current assets

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid expenses	5.20	-
Total	**5.20**	**-**

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

7. Current investments

Rs.in Lakh

Particulars	As at March 31, 2019		As at March 31, 2018	
	Unit	Amount	Unit	Amount
Investment in mutual funds - FVTPL				
Unquoted Investments				
Reliance Liquid Fund - Direct - Growth	72,413.90	3,303.44	-	-
Axis Liquid Fund Direct Growth-(Refer Note (a))	32,514.28	674.19	-	-
HDFC Liquid Fund Direct Growth-(Refer Note (a))	19,489.37	716.87	-	-
ICICI Prudential Liquid Fund Direct Growth-(Refer Note (a))	253,847.51	701.68	-	-
ICICI Prudential Money Market Fund Direct Plan Growth	-	-	745,405.78	1,191.57
Total		5,396.18		1,191.57
(a) Mutual Funds which are earmarked for Settlement Guarantee Fund Rs. 2,092.74 lakh (as at March 31 2018: Rs. Nil)				
Aggregate amount of not listed not quoted Investments at Fair value		5,396.18		1,191.57
Aggregate amount of not listed not quoted Investments at cost		5,313.71		1,130.13
Aggregate amount of impairment in value of Investments		-		-

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

8. Trade receivables

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Secured, considered good	24.71	-
Unsecured, considered good	1.07	-
Total	**25.78**	**-**

9. Cash and cash equivalents

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
- in current accounts*	10,362.34	5.64
Total	**10,362.34**	**5.64**

*Includes balance Rs.30.14 lakh in SGF earmarked bank accounts

10. Bank balances (other than cash and cash equivalents)

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Bank deposits with more than 3 months but less than 12 months maturity*	12,000.00	-
Total	**12,000.00**	**-**

*Bank deposits include Deposits which are earmarked for Settlement Guarantee Fund Rs. 12,000 lakh (as at March 31 2018: Rs. Nil)

11. Current - Other financial assets

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
a) Secured, considered good		
Unbilled revenue	311.90	-
b) Unsecured, considered good (unless stated otherwise)		
Interest accrued but not due on fixed deposits	430.08	51.05
Total	**741.98**	**51.05**

12. Other current assets

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good (unless stated otherwise)		
Prepaid expenses	5.63	0.08
Balance with government authorities	-	14.88
Total	**5.63**	**14.96**

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

13. Equity share capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Rs. In lakhs	Number of Shares	Rs. In lakhs
Authorized				
Equity shares of Rs. 10/- each	250,000,000	25,000.00	150,000,000	15,000.00
Issued				
Equity shares of Rs. 10/- each	249,983,333	24,998.33	106,000,000	10,600.00
Subscribed and Paid-Up				
Equity shares of Rs. 10/- each	239,985,000	23,998.50	106,000,000	10,600.00
	239,985,000	**23,998.50**	**106,000,000**	**10,600.00**

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	
	Number of shares held	Rs. In lakh	Number of shares held	Rs. In lakh
Balance at the beginning of the year	106,000,000	10,600.00	6,000,000	600.00
Add: Issued during the year (Refer note (e) below)	133,985,000	13,398.50	100,000,000	10,000.00
Balance at the end of the year	**239,985,000**	**23,998.50**	**106,000,000**	**10,600.00**

b. 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
Multi Commodity Exchange of India Limited (The Shares include 6 Shares held by nominees of Multi Commodity Exchange of India Limited)	239,985,000	100%	106,000,000	100%

c. Shares held by Holding Company:

Name of Shareholders	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Rs. in Lakhs	Number of Shares	Rs. in Lakhs
Multi Commodity Exchange of India Limited (The Shares include 6 Shares held by nominees of Multi Commodity Exchange of India Limited)	239,985,000	100%	106,000,000	100%

d. The Company has only one class of equity shares having par value of Rs 10/- each.The Company declares and pays dividend in Indian Rupees. Each holder of equity share is entitled to one vote per share.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.

e. During the year Company's Board of directors has approved issue of share capital through right issue. Accordingly, Company's paid up capital has been increased

by Rs. 133.98 crore through allotment of equity shares by Right issue on April 27, 2018, November 30, 2018, December 27, 2018 and March 27,2019.

14. Other equity

a) Surplus/(deficit) in the statement of profit and loss **Rs. In Lakh**

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening balance at the beginning of the reporting year	422.31	219.57
Transfer to Settlement Guarantee Fund (Refer note 38)	(22,606.22)	-
Add : Profit for the period	959.66	202.74
Balance at the end of the year	**(21,224.25)**	**422.31**

15. Core settlement guarantee fund (SGF) (Also Refer Note 38)

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance (cash component)	-	-
Add/(Less): Clearing Corporation Limited - Contribution	23,370.08	-
Add: Exchange -MCX contribution	8,258.99	-
Add: Settlement related penalties	320.26	-
Add: Income from earmarked investments	1,030.71	-
Total	**32,980.04**	**-**

16. Non-current - Employee benefit obligations

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Compensated absences	20.44	2.04
Total	20.44	**2.04**

17. Current - Other financial liabilities

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Advance received from members and applicants towards		
- Trading Margin from Members	28,678.60	-
- Member's Security Deposits	2,554.75	-
Trade / Security deposits from Settlement bankers	1,900.00	-
Payable to Holding Company	820.57	12.37
Employee benefits payable	108.59	-
Members Obligation for transaction fees	67.23	-
Warehouse deposits	115.50	-
Others	2.74	-
Total	**34,247.98**	**12.37**

18. Income tax liabilities (net)

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for tax [net of advance tax : Nil Rs. 88.73 lakhs as at March 31, 2018]	-	22.29
Total	**-**	**22.29**

19. Current - Employee benefit obligations

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Compensated absences	3.49	0.62
Provision for Gratuity	1.76	5.71
Total	**5.25**	**6.33**

20. Other current liabilities

Rs.in Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory dues payable	84.56	6.90
Total	**84.56**	**6.90**

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

21. Revenue from operations

Rs.in Lakh

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of Services		
Transaction fees	2,141.54	-
Annual subscription fees	61.89	-
Membership admission fees	5.00	-
	2,208.43	-
Other operating revenues		
Warehouse Income	98.30	-
Income on Margin Money	1,083.37	-
Data request income	0.20	-
Others	3.28	-
	1,185.15	-
Total	**3,393.58**	**-**

-

22. Other income

Rs.in Lakh

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Dividend income from mutual funds	-	31.69
Interest income:	-	
- on bank deposits	451.34	56.45
- from Others	-	0.27
Net gain on sale of :	-	
Gain/(loss) on Sale of Investments (Net)	28.10	427.27
Gain/(loss) on fair valuation of Mutual Funds	-	50.42
	28.10	477.69
Miscellaneous income	2.18	0.17
Total	**481.62**	**566.28**

23. Employee benefits expense

Rs.in Lakh

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages, bonus and other allowances	681.31	18.19
Contribution to provident and other funds	40.08	6.58
Staff welfare expenses	6.37	-
Share based payment to employee	1.20	-
Total	**728.96**	**24.77**

24. Finance costs

Rs.in Lakh

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expenses on delayed payment of Income Tax	-	4.47
Total	**-**	**4.47**

25.Software support charges

Rs.in Lakh

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Software support charges (Refer note 33)	882.63	-
Total	**882.63**	**-**

26.Computer technology and communication expenses

Rs.in Lakh

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Computer Technology expenses (Refer note 33)	342.42	-
Communication expenses (Refer note 33)	66.55	-
Total	**408.97**	**-**

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

27. Other expenses

Rs.in Lakh

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Advertisement	12.84	6.63
Rent	176.91	-
Insurance	20.55	-
Rates and taxes	2.49	10.03
Stamp duty	34.56	-
ROC fees	75.17	133.00
Travelling and conveyance	31.52	1.42
Printing and stationery	1.20	0.27
Business promotion	10.10	-
Legal and Professional	66.18	43.93
Membership fees and subscriptions	11.63	-
Payment to the auditors		
- For audit	2.50	0.75
- For other services	-	0.26
- Reimbursement of out of pocket expenses	0.01	0.04
	2.51	1.05
Directors Sitting fees	41.70	15.50
Office expenses	0.43	0.34
Miscellaneous	10.28	7.98
Total	**498.07**	**220.15**

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

28. Contingent Liabilities and Commitments (to the extent not provided for)

There are no Contingent Liabilities and Commitments as at the end of the current year and previous year which have not been provided for in the book of accounts.

29.Income tax related to items charged or credited directly to profit or loss during the year :

a. Income tax expense

Rs. In Lakh

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Current income tax	411.95	106.17
Deferred Tax	(14.72)	7.98
Total Income Tax Expense	397.23	114.15

b. Reconciliation of tax charge

Rs. In Lakh (as otherwise stated)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Reconciliation:		
Profit / (loss) before tax	1,340.67	316.89
Applicable tax rate	29.12%	27.55%
Computed expected tax expense	390.41	87.31
Add:		
Expenses disallowed	34.64	43.07
Short Term Capital Gain	-	0.10
Less:		
Impact of fair Valuation of Mutual Funds	(1.00)	(13.89)
Expenses allowed	(12.10)	-
Exempt income on account of dividend	-	(8.73)
Set off of Business loss	-	(1.73)
	411.95	106.13
Provision for tax relating to prior year	-	0.04
Income tax expense per Profit & Loss Account	**411.95**	**106.17**
Effective Tax Rate	**30.73%**	**33.50%**

Deferred tax relates to the following:

Particulars	As at March 31, 2019	As at March 31, 2018
Expenses allowable on payment basis	6.97	0.73
Other items giving rise to temporary differences (including impact on fair value of investments)	(1.00)	(16.93)
Difference between WDV of Property, Plant and Equipment as per books of accounts & Income Tax	(7.44)	-
Deferred tax asset / (liability)	**(1.47)**	**(16.20)**

Reconciliation of deferred tax assets / (liabilities) net:

Rs. In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance as on 1st April	(16.20)	(8.22)
Tax income / (expense) during the year recognized in profit & loss account	14.72	(7.98)
Closing Balance	**(1.47)**	**(16.20)**

30. Operating leases

The Company has entered into perating 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:

Rs. In Lakh

Particulars	For the year ended	
	March 31, 2019	March 31, 2018
Lease rentals (Included in Rent - Note No. 27)	137.06	-

*As on 31 March 2019 there were no non-cancellable operating leases.

31. 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	As at	
	March 31, 2019	March 31, 2018
Weighted Average Shares Outstanding - Basic/Diluted	162,566,260	80,427,397
Net profit available to equity shareholders	943.44	202.74
Basic and Diluted Earnings per Share	0.58	0.25

32.Segment reporting

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 clearing and settlement of trades in commodities" 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.

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

33.Related Party Information

Names of related parties and nature of relationship:

Nature of relationship	Name of Related Party
Holding Company	Multi Commodity Exchange of India Limited (MCX)
Directors	Mr. Ved Kumar Jain Mr. Nagesh Pinge Mr. Rajesh Doshi Dr. Brinda Jagirdar Mr. Mrugank M Paranjape Mr. Chengalath Jayaram Mr. Narendra Kumar Ahlawat
Key Managerial Personnels (KMPs)	Mr. Narendra Kumar Ahlawat, MD & CEO (w.e.f.01.04.2018) Mr. Satyajeet Bolar, Chief Financial Officer Ms. Riddhi Parekh, Company Secretary Mr. Dhawal Shah, Head – Operations (w.e.f.19.10.2018)* Mr. Pankaj Goel, Compliance Officer (w.e.f.19.10.2018)* Mr. Praveen Kotian, Head - Legal (w.e.f.19.10.2018)* Mr. Kamal Priyadarshi, Head – Warehousing Operations (w.e.f.19.10.2018)* Mr. Ulhas Ranade, Head – Warehousing inspection (w.e.f.19.10.2018)* Mr. Gitesh Shah, Head – Clearing and Settlement (w.e.f.19.10.2018)* Mr. Mohammed Aslam, Head – Risk (w.e.f.19.10.2018)* Mr. Ratul Roy, Head – Spot (w.e.f.19.10.2018)* Mr. Madhur Joshi, Chief Information Security Officer (w.e.f. 05.03.2019)*

** Identified as KMP's under SECC Regulations, 2018 by the Nomination and Remuneration Committee, in its meeting held on October 19, 2018, hence transactions with them are 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:

Rs. In Lakh

Nature of Transactions	Holding Company	*Shareholder's Directors*	*Independent Directors*	*KMPs*	*Total*
Transactions					
Re-imbursements charged to the company	19.05	-	2.14	2.21	23.40
Purchase consideration under Business Transfer Agreement	33,132.43	-	-	-	33,132.43
MCX contibution towards SGF transfer	7,938.42	-	-	-	7,938.42
Clearing & settlement fees(^)	2,141.54	-	-	-	2,141.54
Annual Subsription fees	59.73	-	-	-	59.73
Rent Paid	137.06	-	-	-	137.06
Rent Deposit Paid	58.74	-	-	-	58.74
IT and other infrastructure charges	1,272.65	-	-	-	1,272.65
Sitting Fees Paid	-	4.00	38.00	-	42.00
Balances as at March 31, 2019					
Outstanding Balance receivable / (payable)	(820.57)	-	-	-	(820.57)
Rent Deposit	58.74		-	-	58.74

(^) Clearing & settlement fees disclosed on accrual basis. During the year, fees received in advance & returned.

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

The details of transactions with related parties for year ended March 31, 2018 are as follows: Rs. In Lakh

Nature of Transactions	Holding Company	Shareholder's Directors	Independent Directors	KMPs	Total
Re-imbursements charged to the company	86.47	-	1.39	-	87.86
Sitting Fees Paid	-	2.10	13.40	-	15.50
Outstanding Balance receivable / (payable) as at March 31	12.37	-	-	-	12.37

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 fee 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

Nature of Transactions	Year ended March 31, 2019	Year ended March 31, 2018
Salary and Allowances Paid/payable to KMPs :-		
Mr. Narendra Kumar Ahlawat	89.83	-
Mr. Satyajeet Bolar	55.18	12.58
Ms. Riddhi Parekh	15.20	2.88
Mr. Dhawal Shah	28.27	-
Mr. Pankaj Goel	17.87	-
Mr. Praveen Kotian	14.30	-
Mr. Kamal Priyadarshi	22.43	-
Mr. Ulhas Ranade	15.62	-
Mr. Gitesh Shah	24.46	-
Mr. Mohammed Aslam	8.58	-
Mr. Ratul Roy	12.45	-
Mr. Madhur Joshi	1.94	-

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.
3. Parties with no transactions during the year, are not considered in the statement.

34. There are no amounts due to the suppliers covered under the Micro, Small and Medium Enterprises Development Act 2006 except as disclosed in balancesheet, this information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

35. During the year, 61 employees transferred from its Holding Company "Multi Commodity Exchange of India Limited" on 01.09.2018. Outstanding ESOP pertaining to transferred employees were 4900 as on 31.03.2019. Exercise period for option granted will expire on 11.11.2019. During the year amount of Rs. 1.20 lacs recognized in Statement of Profit and Loss in connection with the same.

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

36. Employee Benefit Plans:

a. Post employment defined benefit plans :

The Company makes annual contributions to the Employee's Group Gratuity Assurance Scheme administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at March 31, 2019 and March 31, 2018.

Rs. 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 period	5.71	-
Interest Cost	0.44	
Current Service Cost	12.83	5.71
Liability Transferred In/Acquisitions	93.87	
Gains/Losses on Curtailment	-	-
Transfer of obligation	-	-
Actuarial (gains)/ losses on Obligations - Due to change in Financial assumptions	(0.14)	-
Actuarial (gains)/ losses on Obligations - Due to Experience	13.97	
Benefits paid from the Fund	-	-
Present Value of Benefit obligations at the end of the period	**126.68**	**5.71**
Change in plan assets		
Fair value of plan assets at the beginning of the period	-	-
Interest Income	-	-
Assets Transferred In/Acquisitions	121.09	-
Remeasurements - Return on plan assets excluding amounts included in interest income	2.83	-
Contributions by the employer	-	-
Benefits paid from the fund*	1.00	-
Fair value of plan assets at the end	**124.92**	**-**
Funded Status - Excess of obligation over plan assets	**1.76**	**5.71**

*paid on account of gratuity, not considered in Gratuity Report

Amount for the year ended March 31, 2019 and March 31, 2018 recognized in the Statement of Profit and Loss under employee benefits expenses.

Rs. In Lakh

Recognized in Profit and Loss	Year ended	
	March 31, 2019	March 31, 2018
Current Service Cost	12.83	5.71
Net Interest Cost	0.44	-
Gains/Losses on Curtailment	-	-
Expenses Recognized	13.27	5.71

Amount for the year ended March 31, 2019 and March 31, 2018 recognized in statement of other comprehensive income:

Rs. In Lakh

Recognized in Other Comprehensive Income	Year ended	
	March 31, 2019	March 31, 2018
Actuarial (gains) / losses on obligation for the period	13.83	-
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	(2.83)	-
Change in Asset Ceiling	-	-
Net (Income)/Expense for the period recognized in OCI	**11.00**	**-**

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	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	13

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

Rs. In Lakh

Sensitivity Analysis	As at	
	March 31, 2019	March 31, 2018
Projected Benefit Obligation on Current Assumptions	126.69	5.71
Delta Effect of +1% change in rate of Discounting	(13.01)	(0.47)
Delta Effect of -1% change in rate of Discounting	15.32	0.56
Delta Effect of +1% change in rate of Salary Increase	15.21	0.56
Delta Effect of -1% change in rate of Salary Increase	(13.16)	(0.48)
Delta Effect of +1% change in rate of Employee Turnover	(0.06)	(0.03)
Delta Effect of -1% change in rate of Employee Turnover	(0.10)	0.03

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 Rs.5.59 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: Rs. In Lakh

Projected Benefits Payable in Future Years from the Date of Reporting	March 31, 2019	March 31, 2018
Within 1 year	2.85	0.08
1-2 year	3.15	0.16
2-3 year	3.43	0.17
3-4 year	13.74	0.18
4-5 year	11.32	0.20
5-10 years	332.41	14.69

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 Rs.26.81 Lakhs (Previous Year Rs. 0.87 Lakhs) Refer Note No. 23

Rs. In Lakh

Particulars	As at	
	March 31, 2019	March 31, 2018
Contribution to Provident and Family Pension Fund	26.54	0.87
Contribution to Employees Deposit Linked Insurance (EDLI)	0.27	-

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

37. Financial Instruments

A. Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2018 and at March 31, 2019 are as follows:

Rs. In Lakh

Particulars	As at March 31, 2019 carrying value	Fair value	As at March 31, 2018 carrying value	Fair value
Assets:				
Cash and cash equivalents (Refer Note No. 9)	10,362.34	10,362.34	5.64	5.64
Bank Balances (Refer Note No. 10)	12,000.00	12,000.00	-	-
Bank deposits with original maturity of more than twelve months (Refer Note No 4)	39,828.00	39,828.00	9,848.00	9,848.00
Trade receivables (Refer Note No 8)	25.78	25.78	-	-
Other financial assets (Refer Note No 4)	53.51	53.51	-	-
Investments in Mutual Funds (Refer Note No. 7)	5,396.18	5,396.18	1,191.57	1,191.57
Liabilities:				
Trade payables	112.56	112.56	22.78	22.78
Other financial liabilities (Refer Note No 17)	34,247.98	34,247.98	-	-

Fair value hierarchy
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2019:

Rs. In Lakh

Particulars	As of March 31, 2019	Fair value measurement at end of the year using		
		Level 1	Level 2	Level 3
Assets				
Investments in Mutual Funds	5,396.18	5,396.18	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2018:

Rs. In Lakhs

Particulars	As of March 31, 2018	Fair value measurement at end of the year using		
		Level 1	Level 2	Level 3
Assets				
Investments in Mutual Funds	1,191.57	1,191.57	-	-

The fair value of mutual fund valued at NAV as on the reporting date as declared by the Fund house.

B. Financial risk management
Financial risk factors
The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

a. 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.

b. 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.

c. Credit risk
Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

Ageing of Account receivables

Rs. In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables		
Less than 6 months	25.78	-
More than 6 months	-	-
Total	25.78	-

d. Liquidity risk:

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at a reasonable price. The company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the company's net liquidity position on a daily and weekly basis.

(i) Financial Arrangements

Following are the unutilised sanctioned bank overdraft limits as at the respective year end.

Rs. In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Expiring within one year (bank overdraft)	10,198.00	-

(ii) Maturity patterns of other Financial liabilities

Rs. In Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payable		
Less than 6 months	112.56	22.78
More than 6 months	-	-
Total	**112.56**	**22.78**

e. Clearing and Settlement Risk

Parties to a settlement may default on their obligations for reason beyond the control of the Company. Comapny guarantees the settlement of trade executed on the Company's platform and maintains a settlement guarantee fund to support its guarantee obligations.SEBI introduced the guidelines on stress testing, Settlement Guarantee Fund ("SGF") to ensure that Company is compliant with International benchmarks and regulations.

38. 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, Amount of Rs. 22,606.22 Lakh are transferred to SGF from reserves to ensure compliance with said circular.

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 Rs.329.80 crores comprising of:

Rs. In Lakh

MCXCCL contribution	MCX Contribution	Penalties/ Interest	Total
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 Rs.6.23 lakh SGF penalties and Rs.1,031.13 lakh relating to SGF fixed deposits interest respectively for Financial year ended March 31, 2019

39. During the current year, 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 the Company by executing a Business Transfer Agreement with MCX dated June 04, 2018. The said transfer; on a Slump Sale basis, was effective September 01, 2018. Post this transfer the Company commenced clearing and settlement operations.

Further pursuant to the agreement following assets & liabilities have been transferred to the Company by MCX:

Rs. In Lakh

Particulars	Liabilities (Rs.)	Assets (Rs.)
Clearing Banks Deposit	1,900	-
WSP Deposit	116	-
Initial Margin	26,645	-
Member's obligation for transaction fees	77	-
Trading Member Cash Deposit	238	-
Margin shortfall block amount	2	-
Leave Encashment	33	-
Motor Cars (Cost Rs.28.30 lakh less accumulated depreciation of Rs.7.05 lakh)	-	21
E-warehousing Software (Cost Rs.94.83 lakh less accumulated depreciation of Rs.12.63 lakh)	-	82
Total	**29,011**	**103**

The difference of liabilities and assets of Rs.28,908 lakh is settled in cash via payment made by Holding Company to MCXCCL.
Since the assets and liabilities have been transferred at book value, no Goodwill / Capital reserve was created in the books.

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2019

40 .Corporate Social Responsibility (CSR) provisions are not applicable to the Company as the Company has not achieved the condition defined under Section 135 of Companies Act, 2013

41. The previous year figures have also been reclassified/regrouped to conform to this year's classification.

42. The financial statements were approved by the Board of Directors on April 22, 2019

As per our report of even date attached.

For MSKA & Associates
Chartered Accountants
Firm Registration Number : 105047W

Swapnil Kale
Partner
Membership No. 117812

Mumbai
April 22, 2019

For and on behalf of the Board of Directors

Narendra Ahlawat	**Ved Jain**	**Nagesh Pinge**
Managing Director & CEO	Chairman	Director
DIN : 07629724	DIN : 00485623	DIN : 00062900

Riddhi Parekh
Company Secretary

Mumbai
April 22, 2019