

MULTI COMMODITY EXCHANGE CLEARING CORPORATION LIMITED

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

Tenth Annual Report

Financial Year Ended March 31, 2018

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CORPORATE INFORMATION

Board of Directors (as on July 19, 2018)

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. Mrugank Paranjape	Shareholder Director
Mr. Narendra Kumar Ahlawat	Managing Director and Chief Executive Officer

Chief Financial Officer	Mr. Satyajeet Bolar
Company Secretary	Ms. Riddhi Parekh
Statutory Auditors	M/s. Shah Gupta & Co., Chartered Accountants
Registrar and Transfer Agent	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Telangana – 500 032, Hyderabad. Tel: 040-67162222, Fax: 040-23001153 Toll Free no.: 1800-345-4001 Website: www.karvy.com Email id: einward.ris@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 Tenth Annual Report on the business and operations of your Company (MCXCCL) along with the Audited Statement of Accounts and the Auditors' Report for the financial year (FY) ended March 31, 2018 ('year under review/FY 2017–18'), highlights of which are given below:

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

Particulars	2017–18	2016–17
Total income	566.28	48.48
Total expenses	249.39	13.89
Profit before tax	316.89	34.59
Less: Tax expenses	114.15	2.15
Profit after tax	202.74	32.44
Other comprehensive income	-	-
Total comprehensive income	202.74	32.44
No. of shares	1060	60
Earnings per share (EPS)		
Basic	0.25	0.54
Diluted	0.25	0.54

RESULTS OF OPERATIONS AND STATE OF COMPANY AFFAIRS

Multi Commodity Exchange of India Limited (MCX/the Exchange), the holding and promoter company is a commodity derivatives exchange and is mandated to transfer the functions of clearing and settlement of trades in securities executed on its platform to a separate clearing corporation in three years from the date of commencement of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2015, that is, by September 27, 2018. Accordingly, MCX proposes to transfer its clearing and settlement functions to your Company, subject to the approval of the Securities and Exchange Board of India (SEBI).

Your Company received the in-principle approval of SEBI to act as a Clearing Corporation on July 31, 2017 for a period of one year subject to certain conditions prescribed therein. Your Company thus entered into a clearing and settlement agreement with MCX 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. Subject to the final approval of SEBI, your Company expects to commence its operations in FY 2018-19.

Pending the commencement of its operations, your Company's total income stood at Rs. 566.28 lakh in FY 2017–18 as compared with Rs. 48.48 lakh for FY 2016–17. Total expenses including Administration and other expenses touched Rs. 249.39 lakh in FY 2017–18 as against Rs. 13.89 lakh in the previous fiscal (FY 2016–17). Further, Profit after Tax (PAT) was at Rs. 202.74 lakh in FY17–18 as against Rs. 32.44 lakh in FY16–17. The net worth as on March 31, 2018, stood at Rs. 11,022.31 lakh. For further details, please refer 'Management Discussion and Analysis' Report forming part of this Annual Report.

CLEARING AND SETTLEMENT

Your Company was incorporated by MCX to clear and settle trades executed on its trading platform. Accordingly, on receiving recognition as a 'Clearing Corporation' from SEBI, and on commencing its

operations, it proposes to clear and settle commodity futures and options contracts. Your Company has undertaken to guarantee the financial settlement of all transactions duly executed on the trading platform of MCX to its Clearing Members. Further, there was no change in the nature of business of your Company during the year under review.

MEMBERSHIP/CLEARING MEMBERS

In view of the transfer of clearing and settlement functions from MCX to your Company, in FY 2017–18, the Board approved the eligibility criteria for membership and the induction of all existing Clearing Members of MCX as Clearing Members of your Company, provided they do not surrender their Clearing Membership of MCX before the commencement of the operations of your Company. In the event any member surrenders the Clearing membership of MCX, it would not be treated as being admitted as Clearing Member of your Company.

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

In FY 2017–18, pursuant to the approval of the shareholders at the Extra-Ordinary General meeting (EGM) held on May 29, 2017, your Company increased its Authorised Share Capital from Rs. 1,000 lakh comprising 100,00,000 equity shares of Rs. 10/- each to Rs. 15,000 lakh comprising 15,00,00,000 equity shares of Rs. 10/- each. For further details on the alteration to the Memorandum of Association and Articles of Association of the Company post March 31, 2018, please refer the section 'Updates post March 31, 2018' of this report.

RISK MANAGEMENT AND RISK MANAGEMENT POLICY

In accordance with SEBI Circular no. CIR/MRD/DSA/33/2012 dated December 13, 2012, the Clearing Corporation is required to constitute a Risk Management Committee, *inter alia,* to formulate a detailed Risk Management Policy and to oversee Risk Management practices. The Board has constituted a Risk Management Committee and has approved the Risk Management Policy. The Policy covers settlement-related risk and also encompasses enterprise-wide risk assessment and review mechanism which, *inter alia,* consists of risk identification, assessment and categorisation of risks taking into consideration the effects and likelihood of risks and putting in place adequate controls and mitigation plans which would help in reducing the overall risk exposure of your Company. For further details, please refer section titled 'Risk Management' appearing in the 'Management Discussion and Analysis' forming part of this Annual Report.

SETTLEMENT GUARANTEE FUND (SGF)

Pursuant to SEBI directives with respect to the Settlement Guarantee Fund (SGF), on commencement of operations, your Company shall be required to follow Core Settlement Guarantee Fund norms stipulated by SEBI. As clearing and settlement functions of MCX would be transferred to your Company, it would be required to create a SGF, which shall not be less than the quantum of SGF at MCX prior to such transfer. As on March 31, 2018, the SGF balance at MCX stood at Rs. 22,857 lakh.

WAREHOUSING

Warehousing is a key element in effecting physical deliveries taking place through the Clearing Corporation. To cater to the storage requirements of various Members of the Clearing Corporation and their respective constituents/ depositors who are willing to store goods and give delivery on the Clearing Corporation, your Company has made necessary warehousing arrangements with Warehouse

Service Providers and Vault Service Providers. The further details, please refer section titled 'Warehousing' appearing in the 'Management's Discussion and Analysis' forming part of this Annual Report.

SHARE CAPITAL

In FY 2017–18, your Company increased its authorised share capital from Rs. 1,000 lakh to Rs. 15,000 lakh, pursuant to shareholders' approval at the EGM held on May 29, 2017. Further, the Issued, Subscribed and Paid-up Capital of your Company increased from Rs. 600 lakh to Rs. 10,600 lakh comprising 106,000,000 equity shares of Rs. 10/- each consequent to the issue and allotment of 100,000,000 equity shares of Rs. 10/- each through rights issue, in the ratio of 17 (Seventeen) rights share for every 1 (One) equity share held, ranking *pari passu* in all respects with the existing equity shares of the Company. Consequent to the said allotment, your Company achieved a minimum net worth of Rs. 10,000 lakh as required under sub-regulation 2 of Regulation 14 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (hereinafter referred to as SECC Regulations).

Further, in order to meet the criteria of making contribution to the core SGF from its own funds, the Board at its meeting held on March 29, 2018, approved to offer 43,990,000 equity shares of Rs. 10/- each at par through rights issue, for cash, in the ratio of 415 rights shares for every 1000 shares held. For further details on the Share Capital post March 31, 2018, please refer the Section 'Updates post March 31, 2018' of this report.

Your Company has, in FY 2017–18, 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. 202.74 lakh is proposed to be retained as surplus 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, 2018.

DIVIDEND

To conserve the resources of your Company, the Board did not recommend any dividend for FY 2017–18.

DEPOSITS

In FY 2017–18, your Company has not invited 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, 2018.

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

In FY 2017–18, your Company 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 on March 31, 2018, your Company does not have any subsidiaries, joint ventures, or associates. In FY 2017–18, no company has become or has ceased to be a subsidiary, joint venture or associate company of your Company.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

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

INITIATIVES AND OUTLOOK

In view of the in-principle approval granted by SEBI, your Company published its Rules and Bye-laws in the Gazette of India and the Gazette of the State of Maharashtra.

With the expansion of the commodity market and the recent permission given to new categories of clearing members in the commodity space, for example, Banks, your Company has been gearing up to meet their requirements and enable them join MCXCCL's clearing services seamlessly. A detailed discussion on initiatives and outlook is provided in the 'Management Discussion and Analysis' report forming part of this Annual report.

OPPORTUNITIES FOR YOUR COMPANY

A number of positive policy developments has led to easing of the commodity derivatives market, paving the way for a positive outlook for your Company in the near future. SEBI has decided that all types of securities would be allowed to be traded in all recognized stock exchanges from October 01, 2018. Thus, instruments under various asset classes would be available for clearing on the same clearing platform. This would result in your Company getting access to clearing new asset classes, apart from the expanding commodity derivatives segment.

Further, financial institutions were permitted to trade in India's commodity derivatives market for the first time during FY 2017–18, while institutions like broking subsidiaries of banks were allowed to offer distribution services in the commodity space. Institutional participation is also a big opportunity for your Company as it is this category of participants which seek professional and independent clearing in exchange-traded markets, which your Company is ready to provide.

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.

REGULATORY DEVELOPMENTS

During the year 2017–18, SEBI issued various regulations to improve risk management and to align it with the existing practices in the securities market. Some of the important regulatory developments, *inter alia,* include the following:

i. The Risk Management Framework for Options on Commodity Futures was issued on June 13, 2017.
ii. The Criteria for determining the Settlement Mode of Commodity Derivative Contracts including specifying the exemptions under which 'cash settlement' can be considered, instead of 'physical delivery' for the settlement of commodity derivative contracts, was issued.
iii. A Circular on 'Risk Management Norms for Commodity Derivatives' was issued on March 21, 2018, which mandates that clearing corporations of commodity exchanges shall be required to

follow all the norms laid down for commodity exchanges. It also aligned norms related to Base Minimum Capital and liquid net-worth for members of clearing corporations in commodity derivatives with those applicable for clearing members in equity and currency derivatives. Further, Commodity Derivatives Exchanges shall be required to make margin provisions for intra-day crystallised obligations.

iv. A Circular on 'Spread Margin Benefit in Commodity Futures Contracts' was issued on March 20, 2018, which provides spread margin benefit in initial margin across futures contracts in a commodity complex.

Further, the Reserve Bank of India (RBI) has also issued guidelines for Banks to become a Professional Clearing Member of a commodity derivatives exchange as well as for banking subsidiaries to offer broking services for commodity derivatives segment.

RESEARCH AND DEVELOPMENT

Your Company undertakes research to continuously evolve its risk management system to align it with best practices and ensure integrity of the market. All efforts are taken to smoothen the delivery process. In line with our constant endeavour to bring more transparency for market development, your Company intends to use a web-based application "ComRIS" (Commodity Receipts Information System). ComRIS is expected to maintain an electronic record of certain commodities deposited at accredited warehouses and will ensure flow of real time information from the warehouse.

ENVIRONMENTAL RESPONSIBILITY

Given the nature of its operations, your Company has a very low impact on the environment. Notwithstanding this, your Company 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)

Your Company does 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, does not apply. In view of the same, your Company has not framed a CSR Policy and neither constituted a CSR Committee, in FY 2017–18.

EXTRACT OF ANNUAL RETURN

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

CORPORATE GOVERNANCE

Your Company is committed to good corporate governance aligned with the best corporate practices. Pursuant to Regulation 35 of SECC Regulations, 2012, 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 2017–18 demonstrating the Company'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.

MEETINGS OF THE BOARD

10 (Ten) meetings of the Board of Directors were held during FY 2017–18. For further details, please refer to the report on Corporate Governance forming part of this Annual Report.

ETHICS AND GOVERNANCE POLICIES

Your Company adheres to the highest ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Accordingly, your Company has, during the year, adopted various codes and policies to carry out its obligations ethically. Some of these codes/policies framed and implemented by your Company 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, Risk Management Policy, Remuneration Policy, Policy for appointment of Independent external persons/outside experts on Committees of the Board etc.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

Your Company 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 have implemented a vigil mechanism through the adoption of Whistle Blower Policy on March 29, 2018. For further details, please refer to the report on Corporate Governance which forms part of this Annual Report.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the year under review, although your Company was in the process of formulating a policy on materiality of related party transactions and dealing with related party transactions, in the interim, all related party transactions entered into by your Company in FY 2017–18 and as disclosed in the financial statements in Note 18 of the Notes to Accounts, were in the ordinary course of business and at arm's length pricing basis.

Further, all the related party transactions entered into by your Company in FY 2017–18, were placed and approved by the Audit Committee and/or by the Board, as applicable, in accordance with the Companies Act, 2013, SEBI Listing Regulations, 2015 and other applicable guidelines/directions from 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 18 of Notes to Accounts of the Financial Statements of your Company.

In FY 2017–18, your Company had also entered into a Clearing & Settlement Agreement and Resource Sharing Agreement with MCX, its holding Company to undertake the activity of clearing and settlement of trades in securities dealt on MCX platform and to share with or extend to your Company its resources like computer hardware, peripherals, software, maintenance contracts, hardware /software management and other support services like infrastructure, etc. effective from the date on which MCX and your Company informs the market participants through a public notice / circular of commencement of clearing services. However, as your Company has not commenced operations, these Agreements are proposed to be made effective on commencement of its operations. Further, in accordance with Transfer Pricing Assessment and Analysis of Intra Group Revenue and Cost Sharing Study, the aforesaid agreements were amended.

DIRECTORS

At the Ninth Annual general meeting, Mr. Rajendra Gogate (DIN: 07057135), who retired by rotation and being eligible offered himself for appointment, was appointed as a Director, liable to retire by rotation. Further, in FY 2017–18, Mr. Chengalath Jayaram (DIN: 00012214) and Mr. Mrugank M. Paranjape (DIN: 02162026) were appointed as Additional Directors (Shareholder Directors) with effect from June 15, 2017. Pursuant to the approval of the shareholders at the EGM held on July 25, 2017, Mr. Chengalath Jayaram and Mr. Mrugank M. Paranjape were appointed as Shareholder Directors, liable to retire by rotation and SEBI vide its letter dated March 28, 2018, approved the same. Further, Mr. Ramalingam M. (DIN: 00040997), Mr. Vemuri Raghavendra Prasad (DIN 03113441), Mr. Narendra Kumar Ahlawat (DIN: 07629724) and Mr. Rajendra Gogate (DIN: 07057135), Directors of the Company resigned from the Board of your Company from the closing hours of June 30, 2017, August 21, 2017, August 21, 2017 and December 23, 2017, respectively.

In view of the grant of the in-principle approval from SEBI to act as a recognized clearing corporation under the Securities Contract (Regulation) Act, 1956 (SCRA) on July 31, 2017, your Company is, *inter alia,* regulated by SEBI. Accordingly, as mandated by SECC Regulations, the appointment of all the Directors on the Board of your Company as on March 31, 2018, is with the approval of SEBI in accordance with SECC Regulations and SEBI Circular dated December 13, 2012 on Procedural norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations. Further, in accordance with Regulation 24 of SECC Regulations, the Public Interest Directors hold office for a fixed term of three years or for such extended period as may be approved by SEBI.

Pursuant to the approval of SEBI, Dr. Brinda Jagirdar (DIN: 06979864), Mr. Ved Jain (DIN: 00485623), and Mr. Nagesh Pinge (DIN: 00062900) were appointed as Public Interest Directors (PID) effective December 05, 2017 and Mr. Rajesh Doshi (DIN: 00059903) was also appointed as PID effective February 22, 2018, in terms of regulation 24 of SECC Regulations and SEBI Circular dated December 13, 2012. Pursuant to Section 160 of the Companies Act, 2013, notices have been received from Dr. Brinda Jagirdar, Mr. Ved Jain, Mr. Nagesh Pinge and Mr. Rajesh Doshi, PIDs of the Company signifying their respective candidature for appointment as PIDs/Independent Directors on the Board for such term as may be approved by SEBI. Accordingly, their appointment is being placed for the approval of the shareholders in the ensuing general meeting pursuant to Section 149, 150 and 152 of the Companies Act, 2013. Brief profiles of the aforesaid candidates are included in the Annexure to notice convening the AGM.

The Selection Committee for the selection of MD & CEO, after following the due process of short listing and interviewing candidates, selected Mr. Narendra Kumar Ahlawat for the post of MD & CEO. On further recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on January 30, 2018, approved his appointment as MD & CEO, subject to prior approval of SEBI. Mr. Ahlawat joined as the MD & CEO for a period of three years with effect from April 01, 2018, pursuant to the prior approval of SEBI received vide letter dated March 15, 2018. Details of Mr. Ahlawat and the terms of his appointment, including remuneration payable to him, is covered in the notice convening the ensuing AGM whereby the Company is seeking your approval for his appointment as a Director and as the MD & CEO.

Accordingly, as on the date of this Report, your Board comprises 7 (Seven) Directors, of which 4 (Four) are PIDs, 2 (Two) are Shareholder Directors, and the MD & CEO. “Public Interest Director” under the SECC Regulations means an independent director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of SEBI, is in conflict with his role, and accordingly, such directors are considered as Independent Directors for adhering to compliance with the provisions under the SEBI Listing Regulations, 2015 and Companies Act, 2013. 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 of your Company is also in accordance with the eligibility conditions prescribed by SEBI. Further, all the Directors as on March 31, 2018 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, 2018, as applicable. Your Company has 1 (One) women Director on its Board. In FY 2017-18, Mr. Ved Jain was elected as Chairman of the Board with effect from March 16, 2018, with the prior approval of SEBI.

In accordance with the provisions of the Companies Act, 2013, Mr. Mrugank Paranjape, Shareholder Director, shall retire by rotation at the ensuing AGM and being eligible, is seeking re-appointment. The Board recommends his re-appointment.

KEY MANAGERIAL PERSONNEL (KMP)

Pursuant to Section 203 of the Companies Act, 2013, Mr. Satyajeet Bolar was appointed as the CFO and Ms. Riddhi Parekh as the Company Secretary of the Company for a term of three years, and identified as KMPs with effect from January 01, 2018. Further, Mr. Narendra Kumar Ahlawat, was appointed as MD & CEO with effect from April 01, 2018, and was identified as the whole-time key managerial personnel of the Company.

PERFORMANCE EVALUATION OF THE BOARD AND THE EVALUATION CRITERIA

In accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has formulated the criteria for performance evaluation of individual Directors, Board Committees and the Board as a whole. A statement indicating the manner in which formal annual evaluation of the Directors and the Board has been made and the criteria for the same is set out in **Annexure III** to this Report.

AUDIT COMMITTEE

The Audit Committee was constituted by the Board at its meeting held on January 15, 2018. The composition of the Audit Committee is covered under the Corporate Governance Report. In FY 2017–18, there has been no instance, where the Board has not accepted any recommendation of the Audit Committee.

STATUTORY AUDITOR AND THEIR REPORT

M/s. Shah Gupta & Co., Chartered Accountants (Firm Registration No. 109574W) were appointed as Statutory Auditors by the shareholders at their ninth AGM held on August 25, 2017, for a period of five years, subject to ratification by the shareholders at every AGM. To ensure an independent perspective, the Board of Directors of the Company desired that the Statutory Auditors of the Holding Company, MCX, be different from the Statutory Auditors of your Company. In view of the same, M/s. Shah Gupta & Co., the Statutory Auditors conveyed their intention not to continue as the Statutory Auditors of your Company from the conclusion of the Tenth Annual General Meeting. The Board at its meeting held on July 19, 2018, considered the same and recommended the appointment of M/s. MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W) as the Statutory Auditors of the Company for a term of five consecutive years from the conclusion of this Tenth Annual General meeting to the conclusion of the Fifteen Annual General meeting of your Company, subject to the approval of the shareholders at the ensuing Annual General meeting. M/s. MSKA & Associates has confirmed its eligibility and willingness to act as Statutory Auditors, if appointed, and the necessary certificate pursuant to Section 139(1) of the Companies Act, 2013 and rules made thereunder has been received from them. Accordingly, the appointment of M/s. MSKA & Associates as Statutory Auditors of the Company is being sought at the ensuing AGM and it is also sought to authorize the Board to determine their remuneration for their tenure.

The Report given by the Statutory Auditor, M/s. Shah Gupta & Co., on financial statements of the Company forms part of this Annual Report. There is no qualification, reservation, or adverse remark made by the Auditor in their report.

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

M/s Rathi & Associates, Practicing Company Secretaries, were appointed as the Secretarial Auditor by the Board to conduct the secretarial audit of the Company for FY 2017–18. In accordance with Section 204(1) of the Companies Act, 2013, the Secretarial Audit Report for the financial year ended March 31, 2018, is annexed as **Annexure IV** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

INTERNAL CONTROL AND THEIR ADEQUACY

The Board endeavours to put in place various internal controls to be followed by your Company to ensure that the internal control mechanisms are adequate and effective. The Board in order to ensure transparency, has also formulated various policies and has put in place appropriate internal controls for monitoring income streams and investments.

Although your Company has not commenced operations, its processes are documented, which *inter alia,* includes financial controls like maker checker, adherence to the scheme of financial sub-delegation set by the Board, at various levels, as well as role/need based access controls and adherence to systemic controls. The design, implementation and maintenance of 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. Further, the existing systems and controls would be reviewed periodically for change management in introduction of new processes/ change in existing processes, change in the systems, change in personnel handling the activities, etc. Your Company is also in the process of adequately documenting the operational processes with comprehensive and well-defined Standard Operating Procedures.

The Audit Committee constituted on January 15, 2018, comprising PIDs, reviewed and recommended the annual audited financial statements of your Company to the Board for approval. During FY 2017–18, in accordance with Section 138 of the Companies Act 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, your Company did not fall under such class or classes of companies as prescribed therein, and so, it had not appointed any firm of chartered accountants or cost accountants, to conduct independent internal audit of the financial and operational functions and activities of the Company.

Going forward, these controls would be reviewed independently by the Internal Auditors appointed by the Board of Directors. The internal audit observations, suggestions/recommendations, and control directives regarding deficiencies, non-compliance of various audit areas and compliances thereof, would be reviewed by the Audit Committee so as to mitigate the deficiencies and make the process(es), procedure(s), system(s) and function(s) more robust, accountable, reliable, and compliant.

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

No significant and material orders were passed, during FY 2017–18, by the regulators or courts or tribunals impacting the going-concern status and your Company's operations in the future.

HUMAN RESOURCE DEVELOPMENT

Your Company believes in strategic alignment of Human Resources to its business priorities to achieve end objectives. As on March 31, 2018, your Company employed 2 (two) employees and there was no attrition during the year under consideration. Your Company endeavours to attract, retain, and nurture talented workforce. Further, your Company endeavours to provide safe, discrimination free, and harassment free workplace.

The disclosures required to be given under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, are given below:

Sr. No.	Particulars	As at March 31, 2018
1.	Number of complaints of sexual harassment received for the quarter ended March 31, 2018	Nil
2.	Number of complaints disposed off	Not Applicable
3.	Number of cases pending for more than 90 days	Not Applicable
4.	Number of workshops or awareness programmes against sexual harassment carried out	The awareness programme/(s) conducted by MCX, its holding company, covered the employees of the Company.
5.	Nature of action taken by the employer	Not applicable

Further, in April 2018, an Internal Complaints Committee has been constituted to redress complaints received regarding sexual harassment.

PARTICULARS OF REMUNERATION

Your Company has adopted a well-defined Remuneration Policy for Directors, Key Managerial Personnel and other employees which forms a part of this report as **Annexure V**. The ratio of the remuneration of each director to the median employee's remuneration and other details in accordance with Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report as **Annexure 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, 2012, 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

Your Company, a wholly owned subsidiary of MCX, operates from the premises of MCX. Not being energy intensive, your Company along with MCX, takes various measures to reduce energy consumption by using energy-efficient computer systems and equipment. As an ongoing process, your Company would evaluate new technologies and techniques to make its infrastructure more energy-efficient.

Your Company together with MCX has undertaken the following initiatives during FY 2017–18:

i) Steps taken or impact on conservation of energy

a. The Data Center 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 excessively running compressors, and 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.
c. Some of the policies implemented by your Company on an ongoing basis as a part of energy conservation/saving includes:
    - Maintaining adequate capacitor bank for non-linear electrical loads like air-conditioning plant, pumps and Heat Recovery System, thereby reducing the drawing of extra energy and improving power factor.
    - Preventive maintenance of the air conditioning system on scheduled basis and ensuring that the heat sensors and electronic components are properly functioning for compressors to achieve variable compression linked to heat levels, for reduction in power consumption.

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

No alternate source of energy is utilized by your Company.

iii) Capital investment on energy conservation equipment

During FY 2017–18, your Company has not incurred any capital investment on energy conservation equipment.

B. Technology absorption

During FY 2017–18, the Board approved the Business Continuity Plan and the Disaster Recovery Policy document. Further, the details relating to technology absorption are as follows:

i) The efforts made towards technology absorption

Technology is considered a key enabler and core facilitator for achievement of the major goals of your Company and is identified as one of the strategic pillars. Your Company expects to start its operations from FY 2018–19 and for which your Company along with MCX expects to use all mission-critical applications and supporting infrastructure placed in state-of-art Data Center equipped with best-of-breed network, security, and other necessary infrastructure. Your Company plans to use technological infrastructure, which is built on the next generation technology mechanism, and which can cater to all market participants by being fast, secure, cost effective, and transparent. Your Company along with MCX also plans to spend for its technology platform and systems to meet increasing market requirements and to keep pace with the rapid technological developments and changes. All departments within the Company use technology to automate its various processes and deliver superior services to its stakeholders.

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

Your Company along with MCX plans to use cutting-edge technologies, which are 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 proposed to be deployed for clearing operations has the capacity to provide uninterrupted user experience and ensure no

single-point of failure. Through use of carefully evaluated technology solutions, your Company will be 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)

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

iv) Your Company has not incurred any expenditure on Research and Development during the year under review.

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

Your Company proposes to engage in the business of clearing and settlement of trades. Subject to the regulatory framework, it aspires to gain opportunities as and when available for rendering its services internationally. However, during FY 2017–18, your Company has not earned/ incurred any expenditure, in foreign exchange.

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

None

UPDATES POST MARCH 31, 2018

- Mr. Narendra Kumar Ahlawat was appointed as Additional Director and MD & CEO of the Company effective April 01, 2018, in accordance with the approval of SEBI, received vide its letter no. SEBI/HO/CDMRD/DEA/OW/P/2017/8202/1 dated March 15, 2018.
- To meet the criteria of making contribution to the core Settlement Guarantee Fund (SGF) from its own funds, your Company issued and allotted 43,990,000 (Four crore thirty nine lakh ninety thousand only) equity shares to MCX through rights issue, in the ratio of 415 rights shares for every 1000 shares held, and accordingly its Issued, Subscribed and Paid-up Equity Share Capital increased from Rs. 10,600 lakh to Rs. 14,999 lakh on April 27, 2018.
- 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.
- In accordance with the approval of the Board at its meeting held on March 29, 2018, Central Depository Services (India) Limited (CDSL) on June 02, 2018, admitted the securities of the Company in its Depository system and allotted ISIN INE00Q801016 to the Company's securities, pursuant to regulation 46 of SECC Regulations.

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, 2018, 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, 2018 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, 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 Jain
Chairman
Mumbai
July 19, 2018

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 Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Telangana – 500 032, Hyderabad. Tel: 040-67162222, Fax: 040-23001153 Toll Free no.: 1800-345-4001 Website: www.karvy.com, Email id: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:-
The Company has not yet commenced its operations. Subject to regulatory approvals, in FY 2018-19, your Company expects to start its operations of clearing and settlement of trades in the commodity derivatives segment.

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	NIL

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 on April 1, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% Change during the year
	#Demat	Physical	Total	% of Total Shares	#Demat	Physical	Total	% of Total Shares	

A. Promoters									
1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	*6,000,000	*6,000,000	100	-	*106,000,000	*106,000,000	100	0
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):	-	*6,000,000	*6,000,000	100	-	*106,000,000	*106,000,000	100	0
2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other…	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of	**-**	***6,000,000**	***6,000,000**	**100**	**-**	***106,000,000**	***106,000,000**	**100**	**0**

Promoter (A) = (A)(1)+(A)(2)									
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)	**-**	***6,000,000**	***6,000,000**	**100**	**-**	***106,000,000**	***106,000,000**	**100**	**0**

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

 # As on March 31, 2018, the Company was in the process of dematerializing its Shares. For further details, refer section titled 'Share Transfer System and ISIN' forming part of Corporate Governance Report.

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 1, 2017)			Shareholding at the end of the year (as on March 31, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
1.	Multi Commodity Exchange of India Limited	***6,000,000**	**100**	**0**	***106,000,000**	**100**	**0**	**0**
	Total	***6,000,000**	**100**	**0**	***106,000,000**	**100**	**0**	**0**

**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	Reason	Cumulative Shareholding during the Year

					Share holding		(01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17)/end of the year(31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Multi Commodity Exchange of India Limited	*6,000,000	100	April 1, 2017			*6,000,000	100
		-	-	June 15, 2017	+100,000,000	Allotment	*106,000,000	100
		*106,000,000	100	March 31, 2018			106,000,000	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, 2017 & March 31, 2018 (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 2017-18:

Sr. No	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the Year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17)/end of the year(31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	*Mr. Satyajeet Bolar	1	Negligible	April 1, 2017	-	-	1	Negligible
		1	Negligible	March 31,2018	-	-	1	Negligible

**Mr. Satyajeet Bolar, CFO of the Company holds 1 share in MCXCCL as nominee of MCX.*

vi) 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 Principal Amount Interest due but not paid Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year · Addition · Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil

Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

vii) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

The Board of Directors of the Company constituted a Selection Committee in accordance with the SEBI Procedural Norms to select a candidate for the position of Managing Director and Chief Executive Officer and the Company had sent an application to SEBI for prior approval for appointment of Mr. Narendra Kumar Ahlawat as MD & CEO. SEBI approved the appointment vide letter dated March 15, 2018 and the said appointment was effective from April 01, 2018. After the appointment of the MD & CEO, the Selection Committee was disbanded.

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1.	**Gross salary** **(a)** Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	N.A.	**N.A.**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	N.A.	**N.A.**
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	N.A.	**N.A.**
2.	Stock Option	N.A.	**N.A.**
3.	Sweat Equity	N.A.	**N.A.**
4.	Commission - as % of profit - others	N.A.	**N.A.**

5.	Others	N.A.	**N.A.**
	Total (A)	**N.A.**	**N.A.**
	Ceiling as per the Act	N.A.	

B. Remuneration (being sitting fees paid) to other directors during the FY 2017- 18:

During FY 2017-18, the Board at its meeting held on December 22, 2018 decided to pay sitting fees to Non-Executive Directors amounting to 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.

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	350,000	500,000	50,000	440,000	**1,340,000**
Commission	0	0	0	0	**0**
Others	0	0	0	0	**0**
Total (1)	**350,000**	**500,000**	**50,000**	**440,000**	**1,340,000**
Shareholder Directors	**Mr. Mrugank M. Paranjape***		**Mr. Chengalath Jayaram**		**Total**
Fees for attending Board/Committee meeting	0		210,000		**210,000**
Commission	0		0		**0**

Others	0	0	**0**
Total(2)	**0**	**210,000**	**210,000**
Total = (1+2)			**1,550,000**
TOTAL MANAGERIAL REMUNERATION (A+B)			**1,550,000**
Overall Ceiling as per the Act	***Rs. 9.97 Lakh^***	***(being 3 % of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)***	
Overall Ceiling as per the Act	***Rs. 36.56 Lakh^***	***(being 11% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)***	

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

^In accordance of Section 197 (2) of Companies Act, 2013, percentage aforesaid shall be exclusive of any fees payable to directors under Section 197(5).

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

Sr. no	Particulars of Remuneration	Satyajeet Bolar # Chief Financial Officer	Riddhi Parekh# Company Secretary	Total
1.	**Gross salary** **(a)** Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,258,218	288,378	**1,546,596**

	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0	0	**0**
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	0	0	**0**
2.	Stock Option		0	**0**
3.	Sweat Equity	0	0	**0**
4.	Commission - as % of profit - others	0	0	**0**
5.	Others:			
	- Company contribution towards Provident Fund	66,780	15,624	**82,404**
	Total (A)	**1,324,998**	**304,002**	**1,629,000**

#Mr. Satyajeet Bolar and Ms. Riddhi Parekh were appointed with effect from January 1, 2018.

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 19, 2018

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	NA
(b)	Nature of contracts/ arrangements/ transactions	NA
(c)	Duration of the contracts/ arrangements/ transactions	NA
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	NA
(e)	Justification for entering into such contracts or arrangements or transactions	NA
(f)	Date(s) of approval by the Board	NA
(g)	Amount paid as advances, if any	NA
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA

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. Multi Commodity Exchange of India Limited (MCX), holding & promoter Company:

   - Participated in the Rights issue by your Company and invested Rs. 100 crore by subscribing to 100,000,000 equity shares of face value of Rs.10/- each. The same was approved by the Board at their meeting held on June 15, 2017. The Equity shares so allotted shall rank *pari-passu* in all respect with the existing Equity shares of the Company.

   - Paid expenses, for administrative convenience, towards Legal expenses, Advertisement expenses, Software license etc. amounting to Rs. 40.15 lakh and statutory payments amounting to Rs. 46.33 lakh on behalf of MCXCCL and accordingly such payments were reimbursed to MCX, which was noted by the Audit Committee and Board at their meeting held on April 27, 2018.

2. Mr. Satyajeet Bolar and Ms. Riddhi Parekh were appointed as Chief Financial Officer and Company Secretary respectively and were identified as Key Managerial Personnel with effect from January 1, 2018, to perform such duties, obligation and responsibilities as per their respective roles, by the Board at its meeting held on December 22, 2017 for remuneration aggregating to Rs. 1,324,998/- and Rs. 304,002/- (including Company's contribution to Provident Fund) for the period ended March 31, 2018. The aforesaid KMP's are in permanent employment of the Company.

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 of Rs. 1,550,000/- paid to such non-executive directors is not being placed before the shareholders for their approval. The said sitting fees 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 19, 2018

ANNEXURE III

PERFORMACE EVALUATION

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

In line with the SEBI Guidance note on Board Evaluation, the forms for performance evaluation of the Board, its Committees, Chairman and individual directors 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 evaluating their performance. Each of the Director assessed their performance and carried out self-evaluation. The Public Interest Directors Committee evaluated the performance of Non-independent Directors and the Board as a whole, Board evaluated the performance of Public Interest Directors and the Nomination and Remuneration Committee (NRC) evaluated the performance of each of the Directors individually excluding the Director being evaluated. The Directors were satisfied that overall every Director has been actively associated in discussions and have been giving their considerate views and extensive discussions are being carried out in all meetings and there is consensus amongst all Directors that overall the Board is functioning well and all decisions are taken after due deliberations and with overall consensus.

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

i. **Individual Director's Performance Evaluation**
   Attendance at meetings, extent of preparedness for meetings, participation and contribution, independence of judgment, knowledge updation, displaying initiative, working relationships and guidance to senior management and board members, expressing views, understanding of the Company, industry, sector, geography etc.

ii. **Evaluation of the Board as a whole**
   Suitable mix of competencies, experience and qualification, adoption of clear and transparent procedure to appoint Directors, conducting meeting(s) on a regular basis, conforming agenda with all relevant information, providing entrepreneurial leadership to the Company, understanding of business, responsibility towards stakeholders, risk management and financial controls, discussions through healthy debate, quality of decision making, monitoring performance of management, analyse and examine governance and compliance related issues, maintaining high standards of integrity and probity etc.

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

iv. **Performance evaluation of Board Committees**
   Sufficiency in the scope for addressing the objectives, effectiveness in performing the key responsibilities, adequacy in composition and frequency of meetings, quality of relationship of the Committee with the Board and the Management, clarity of agenda discussed, discussion on critical issues, clarity of role and responsibilities etc.

However, as the Chairman of Board was appointed in the month of March 2018 and various committees of the Board were constituted only in the month of January 2018 or March 2018, the Board and NRC opined that although it is a statutory requirement to carry out the performance evaluation, but it was too early to evaluate the performance of the Chairman and the Committees.

For and on behalf of the Board of Directors

Ved kumar Jain
Chairman of the Board
Mumbai
July 19, 2018

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, 2018

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

Dear Sirs,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Multi Commodity Exchange 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, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Multi Commodity Exchange Clearing Corporation Limited ("the Company") as given in **Annexure I**, for the Financial Year ended on 31st March, 2018, 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 *(to the extent of provisions related to Corporate Governance)*, which has been made applicable pursuant to the requirement of Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

(iii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

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

   (i) The Securities and Exchange Board of India (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.

3. Provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of External Commercial Borrowings were not applicable to the Company during the financial year under report.

4. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the provisions of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, which is specifically applicable to the Company.

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

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors in compliance with the provisions of the Companies Act, 2013. The changes in the composition of the Board of

Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Except in case of meetings convened on an urgent basis in accordance with requisite consent of Directors, 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. The Board of Directors of the Holding Company i.e. Multi Commodity Exchange of India Limited at their meeting held on 4th May, 2017 appointed the Company for providing Clearing and Settlement services.

2. The Company has received In-principle approval dated 31st July 2017 from the Securities and Exchange Board of India (SEBI) for a period of one year to act as a 'Clearing Corporation' as per Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) Regulations, 2012;

For RATHI & ASSOCIATES
COMPANY SECRETARIES

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

Place: Mumbai
Date: July 19, 2018

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

ANNEXURE - I

List of documents verified:

- Memorandum & Articles of Association of the Company.
- Annual Report for the Financial Year ended 31st March, 2017.
- 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.

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.

- 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.

- 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.

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

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

- 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.

- 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: July 19, 2018

ANNEXURE V

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), Senior Management Personnel 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, 2012 [SECC Regulations 2012], 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 expert managerial persons and create competitive advantage;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration payable to directors, key managerial personnel and senior management involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals and aligns with the 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.

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

'Directors' means Directors of the Company.

'SEBI' means the Securities and Exchange Board of India

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

'Public Interest Director means an Independent Director referred to in Section 149(6) of the Act and rules thereunder, the Listing Regulations, 2015 as well as the SECC Regulations 2012.

'Committee' means the Nomination and Remuneration Committee (also called as Compensation Committee as per SECC Regulations, 2012) 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 SEBI Procedural Norms.

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

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

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

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

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

APPOINTMENT AND REMOVAL/ RETIREMENT OF DIRECTORS, KMPs AND SENIOR MANAGEMENT:

I. <u>APPOINTMENT:</u>

- **<u>Criteria and qualifications:</u>**

  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, KMP or in senior management should possess adequate qualification, expertise and relevant experience for the position he / she is considered.

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

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

- **Manner of appointment and tenure:**

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

  The term/tenure of MD & CEO would be decided by the Committee and/or the Board which shall be approved by SEBI and be further governed by the provisions of the Act, the Listing Regulations, 2015, SEBI Procedural Norms, the SECC Regulations 2012 as well as the Articles of Association of the Company.

  The term/tenure of KMPs (other than MD& CEO) would be generally 3 years or till the attainment of superannuation, whichever is earlier unless the tenure is specifically decided by the Committee and their appointment be governed by the provisions of the Act, the Listing Regulations, 2015, SEBI Procedural Norms, the SECC Regulations 2012 etc. The term of KMP may be extended by the Committee, if required.

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

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 HR Policy of the Company, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director/KMP/Senior Management Personnel, subject to the provisions and compliance of the said Act, rules and regulations.

The whole time directors, KMPs and senior management personnel shall retire/cease to hold office as per the applicable provisions of the Companies Act, 2013 and the policy of the Company or in terms of which such appointment was made. The Board will have the discretion to extend their term, even after their attaining the age of superannuation, for the benefit of the Company.

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

I. Remuneration of Executive Directors including 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 if required, of the Central Government.

Further, at the time of seeking prior approval of SEBI for the appointment of the MD&CEO, the Clearing Corporation shall also seek approval for his compensation from SEBI. Any change in the remuneration or conditions of service 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 total remuneration.
    - 50% of the variable component of the remuneration is paid only after the audited annual accounts for the year are approved by the Board of Directors and also subject to such payment being approved by the Board; and
    - the balance 50% of the variable pay will be paid on a deferred basis after three years.

    The payment of the entire variable component is subject to the provisions of 'malus' and/or 'clawback' provisions, 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 will not form part of the compensation for the key management personnel.

II. <u>Remuneration of Non-Executive Directors</u>:

Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof, as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013, the Listing Regulations, 2015, the SECC Regulations 2012and other regulatory guidelines, as amended from time to time.

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

(a) Contribution expected from Directors considering size and complexity of organization,

(b) Comparison with the peers/ Industry benchmarking,

(c) Regulatory guidelines as applicable, etc.

The Non-Executive Directors are also entitled to reimbursement of expenses in lieu of arrangement made by the Clearing Corporation 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.

In addition to the above provisions for Non – Executive Directors, as per the provisions of the Act and SECC Regulations, Public Interest Directors shall not be entitled to any stock option and may receive remuneration only by way of fee provided under sub-section (5) of section 197, reimbursement of expenses for participation in the Board and other meetings.

III. <u>Remuneration of other KMPs and Senior Management:</u>

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

a) Relevance and importance of the function to the Organisation.
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 and Senior Management does not exceed one third of the total remuneration.
   - 50% of the variable component of the remuneration is paid only after the audited annual accounts for the year are approved by the Board of Directors and also subject to such payment being approved by the Board; and
   - the balance 50% of the variable pay will be paid on a deferred basis after three years.

     The payment of the entire variable component is subject to the provisions of 'malus' and/or 'clawback' provisions, 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 will not form part of the compensation for the key management personnel.

Malus and Clawback Provisions:

As defined in SEBI Procedural Norms,

- 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.

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

REMUNERATION OF OTHER EMPLOYEES OF THE COMPANY:

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

Note: HR is authorized to make internal elaborative remuneration policy in accordance with this policy.

ANNEXURE VI

Disclosure pursuant to Rule 5 of Companies (Appointment and remuneration of managerial Personnel) Rules, 2014

Sr. No	Requirements	Disclosure
I	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2017 -18.*	N.A.
II	The percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year	N.A.
III	The percentage increase in the median remuneration of employees in the financial year	N.A.
IV	The number of permanent employees on the rolls of company	There were 2 employees as on March 31, 2018
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	N.A.
VI	Affirmation that the remuneration is as per the remuneration policy of the company	Yes. It is confirmed.

*No Director was drawing any Remuneration except sitting fees during the FY 17- 18

For and on behalf of the Board of Directors

Ved Kumar Jain
Chairman of the Board

Mumbai
July 19, 2018

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 forming the part of Directors Report for the year ended March 31, 2018

Sr. No.	Name of the Employee	Age	Qualification	Designation	Total remuneration (in Rs.)	Approx. experience (in years)	Joining Date	Last Employment
A. Employed throughout the Financial Year								
Nil								
B. Employed for the part of the Financial Year								
1.	Mr. Satyajeet Bolar	55	Chartered Accountant, Bachelor's degree in Commerce	Chief Financial Officer	Rs. 1,324,998/-	28	1-Jan-2018	MCX - Vice President-Finance & Accounts
2.	Ms. Riddhi Parekh	33	Company Secretary, Bachelor's degree in Law, Bachelor's degree in Commerce	Company Secretary	Rs. 304,002/-	13	1-Jan-2018	MCX - Assistant Manager Secretarial & Compliance

Notes:

1. Total Remuneration includes salary, reimbursement of expenses, Company's contribution to provident fund and taxable value of perquisites etc. excluding gratuity.
2. Employees mentioned above are appointed with effect from January 1, 2018 and are in the permanent employment of the Company governed by employment terms and service rules. The tenure of aforesaid KMPs as decided by the Board is 3 years which may be further extended by the Board or Nomination and Remuneration Committee.
3. None of the above employee is a relative of any Director of the Company within the meaning of relative under Companies Act, 2013.

4. There was no Managing Director & CEO/ Whole Time Director during the FY 2017-18.
5. As of 31st March 2018, none of the above employees individually or along with their 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.
6. As of 31st March, 2018, none of the employees of the Company are posted and working in a country outside India.

For and on behalf of the Board of Directors

Ved Kumar Jain
Chairman of the Board

Mumbai
July 19, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Global Economic Outlook

The global economy displayed a cyclical recovery in 2017, reflecting a rebound in investment, manufacturing activity and trade. According to the International Monetary Fund (IMF), world growth strengthened in 2017 to 3.8 percent, from 3.2 percent in 2016, with a notable rebound in global trade. It was driven by investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe and signs of recovery in several commodity exporting countries.

As per IMF estimates, global growth is expected to tick up to 3.9 percent in 2018 and 2019, supported by strong momentum, favourable market sentiment, and prospects for expanding trade. However, global growth could be affected by the unwinding of excess liquidity and monetary policy tightening in advanced economies. Changing geopolitical and trade dynamics could also impact global economic growth going forward.

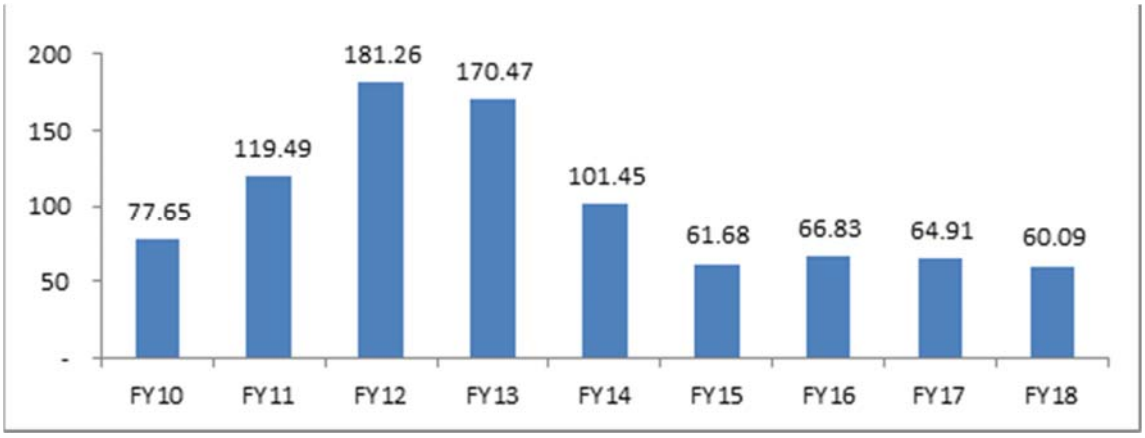
Indian Economic Outlook

During the year 2017-18, Indian economic growth slowed, with the GDP growing by 6.6 percent, (Source: Second advance estimate by the Central Statistics Office), as against 7.1 percent in 2016-17, but the growth was higher than most economies of the world. The IMF in its World Economic Outlook forecast an improvement in growth in 2018 and 2019, lifted by strong private consumption, pick up in investment, as well as fading transitory effects of demonetisation and the beneficial effects of the Goods and Service Tax (GST) regime. The IMF also maintained that continued implementation of structural reforms that raise productivity and incentivize private investment was expected to further improve the growth of the Indian economy.

INDUSTRY STRUCTURE AND DEVELOPMENT

Volume growth in the Indian commodity derivatives market eased by 7% in 2017-18. The total value of commodity futures traded and cleared by all national commodity exchanges was Rs. 60.09 lakh crore in the financial year 2017-18, as against Rs. 64.91 lakh crore in the previous year.

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



Source: Data maintained by Regulator

OPPORTUNITIES AND THREATS

- **Introduction of Options – A new category of derivatives products**
- **New participants - Banks permitted to become Professional Clearing Members**
- **Introduction of GST – PAN India market for Commodities**

Given the growth momentum in the Indian economy, coupled with continued 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.

During the year, Securities and Exchange Board of India (SEBI) allowed options trading in India's commodity derivatives market. This category of derivative products, akin to pure insurance products, meets the risk management requirements of a large class of stakeholders and has been in demand for a considerable length of time. So far, the regulator has allowed Options in five contracts on Multi Commodity Exchange of India Limited (MCX) – those on Gold, Crude oil, Copper, Silver and Zinc futures – and your Company would provide clearing services for these new derivative products going forward.

New categories of financial institutions have been and are being permitted to participate in the Indian commodity derivatives market. Category III Alternative Investment Funds (AIF) were allowed to trade in the market for the first time. Bank subsidiaries were permitted to offer brokerage services in commodity derivative markets and Banks allowed to become Professional Clearing Members. This is a new opportunity for your Company, as financial institutions look for professional clearing, independent of the Exchange. Going ahead, other financial institutions such as Portfolio Management Service providers and Mutual Funds could also be allowed to participate in this market.

The introduction of GST during the year was a significant step in the field of indirect tax reforms in India and could have several positive ramifications for the commodity derivatives market going ahead. GST envisages a "One India – One Tax – One Market" and with removal of differential state-specific taxes, a larger pan-India market for commodities could be created.

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, as has been considered in some countries. This would be in line with the global trends of Financial Market Intermediaries (FMI) moving towards regimes which provide its participants with efficiencies in cost and processes.

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.

MCXCCL'S BUSINESS OVERVIEW IN 2017-18

During the year 2017-18, your Company received its in-principle approval from SEBI, vide letter dated July 31, 2017 to act as a Clearing Corporation on for a period of one year subject to certain conditions prescribed therein. For the financial year ended March 31, 2018, your Company's total income stood at Rs. 566.28 lakh as compared to Rs. 48.48 lakh for financial year ended March 31, 2017. Further, the Profit after Tax (PAT) for the year ended March 31,

2018 stood at Rs. 202.74 lakh as against Rs. 32.44 lakh for financial year ended March 31, 2017. The net worth as at March 31, 2018 stood at Rs. 11,022.31 lakh. For further details, please refer section 'Financial performance with respect to operational performance' in this Report.

Subject to the final approval of SEBI, your Company expects to commence its operations in the FY 2018-19.

INITIATIVES AND OUTLOOK

FY 2017-18 was a landmark year for Indian commodity derivatives markets, as this year saw multiple new 'beginnings'. With the launch of options on gold, India's first commodity Options, on October 17, 2017 by MCX, your Company proposes to clear this new derivative instrument, i.e. commodity options. Indian commodity derivative markets also witnessed various initiatives for bringing forth participation from financial institutions, as discussed in section on Opportunities and Threats. The policy measures enumerated above are expected to contribute to deepening and broadening the commodity derivatives market, thereby 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, as a Technology provider, MCX has agreed to deploy and maintain technology products and services for MCXCCL. MCX proposes to deploy scalable architecture capable of adapting to innovations and new market solutions. A well-designed system along with a structured technology road map is expected to ensure reliability, scalability, security and functionality of the system for your Company.

The robust technology proposed to be deployed for the Clearing Corporation would enable it to adopt market safeguards through real time risk monitoring system and execution of adequate mechanisms that would track members' margin utilisations and mark-to-market (MTM) losses online against their deposits made available to the Company. The system automatically would generate real time alert and take pre-decided actions.

MEMBERSHIP

During the year under review and in view of the transfer of the clearing & settlement functions to your Company, the Board approved induction of existing Clearing Members of MCX as Clearing Members of MCXCCL. For further details on the Membership, please refer the Directors Report.

RISK MANAGEMENT

Pending regulatory approval, your Company did not commence operations in the FY 2017-18. On commencement of operations, your Company will use 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 proposes to deploy 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 proposes to carry out periodic stress tests and create and maintain a Settlement Guarantee Fund. As your Company has entered into an agreement with MCX to clear and settle their trades, to begin with, your Company

will have an SGF which shall not be less than the SGF maintained by MCX at the time of transfer of its operations.

- **Minimum net worth requirements:**

  MCXCCL shall necessitate all its members to have a certain minimum net worth. Members shall be required to confirm their net worth on a half-yearly basis, which would enable the Company to monitor and ensure their financial strength.

- **Margin Requirements:**

  Your Company shall necessitate members to pay a security deposit at the time of registration, which would serve as the initial deposit. Members shall also be required to provide a Minimum Liquid Net worth amount on which no exposure shall be provided. Further, to mitigate risks associated with daily price movements in commodities, your Company shall impose margins. Members shall be required to place collateral deposits to avail margin limits. The initial margin requirement shall be 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.

WAREHOUSING

Warehousing is a key element in effecting physical deliveries happening 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.

Currently, your Company has entered into agreement with three WSPs for facilitating physical deliveries in agricultural commodities viz. Origo Commodities India Private Limited, Yamada Logistics Private Limited and Navjyoti Commodity Management Services Limited which will be effective from the date of operation of MCXCCL. As on date, your Company has accredited 37 warehouses of these three WSPs for MCX, of which 35 warehouses are registered with the Warehousing Development & Regulatory Authority (WDRA) and 2 warehouses for metals do not require WDRA registration.

Further, your Company has entered into agreement with Sequel Logistics Private Limited & Brinks India Private Limited as vault service providers for facilitating physical deliveries in bullion which will be effective from the date of operation of MCXCCL. The vaults of these agencies are located at Ahmedabad, Mumbai and New Delhi.

RISKS AND CONCERNS

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

- **Slow growth of market**
  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 would have a positive impact on your Company's operational results.
- **Pressure from competition**
  SEBI has approved a proposal to permit trading of commodity derivatives and other segments of securities market on a single exchange, by making suitable amendments to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation)

Regulations 2012 (SECC Regulations). Such amendments would be effective from October 1, 2018. Thus, clearing of commodity derivatives and other segments of the securities market may be allowed on a single clearing platform which could be a source of competition and a potential area of risk to your Company.

- **Tax and Regulation**

  Since your Company would be a clearing and settlement entity, once operational, its performance would largely be dependent on the trading activity of the Exchange whose trades it proposes to clear and settle viz. MCX. Any new tax or increase in the existing rates of taxation like CTT or introduction of a new statutory levy or any regulatory requirements may, likewise, dampen the trading volumes which would have a cascading effect on the clearing volumes, thereby impacting your Company's profitability.

- **Technology related**

  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 AND PRODUCT-WISE PERFORMANCE

Your Company proposes to operate only in one Business Segment i.e. facilitating Clearing & Settlement along with all associated and related functions and hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

The products proposed to be cleared and settled, immediately on receiving recognition as a 'Clearing Corporation' from SEBI, would include commodity futures and options contracts traded on MCX's platform in accordance with the clearing and settlement agreement entered into with MCX for providing such clearing and settlement services.

Critical Accounting Policies

Your Company's financial statements are prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The preparation of your Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenditures, and the accompanying disclosures related to disclosure of cash flows and contingent liabilities, among others.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The various internal controls put in place by your Company to ensure that the internal control mechanisms are adequate and effective are continually monitored by the Board of Directors. Although your Company had not commenced its operations in FY 2017-18, its processes are documented, which *inter alia*, include financial controls in the form of maker checker, adherence to the financial delegation set by the Board at various levels, as well as role based access controls.

Going forward, the internal audit observations, suggestions/recommendations and control directives regarding deficiencies, noncompliance of various audit areas and compliances thereof would be reviewed by the Audit Committee so as to mitigate the deficiencies and

make the process(es), procedure, systems, and functions more robust, accountable, reliable and compliant. For more details on internal control systems, please refer the Directors' Report.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Your Company expects to derive its revenue primarily by charging clearing and settlement fees to the Exchanges for whom it clears and settles trades. However, as on March 31, 2018, your Company had not yet commenced its operations. Accordingly, during the year under review, your Company earned income primarily on account of interest income and dividends from and gains on sale of its investments.

Revenue

On account of the capital infusion by way of rights issue during the year, the additional funds were deployed in Fixed Deposits and Debt Schemes of Mutual Funds. Accordingly, the treasury income of your Company increased from Rs. 48.48 lakh as at March 31, 2017 to Rs. 566.28 lakh as at March 31, 2018.

Expenses

As a step towards operationalization, your Company incurred expenses mainly attributable to regulatory compliances and accordingly the expenses relating to Rates and Taxes stood at Rs. 10.03 lakh (Previous Year: NIL), Legal and Professional Fees stood at Rs. 43.93 lakh (Previous Year: Rs. 13.30 lakh), Registrar of Companies (RoC) fees stood at Rs. 133 lakh (Previous Year: NIL). Further, your Company also incurred expenses towards employee costs of Rs. 24.77 lakh (Previous Year: NIL). The total expenses of your Company stood at Rs. 249.39 lakh in FY 2017-18 *vis a vis* the total expenses of the previous year of Rs. 13.89 lakh.

Profits, provision for tax and profit analysis

The Profit before tax for the year stood at Rs. 316.89 lakh (Previous Year: Rs. 34.59 lakh) and after provisions for tax of Rs. 114.15 lakh (Previous Year: Rs. 2.15 lakh), the Profit after Tax stood at Rs. 202.74 lakh (Previous Year: Rs. 32.44 lakh). The net profit margin stood at 36 percent in FY 2017-18 (Previous year: 67 percent).

Shareholders' funds
Share capital

As of March 31, 2018, your Company's Issued, Subscribed and Paid-up Share Capital stood at Rs.10,600 lakh i.e. divided into1,060 lakh shares of Rs.10/-each (Previous year: Rs. 600 lakh). For further details on the share capital, please refer the Directors Report.

Other equity

Your Company's other equity stood at Rs. 422.31 lakh as on March 31, 2018 against Rs. 219.57 lakh as on March 31, 2017. The net worth stood at Rs.11,022.31 lakh as on March 31, 2018 as against Rs. 819.57 lakh as on March 31, 2017.

Secured loans

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

Current Assets

As at March 31, 2018, total current assets stood at Rs. 1,263.24 lakh (Previous year: Rs. 829 lakh) which consisted of Current Investments in Schemes of Mutual Funds at Rs. 1191.57 lakh as against Rs. 825.42 lakh as on March 31, 2017. Further, cash and cash equivalents

stood at Rs. 5.64 lakh (Previous year: Rs. 3.58 lakh) and other assets stood at Rs. 66.04 lakh (Previous year: NIL).

Non-Current Assets

As at March 31, 2018, your Company's Total Non-Current assets stood at Rs. 9,849.31 lakh which consisted of Income tax assets (net) of Rs. 1.31 lakh (Previous year: Rs. 1.74 lakh) and Other Non-Current Assets of Bank deposits with maturity of more than 12 months at Rs. 9,848 lakh (Previous year: NIL).

Current liabilities:

Total Current Liabilities stood at Rs. 72.01 lakh (Previous year: Rs. 2.95 lakh) which consisted of Trade Payables of Rs. 34.63 lakh (Previous year: Rs. 2.95 lakh), Income tax liabilities (net) Rs. 23.60 lakh (Previous Year: Nil), provisions of Rs. 6.63 lakh (Previous Year: NIL) and other current liabilities of Rs. 7.46 lakh (Previous Year: NIL).

Non-Current Liabilities:

Total Non-current liabilities stood at Rs. 18.24 lakh (Previous year: Rs. 8.22 lakh) which consisted of deferred tax liabilities (net) of Rs. 16.20 lakh (Previous year: Rs. 8.22 lakh) and provisions of Rs. 2.04 lakh (Previous year: NIL).

HUMAN RESOURCES, INDUSTRIAL RELATIONS, ETC.

As of March 31, 2018, your Company had a total of 2 (two) employees based at Mumbai.

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.

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.

Pursuant to Regulation 35 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (hereinafter referred to as 'the SECC Regulations, 2012') 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) 2017-18 demonstrating the Company's accountability to its stakeholders is set out hereunder:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

2. BOARD OF DIRECTORS:

(A) Composition of the Board:

As on March 31, 2018, the Company's Board has an optimum combination of 6 (six) Directors, of which 4 (four) are PIDs including 1(one) Women Director, and 2 (two) Shareholder Directors, all being expert professionals having experience in diverse areas such as management, technical, finance and legal.

The Board of Directors through a resolution by circulation passed on March 05, 2018 elected Mr. Ved Jain, Public Interest Director (PID), as the Chairman of the Board, subject to the approval of SEBI, which was received on March 16, 2018.

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

Further, in compliance with the requirement of Regulation 17(1) (b) of the SEBI Listing Regulations, more than one-third of the Board members are Independent Directors.

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

Sr. No	Name and DIN of the Director	Nature of Directorship	Board Meetings		Attendance at the last AGM held on August 25, 2017	Directorship(s) in other companies (*)as on March 31, 2018	Chairmanship(s) and Membership(s) of Board Committees in other Companies (**) as on March 31, 2018	
			Held #	Attended			Chairman	Member
1.	Mr Ved Jain[$] (DIN: 00485623)	Chairman, Non-Executive, PID	4	4	NA	2	1	2
2.	Dr Brinda Jagirdar[$] (DIN: 06979864)	Non- Executive Director - PID	4	4	NA	4	1	2
3.	Mr Chengalath Jayaram[@] (DIN 00012214)	Non-Executive Director (Shareholder Director)	7	6	YES	5	0	2
4.	Mr Mrugank Paranjape[@] (DIN 02162026)	Non-Executive Director(Shareholder Director)	7	7	YES	1	0	0
5.	Mr Nagesh Pinge[$] (DIN: 00062900)	Non-Executive Director - PID	4	4	NA	2	0	1
6.	Mr Rajesh Doshi^ (DIN : 00059903)	Non- Executive Director - PID	1	1	NA	2	0	1
7.	Mr Ramalingam M^^ (DIN: 00040997)	Non-Executive Director	3	3	NA	NA	NA	NA
8.	Mr Raghavendra Prasad ^^ (DIN:03113441)	Non-Executive Director	5	4	NA	NA	NA	NA
9.	Mr. Narendra Kumar Ahlawat ^^ (DIN: 07629724)	Non-Executive Director	5	4	YES	NA	NA	NA
10.	Mr Rajendra Gogate ^^ (DIN:07057135)	Non-Executive Director	7	6	YES	NA	NA	NA

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

#	*No. of meetings held during the tenure of the Director on the Board.*
*	*Excludes directorship(s) in foreign companies and Partnership in LLP.*
**	*Only Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies have been considered*
$	*Member of the Board effective from December 5, 2017*
@	*Member of the Board effective from June 15, 2017.*
^	*Member of the Board effective from February 22, 2018.*
^^	*Mr Ramalingam M, Mr Raghavendra Prasad, Mr. Narendra Kumar Ahlawat, & Mr Rajendra Gogate resigned from the Directorship and they ceased to be Directors of the Company w.e.f close of business hours on June 30, 2017, August 21, 2017, August 21, 2017 and December 23, 2017 respectively.*

Note: *1. There are no inter-se relationships between the Board Member.*

2. Non-Executive Director does not hold any equity share/s) of the Company.

(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 directors consented to attend the meeting at a shorter notice and adequate number of Independent Directors attended the meeting, the Company was in compliance with the provisions of the Companies Act, 2013. During the Financial Year 2017-18, 10 (Ten) meetings of the Board of Directors were held and the gap between any two meetings did not exceed one hundred and twenty days. The said Board meetings were held on May 4, 2017, May 25, 2017, June 15, 2017, July 12, 2017, August 21, 2017, October 13, 2017, December 22, 2017, January 15, 2018, January 30, 2018, March 29, 2018. In certain cases, the Board's approval was taken by passing resolutions through circulation, as permitted by law, which were confirmed in the subsequent meeting of the Board of Directors.

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

(C) Independent Directors:

The Company appoints Independent Directors on the Board in accordance with the provisions of the SECC Regulations, 2012 and the Procedural Norms prescribed by SEBI in this regard. The Independent Directors have varied experience and expertise in their respective field / profession which they bring to all the deliberations. Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations. The Independent Directors are complying with the provisions relating to limit of directorships as required under Regulation 25(1) of the SEBI Listing Regulations. The Company issues a formal letter

of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed on the website of the Company. The Independent Directors met once during the financial year *i.e.* on January 30, 2018 and, *inter-alia,* exchanged views on critical issues and assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

(D) Familiarisation Programme for Directors:

The Board Members are provided with the documents sought by them that enable them to have a good understanding of the Company, its operations, procedures and practices. The appointment letter issued to the Independent Directors, *inter-alia*, sets out the expectation of the Board from the Directors so appointed, their fiduciary duties and the accompanying liabilities. The Independent Directors are also apprised about their role under various statutes. Further, all Directors at the time of their appointment as well as annually affirm adherence to the Code of Conduct of the Company and Code of Ethics which, *inter-alia,* sets out their role, responsibilities, etc. The Company has conducted familiarisation programmes for the Independent Directors in 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 letters received from SEBI are regularly circulated to the Directors at the Board Meetings.

The details of familiarisation programme for Directors have been posted on the website of the Company at

https://www.mcxccl.com/docs/default-source/about-us/legal-framework/mcx-ccl/familiarization-programme-policy.pdf?sfvrsn=d5b9f890_2

(E) Compliance reports of applicable laws:

The Board proposes to periodically review 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/default-source/about-us/legal-framework/mcx-ccl/mcx-ccl-code-of-conduct.pdf?sfvrsn=ccb9f890_2

The Board Members and the Senior Management Personnel affirm compliance with the Code of Conduct at the time of their appointment and thereafter on an annual basis. The necessary declaration by the MD & CEO as required under Regulation 34(3) read with Schedule V(D) of the SEBI Listing Regulations, regarding adherence to the Code of Conduct has been obtained for the Financial Year 2017-18 and forms part of this Annual Report. Further, all Directors and Key Management Personnel have affirmed compliance with the Code of Ethics as prescribed by SEBI. All employees of the Company also, at the time of joining, affirm compliance with the Code of Ethics of the Company.

(G) Directors' Remuneration and Shareholding:

i. Remuneration of the Executive Directors and their Shareholding

The Board of Directors of the Company constituted a Selection Committee in accordance with the SEBI Procedural Norms to select a candidate for the position of Managing Director and Chief Executive Officer. In accordance with the recommendation of the Selection Committee and Nomination and Remuneration Committee, the Board appointed Mr. Narendra Kumar Ahlawat as MD & CEO, subject to prior approval of SEBI and the shareholders. SEBI approved the appointment vide letter dated March 15, 2018 and the said appointment was effective from April 01, 2018.

After the appointment of the MD & CEO, the Selection Committee was disbanded.

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

Name of the Director	**Gross Sitting Fees (Amount in INR)**		**Outstanding Stock options** (in Nos.)**	**Shareholding in the Company as at March 31, 2018 (In Nos.)**
	Board Meetings	**Committee Meetings**		
Mr. Ved Jain	2,00,0000	1,50,000	N.A.	Nil
Dr. Brinda Jagirdar	2,00,000	2,40,000	N.A.	Nil
Mr. Chengalath Jayaram	1,50,000	60,000	N.A.	Nil
Mr. Mrugank Paranjape*	-	-	N.A.	Nil
Mr. Nagesh Pinge	2,00,000	3,00,000	N.A.	Nil
Mr. Rajesh Doshi	50,000	0	N.A.	Nil
Mr. Ramalingam M.	N.A.	N.A.	N.A.	Nil
Mr. Raghavendra Prasad	N.A.	N.A.	N.A.	Nil

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

Mr. Rajendra Gogate	N.A.	N.A.	N.A.	Nil
Mr. Narendra Ahlawat	N.A.	N.A.	N.A.	Nil

** *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 2017-18, except for sitting fees paid to the Non-Executive Directors.

During FY 2017-18, the Board at its meeting held on December 22, 2018 decided to pay sitting fees to Non-Executive Directors amounting to 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 2017-18, few Board Committees have co-opted independent outside experts as mandatorily prescribed by the Regulator and/or to the extent it was considered appropriate to assist functions. The outside experts were entitled to sitting fees of INR 30,000/- per meeting for attending the Committee Meetings.

The criteria of making payments to Non-Executive Directors is available on the website of the Company at

https://www.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 SEBI Listing Regulations and the SEBI Procedural Norms read with the SECC Regulations, 2012, 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 Chairman of the Board/Chairman of the respective Committees, in consultation with the Company Secretary, determine the schedule for the Committee Meetings. The minutes of all the Committee Meetings are placed at the respective subsequent Meetings and also before the Board for its noting. The recommendations of Committees are submitted to the Board for approval, wherever required.

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

I. Audit Committee:

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

(A) TERMS OF REFERENCE:

1. recommendation for appointment, remuneration and terms of appointment of auditors of the company;
2. review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. examination of the financial statement and the auditors' report thereon;
4. approval or any subsequent modification of transactions of the company with related parties;
5. scrutiny of inter-corporate loans and investments;
6. valuation of undertakings or assets of the company, wherever it is necessary;
7. evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters.

(B) ROLE OF THE COMMITTEE

The role of the audit committee shall include the following:

1. oversight of the listed entity's 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 of the listed entity with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the listed entity, 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.

(C) 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).

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

During the Financial Year 2017-18, Audit Committee was formed & 1st Meeting was held on March 29, 2018. 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	1	1
Mr. Ved Jain	Non-Executive Director/PID	1	1
Dr. Brinda Jagirdar	Non-Executive Director/PID	1	1

Invitees to the Audit Committee include the CFO, Partners/ Representatives of the Statutory Auditors. The Company Secretary is the Secretary of the Committee.

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

II. Nomination and Remuneration Committee:

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

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as **Annexure 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. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration/compensation of the directors, key managerial personnel (in terms of the compensation norms prescribed by SEBI) and other employees which shall be disclosed in the Board's report;

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

   a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

   b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
2. Formulation of criteria for evaluation of Independent Directors and the Board and carry out evaluation of every director's performance;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

5. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
6. Determining the tenure of the key management personnel to be posted to a regulatory department.

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

The Board at its meeting held on January 15, 2018 constituted the Nomination and Remuneration Committee (NRC). The NRC met on January 30, 2018. 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	1	1
Mr. Nagesh Pinge	Non-Executive Director, PID	1	1
Mr. C. Jayaram	Non-Executive, Shareholder Director	1	1

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 2017-18, no complaints were received from shareholders. 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 as at March 31, 2018 of other Board Committees are as under:

I. Investment Committee

A. **Constitution**

Name of Member	Meeting Held	Meeting attended
Mr. Chengalath Jayaram (Chairman)	**1**	**1**
Mr. Mrugank Paranjape	**1**	**1**
Mr. Satyajeet Bolar	**1**	**1**

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.

II. Public Interest Director's (PID) Committee**:

Although the PID Committee was formerly constituted by the Board at its meeting held on March 29, 2018, the Public Interest Directors, during the year under review, met on January 30, 2018.

A. Constitution

Name of Member	Meeting Held	Meeting attended
Mr. Ved Jain	**1**	**1**
Dr. Brinda Jagirdar	**1**	**1**
Mr. Nagesh Pinge	**1**	**1**
Mr. Rajesh Doshi	**0**	**0**

B. Terms of Reference

1. Status of compliance with SEBI letters/ circulars.
2. Review the functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions.
3. The independent directors shall prepare a report on the working of the other committees where they are also the members. The report shall be circulated to the other Independent directors.
4. A consolidated report shall then be submitted to the Board of Directors of the Exchange.
5. 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.
6. Review the performance of non-independent directors and the Board as a whole;
7. Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
8. 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.

III. Risk Management Committee

A. Constitution

Name of Member	Meeting Held	Meeting attended
Mr. Ved Jain	**2**	**2**
Mr. Nagesh Pinge	**2**	**2**
Mr. Udayan A Maroo*	**2**	**2**

B. **Terms of Reference**

1. Formulate a detailed risk management policy which shall be approved by the governing board.
2. The head of the risk management department shall be responsible for implementation of the risk management policy and he shall report to the risk management committee and to the managing director of the recognized clearing corporation.
3. Monitor implementation of the risk management policy and keep the Board and the governing board informed about its implementation and deviation, if any.

IV. Standing Committee on Technology

A. Constitution

Name of Member	Meeting Held	Meeting attended
Mr. Ved Jain (Chairman)	**1**	**1**
Mr. Rajesh Doshi	**0**	**0**
Mr. Kavi Arya*	**1**	**1**
Mr. Anil Vaidya*	**1**	**1**

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.

V. Defaulters/ SGF Utilisation Committee

A. Constitution

Name of Member	Meeting Held	Meeting attended
Dr. Brinda Jagirdar	**0**	**0**
Mr. Ved Jain	**0**	**0**
Mr. Rajesh Doshi	**0**	**0**
MD & CEO	**0**	**0**
Mr. R.S. Loona*	**0**	**0**

B. Terms of Reference

1. To realize all the assets / deposits of the defaulter/ expelled member and appropriate the same amongst various dues and claims against the defaulter/ expelled member in accordance with the Rules, Byelaws and Regulations of the Clearing corporation.
2. Admission or rejection of claims of clients/trading members/clearing members over the assets of the defaulter/expelled member.
3. Recommendation in respect of the claims to the Trustees of the IPF on whether the claim is to be paid out of IPF or otherwise.
4. The defaulter's committee or any other committee set up by the Governing Board of the clearing corporation with similar composition shall manage the settlement
5. Guarantee fund/ trade guarantee fund of the clearing corporation.

VI. Ethics Committee**:

A. **Constitution**

Name of Member	Meeting Held	Meeting attended
Mr. Ved Jain (Chairman)	**0**	**0**
Mr. Mrugank Paranjape	**0**	**0**
MD & CEO	**0**	**0**
Compliance Officer	**0**	**0**

B. Terms of Reference

1. To oversee the implementation of the code of ethics for directors and key managerial personnel of the Exchange.
2. To lay down procedures for the implementation of the code and prescribe reporting formats for the disclosures required under the code.
3. To consider the disclosures, if any, received from directors relating to the trading conducted by firms/corporate entities in which they hold twenty per cent. or more beneficial interest or hold a controlling interest.

VII. Membership Selection Committee**:

A. Constitution

Name of Member	Meeting Held	Meeting attended
Dr. Brinda Jagirdar	**0**	**0**
Mr. Nagesh Pinge	**0**	**0**
Mr. Rajesh Doshi	**0**	**0**
MD & CEO	**0**	**0**
Mr. P.V. Ananthakrishnan*	**0**	**0**

B. Terms of Reference

Selection /admission of members to the various segments of the Clearing Corporation.

VIII. Disciplinary Action Committee**:

A. Constitution

Name of Member	Meeting Held	Meeting attended
Mr. Ved Jain	**0**	**0**
Mr. Nagesh Pinge	**0**	**0**
MD & CEO	**0**	**0**

B. Terms of Reference

1. The Committee shall formulate the policy for regulatory actions including warning, monetary fine, suspension, deactivation of terminal, expulsion, to be taken for various violations by the members of the clearing corporation.
2. 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.
3. While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice'.

IX. Grievance Redressal Committee**:

A. Constitution

Name of Member	Meeting Held	Meeting attended
Mr. Udayan Maroo*	**0**	**0**
Mr. P.V. Ananthakrishnan*	**0**	**0**
Mr. R.S. Loona*	**0**	**0**

B. Terms of Reference

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

X. Sub- Committee for Monitoring Compliance of suggestions given in SEBI inspection report**:

A. Constitution

Name of Member	Meeting Held	Meeting attended
Mr. Rajesh Doshi	**0**	**0**
Mr. Nagesh Pinge	**0**	**0**
Dr. Brinda Jagirdar	**0**	**0**
Mr. Mrugank Paranjape	**0**	**0**
MD & CEO	**0**	**0**

B. Terms of Reference

1. To review the actions taken to implement the suggestions of SEBI's Inspection Reports.
2. To place the same before the Governing Board of the clearing corporation.
3. To follow up and ensure compliance/implementation of the inspection observations.

XI. Investor Services Committee**:

A. Constitution

Name of Member	Meeting Held	Meeting attended
Mr. Rajesh Doshi	**0**	**0**
Mr. Nagesh Pinge	**0**	**0**
Mr. Ashok Dhere*	**0**	**0**

B. Terms of Reference

1. Review of complaint resolution process
2. Review of complaints remaining unresolved over long period of time,
3. Estimate the adequacy of resources dedicated to investor services, etc.

XII. Independent Oversight Committee of the governing board for Member Regulation**:

A. Constitution

Name of Member	Meeting Held	Meeting attended
Dr. Brinda Jagirdar	**0**	**0**
Mr. Rajesh Doshi	**0**	**0**
Mr. R.S. Loona*	**0**	**0**

B. Terms of Reference

1. The committee shall oversee matters related to member regulation such as admission of members, inspection, disciplinary action, etc.
2. The committee shall oversee SEBI inspection observations on membership related issues.
3. To estimate the adequacy of resources dedicated to member regulation.
4. Monitor the disclosures made by the clearing corporation in accordance with regulation 35 of SECC Regulations.

The head(s) of department(s) handling the above matters shall report directly to the committee and also to the managing director and any action of a recognised 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.

outside Expert

***** The Committees were constituted in the Board Meeting held on March 29, 2018 and no meetings of the Committees were held during financial year 2017-18.***

4. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Venue of the meeting
2016-2017	August 25, 2017	11.00 am	Exchange Square, CTS No. 255, Suren Road, Andheri (East), Mumbai 400093.
2015-2016	September 29, 2016	11.00 am	
2014-2015	September 28, 2015	11.00 am	

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

Date	Particulars
August 25, 2017	No Special resolutions were passed.
September 29, 2016	Changes in the Article of Association of the Company
September 28, 2015	No Special resolutions were passed.

(C) Postal Ballot: During the Financial Year 2017-18, 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 2(two) Extra Ordinary General Meeting held during Financial Year 2017-2018 on May 29, 2017 and July 25,2017.

5. DISCLOSURES:

(A) Disclosures on materially significant related party transactions

The disclosure on materially significant related party transactions is covered in the Directors report.

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

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

(C) Whistle Blower Policy

The Board at its meeting held on March 29, 2018 approved the Whistle Blower policy to enable Directors, Stakeholders, including individual employees and their representative bodies to report, in good faith, illegal or unethical practices/ behaviour, actual or suspected , fraud or violation of the Company's Code of Conduct. The said mechanism ensures that the whistle blowers are protected against victimization/ any adverse action and/ or discrimination as a result of such a reporting. Your Company hereby affirms that no personnel of the Company

have been denied access to the chairperson of the Audit Committee and that no complaints were received.

(D) Management's Discussions and Analysis

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

(E) CEO/CFO Certification

The certificate signed by the CEO and CFO in terms of Regulation 17(8) of the SEBI Listing Regulations was placed before the Board of Directors at its meeting held on April 27, 2018. This certificate is covered elsewhere in this Annual Report.

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

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

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

Mandatory Requirements

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

Non-Mandatory Requirements

Shareholder Rights - The Annual Audited financial 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.

6. MEANS OF COMMUNICATION:

The annual financial results, shareholding pattern and quarterly compliance report on Corporate Governance as on March 31, 2018, etc. are uploaded on the website of the Company https://www.mcxccl.com

The Company's website gives information on clearing & settlement, Risk management, Warehousing, Clearing member, Disclosures, Bye-Laws, etc.

7. GENERAL SHAREHOLDER INFORMATION:

1. Day, Date, Time and Venue of Annual General Meeting (F.Y. 2017-18)	Thursday, August 16, 2018 at 3.00 pm at Exchange Square, Suren Road, Chakala, Andheri East, Mumbai 400093.
2. Financial year	April 01, 2017 to March 31, 2018
3. Book Closure date	Not Applicable
4. Dividend payment date	Not Applicable
5. Mode of payment of dividend	Not Applicable
6. Listing on Stock Exchanges	The Company is not listed on any Stock Exchange.

7. Stock Market Code	Not Applicable
8. Registrar and Share Transfer Agent	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana – 500 032. Ph: 040-67162222, Fax: 040-23001153 Toll Free no.: 1800-345-4001 Email: einward.ris@karvy.com
9. Share Transfer System and ISIN	Pursuant to regulation 46 of SECC Regulations, the Board approved admitting of the securities of the Company in the Depository system of Central Depository Services (India) Limited on March 29, 2018. The Company's shares were admitted in the said system 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.
10. Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	As at March 31, 2018, the Company did not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments.
11. Commodity price risk or foreign exchange risk and hedging activities	Not applicable
12. Company operations are located at	Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai - 400 093, India.
13. Address for Correspondence	Registered Office: Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai - 400 093, India. Tel: +91-22-6731 8888 Fax: +91-22-6649 4151
14. Depository for Equity Shares	Central Depository Services (India) Limited (CDSL)
15. Corporate Identification Number (CIN) of the Company	U74999MH2008PLC185349

Unclaimed Dividend

The Company has not paid any dividend in its lifetime.

Dematerialisation of Shares

As on March 31, 2018, the Company is in the process of dematerialising its Shares. The bifurcation of the category of shares in physical and electronic mode as on March 31, 2018 is given below:

Category	No. of Shareholders	% of Shareholders	Total Shares	% of Equity
Physical	1	100	106,000,000*	100
Demat	-	-	-	-
Total	**1**	**100**	**106,000,000***	**100**

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

Distribution of Shareholding

Your Company is a wholly owned subsidiary of Multi Commodity Exchange of India Limited (MCX). Accordingly, MCX along with six (6) nominees holds 100% of the paid up equity share capital of your Company.

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

CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by **Multi Commodity Exchange Clearing Corporation Limited** ('the Company') for the year ended March 31, 2018 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been made applicable pursuant to the requirement of Regulation 35 of the Securities Contracts Regulation (Stock Exchanges and Clearing Corporations) Regulations, 2012.

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

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

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

For RATHI & ASSOCIATES,
COMPANY SECRETARIES

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

Place: Mumbai
Date: July 19, 2018

CEO/CFO CERTIFICATION FOR FY 2017-18

The Board of Directors
Multi Commodity Exchange Clearing Corporation Limited
Exchange Square,
Suren Road, Andheri- East,
Mumbai -400 093.

We, Narendra Ahlawat, MD & Chief Executive Officer and Satyajeet Bolar, Chief Financial Officer of Multi Commodity Exchange Clearing Corporation Limited, certify that:

(a) We have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2018 and to the best of our knowledge and belief:

i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept the responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of internal control systems of the Company pertaining to the financial reporting and have disclosed to the Statutory Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls.

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

i. significant changes in internal control over financial reporting during the year;
ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Multi Commodity Exchange Clearing Corporation Limited

Mumbai	Narendra Ahlawat	Satyajeet Bolar
April 27, 2018	**MD & CEO**	**Chief Financial Officer**

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 Senior 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, 2018.

Mumbai	Narendra Kumar Ahlawat
July 19, 2018	**MD & CEO**

INDEPENDENT AUDITORS' REPORT

To the Members of MULTI COMMODITY EXCHANGE CLEARING CORPORATION LIMITED

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of **MULTI COMMODITY EXCHANGE CLEARING CORPORATION LIMITED**(hereinafter referred to as "the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (hereinafter referred to as "the Act") with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive Income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under Section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view

in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018 and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **'Annexure A'** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

   (c) The Balance Sheet, Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;

   (f) With respect to the adequacy of the Internal financial controls over financial reporting of the Company and operative effectiveness of such controls, refer to our separate report in "**Annexure B"**; Our report expresses an unmodified opinion on adequacy and operative effectiveness of the Company's internal financial controls over financial reporting.

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

      i. The Company 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 as at 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;

For **SHAH GUPTA & CO.**
Chartered Accountants
Firm Registration No.: 109574W

Vipul K. Choksi
Partner
M.No. 37606
Place : Mumbai
Date : April 27, 2018

ANNEXURE A TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Ind AS financial statements of the Company for the year ended 31st March 2018,

i. The Company does not have any fixed assets during the year. Accordingly Paragraph 3(i) (a) (b) and (c) of the order are not applicable to the Company.

ii. Since the Company does not have inventory, the Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

iii. According to the information and explanations provided by the management, the Company has not granted any loans, secured or unsecured to companies, firms other parties covered in the register maintained under Section 189 of the Act. Accordingly, sub clause (a), (b) & (c) are not applicable to the Company

iv. In our opinion and according to information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investment and providing guarantees and securities, as applicable.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public .Accordingly, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

vi. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues including provident fund, Income-Tax, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise, Service tax, Cess, Goods and Service Tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amount payable in respect of provident fund, Income-Tax, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise, Service tax, Cess, Goods and Service Tax and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(c) According to the records of the Company, there are no dues of provident fund, Income-Tax, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise, Service tax, Cess, Goods and Service Tax and other material statutory dues which have not been deposited on account of any disputes.

viii. According to the information and explanations give to us, the company does not have any loans or borrowings from any financial institution, banks and government or debenture holders during the year. Accordingly paragraph 3(vii) of the order is not applicable.

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

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employee has been noticed or reported during the year.

xi. The company has not paid any managerial remuneration .Accordingly, clause 3(xi) of the order is not applicable to the Company.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, clause 3 (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of

the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934

For **SHAH GUPTA & CO.**
Chartered Accountants
Firm Registration No.: 109574W

Vipul K. Choksi
Partner
M.No. 37606
Place : Mumbai
Date : April 27, 2018

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls over Financial Reporting under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MULTI COMMODITY EXCHANGE CLEARING CORPORATION LIMITED**("the Company") as of 31st March, 2018 in conjunction with our audit of theInd AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SHAH GUPTA & CO.**
Chartered Accountants
Firm Registration No.: 109574W

Vipul K. Choksi
Partner
M.No. 37606

Place : Mumbai
Date : April 27, 2018

Multi Commodity Exchange Clearing Corporation Limited
Balance Sheet as at March 31, 2018
CIN : U74999MH2008PLC185349

(Rs. In Lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
Assets			
(1) Non-current assets			
(a) Income tax assets (net)	2	1.31	1.74
(b) Other non current assets	3	9,848.00	-
Total non-current assets		**9,849.31**	**1.74**
(2) Current assets			
(a) Financial assets			
(i) Current investments	4	1,191.57	825.42
(ii) Cash and cash equivalents	5	5.64	3.58
(b) Other current assets	6	66.04	-
Total current assets		**1,263.25**	**829.00**
Total Assets		**11,112.56**	**830.74**
Equity and Liabilities			
(1) Equity			
(a) Equity share capital	7	10,600.00	600.00
(b) Other equity	8	422.31	219.57
Total equity		**11,022.31**	**819.57**
(2) Non-current liabilities			
(a) Deferred tax liabilities (net)	16	16.20	8.22
(b) Provisions	9	2.04	-
Total non-current liabilities		**18.24**	**8.22**
(3) Current liabilities			
(a) Financial liabilities			
(i) Trade payables		34.63	2.95
(b) Income tax liabilities (net)	10	23.60	-
(c) Provisions	11	6.33	-
(d) Other current liabilities	12	7.45	-
Total current liabilities		**72.01**	**2.95**
Total liabilities		**90.25**	**11.17**
Total Equity and Liabilities		**11,112.56**	**830.74**
Significant accounting policies, key accounting estimates and judgements	1		

The accompanying notes are an integral part of these Standalone Financial Statements.

As per our report of even date attached. **For and on behalf of the Board of Directors**

For Shah Gupta & Co.	**Narendra Ahlawat**	**Ved Jain**	**Nagesh Pinge**
Chartered Accountants	Managing Director & CEO	Chairman	Director
Firm Registration Number : 109574W	DIN : 07629724	DIN : 00485623	DIN : 00062900

Vipul K.Choksi	**Riddhi Parekh**	**Satyajeet Bolar**
Partner	Company Secretary	Chief Financial Officer
Membership No. 37606		

Place : Mumbai
Date : April 27,2018

Multi Commodity Exchange Clearing Corporation Limited
Statement of Profit and Loss for the year ended March 31, 2018

(Rs. In Lakhs,except EPS)

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
I)Income			
Other Income	13	566.28	48.48
Total Income		**566.28**	**48.48**
II)Expenses			
Employee benefits expense	14	24.77	-
Administration and other expenses	15	220.15	13.89
Finance costs (others)		4.47	-
Total Expenses		**249.39**	**13.89**
III)Profit before tax		**316.89**	**34.59**
IV)Tax expenses			
(1) Current tax	16	106.17	0.03
(2) Deferred tax	16	7.98	2.12
V)Profit for the year		**202.74**	**32.44**
VI)Other Comprehensive Income		-	-
VII)Total comprehensive income for the year		**202.74**	**32.44**
VIII)Earnings per equity share (of Rs.10/- each)			
Basic and diluted	17	0.25	0.54

Significant accounting policies, key accounting estimates and judgements 1

The accompanying notes are an integral part of these Standalone Financial Statements.

As per our report of even date attached. **For and on behalf of the Board of Directors**

For Shah Gupta & Co.	**Narendra Ahlawat**	**Ved Jain**	**Nagesh Pinge**
Chartered Accountants	Managing Director & CEO	Chairman	Director
Firm Registration Number : 109574W	DIN : 07629724	DIN : 00485623	DIN : 00062900

Vipul K.Choksi	**Riddhi Parekh**	**Satyajeet Bolar**
Partner	Company Secretary	Chief Financial Officer
Membership No. 37606		

Place : Mumbai
Date : April 27,2018

Multi Commodity Exchange Clearing Corporation Limited

Statement of Changes in Equity for the year ended March 31,2018

(Rs. In lakhs)

Particulars	Equity Share Capital (A)	Other Equity (B) Reserves and Surplus Retained Earnings
As at April 01, 2016	**600.00**	**187.13**
Profit for the year	**-**	32.44
As at March 31, 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**

As per our report of even date attached.

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
Firm Registration Number : 109574W

Narendra Ahlawat
Managing Director & CEO
DIN : 07629724

Ved Jain
Chairman
DIN : 00485623

Nagesh Pinge
Director
DIN : 00062900

Vipul K.Choksi
Partner
Membership No. 37606

Riddhi Parekh
Company Secretary

Satyajeet Bolar
Chief Financial Officer

Place : Mumbai
Date : April 27,2018

Multi Commodity Exchange Clearing Corporation Limited
Cash Flow Statement for the year ended March 31,2018

(Rs. In lakhs)

	Particulars	For the year ended			
		March 31,2018		March 31,2017	
A	**Cash flows from operating activities**				
	Profit before exceptional items and tax		**316.89**		**34.59**
	Adjustments for:				
	Dividend income	(31.69)		(41.15)	
	Interest income	(56.72)		-	
	Net gain on sale of investments	(427.27)		-	
	Net gain on fair value of investments	(50.42)		(7.33)	
	Miscellaneous income	(0.17)		-	
			(566.27)		**(48.48)**
	Operating profit before working capital changes		**(249.38)**		**(13.89)**
	Adjustments for (increase) /decrease in operating assets				
	Other current assets	(14.99)		-	
	Adjustments for increase / (decrease) in operating liabilities				
	Non-Current liabilities				
	Provisions	2.04		-	
	Current liabilities				
	Trade payables	31.83		-	
	Other current liabilities	7.45		2.52	
	Provisions	6.33		-	
			32.66		**2.52**
	Cash used in operating activities		**(216.72)**		**(11.36)**
	Net income tax paid (net of refunds)		(76.46)		(1.69)
	Net cash used in operating activities		**(293.18)**		**(13.05)**
B	**Cash flow from investing activities**				
	Proceeds from sale of long term investments		11,668.24		12.50
	Purchase of long-term investments-others		(11,556.69)		(41.15)
	Investment in other Bank balances		(9,848.00)		-
	Dividend received		31.69		41.15
	Net cash flow (used)/from investing activities		**(9,704.76)**		**12.50**
C	**Cash flow from financing activities**				
	Proceeds from issue of Equity shares		10,000.00		-
	Net cash flow from financing activities		**10,000.00**		**-**
	Net increase/(decrease) in cash and cash equivalents		2.06		(0.55)
	Cash and cash equivalents at the beginning of the year		3.58		4.13
	Cash and cash equivalents at the end of the year (Refer Note 5)		**5.64**		**3.58**

Notes 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 and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
Firm Registration Number : 109574W

Narendra Ahlawat
Managing Director & CEO
DIN : 07629724

Ved Jain
Chairman
DIN : 00485623

Nagesh Pinge
Director
DIN : 00062900

Vipul K.Choksi
Partner
Membership No. 37606

Riddhi Parekh
Company Secretary

Satyajeet Bolar
Chief Financial Officer

Place : Mumbai
Date : April 27,2018

Company Overview

Multi Commodity Exchange Clearing Corporation Limited (MCX CCL) is a fully owned subsidiary of Multi Commodity Exchange of India Limited (MCX).
The Company has its registered office at 'Exchange Square', Suren Road, Chakala, Andheri (East), Mumbai 400093, India.

1. Significant Accounting Policies, Key accounting estimates and Judgements

1.1 Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules,2015 and relevant amendment rules issued thereafter.
Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

1.2 Significant Accounting Policies

A. Cash and cash equivalents

Cash and short-term deposits 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.

B. 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.

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 by the company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

D. 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).

<u>iii. Financial assets measured at FVTPL:</u>

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.

E. Revenue Recognition

Revenue is recognised on accrual basis and when no significant uncertainty as to measurement and realisation exists.

a) Dividend income is recognized when the Company's right to receive dividend is established.
b) Warehouse income is recognised on accrual basis.
c) Interest income accrued on time proportion basis. The amounts disclosed as revenue are net of taxes and amounts collected on behalf of third parties.

F. Functional currency

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

G. Current and Non-Current Classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

H. 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.

I. Taxes on Income (Current and Deferred)

Income tax expense comprises current and deferred income tax. Current income tax for taxable profit before tax as reported in the Statement of Profit and Loss for the periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.
Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized in other comprehensive income.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.
Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.
A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred tax relating to items recognized outside the statement of profit and loss are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum Alternate Tax (MAT)

In accordance with the guidance note issued by the Institute of Chartered Accountants of India ('ICAI') on accounting for credit available in respect of MAT under the Income-tax Act, 1961, the Company recognizes MAT credit as an asset only when and to the extent there is convincing evidence that the Company will be liable to pay normal income tax during the specified period.

J. Provisions, Contingent liabilities, Contingent assets and Commitments

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

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

K. 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.

L. 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.

M. Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

1.4 Key accounting estimates and Judgments

The preparation of the 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.

Fair value measurement of financial instruments
When the fair values of financials assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions.

Impairment of financial assets
The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

1.5 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

The standard permits two possible methods of transition:
• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the standalone financial statements

2. Income tax assets (net) **(Rs. In Lakhs)**

Particulars	As at	
	March 31,2018	March 31,2017
Advance Income tax (net of provision)	1.31	1.31
Minimum Alterante Tax (MAT) credit entitlement	-	0.43
Total	**1.31**	**1.74**

3. Other non current Asset **(Rs. In Lakhs)**

Particulars	As at	
	March 31,2018	March 31,2017
Bank deposits with original maturity of more than twelve months	9,848.00	-
Total	**9,848.00**	**-**

4. Current investments **(Rs. In Lakhs)**

Particulars	As at	
	March 31,2018	March 31,2017
A. Investment in mutual funds - FVTPL		
Nil (as at 31 March 2017: 281824.67) units of 10/- each in Birla Sunlife Short Term Fund Monthly Dividend Reinvestment	-	33.26
Nil (as at 31 March 2017: 333381.04) Units of Rs.100/- each in Birla Sunlife Cash Plus - Daily Dividend - Direct Plan	-	334.03
Nil (as at 31 March 2017: 33749.27) units of 100/- each in Birla Sunlife Cash Plus Weekly Dividend Direct Plan Reinvestment	-	33.83
Nil (as at 31 March 2017: 3521136.91) units of 10/- each in UTI Short Term Income Fund Direct Monthly Dividend	-	383.14
Nil (as at 31 March 2017: 3988.72) units of 1000/- each in UTI Treasury Advantage Fund Monthly Dividend Reinvestment	-	41.16
745405.78 (as at 31 March 2017: Nil) units of 10/- each in ICICI Prudential Money Market Fund Direct Plan Growth	1,191.57	-
Total	**1,191.57**	**825.42**
Aggregate amount of listed but not quoted investments at fair value	1,191.57	825.42
Aggregate amount of listed but not quoted investments at cost	1,130.13	814.40

5. Cash and cash equivalents **(Rs. In Lakhs)**

Particulars	As at	
	March 31,2018	March 31,2017
Balances with banks		
- in current accounts	5.64	3.58
Total	**5.64**	**3.58**

6. Other Current Assets **(Rs. In Lakhs)**

Particulars	As at	
	March 31,2018	March 31,2017
Interest accrued but not due on fixed deposits	51.05	-
Prepaid expenses	0.08	-
Goods and services tax credit	14.88	-
Advances	0.03	-
Total	**66.04**	**-**

7. Equity Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Rs. in Lakhs	Number of Shares	Rs. in Lakhs
Authorized Equity shares of Rs. 10/- each	150,000,000	15,000.00	10,000,000	1,000.00
Issued,Subscribed and Paid-Up Equity shares of Rs. 10/- each	106,000,000	10,600.00	6,000,000	600.00
	106,000,000	10,600.00	6,000,000	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, 2018		As at March 31, 2017	
	Number of shares held	Rs. in Lakhs	Number of shares held	Rs. in Lakhs
Opening balance at the beginning of the reporting year	6,000,000	600.00	6,000,000	600.00
Add: Issued during the reporting year	100,000,000	10,000.00	-	-
Closing balance at the end of the reporting year	106,000,000	10,600.00	6,000,000	600.00

b. Details of shares held by each shareholder holding more than 5% Shares:

Name of Shareholders	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	% of holding	Number of Shares	% of holding
Multi Commodity Exchange of India Limited (The Shares include 6 Shares held by nominees of Multi Commodity Exchange of India Limited)	106,000,000	100%	6,000,000	100%

c. Shares held by Holding Company:

Name of Shareholders	As at March 31, 2018		As at March 31, 2017	
	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)	106,000,000	10,600.00	6,000,000	600.00

d. The Company has only one class of equity shares having par value of Rs 10/- each. 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.

8. Other equity **(Rs. In Lakhs)**

Particulars	Reserves and Surplus Retained Earnings As at	
	March 31,2018	March 31,2017
Opening balance at the beginning of the reporting year	219.57	187.13
Add : Profit for the year	202.74	32.44
Closing balance at the end of the reporting year	**422.31**	**219.57**

9. Non-current Provisions **(Rs. In Lakhs)**

Particulars	As at	
	March 31,2018	March 31,2017
Provision for Leave encashment	2.04	-
Total	**2.04**	**-**

10. Income tax Liabilities **(Rs. In Lakhs)**

Particulars	As at	
	March 31,2018	March 31,2017
Provision for tax (net of advance tax)	23.60	-
Total	**23.60**	**-**

11. Current Provisions **(Rs. In Lakhs)**

Particulars	As at	
	March 31,2018	March 31,2017
Provision for Leave encashment	0.62	-
Provision for Gratuity	5.71	-
Total	**6.33**	**-**

12. Other current Liabilities **(Rs. In Lakhs)**

Particulars	As at	
	March 31,2018	March 31,2017
Statutory remittances	7.45	-
Total	**7.45**	**-**

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the standalone financial statements

13. Other Income **(Rs. In Lakhs)**

Particulars	For the year ended	
	March 31,2018	March 31,2017
Dividend Income	31.69	41.15
Interest Income on bank Deposits	56.72	-
Gain on Fair Value of Mutual Funds	50.42	7.33
Gain on sale of investments (Net)	427.27	-
Miscellaneous income	0.17	-
Total	**566.28**	**48.48**

14. Employee Benefits Expense **(Rs. In Lakhs)**

Particulars	For the year ended	
	March 31,2018	March 31,2017
Salaries and wages	18.19	-
Contribution to provident and other funds	6.58	-
Total	**24.77**	**-**

15. Administration and other expenses **(Rs. In Lakhs)**

Particulars	For the year ended	
	March 31,2018	March 31,2017
Advertisement	6.63	-
Rates and taxes	10.03	-
Travelling and conveyance	1.42	-
Printing and stationery	0.27	-
Legal & Professional charges	43.93	13.30
Payment to the auditors		
-for audit	0.75	0.50
-Reimbursement of out of Pocket expenses	0.04	-
-Certification fees	0.26	-
Directors Sitting Fees	15.50	-
ROC fees	133.00	0.02
Miscellaneous expenses	8.32	0.06
Total	**220.15**	**13.89**

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

(Rs. In Lakhs)

Statement of profit or loss	For the year ended	
	March 31, 2018	March 31, 2017
Current income tax	106.17	0.03
Deferred Tax	7.98	2.12
Total Income Tax Expense	114.15	2.15

(Rs. In Lakhs (as otherwise stated))

Statement of profit or loss	For the year ended	
	March 31, 2018	March 31, 2017
Reconciliation:		
Profit / (loss) before tax	316.89	34.59
Applicable tax rate	27.553%	30.90%
Computed expected tax expense	87.31	10.69
Add:		
Expenses disallowed	43.07	2.49
Short Term Capital Gain	0.10	-
Less:		
Impact of fair Valuation of Mutual Funds	(13.89)	(2.27)
Exempt income on account of dividend	(8.73)	(12.72)
Set off of Business loss	(1.73)	0.00
	106.13	(1.81)
Provision for tax relating to prior year	0.04	0.03
Book profit as per MAT	0.00	2.21
Tax payable under section 115JB @ 18.5%+3% cess	0.00	0.43
Less: MAT credit entitlement	0.00	(0.43)
Income tax expense per Profit & Loss Account	**106.17**	**0.03**

Deferred tax relates to the following:

(Rs. In Lakhs)

Particulars	Balance Sheet	
	As at March 31, 2018	As at March 31, 2017
Expenses allowable on payment basis	0.73	0.00
Other items giving rise to temporary differences (including impact on fair value of investments)	(16.93)	(8.22)
Deferred tax asset / (liability)	(16.20)	(8.22)

Reconciliation of deferred tax assets / (liabilities) net:

(Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance as on 1st April	(8.22)	(6.10)
Tax income / (expense) during the year recognized in profit & loss account	(7.98)	(2.12)
Closing Balance	(16.20)	(8.22)

17. 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, 2018	**March 31, 2017**
Weighted Average Shares Outstanding - Basic/Diluted	80,427,397	6,000,000
Net profit available to equity shareholders for computing Basic/Diluted earnings per share	202.74	32.44
Basic and Diluted Earnings per Share	0.25	0.54

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the standalone financial statements

18.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. Mrugank Paranjape (w.e.f.15-06-2017)
	Mr. Chengalath Jayaram (w.e.f.15-06-2017)
	Mr. Ved Kumar Jain (w.e.f. 05-12-2017)
	Mr. Nagesh Pinge (w.e.f. 05-12-2017)
	Ms. Brinda Jagirdar (w.e.f. 05-12-2017)
	Mr. Rajesh Doshi (w.e.f. 22-02-2018)
	Mr. Raghavendra Prasad (upto 21.08.2017)
	Mr. Ramalingam M. (upto 30.06.2017)
	Mr. Rajendra Gogate (upto 23.12.2017)
	Mr. Narendra Ahlawat (upto 21.08.2017)
Key Managerial Personnels (KMPs)	Mr. Satyajeet Bolar (Chief Financial Officer w.e.f. 01-01-2018)
	Ms. Riddhi Parekh (Company Secretary w.e.f. 01-01-2018)

Transactions with related parties:
The details of amounts due to or due from related parties as at March 31, 2018 are as follows:

(Rs. In Lakhs)

Nature of Transactions	*MCX*	*Shareholder's Directors*	*Independent Directors*	*Relatives of KMPs or company in which KMP is interested*	*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

The details of amounts due to or due from related parties as at March 31, 2017 are as follows:

(Rs. In Lakhs)

Nature of Transactions	MCX	Shareholder's Directors	Independent Directors	Relatives of KMPs or company in which KMP is interested	Total
Re-imbursements charged to the company	1.69	-	-	-	1.69
Loan & advances/Deposits given:	-	-	-	-	-
Given during the year	1.00	-	-	-	1.00
Repaid/adjustments during the year	1.00	-	-	-	1.00

Transactions with Key Managerial Personnel :

Nature of Transactions	For the year ended March 31, 2018	For the year ended March 31, 2017
1. Salary and Allowances Paid/payable to KMPs :-		
(i) Mr. Satyajeet Bolar	1,258,218.00	-
(ii) Ms. Riddhi Parekh	288,378.00	-

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.

19. There are no amounts due to the suppliers covered under the Micro, Small and Medium Enterprises Development Act 2006, this information takes into account only those suppliers who have responded to the enquiries made by the company for this purpose.

20. Employee Benefit Plans:

a. Post employment defined benefit plans :

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

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at March 31, 2018 and March 31, 2017.

Rs. In Lakhs

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Change in benefit obligations		
Present Value of Benefit obligation at the beginning of the period	-	-
Current Service Cost	5.71	-
Interest Cost	-	-
Gains/Losses on Curtailment	-	-
Transfer of obligation	-	-
Remeasurements - Actuarial (gains)/ losses	-	-
Benefits paid from the Fund	-	-
Present Value of Benefit obligations at the end of the period	**5.71**	**-**
Change in plan assets		
Fair value of plan assets at the beginning of the period	-	-
Interest Income	-	-
Transfer of assets	-	-
Remeasurements - Return on plan assets excluding amounts included in interest income	-	-
Contributions by the employer	-	-
Benefits paid from the fund	-	-
Fair value of plan assets at the end	**-**	
Funded Status - Excess of obligation over plan assets	**5.71**	**-**

Amount for the year ended March 31, 2018 and March 31, 2017 recognized in the Statement of Profit and Loss under employee benefits expenses.

Rs. In Lakhs

Recognized in Profit and Loss	For the year ended	
	March 31, 2018	March 31, 2017
Current Service Cost	5.71	-
Net Interest Cost	-	-
Gains/Losses on Curtailment	-	-
Expenses Recognized	5.71	-

Amount for the year ended March 31, 2018 and March 31, 2017 recognized in statement of other comprehensive income:

Rs. In Lakhs

Recognized in Other Comprehensive Income	For the year ended	
	March 31, 2018	March 31, 2017
Actuarial (gains) / losses on obligation for the period	-	-
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	-	-
Change in Asset Ceiling	-	-
Net (Income)/Expense for the period recognized in OCI	-	-

The weighted-average assumptions used to determine benefit obligations as at March 31, 2018 and March 31, 2017 are set out below:

Weighted Average Actuarial Assumptions	As at	
	March 31, 2018	March 31, 2017
Discount rate	7.78%	-
Weighted average rate of increase in compensation levels	7.50%	-
Weighted average duration of defined projected benefit obligation	13	-

Rs. In Lakhs

Sensitivity Analysis	As at	
	March 31, 2018	March 31, 2017
Projected Benefit Obligation on Current Assumptions	5.71	-
Delta Effect of +1% change in rate of Discounting	(0.47)	-
Delta Effect of -1% change in rate of Discounting	0.56	-
Delta Effect of +1% change in rate of Salary Increase	0.56	-
Delta Effect of -1% change in rate of Salary Increase	(0.48)	-
Delta Effect of +1% change in rate of Employee Turnover	(0.03)	-
Delta Effect of -1% change in rate of Employee Turnover	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.5.71 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 Lakhs

Projected Benefits Payable in Future Years from the Date of Reporting	March 31, 2018	March 31, 2017
Within 1 year	0.08	-
1-2 year	0.16	-
2-3 year	0.17	-
3-4 year	0.18	-
4-5 year	0.20	-
5-10 years	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.0.87 Lakhs (Previous Year Rs. Nil) Refer Note No. 14

Rs. In Lakhs

Particulars	As at	
	March 31, 2018	March 31, 2017
Contribution to Provident and Family Pension Fund	0.87	-
Contribution to Employees State Insurance Scheme (ESIC)	-	-
Contribution to Labour Welfare Fund	-	-
Contribution to Employees Deposit Linked Insurance (EDLI)	0.00	-

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the standalone financial statements

21. Financial Instruments

Financial instruments by category

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

Rs. In Lakhs

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory		
Assets:					
Cash and cash equivalents (Refer Note No. 5)	5.64	-	-	5.64	5.64
Fixed Deposits (Refer Note No. 3)	9,848.00	-	-	9,848.00	9,848.00
Investments in Mutual Funds (Refer Note No. 4)	-	-	1,191.57	1,191.57	1,191.57
Total	**9,853.64**	**-**	**1,191.57**	**11,045.21**	**11,045.21**
Liabilities:					
Trade payables	34.63			34.63	34.63
Total	**34.63**	**-**	**-**	**34.63**	**34.63**

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

Rs. In Lakhs

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory		
Assets:					
Cash and cash equivalents (Refer Note No. 5)	3.58	-	-	3.58	3.58
Investments in Mutual Funds (Refer Note No. 4)	-	-	825.42	825.42	825.42
Total	**3.58**	**-**	**825.42**	**829.00**	**829.00**
Liabilities:					
Trade payables	2.95			2.95	2.95
Total	**2.95**	**-**	**-**	**2.95**	**2.95**

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, 2018:

Rs. In Lakhs

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017:

Rs. In Lakhs

Particulars	As of March 31, 2017	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in Mutual Funds	825.42	825.42	-	-

The fair value of mutual funds is based on quoted price.

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.

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss.

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.

22. Segment Reporting

The Company is awaiting regulatory approval for commencement of it's operations.Pending approval,based on the the internal financial reporting system as defined in IND AS 108, there are no operational activities other than investment and statutory activities and thus it is the primary segment for the Company and accordingly it is considered as the only Primary Reportable business segment. Further, the Company has no geographical segment.

23. SEBI had directed all Commodity Exchanges in November 2015, to transfer the functions of clearing and settlement of trade to separate Clearing Corporation within three years. The Company has applied to the SEBI for necessary regulatory approvals, to commence Clearing and Settlement Operations. On receipt of Regulatory approvals Multi Commodity Exchange of India Ltd, (MCX) ,the Parent Company , would transfer its clearing and settlements functions to the Company, through a Business Transfer Agreement. Further the Company is in readiness to commence operations on receipt of the Regulatory approvals.

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

25. The financial statements were approved by the Board of Directors on April 27, 2018.

As per our report of even date attached.

For and on behalf of the Board of Directors

For Shah Gupta & Co.	**Narendra Ahlawat**	**Ved Jain**	**Nagesh Pinge**
Chartered Accountants	Managing Director & CEO	Chairman	Director
Firm Registration Number : 109574W	DIN : 07629724	DIN : 00485623	DIN : 00062900

Vipul K.Choksi	**Riddhi Parekh**	**Satyajeet Bolar**
Partner	Company Secretary	Chief Financial Officer
Membership No. 37606		

Place : Mumbai
Date : April 27,2018