

MULTI COMMODITY EXCHANGE CLEARING CORPORATION LIMITED

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

Twelfth Annual Report
Financial Year Ended March 31, 2020
F.Y. 2019-20

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Corporate Information

Board of Directors:
(As on July 25, 2020)

Mr. Ved Kumar Jain	Chairperson, Public Interest Director
Dr. Brinda Jagirdar	Public Interest Director
Mr. Nagesh Dinkar Pinge	Public Interest Director
Mr. Rajesh Rasiklal Doshi	Public Interest Director
Mr. Chengalath Jayaram	Shareholder Director
Mr. Subbi Reddy Venkatrama Padala	Shareholder Director
Mr. Narendra Kumar Ahlawat	Managing Director and Chief Executive Officer

Key Managerial Personnel:
(As on July 25, 2020)

Mr. Soundararajan Venkatadas	Head-Operations
Mr. Kamal Priyadarshi	Head - Warehousing Operations, Delivery & Spot
Mr. Mandar Kulkarni	Company Secretary, Head – Legal, HR & Administration
Mr. Pankaj Goel	Compliance & Risk Officer, Head – Inspection and Investor Grievance
Mr. Praveen Kotian	Head-Membership & Default
Mr. Ulhas Ranade	AVP - Warehousing Inspection
Mr. Gitesh Shah	Head - Clearing & Settlement and Collateral
Mr. Madhur Joshi	Chief Information Security Officer
Mr. Rajesh Kumar Agrawal	Chief Financial Officer and Head - Procurement

Statutory Auditors:

MSKA & Associates, Chartered Accountants
Floor 3, Enterprise Centre, Nehru Road, Near Domestic Airport, Vile Parle (E), Mumbai - 400099

Registered Office:

Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai- 400 093.
Tel: +91-22-67318888, Fax: +91-22-66494151

Website: https://www.mcxccl.com/

Registrar & Transfer Agent:

KFin Technologies Private Limited
(Formerly known as Karvy Fintech Private Limited)
Selenium Building, Tower - B, Plot No. 31 & 32, Financial District, Nanakramguda Serilingampally, Hyderabad, Rangareddi, Telangana- 500032
Tel: +91-040-6716 2222/7961 1000
Email: einward.ris@kfintech.com
Website: https://www.kfintech.com/

Directors' Report

Dear Shareholders,

The Board of Directors are pleased to present the **Twelfth Annual Report** on the business and operations of **Multi Commodity Exchange Clearing Corporation Limited** (**hereinafter referred to as 'the Company/MCXCCL/Clearing Corporation**') along with the Audited Financial Statements and Auditors' reports thereon for the financial year (**hereinafter referred to as 'FY'**) ended March 31, 2020 (**hereinafter referred to as 'year under review'**).

1. **Financial Results:**

(₹ in lakh except earnings per share)

Particulars	**For the financial year ended March 31, 2020**	**For the financial year ended March 31, 2019**
Total Income	7,156.89	3,875.20
Total Expenses	4,485.34	2,534.53
Profit before Tax	**2,671.55**	**1,340.67**
Tax expenses	(120.60)	397.23
Profit after tax	**2,792.15**	**943.44**
Other comprehensive income	(11.75)	16.22
Total comprehensive income	**2,780.40**	**959.66**
Number of Shares	2,399.85	2,399.85
Earnings Per Share		
Basic .	**1.16**	**0.58**
Diluted	**1.16**	**0.58**

2. **Review of Operations and state of affairs of the Company**:

MCXCCL commenced its operations from September 03, 2018 to provide, inter alia, clearing and settlement services along with all associated and related functions, including collateral management and risk management functions for all trades in securities executed on Multi Commodity Exchange of India Limited (**hereinafter referred to as 'MCX'**) platform. It is conducting clearing and

settlement of commodity futures and options contracts and guarantees financial settlement of all the transactions, duly executed on the trading platform of MCX to its Clearing Members. Since the commencement of its operations, MCXCCL has successfully completed settlement of all the trades submitted for clearing without any event of member default.

During FY 2019-20, MCXCCL cleared and settled future trades of ₹ 83,97,77,418 lakh and option trades (notional value of strike + premium) of ₹ 2,91,74,151 lakh. These trades resulted into the Mark to Market (**hereinafter referred to as 'MTM'**) & premium settlement of ₹ 16,18,158.40 lakh. The highest monthly MTM & premium settlement was ₹ 3,25,387 lakh recorded in the month of March 2020. A total of 30,996 option contracts devolved into underlying futures contracts of the respective commodities futures contracts wherein Crude Oil options registered maximum devolvement at 22,730 contracts.

During FY 2019-20, the total value of commodities settled through delivery was ₹ 6,64,053.11 lakh and the highest monthly delivery settlement was ₹ 2,04,497.51 lakh recorded in the month of August 2019. All the metal contracts were converted into deliverable contracts. Deliveries were witnessed in Alumini, Aluminium, Cardamom, Copper, Cotton, Gold, Gold Guinea, Gold Mini, Gold Petal, Lead, Leadmini, Mentha Oil, Nickel, Silver, SilverMicro, Zinc & Zincmini Contracts. Minimum staggered delivery period of five working days was introduced in all compulsory delivery contracts with effect from October 25, 2019.

3. **Impact of COVID - 19 on the operations of the Company**:

On account of COVID - 19, the Government of India had declared a nation-wide lockdown from March 25, 2020 onwards. During the nation-wide lockdown, some essential services including commodity markets were allowed to operate and were exempted from the lockdown. However, for the period from March 30, 2020 to April 22, 2020, the commodity market hours were restricted between 9 a.m. to 5 p.m. Thereafter from April 23, 2020, the normal market hours i.e. 9 a.m. to 11.30 p.m. have been restored. The management has assessed the potential impact of the COVID - 19 on the Company's operations, financial performance and financial position as on March 31, 2020. Based on the assessment, the management is of the view that impact of the COVID - 19 on the operations of the Company and the carrying value of its assets and liabilities is not material.

4. **Financial Highlights**

MCXCCL's total income during the year under review stood at ₹ 7,156.89 lakh as compared to ₹ 3,875.20 lakh for financial year ended March 31, 2019. The total expenses including administration and other expenses stood at ₹ 4,485.34 lakh compared to ₹ 2,534.53 lakh for the financial year ended 2019. The Profit before tax stood at ₹ 2,671.55 lakh as compared to ₹ 1,340.67 lakh for the financial year ended March 31, 2019. Further, profit after tax was ₹ 2,792.15 lakh for the year under review as compared to ₹ 943.44 lakh for the financial year ended March 31, 2019.

The net worth of the Company as at March 31, 2020 was ₹ 30,155.53 lakh, computed as per the provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018. For further details, please refer 'Management Discussion and Analysis' Report forming part of this Annual Report.

5. **Regulatory Developments**:

Securities and Exchange Board of India **(hereinafter referred to as 'SEBI')** had issued various circulars/notifications during the year under review to regulate the commodity derivatives market. Some of the important regulatory developments, *inter alia*, include the following:

i. SEBI, vide notification dated May 9, 2018 has made amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**hereinafter referred to as 'Listing Regulations, 2015'**) based upon the recommendations of Committee on Corporate Governance under the Chairpersonship of Shri Uday Kotak. Consequently, SEBI vide circular dated July 16, 2019, has revised the quarterly reporting formats and formats for issue of audit report by statutory auditors.

ii. SEBI, vide circular dated July 26, 2019, has standardized the staggered delivery period in all compulsory delivery contracts with a minimum duration of at least five working days.

iii. SEBI, vide circular dated August 01, 2019, had advised to devise a standard framework on imposition of fines for false/incorrect reporting of margins or non-reporting of margins by Trading Member (**hereinafter referred to as 'TM**')/Clearing Member (**hereinafter referred to as 'CM'**), considering the principle of 'proportionality' so that the fine shall be charged to the Member based on the materiality of non-compliance done by the member.

iv. SEBI, vide circular dated November 28, 2019, has allowed Clearing Corporations to make investments in Overnight Funds which shall be considered as 'Liquid Assets', for the purpose of calculation of Net worth of a Clearing Corporation.

v. SEBI, vide circular dated January 07, 2020, has issued revised Annual System Audit framework with granular details and timelines for each activity including completion of audit and submission of report.

vi. SEBI, vide circular dated January 27, 2020, has revised the Risk Management Framework wherein the commodities are categorized into three slabs based upon their realized volatility and floor values of initial margin and Margin Period of Risk depending upon the category. The categorization is subject to half yearly review.

vii. SEBI, vide circular dated February 25, 2020, has prescribed framework for mitigating the risk of misappropriation or misuse of client's securities available with the TM /CM. Therein, SEBI has provided the operational mechanism for margin pledge and provided the framework for utilization of client's pledged securities for exposure and margin.

viii. SEBI, vide circular dated March 03, 2020, has reviewed the Default Waterfall mechanism and revised Alternatives 3 and 4 tools in terms of compensation and penalty applicable on tear-up of positions for regaining matched book.

ix. Due to COVID-19 pandemic and consequent lockdown in the country, SEBI, through various circulars, has relaxed various timelines for compliance with regulatory requirements.

6. Membership/Clearing Members

The Clearing Corporation had 207 Members including 6 Professional Clearing Members as on March 31, 2020.

7. Risk Management and Risk Management Policy

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

8. Core Settlement Guarantee Fund (hereinafter referred to as 'Core SGF'):

SEBI vide circular bearing no. SEBI/HO/CDMRD/DRMP/CIR/2018/111 dated July 11, 2018, issued norms related to computation of Core SGF requirement and standardized stress testing for credit risk in commodity derivatives. Accordingly, the Core SGF as on March 31, 2020 was ₹ 40,977 lakh of which ₹ 9,262 lakh was contribution by MCX, ₹ 25,361 lakh was contribution by MCXCCL (including contribution on behalf of the members) and ₹ 6,354 lakh was penalties, interests and other accruals to Core SGF.

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

9. **Warehousing**

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

10. **Opportunities**

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

11. **Management Discussion and Analysis Report**

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

12. **Alteration to Memorandum of Association (MOA) and Articles Of Association (AOA) of the Company**

Your Company had made the following alterations in the MOA and AOA during the year under review:

(a) The capital clause of the MOA was altered vide the shareholders' approval at the Extra-ordinary General Meeting (**hereinafter referred to as 'EGM'**) held on June 13, 2019 to increase the Authorised Share Capital of the Company from ₹ 25,000 lakh to ₹ 30,000 lakh comprising of 30,00,00,000 equity shares of ₹ 10/- each.

(b) The shareholders at the EGM held on December 24, 2019, approved adoption of new set of AOA of the Company in line with the provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (**hereinafter referred to as 'SECC Regulations, 2018'**) and Companies Act, 2013.

13. **Transfer to reserves, if any:**

An amount of ₹ -18,750.85 lakh is proposed to be retained in the statement of Profit and Loss account under the heading 'Reserves and Surplus' under other equity. Your Directors do not propose to transfer any amount to the General Reserve for the year under review.

14. **Dividend**:

In order to conserve its resources, the Board is not recommending any dividend for the year under review.

15. **Change in the nature of business**:

There has been no change in the nature of business during the year under review.

16. **Share Capital:**

The Company during the year under review had increased its Authorised Share Capital from ₹ 25,000 lakh to ₹ 30,000 lakh vide shareholders' approval at the EGM of the Company held on June 13, 2019.

As on March 31, 2020, the issued, subscribed and paid-up Share capital of your Company stood at ₹ 23,998.50 lakh divided into 239,985,000 equity shares of ₹ 10/- each.

For further details on the Share Capital, kindly refer to Note 13 of notes to Accounts of the financial statements.

17. **Events having major bearing on the Company's affairs after the end of the financial year:**

The Crude Oil futures contracts expired on April 20, 2020 was settled based on NYMEX WTI crude oil front month contract's settlement price at (–) ₹ 2884 (i.e. -$37.63 converted into Indian Rupees at RBI USDINR reference rate of ₹ 76.6335) and rounded off to the nearest tick, as specified in the contract specification. The settlement of the contract was completed on April 22, 2020 with no member defaults.

SEBI vide circular bearing no. SEBI/HO/CDMRD/DRMP/CIR/P/2018/111 dated July 11, 2018 has stipulated norms for standardized stress testing for credit risk for commodity derivatives for Core SGF Computation. The norms issued by SEBI provide different scenarios for which stress testing is to be performed on a daily basis. The average of the daily loss for preceding month forms the basis of arriving at Minimum Required Corpus (MRC) for subsequent month. As the stress test computation from April 20, 2020 using the prescribed methodology by SEBI could not be done because lognormal returns cannot be calculated for negative prices, the methodology was partially modified and has been informed to SEBI vide email dated May 05, 2020. SEBI has reverted vide email dated May 23, 2020 making suggestions for alternative pricing model. Based on the SEBI suggestion also, the MRC continues to be ₹ 366 crores and the SGF corpus at the close of April 2020 stands at ₹ 414.78 crores. Hence the event subsequent to financial year end has no impact on the additional contribution requirements for SGF.

18. **Material changes and commitments, if any, affecting the financial position of the Company:**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate to and the date of the report.

19. **Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future:**

There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

20. **Details of Subsidiaries, Joint Ventures or Associate Companies:**

As on March 31, 2020, MCXCCL does not have any Subsidiaries, Joint Ventures or Associate Companies.

Further during the year under review, no Company has become or has ceased to be a Subsidiary, Joint Venture or Associate Company of MCXCCL.

21. **Extract of Annual Return:**

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

22. **Contracts or arrangements with related parties:**

Your Company has formulated the policy on materiality of related party transactions and dealing with related party transactions. The same is uploaded on website and may be accessed at the following web link:

https://www.mcxccl.com/disclosures/other-disclosures

All related party transactions under Section 188 of the Companies Act, 2013 entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

Also, omnibus approval is obtained for the related party transactions which were of repetitive nature and entered in the ordinary course of business and are at arm's length. Further, all the related party transactions entered into by your Company in FY 2019-20, were reviewed on a quarterly basis by the Audit Committee and the Board in accordance with the Companies Act, 2013 & Listing Regulations, 2015.

Pursuant to Section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of material contracts or arrangements with related parties to be reported under Section 188(1) of the Companies Act, 2013 are appended in Form AOC–2 as **Annexure II** to this Report. All Related Party Transactions as required under Ind AS 24 – Related Party Disclosures are reported in Note 33 of Notes to Accounts of the Financial Statements.

23. Environmental Responsibility

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

24. Corporate Social Responsibility (hereinafter referred to as 'CSR')

MCXCCL is focused on creating a positive social and environmental impact by leveraging its resources and expertise.

During the year under review, the Company has spent ₹ 11 lakh on CSR Activities.

A brief outline of the CSR policy of the Company as approved by the Board at its meeting held on June 03, 2019 and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure III** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR policy of the Company can be accessed at the website of the Company at https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/csr-policy.pdf?sfvrsn=bb23a690_2

25. Ethics and Governance Policies

Your Company adheres to the highest ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Accordingly, it has adopted various codes and policies to carry out its obligations ethically. Some of these codes/policies framed and implemented are Code of Conduct for Directors and Senior Management of the Company, Code of Ethics for Directors and Key Management Personnel as prescribed under SECC Regulations, 2018, Whistle Blower Policy/Vigil Mechanism, Policy on Related Party Transaction, Risk Management Policy, Nomination & Remuneration Policy, Policy for appointment of Independent external persons /outside experts on

Committees of the Board, Board diversity policy etc. Some of these policies can be accessed at https://www.mcxccl.com/disclosures/other-disclosures.

26. Whistle Blower Policy/Vigil Mechanism

MCXCCL believes in conducting the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. Pursuant to Section 177(9) of the Companies Act, 2013, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and Regulation 22 of the Listing Regulations, 2015, the Board of Directors implemented a vigil mechanism through the adoption of Whistle Blower Policy and the said policy was revised in terms of the provisions of Companies Act, 2013 and Listing Regulations, 2015. For further details, please refer to the report on Corporate Governance which forms part of this Annual Report. The Whistle Blower policy can be accessed at https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/06-whistle-blower-policy---ac.pdf?sfvrsn=631cd990_2

27. Corporate Governance

MCXCCL is committed to good corporate governance aligned with the best corporate practices. Pursuant to Regulation 33 of SECC Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies *mutatis mutandis* apply to a recognised Clearing Corporation.

Accordingly, a detailed report on Corporate Governance for the year under review demonstrating MCXCCL's accountability to its stakeholders and the certificate from a Practicing Company Secretary regarding compliance with Corporate Governance norms forms a part of this Annual Report. The report on Corporate Governance also contains the disclosures required under the Companies Act, 2013.

28. Board of Directors

Being a recognized Clearing Corporation under the Securities Contract (Regulation) Act, 1956 (SCRA), MCXCCL is, *inter alia,* regulated by SEBI. In accordance with SECC Regulations, 2018, "Public Interest Director" (**hereinafter referred to as 'PID'**) means an Independent Director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of SEBI, is in conflict with his role. Accordingly, PIDs are considered as Independent Directors for adhering to compliance with the provisions under the Listing Regulations, 2015 and Companies Act, 2013.

As on March 31, 2020, the Board comprised of 7 (seven) Directors of which 4 (four) were PIDs including 1 (One) woman Independent Director, 2 (two) were Shareholder Directors, and 1 (one) Managing Director & Chief Executive Officer.

All the Directors as on March 31, 2020 have confirmed that they are 'Fit and Proper' in terms of the SECC Regulations, 2018. Your Company has also obtained affirmation of adherence to Schedule IV of the Companies Act, 2013 and the Code of Conduct under Part A, Schedule II of SECC Regulations, 2018 from the respective Directors as on March 31, 2020, as applicable.

(a) Changes in the composition of the Board during the year under review:

The following changes took place in the composition of the Board of Directors of the Company:

(i) Mr. Mrugank Paranjape (DIN: 02162026), Shareholder Director of the Company nominated by MCX on the Board of your Company, resigned from the Board of MCXCCL effective May 8, 2019.

(ii) Mr. Subbi Reddy Venkatrama Padala (DIN: 01064530), Managing Director and Chief Executive Officer of MCX was nominated by MCX vide its letter MCX/SEC/1683 dated May 29, 2019. The resolution for his appointment was passed by the shareholders in the EGM held on June 13, 2019, effective from the date of SEBI approval. SEBI accorded its approval vide letter bearing no. SEBI/HO/CDMRD/DRMP/OW/2019/19494/1 dated July 31, 2019.

(b) Director liable to retire by rotation:

Mr. Chengalath Jayaram (DIN: 00012214), Shareholder Director of the Company nominated by MCX on the Board of your Company, retired by rotation and being eligible offered himself for re-appointment at the Eleventh AGM of the Company. The resolution for his re-appointment was passed by the shareholders, subject to approval of SEBI. SEBI accorded its approval vide letter SEBI/HO/CDMRD/DEA/OW/P/2019/25638/1 dated September 27, 2019 effective September 06, 2019.

In accordance with the provision of Companies Act, 2013, Mr. Subbi Reddy Venkatrama Padala (DIN: 01064530), Shareholder Director, who has been longest in the office since his appointment, is liable to retire by rotation at the ensuing AGM and being eligible, is seeking re-appointment. The Board recommends his re-appointment.

(c) Declaration by the PIDs:

Your Company has received the necessary declarations from each of the PIDs that they meet the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 & Regulation 16 (1) (b) of the Listing Regulations, 2015.

(d) Number of Meetings of the Board:

The Board of Directors duly met 10 (Ten) times during the year under review. For further details, please refer to the report on Corporate Governance forming part of this Annual Report.

(e) Performance Evaluation of the Board and the evaluation criteria:

Considering introduction of SECC Regulations, 2018 read with SEBI circular dated February 05, 2019 on performance review of PIDs and amendment in the Companies Act, 2013, Listing Regulations, 2015, MCXCCL revised its policy for performance evaluation/review of Directors. In terms of the revised policy, the performance evaluation of all the Directors, Board as a whole, its Committees, was conducted based on the criteria and the framework prescribed therein. In addition to aforesaid, your Company also conducted performance evaluation of Chairperson of the Board and Independent External Persons. The performance evaluation process and criteria for the same are set out in **Annexure IV** to this Report. The policy for performance evaluation review can be accessed at https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/performance-evaluation-policy-last-amended-on-march-28-2020.pdf?sfvrsn=74bb8a90_2

(f) Committees of the Board:

The Company has the following Committees pursuant to the provisions of the Companies Act, 2013 read with relevant rules framed therein:

(i) Audit Committee:

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

(ii) Nomination and Remuneration Committee:

The composition of the Nomination and Remuneration Committee is covered under the Corporate Governance Report.

(iii) Risk Management Committee:

The composition of the Risk Management Committee is covered under the Corporate Governance Report.

(iv) Corporate Social Responsibility ('CSR') Committee:

The composition of the CSR Committee is covered under the Corporate Governance Report.

(g) Directors' Responsibility Statement:

In pursuance of Section 134 (3) (c) and (5) of the Companies Act, 2013, the Directors hereby confirm that:

(i) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards read with the requirement set out under Schedule III to the Act, had been followed and there are no material departures from the same;

(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors had prepared the annual accounts on a going concern basis;

(v) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

(vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

(h) Disclosure on compliance with Secretarial Standards:

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and such systems are adequate and operating effectively.

29. **Key Managerial Personnel:**

The following changes took place in the Key Managerial Personnel during the year under review:

(i) Ms. Riddhi K Parekh resigned as the Company Secretary of the Company with effect from September 21, 2019 and Mr. Mandar Mohan Kulkarni was appointed as the Company Secretary of the Company with effect from November 15, 2019.

(ii) Mr. Dhawal Shah resigned as Head Operations of the Company with effect from November 29, 2019 and Mr. Soundararajan Venkatadas was appointed as the Head Operations of the Company with effect from December 05, 2019.

Further during the year under review, the Board approved the following revision in the Key Managerial Personnel of the Company in terms of SECC Regulations, 2018, effective from April 01, 2020:

Name of the Key managerial Personnel	**Designation**
Mr. Soundararajan Venkatadas	Head - Operations
Mr. Kamal Priyadarshi	Head - Warehousing Operations, Delivery and Spot
Mr. Pankaj Goel	Compliance and Risk Officer, Head Inspection and Investor Grievance
Mr. Praveen Kotian	Head - Membership Department & Default
Mr. Gitesh Shah	Head - Clearing and Settlement & Collateral
Mr. Madhur Joshi	Chief Information Security Officer
Mr. Mandar Kulkarni	Company Secretary, Head Legal, HR and Administration
Mr. Rajesh Agrawal	Chief Financial Officer and Head Procurement
Mr. Ulhas Ranade	AVP – Warehousing Operations

30. **Resources Committed Towards Strengthening Regulatory Functions and Towards Ensuring Compliance with applicable regulatory requirements**

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

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

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

For the financial year ending on March 31, 2020, your Company incurred expenses like warehouse rent and insurance, travel, legal and advocate fees, professional charges, subscription charges and salaries, amounting to ₹ 1035.31 lakh, as per activity based accounting methodology towards strengthening regulatory functions and towards ensuring compliance with regulatory requirements.

31. **Auditors:**

(a) Appointment of Statutory Auditors:

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

MSKA & Associates, Chartered Accountants (Firm Registration Number: 105047W) have given their written consent and eligibility to act as the Statutory Auditors of your Company and have confirmed that the said appointment would be in conformity with the provisions of Section 139 and Section 141 of the Companies Act, 2013 read with the Companies (Audit and Auditor) Rules 2014.

(b) Auditors' Report:

The report issued by the Statutory Auditor, MSKA & Associates on the Financial Statements of the Company for the financial year ended March 31, 2020 forms part of this Annual report. There are no qualifications, reservations or adverse remarks made by the Auditor in its report.

(c) Details in respect of Frauds Reported by the Auditors under sub section (12) of Section 143 other than those reportable to the Central Government

No fraud has been reported by the Auditors to the Audit Committee or the Board during the year under review.

32. Secretarial Audit

Rathi & Associates, Practicing Company Secretaries were appointed as the Secretarial Auditor by the Board to conduct the secretarial audit of the Company for the year under review. In accordance with Section 204(1) of the Companies Act, 2013 and Regulation 24A of the Listing Regulations, 2015, the Secretarial Audit Report for the financial year ended March 31, 2020, is annexed as **Annexure V** to this Report.

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

33. Deposits:

The Company did not invite any deposits from the public during the year under review and accordingly, no amount of principal or interest related thereto was outstanding as on March 31, 2020.

34. Particulars of Loans, Guarantees or Investments:

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

35. Internal Control and their adequacy:

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

36. Human Resource Development

The Clearing Corporation believes in strategic alignment of Human Resources to its business priorities to achieve end objectives. As on March 31, 2020, your Company had 62 employees. Your Company continues to attract, retain and nurture talented workforce in its endeavour to be an employer of choice.

Cultural integration being the integral part of management philosophy, your Company launched multiple employee initiatives during the year. The primary focus was to design the approach in such a way that it ensures employees are committed to their organizational goals, objectives and values that encouraged contributing to organizational success, as well engaged employees are happier, both at work and in their lives.

For further details on human resource development, please refer 'Management Discussion and Analysis' Report forming part of this Annual Report.

37. **Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

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

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

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

38. **Statement on remuneration of employees of the Company:**

Your Company has adopted a well-defined Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees. The said policy was revised in terms of the provisions of SECC Regulations, 2018 and amendment in Companies Act, 2013 and SEBI Listing Regulations, 2015. The same forms a part of the report as **Annexure VI** and can be accessed at https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/nomination-remuneration-policy.pdf?sfvrsn=82e5a490_2

In accordance with Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 27(6) of SECC Regulations, 2018, the ratio of the remuneration of each Director to the median employee's remuneration, ratio of compensation paid to each key management personnel vis-a-vis median of compensation paid to all employees and other details forms part of this report as **Annexure VII**.

Further, in accordance with Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 27(5) of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, a statement

containing particulars of employees as stipulated therein also forms a part of this Report as **Annexure VIII**.

39. **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

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

A. **Conservation of Energy:**

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

(i) Steps taken by your Company for Conservation of Energy**:**

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

b. Regularly replaces high-energy consuming electrical equipment with modern efficient devices such as replacing the fluorescent lights with Light Emitting Diode (LED) light and replacing CCTV surveillance system from Analog cameras to IP cameras.

c. Switching off lights & other equipment when not required and put controls on uses of lifts, ACs, common passage lights and electrical equipment.

d. Setting the AC temperature at 24 degree centigrade across the office.

e. Motion controlled lighting in low footfall area to reduce energy consumption.

f. Energy audit, heat load calculations, power factor corrections on annual basis.

g. UV resistant film on facade glass windows to reduce the heat entering the building, which reduces the air-conditioning load.

h. 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 the power factor.

i. Preventive maintenance of air conditioning system on scheduled basis, thereby, ensuring that the heat sensors and electronic components are functioning properly for compressors to achieve variable compression linked to heat levels for reduction in power consumption.

Your Company continuously strives to optimize its energy usage and efficiency.

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

The Company has not utilized any alternate source of energy during the year under review.

(iii) Capital investment on energy conservation equipment:

The Company has not made any capital investment on energy conservation equipment during the year under review.

B. **Research and Development and Technology Absorption, Adaptation and Innovation:**

As the Clearing Corporation has entered into an agreement with MCX to share resources including technology, the following initiatives were undertaken during FY 2019-20 together with MCX:

(i) The efforts made towards technology absorption

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

Your Company is now ISO 9001:2015 certified for Quality Management & also ISO/IEC 27001:2013 certified for Information Security Management. Additionally, your Company is also ISO 22301:2019 certified for Business Continuity Management System (BCMS) which confirms your Company's commitment for providing a seamless experience and ability of responding to and recovering from any type of disruption or disaster.

(ii) Cyber Security framework.

Special emphasis has been laid by your Company on continuous improvement in its cyber security framework and information security management systems. There is an ongoing process to strengthen cyber security to be in line with the guidelines laid down by the market Regulator and other national agencies to provide increased resilience and rapid response to cyber threats to its IT infrastructure. In addition to implementation of Security Operation Centre (SOC) for monitoring cyber-attacks / incident related alerts round the clock, your Company has also implemented Privilege Access Management (PAM) tool to monitor and manage the access control of the critical assets. Your Company has implemented two factor authentication (2FA) for web based systems for enhanced security.

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

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

Your Company has continued to increase and enhance features on the web based applications to improve on user experience for seamless exchange of information for its Clearing Members and its clients. In addition to this it has increased security by introducing two factor authentication to prevent any unauthorized access to the applications.

Automation of switchover/switchback between Primary & DR site

Your Company has deployed automated process, to the extent possible and implemented well defined processes which has reduced the switch-over from Primary site to Disaster Recovery Site, with reduced RTO (Recovery Time Objective) and RPO (Recovery Point Objective). You Company is in compliance with regulatory norms and has conducted smooth and successful 2-day unannounced live trading twice in FY2020.

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

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

C. **Foreign exchange earnings and Outgo**:

MCXCCL is engaged in the business of clearing and settlement of trades and aspires to gain opportunities as and when available for rendering its services internationally, subject to the regulatory framework. During FY 2019–20, the Clearing Corporation has not earned any foreign exchange and has incurred an expense of USD 25,000 (INR 17,80,000/-) towards foreign currency purchased for Membership Fees for CCP12 (The Global Association of Central Counterparties).

40. **Acknowledgements:**

Your Directors place on record their sincere gratitude to the Government of India, Ministry of Finance, Ministry of Corporate Affairs, Securities and Exchange Board of India, Reserve Bank of India, Shareholders viz. MCX, Financial Institutions, Bankers, Stakeholders and Business Associates for their continued support and faith in the Company. Your Directors also wish to place on record their appreciation for the contribution made by employees at all levels.

For and on behalf of the Board of Directors of
Multi Commodity Exchange Clearing Corporation Limited

Ved Kumar Jain
Chairperson
DIN: 00485623

Place: New Delhi
Date: July 25, 2020

Annexure I

Form No. MGT-9

Extract of Annual return as on the financial year ended March 31, 2020

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

I. **Registration & other details**:

i.	Corporate Identification Number ('CIN')	U74999MH2008PLC185349
ii.	Registration Date	August 1, 2008
iii.	Name of the Company	Multi Commodity Exchange Clearing Corporation Limited (**hereinafter referred to as 'MCXCCL'**)
iv.	Category/Sub-category of the Company	Company limited by shares/Indian Non-Government Company
v.	Address of the Registered office & contact details	Exchange Square, CTS 255, Suren Road, Andheri (East) Mumbai – 400093 Tel: +91-22-67318888, Fax: +91-22-66494151, Website: https://www.mcxccl.com
vi.	Whether listed Company	No. Unlisted Company
vii.	Name, Address & contact details of the Registrar & Transfer Agent, if any	KFin Technologies Private Limited *(Formerly known as Karvy Fintech Private Limited)* Selenium Building, Tower - B, Plot No. 31 & 32, ,Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 032, Tel: +91-040-6716 2222/7961 1000 Toll Free No. 1800 425 4034 Email: einward.ris@kfintech.com Website - https://www.kfintech.com/

II. **Principal Business Activities of the Company**:

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Processing & Clearing services of securities	6619	100%

III. **Particulars of Holding, Subsidiary and Associate Companies:**

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares Held	Applicable Section
1	Multi Commodity Exchange of India Limited **(hereinafter referred to as 'MCX')** Add: Exchange Square, Chakala, Suren Road, Andheri (East) Mumbai – 400093	L51909MH2002PLC 135594	Holding Company	100%	2(46) read with 2(87) (ii) of the Companies Act, 2013

The Company does not have any subsidiary or Associate Companies as on March 31, 2020.

IV. **Share Holding Pattern (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 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% 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 Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	239,984,994	6*	239,985,000	100%	239,984,994	6*	239,985,000	100%	NIL
e) Banks / Financial Institution	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub –total (A) (1)	**239,984,994**	**6***	**239,985,000**	**100%**	**239,984,994**	**6***	**239,985,000**	**100%**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub –total (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**239,984,994**	**6***	**239,985,000**	**100%**	**239,984,994**	**6***	**239,985,000**	**100%**	**NIL**
B. Public Shareholding 1. **Institutions**									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)-	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i)Individual shareholders holding nominal share capital up to ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii)Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	239,984,994	6*	239,985,000	100%	239,984,994	6*	239,985,000	100%	-

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

(ii) Shareholding of Promoters-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 01-April-2019]			Shareholding at the end of the year [As on 31-March-2020]			% change in share holding 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	MCX	**239,985,000***	**100%**	**-**	**239,985,000***	**100%**	-	-
	Total	**239,985,000***	**100%**	**-**	**239,985,000***	**100%**	-	-

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

iii) Change in Promoters' Shareholding:

There has been no change in the Promoters Shareholding during the year under review

Sr. No.	Particulars	Shareholding at the beginning of the year [As on 01-April-2019]		Cumulative Shareholding during the Year (01- April-2019 to 31-March-2020)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	**MCX**				
	At the beginning of the year	239,985,000*	100	239,985,000*	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / Transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the End of the year	**239,985,000***	**100**	**239,985,000***	**100**

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

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

MCX is the sole shareholder holding 100% Equity Shares in MCXCCL.

Sr. No.	Particulars	Shareholding at the beginning of the year [As on 01-April-2019]		Cumulative Shareholding during the Year (01- April-2019 to 31-March-2020)	
	For each of the top ten shareholders	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	Not applicable			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / Transfer / bonus/ sweat equity etc.)				
	At the End of the year				

v) Shareholding of Directors and Key Managerial Personnel:

No Director and Key Managerial Personnel (**hereinafter referred to as 'KMP'**) of the Company hold any shares in the Company

Sr. No.	**Particulars**	**Shareholding at the beginning of the year [As on 01-April-2019]**		**Cumulative Shareholding during the Year (01- April-2019 to 31-March-2020)**	
	For each of the Directors and KMP	**No. of Shares**	**% of total shares of the Company**	**No. of Shares**	**% of total shares of the Company**
	At the beginning of the year	Not applicable			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / Transfer / bonus/ sweat equity etc.)				
	At the End of the year				

vi) **Indebtedness:**

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

(Amount in ₹)

Particulars	**Secured Loans excluding deposits**	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year				
(i) Principal Amount	Nil	Nil	Nil	Nil

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
(ii) Interest due but not paid	Nil	Nil	Nil	Nil
(iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**
Changes in the Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
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 paid to Managing Director, Whole-time Directors and/or Manager during the financial year 2020:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Managing Director/Whole time Director/Manager	Total Amount
		Mr. Narendra Kumar Ahlawat	

Sr. No.	Particulars of Remuneration	Name of Managing Director/Whole time Director/Manager	Total Amount
		Mr. Narendra Kumar Ahlawat	
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,04,95,663*	1,04,95,663*
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	32,400	32,400
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	Nil	Nil
2.	Stock option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - as % of profit - Others (Specify)	Nil	Nil
5.	Others (If any) Reimbursement of Expenses	1,24,339	1,24,339
	Total (A)	**1,06,52,402**	**1,06,52,402**
	Ceiling as per Act	**1,42,58,380** (Being 5% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)	

* *In terms of the provisions of SECC Regulations, 2018, 50% of the variable pay to KMP is to be paid on deferred basis after three years. The above remuneration includes the variable pay pertaining to FY 2018-19 which has been paid during FY 2019-20. The variable pay for FY 2019-20 has not been considered.*

B. **Remuneration paid to other Directors during the financial year 2020**

(Amount in ₹)

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 Meetings	15,90,000	18,00,000	15,70,000	17,50,000	**67,10,000**
Commission	NIL	NIL	NIL	NIL	**NIL**
Others	NIL	NIL	NIL	NIL	**NIL**
Total (1)	**15,90,000**	**18,00,000**	**15,70,000**	**17,50,000**	**67,10,000**
Shareholder Directors	**Mr. Mrugank M. Paranjape* (upto 08.05.2019)**	**Mr. P. S. Reddy* (w.e.f. 31.07.2019)**	**Mr. Chengalath Jayaram**		**Total**
Fees for attending Board/Committee meetings	NIL	NIL	6,50,000		**6,50,000**
Commission	NIL	NIL	NIL		**NIL**
Others	NIL	NIL	NIL		**NIL**
Total (2)	**NIL**	**NIL**	**6,50,000**		**6,50,000**
Total = (1+2)					**73,60,000**
TOTAL MANAGERIAL REMUNERATION# (A+B)					**1,06,52,402**
Overall Ceiling as per the Act	**3,13,68,438** (Being 11% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)				

* *Mr. Mrugank Paranjape & Mr. P.S. Reddy waived off their sitting fees for attending the meetings of the Company.*

 # As per Section 197 of the Companies Act, 2013, the overall ceiling limit for managerial remuneration shall exclude sitting fees paid to Directors. Hence the sitting fees are excluded in calculation of the overall limit.

***Note**: Sitting fees not exceeding ₹ 100,000/- per meeting of the Board and Committee Meetings in terms of Rule 4 of Companies (Appointment and Remuneration of managerial personnel) Rules, 2014.*

C. Remuneration paid To Key Managerial Personnel Other Than MD/Manager/ WTD

(Amount in ₹)

Sr. no	Particulars of Remuneration	Mr. Dhawal Shah*	Mr. Soundararajan Venkatadas*	Mr. Kamal Priyadarshi	Mr. Rajesh Agrawal **	Mr. Mandar Kulkarni ***	Ms. Riddhi Parekh***	Mr. Pankaj Goel
1.	**Gross salary** (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	43,46,351	22,50,064	51,03,503	27,32,000	11,06,890	7,74,054	40,17,369
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	NIL	NIL	32,400	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Sr. no	Particulars of Remuneration	Mr. Dhawal Shah*	Mr. Soundararajan Venkatadas*	Mr. Kamal Priyadarshi	Mr. Rajesh Agrawal **	Mr. Mandar Kulkarni ***	Ms. Riddhi Parekh***	Mr. Pankaj Goel
4.	Commission - as % of profit - others	NIL	NIL	NIL	NIL	NIL	NIL	NIL
5.	Others: Reimbursement of Expenses	47, 859	NIL	19,375	35,000	90,996	600	84,972
	Total (A)	**43,94,210**	**22,50,064**	**51,55,278**	**27,67,000**	**11,97,886**	**7,74,654**	**41,02,341**

(Amount in ₹)

Sr. no	Particulars of Remuneration	Mr. Praveen Kotian	Mr. Ulhas Ranade	Mr. Gitesh Shah	Mr. Madhur Joshi	Mr. Mohammed Aslam Sheikh	Mr. Ratul Roy
1.	**Gross salary** (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28,29,824	34,84,002	51,73,024	26,76,000	18,35,532	25,53,000
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	NIL	NIL	NIL	NIL	NIL	NIL

Sr. no	Particulars of Remuneration	Mr. Praveen Kotian	Mr. Ulhas Ranade	Mr. Gitesh Shah	Mr. Madhur Joshi	Mr. Mohammed Aslam Sheikh	Mr. Ratul Roy
2.	Stock Option	NIL	NIL	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others	NIL	NIL	NIL	NIL	NIL	NIL
5.	Others: Reimbursement of Expenses	51,719	41,907	47,054	51,100	12,130	18,917
	Total (A)	**28,81,543**	**35,25,909**	**52,20,078**	**27,27,100**	**18,47,662**	**25,71,917**

Notes:

1. *KMPs include KMPs identified under SECC Regulations, 2018*

2. *In terms of the provisions of SECC Regulations, 2018, 50% of the variable pay to KMPs is to be paid on deferred basis after three years. The above remuneration includes the variable pay pertaining to FY 2018-19 which has been paid during FY 2019-20. The variable pay for FY 2019-20 has not been considered.*

* *Mr. Dhawal Shah ceased to be Head Operations w.e.f. November 29, 2019. Mr. Soundararajan Venkatadas joined as Head Operations w.e.f. December 05, 2019*

** *Mr. Rajesh Agrawal was appointed as Chief Financial Officer w.e.f. June 25, 2019*

*** *Ms. Riddhi Parekh resigned as the Company Secretary of the Company with effect from September 21, 2019. Mr. Mandar Kulkarni joined as Company Secretary w.e.f November 15, 2019*

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

For and on behalf of the Board of Directors of
Multi Commodity Exchange Clearing Corporation Limited

Ved Kumar Jain
Chairperson
DIN: 00485623

Place: New Delhi
Date: July 25, 2020

Annexure II

Form - AOC 2

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

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

Sr. No	Particulars	Reference
(a)	Name(s) of the related party and nature of relationship	Not Applicable
(b)	Nature of contracts/ arrangements/ transactions	Not Applicable
(c)	Duration of the contracts/ arrangements/ transactions	Not Applicable
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Not Applicable
(e)	Justification for entering into such contracts or arrangements or transactions	Not Applicable
(f)	Date(s) of approval by the Board	Not Applicable
(g)	Amount paid as advances, if any	Not Applicable
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not Applicable

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

Sr. No	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	

Sr. No	Particulars	Remark
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any	Nil

Notes:

1. During FY 19-20, the following transactions were entered into with Multi Commodity Exchange of India Limited (**hereinafter referred to as 'MCX'**), holding & promoter Company:

   - MCX paid Clearing and Settlement fees of ₹ 4,412.93 lakh. MCX received Rent Deposit and Rent of ₹ 1.91 lakh and ₹ 240.06 lakh respectively, received IT and other Infrastructure charges amounting to ₹ 2,470.59 lakh, in accordance with the Clearing & Settlement Agreement, Resource Sharing Agreement and Leave & License Agreement. Further, MCXCCL paid interest on loan of ₹ 9.69 lakh to MCX. MCX paid Annual subscription fees collected by MCX on behalf of MCXCCL amounting to ₹ 0.90 lakh, Membership transfer fees of ₹ 0.50 lakh and 50% sharing of Status report-processing charges of ₹ 1.02 lakh to MCXCCCL. MCX received reimbursement of expenses net of ₹ 67.35 lakh, which were paid on behalf of the Company. MCXCCL paid Regulatory Fees, Transactions charges, Fines & penalties and other collections amounting to ₹ 1,25,047.95 lakh, on behalf of MCX. Further, MCX contributed ₹ 406 lakh towards Settlement Guarantee Fund.

   - An amount of ₹ 1 lakh was received from MCX proposing candidature of Mr. P.S. Reddy on the Board of MCXCCL. The Board at its meeting held on June 03, 2019 approved his appointment, subject to approval of shareholders and SEBI. After the approval of the shareholders at the Extra Ordinary General Meeting held on June 13, 2019, the said amount was refunded to MCX.

   - Further pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and Regulation 23 of Listing Regulations, 2015, approval of the Audit Committee, Board and shareholders is not applicable for the related party transactions, entered into between a holding Company and its wholly owned subsidiary whose accounts are consolidated with such holding Company and placed before the shareholders at the general meeting for approval.

2. During FY 19-20, your Company paid an aggregate amount of ₹ 500.68 lakh (including Company's contribution to Provident Fund) to the following KMPs towards salaries, perquisites and reimbursement of expenses to perform such duties, obligations and responsibilities as per their respective roles:

Mr. Narendra Kumar Ahlawat - MD & CEO, Mr. Dhawal Shah – erstwhile Head – Operations, Mr. Soundararajan V. Head – Operations, Mr. Pankaj Goel – Compliance Officer, Mr. Kamal Priyadarshi – Head- Warehousing Operations, Mr. Praveen Kotian – Head- Legal, Mr. Ulhas Ranade – Head – Warehousing Inspection, Mr. Gitesh Shah – Head – Clearing & Settlement, Mr. Satyajeet Bolar- erstwhile Chief Financial Officer, Mr. Rajesh Kumar Agrawal-Chief Financial Officer, Mr. Madhur Joshi- Chief Information Security Officer, Mr. Mohamed Aslam Sheikh – Head – Risk management, Mr. Ratul Roy, Head – Spot, Ms. Riddhi Parekh, erstwhile Company Secretary and Mr. Mandar Kulkarni- Company Secretary. The terms and conditions of appointment of the KMPs are *inter alia,* governed by the Nomination and Remuneration Policy of the Company. The NRC/Board at its meetings has approved the identification/appointment of the aforesaid KMPs.

3. As the sitting fees to Non-Executive Directors are within the limits as prescribed under Section 197(5) of the Companies Act, 2013 and as Regulation 17(6)(b) of the Listing Regulations, 2015 prescribes that the requirement of obtaining the approval of the shareholders in the general meeting shall not apply to payment of sitting fees, if made within the limits specified under the Companies Act, 2013, the sitting fees and reimbursement of expenses amounting to ₹ 76.73 lakh paid to such Non-Executive Directors are not being placed before the shareholders for their approval. The said sitting fees and reimbursement thereof have been approved by the Board at its meeting held on December 22, 2017, which was subsequently revised by the Board at its meeting held on March 28, 2020.

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

For and on behalf of the Board of Directors of
Multi Commodity Exchange Clearing Corporation Limited

Ved Kumar Jain
Chairperson
DIN: 00485623

Place: New Delhi
Date: July 25, 2020

Annexure III

Annual Report on Corporate Social Responsibility (hereinafter referred to as 'CSR') activities

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

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

   The Company shall undertake and execute the CSR activities (CSR projects/programs) in the areas listed under Schedule VII of the Companies Act, 2013 which are as under:

   - Rural development projects including adoption of villages, and community development programs;
   - Slum area development;
   - Creating inclusive and enabling infrastructure/environment for livable communities inter alia achieving health, hygiene, water, sanitation, housing, education, infra-structure or livelihoods especially for those form disadvantaged sections of society;
   - Promoting education, including special education and employment enhancing vocation skills, especially among children, women, elderly, and the differently abled; livelihood enhancement projects; developing capability and self-reliance of beneficiaries at grass root level, especially women and children;
   - Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation and making available safe drinking water;
   - Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
   - Promoting preventive health care and improving sanitation;
   - Environment conservation;
   - Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;

- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Promoting efficient use of energy and adopting environment-friendly technologies;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries, promotion and development of traditional arts and handicrafts;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources, maintaining quality of soil, air and water;
- Contributing to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- Such other activities as may be prescribed in Schedule VII of the Companies Act, 2013, as amended from time to time, or prescribed by the Central Government and approved by the CSR Committee and the Company's Board, as the case may be.

The Corporate Social Responsibility Policy has been uploaded on the website the Company. We blink:

https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/csr-policy.pdf?sfvrsn=bb23a690_2.

2. The Composition of the CSR Committee:

Sr. No.	Name of the Members	Designation
1.	Mr. Rajesh Doshi	Chairperson
2.	Mr. Nagesh Pinge	Member
3.	Dr. Brinda Jagirdar	Member

3. Average net profit of the Company for last three (3) financial years: **₹ 545.14 lakh**

4. Prescribed CSR Expenditure (two percent {2%} of the amount as in item 3 above):

₹ 10.9028 lakh (rounded off to ₹ 11 lakh)

5. Details of CSR spent during the financial year:

a. Total amount to be spent for the financial year: **₹ 11 lakh**

b. Amount unspent, if any: **NIL**

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

(Amount in ₹ lakh)

1	2	3	4	5	6	7	8
Sr. No	**CSR Project or activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on projects or programs: Sub heads: 1. Direct expenditure on projects or programs 2. Overheads**	**Cumulative expenditure up to the date of reporting period**	**Amount spent: Direct or through implementing agency**
1	During FY 2019-20, MCXCCL contributed an amount of ₹ 11 lakh, being the amount mandated to be spent for CSR activities, in the Prime Minister's National Relief Fund (Direct expenditure and no implementing agency was involved)						

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

The Company has spent the entire amount of two per cent of the average net profit of the last three financial years i.e. ₹ 11 lakh by contributing to Prime Minister's National Relief Fund and thus there is no unutilized or unspent amount which is mandated for contribution for CSR activities.

7. Responsibility Statement:-

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

For and on behalf of the Board of Directors of
Multi Commodity Exchange Clearing Corporation Limited

Narendra Kumar Ahlawat
Managing Director & CEO
DIN: 07629724
Place: Mumbai
Date: July 25, 2020

Rajesh Doshi
Chairperson of the CSR Committee
DIN: 00059903

Annexure IV

Performance Evaluation of the Board and the evaluation criteria

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

The policy has been framed with an objective to ensure individual Directors of the Company and the Board as a whole, works efficiently and effectively in achieving their functions, in the interest of the Company and for the benefit of its stakeholders. Accordingly, the policy provides guidance on evaluation of the performance of:

(i) individual Directors (including the Chairperson and Public Interest Directors);

(ii) the Board as a whole; and

(iii) various Committees of the Board, on an annual basis.

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

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

1. Part- A (Annual Internal Evaluation):

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

i. Individual Director's Performance Evaluation

Attendance at meetings, Qualification and Experience, Knowledge and Competency, fulfilment of functions and its ability to function as team, Initiative and commitment, contribution at meetings, Independent views and judgement, guidance to management outside Board/committee meetings and independence of PIDs, etc.

ii. Evaluation of the Board as a whole

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

iii. Chairperson's Performance Evaluation

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

iv. Performance evaluation of Board Committees

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

2. **Part- B (External Evaluation):**

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

For and on behalf of the Board of Directors of
Multi Commodity Exchange Clearing Corporation Limited

Ved Kumar Jain
Chairperson
DIN: 00485623

Place: New Delhi
Date: July 25, 2020

Rathi & Associates
COMPANY SECRETARIES
A-303, Prathamesh, 3rd Floor, Raghuvanshi Mills Compound, 11-12, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400 013.
Tel.: 4076 4444 / 2491 1222 • Fax : 4076 4466 • E-mail : associates.rathi8@gmail.com

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, 2020

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

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, 2020, 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, 2020, according to the provisions of:

   (i) the Companies Act, 2013 (the Act) and the rules made there under.

   (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been made applicable pursuant to the requirement of Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

(iii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 *(to the extent specified in Schedule C of the said Regulations)*;

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

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

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

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

4. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the provisions of the Securities Contracts (Regulation)(Stock Exchanges and Clearing Corporations) Regulations, 2018.

We have also examined compliance with the applicable clauses of Secretarial Standards-1 and 2 issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013.

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

We further report that:

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

Except in case of meetings convened on an urgent basis and on shorter notice with the consent of the 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 for all meetings except the meetings which were convened on an urgent basis and on a shorter notice with the consent of the Directors. However, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the year under report, the following event had a major bearing on the Company's affairs pursuant to the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

- Renewal of recognition as a Clearing Corporation under Regulation 4 and 12 of Securities Contracts (Regulation)(Stock Exchanges and Clearing Corporations) Regulations, 2018 for a period of 3 years commencing from 31st July 2019 and ending on 30th July 2022 granted by the Securities and Exchange Board of India vide its letter dated July 23, 2019.

For RATHI & ASSOCIATES
COMPANY SECRETARIES

NEHA R LAHOTY
PARTNER
FCS NO. 8568
COP NO. 10286
UDIN- F008568B000462582

Place: Mumbai
Date: July 16, 2020

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, 2019.
- Minutes of the meetings of the Board of Directors and the Committees thereof held during the Financial Year under report, as per SEBI Regulations along with Attendance Registers.
- Minutes of General Body Meetings held during the Financial Year under report.
- Policies adopted by the Company
- Statutory Registers pursuant to the requirements of the Companies Act, 2013
- Notice and Agenda papers submitted to all the directors / members for the Board Meetings and Committee Meetings.
- Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013.
- e-Forms filed by the Company from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
- Intimations/documents/reports/returns filed with the Securities and Exchange Board (SEBI) during year under report.

ANNEXURE – II

To
The Members
Multi Commodity Exchange Clearing Corporation Limited
Mumbai

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

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

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

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

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

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

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

For RATHI & ASSOCIATES
COMPANY SECRETARIES

NEHA R LAHOTY
PARTNER
FCS NO. 8568
COP NO. 10286
UDIN - F008568B000462582

Place: Mumbai
Date: July 16, 2020

Annexure VI

Nomination and Remuneration Policy

Multi Commodity Exchange Clearing Corporation Limited (hereinafter referred to as the "Company") has adopted this Policy (the "Policy") on Nomination and Remuneration of Directors, Key Managerial Personnel (KMPs) and Other Employees pursuant to the provisions of Section 178(4) the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [the "Listing Regulations, 2015] and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 [SECC Regulations2018], as may be amended from time to time.

Objectives/Purpose of the Policy:

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

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully and to ensure long term sustainability of managerial persons and create competitive advantage;

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

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

Definitions:

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

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

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

'Directors' means Directors of the Company.

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

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

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

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

(ii) the Company Secretary;

(iii) Whole-time Director;

(iv) the Chief Financial Officer;

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

(vi) any other person as may be prescribed

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

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

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

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

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

¬ Risk Management,

¬ Member Registration,

¬ Compliance,

¬ Inspection, (Both Inspection of Member as well as Warehouse)

¬ Enforcement, (Post Inspection activity)

¬ Default,

¬ Investor Protection,

¬ Investor Services,

¬ Spot,

¬ Clearing & Settlement,

¬ Warehousing Logistics, and

¬ Legal

'SEBI' means the Securities and Exchange Board of India

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

GENERAL PRINCIPLES ON APPOINTMENT/RE-APPOINTMENT AND REMOVAL/ RETIREMENT OF DIRECTORS, KMPs:

I. **APPOINTMENT**:

- **Criteria and qualifications**:

  The Committee shall identify and ascertain the integrity, qualification, expertise and relevant experience of the person for appointment as Director and recommend to the Board his / her appointment. A person to be appointed as Director or KMP should possess adequate qualification, expertise and relevant experience for the position he / she is considered. Additionally, while determining the qualifications and positive attributes for appointment of a person as a Director, the Committee shall also consider the criteria and qualifications/disqualifications prescribed under provisions of the Act, Listing Regulations, 2015 and SECC Regulations, 2018 take into consideration the factors defined by SEBI for a person to be "fit and proper". Further, the Committee shall also take into consideration any other criteria for appointment, as may be set out in the Company's internal policies. The Independence of a Director shall be determined based on the criteria defined from time to time in the Act, the Listing Regulations, 2015 and SECC Regulations 2018 and the circulars issued thereunder.

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

  The appointment/re-appointment and tenure of the Directors of the Company shall be as approved by SEBI and be further governed by the provisions of the Act, the Listing Regulations, 2015, and the SECC Regulations 2018 as well as the Articles of Association of the Company. The Committee at the time of determining whether to recommend a Director for reelection/re-appointment shall also considers the Director's past attendance, participation and contributions to the activities in the meetings of the Board and the Committees where the Director is a member,

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

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

II. **REMOVAL/RETIREMENT**:

Owing to disqualifications for any reasons mentioned in the Act or rules made thereunder or under any other Act, Rules and Regulations as may be applicable and subject to the prevailing HR Policy of the Company, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director/KMP, subject to the provisions and compliance of the said Act, rules and regulations. Directors and KMPs shall retire/cease to hold office as per the applicable provisions of the Companies Act, 2013, Listing Regulation, 2015, SECC Regulation, 2018 and the prevailing policy of the Company or in terms of which such appointment was made. The Board will have the discretion to extend the term of a KMP, even after his/her attaining the age of superannuation, for the benefit of the Company.

REMUNERATION OF DIRECTORS INCLUDING MANAGING DIRECTOR AND KMPs:

I. **Remuneration of Managing Director (MD) / Chief Executive Officer (CEO)**:

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

At the time of seeking prior approval of SEBI for the appointment of the MD&CEO, the Clearing Corporation shall also seek prior approval for his/her compensation from SEBI. Any change in the terms and conditions of the compensation of MD/CEO will also require prior approval of SEBI.

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

a. Role and responsibilities of the MD/CEO

b. Financial condition / health of the Clearing Corporation

c. Comparability to the industry standards

d. Revenues, net profit of the Clearing Corporation

- average levels of compensation payable to employees in similar ranks;
- periodic review e. Ensure that the variable component of the remuneration of MD/CEO does not exceed one third of the fixed remuneration;
- 50% of the variable component of the remuneration is paid only after the audited annual accounts for the year are approved by the Board of Directors and also subject to such payment being approved by the Board; and
- the balance 50% of the variable pay will be paid on a deferred basis after three years.

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

f. No incentives are provided for excessive risks in the short term.

g. 'Value Add' perceived by the Committee and Board based on the relevant experience of the candidate.

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

II. **Remuneration of Non-Executive Directors**:

Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof, as approved by the Board, from time to time, within the permissible limit prescribed under the Companies Act, 2013, the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and other regulatory guidelines, as amended from time to time.

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

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

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

(b) Comparison with the peers/ Industry benchmarking;

(c) Regulatory guidelines as applicable etc.

The Non-Executive Directors are also entitled to reimbursement of expenses for participation in the meeting of the Board and the Committees thereof. The Company does not pay any commission on profit to the Non-Executive Directors. Independent Directors shall not be entitled to any stock option.

III. **Remuneration of other KMPs**:

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

a) Relevance and importance of the function to the Organization.

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

c) Financial condition / health of the Clearing Corporation.

d) Comparability to the industry standards

e) Revenues, net profit of the Clearing Corporation

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

f) Ensure that the variable component of the remuneration of other KMPs is basis the Performance rating as per the matrix adopted by the Company which under any circumstances does not exceed one third of the fixed remuneration.

- 50% of the variable component of the remuneration is paid only after the audited annual accounts for the year are approved by the Board of Directors and also subject to such payment being approved by the Board; and

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

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

g) No incentives are provided for excessive risks in the short term.

h) 'Value Add' perceived by the Committee and Board based on the relevant experience of the candidate.

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

Malus and Claw back Provisions:

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

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

The aforesaid clauses shall be triggered under the following circumstances:

a. Fraud

b. Impersonation

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

d. Misfeasance

e. Any act amounting to criminal breach of trust

f. Conviction for an offence involving moral turpitude

g. Breach of confidentiality in trade secret

h. Ethical misconduct

i. Fraudulent financial reporting

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

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

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

General parameters to consider increase in the remuneration:

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

1. Current year's Company performance;

2. Employee appraisal rating scale provided by Group HR;

3. Consumer Price Index.

REMUNERATION OF OTHER EMPLOYEES OF THE COMPANY:

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

Note: HR is authorized to make internal elaborative policy in accordance with this policy to be reviewed by the NRC on an overall basis for deciding on the approach to be adopted by the Company; and once the same is approved, MD & CEO is authorized to make minor modifications/amendments to such internal policies.

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

Disclosure of the policy

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

Annexure VII

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

Sr. No	Requirements	Disclosure
I	The ratio of the remuneration/compensation of each Director and KMP to the median remuneration of the employees of the Company for the financial year 2019 -20.	MD & CEO- 11.98X Chief Financial Officer – Not Applicable* Company Secretary- Not Applicable* Head - Operations- Not Applicable * Head- Warehousing Operations- 5.48X Head- Clearing and Settlement - 5.19X Head- Compliance- 4.07X Head- Warehousing Inspection- 3.51X Head- Legal- 2.68X Chief Information Security Officer- 2.44X Head- Spot- 2.38X Head- Risk Management- 1.78X
II	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	MD & CEO – 3% Chief Financial Officer – Not Applicable** Company Secretary - Not Applicable**
III	The percentage increase in the median remuneration of employees in the financial year	Not Applicable#
IV	The number of permanent employees on the rolls of Company	There were 62## employees as on March 31, 2020
V	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Not Applicable
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes. The Remuneration is as per the remuneration policy of the Company

Notes:

* Since these KMPs were employed for part of the year, the ratio of their remuneration is not comparable.

** There is no increase in the remuneration as they joined during the year

There is no increase in the median remuneration as employees were appointed during the financial year.

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

For and on behalf of the Board of Directors of
Multi Commodity Exchange Clearing Corporation Limited

Ved Kumar Jain
Chairperson
DIN: 00485623

Place: New Delhi
Date: July 25, 2020

Annexure VIII

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

Sr. No.	Name of the Employee	Age	Qualification	Designation/ Role /Nature of Duties	Total Remuneration (In ₹)	Approx. Experience (in Years)	Joining Date	Last Employment
A.	**Employed throughout the financial year**							
1	Narendra Kumar Ahlawat	58	Chartered Financial Analyst, Post Graduate Diploma in Rural Management	MD & CEO	1,06,52,402/-	34	1-Apr-18	Chief Regulatory Officer- Multi Commodity Exchange of India Ltd.
2	Kamal Priyadarshi	42	Post Graduate Program in Agricultural Business Management, Bachelor's degree in Science	Head- Warehousing Operations	51,55,278/-	17	1-Sep-18	Vice President- Warehousing Operations, Multi Commodity Exchange of India Ltd.
3	Gitesh Shah	43	Chartered Accountant, Bachelor's degree in Commerce	Head- Clearing and Settlement & Delivery	52,20,078/-	20	1-Sep-18	Assistant Vice President- Clearing & Settlement, Multi Commodity Exchange of India Ltd.
4	Pankaj Goel	48	Chartered Accountant, Bachelor's degree in Commerce	Head- Compliance	41,02,341/-	21	1-Sep-18	Assistant Vice President- Regulatory Compliance, Multi Commodity Exchange of India Ltd.

Sr. No.	Name of the Employee	Age	Qualification	Designation/ Role /Nature of Duties	Total Remuneration (In ₹)	Approx. Experience (in Years)	Joining Date	Last Employment
5	Ulhas Ranade	49	Post Graduate Diploma in business Administration, Bachelor's degree in Commerce	Head- Warehousing Inspection	35,25,909/-	28	1-Sep-18	Assistant Vice President- Warehousing Inspection, Multi Commodity Exchange of India Ltd.
6	Praveen Kotian	53	Bachelor's degree in law, Bachelor's degree in Arts	Head- Legal	28,81,543/-	28	1-Sep-18	Assistant Vice President- Legal Compliance, Multi Commodity Exchange of India Ltd.
7	Madhur Joshi	38	Diploma in Business Management, Bachelor's degree in Science	Chief Information Security Officer	27,27,100/-	15	5-Mar-19	Team Lead, RBS Services India Pvt. Ltd.
8	Ratul Roy	48	Bachelor's degree in Science	Head- Spot	25,71,917/-	27	1-Sep-18	Sr. Manager- Spot, Multi Commodity Exchange of India Ltd.
9	Mohamed Aslam Shaikh	45	Masters of Business Administration, Bachelor's Degree in Commerce	Head- Risk Management	18,47,662/-	18	1-Sep-18	Sr. Manager- Risk Management, Multi Commodity Exchange of India Ltd.
10	Himanshu Raja	40	Master of Management Studies, Bachelor's Degree in Commerce	Sr. Manager- Clearing & Settlement	25,80,000/-	16	1-Sep-18	Sr. Manager- Clearing & Settlement, Multi Commodity Exchange of India Ltd.

Sr. No.	Name of the Employee	Age	Qualification	Designation/ Role /Nature of Duties	Total Remuneration (In ₹)	Approx. Experience (in Years)	Joining Date	Last Employment
B.	**Employed for the part of financial year**							
1	Dhawal Shah	42	Chartered Accountant, Bachelor's degree in Commerce	Head- Operations	43,94,210/-	19	1-Sep-18	Vice President-Trading & Clearing & Settlement, Multi Commodity Exchange of India Ltd.
2	Satyajeet Bolar	57	Chartered Accountant, Bachelor's degree in Commerce	Chief Financial Officer	Nil	30	1-Jan-18	Vice President-Finance & Accounts, Multi Commodity Exchange of India Ltd.
3	Riddhi Parekh	35	Company Secretary, Bachelor's degree in law, Bachelor's degree in Commerce	Company Secretary	7,74,654/-	15	1-Jan-18	Assistant Manager-Secretarial & Compliance, Multi Commodity Exchange of India Ltd.
4	Rajesh Agrawal	51	Chartered Accountant, Bachelor's degree in Commerce	Chief Financial Officer	27,67,000/-	24	26-Jun-19	Senior Manager , Finance & Accounts, Multi Commodity Exchange of India Ltd
5	Soundararajan Venkatadas	52	Master's degree in Commerce, Bachelor's degree in Commerce	Head - Operations	22,50,064/-	29	5-Dec-19	Chief General Manager, India International Exchange Limited
6	Mandar Kulkarni	42	Company Secretary , Bachelor's degree in law, Bachelor's degree in Commerce	Company Secretary	11,97,886/-	15	15-Nov-19	Company Secretary, IL&FS Securities Services Limited

Notes:

1. Total Remuneration includes salary, reimbursement, taxable value of perquisites etc. excluding gratuity. Total remuneration stated above also includes the variable pay pertaining to FY 2018-19 which has been paid during FY 2019-20. It may be noted that 50% of such variable pay will be paid on deferred basis after 3 years as per SECC Regulations. The variable pay for FY 2019-20 has not been considered.

2. All the employees mentioned above are in permanent employment of the Company, governed by Nomination and Remuneration Policy, employment terms & service rules.

3. None of the above employees is a relative of any Director of the Company within the meaning of relative under the Companies Act, 2013.

4. None of the employees is drawing salary in excess of that drawn by Managing Director / Whole Time Director.

5. As of 31st March 2020, none of the above employees by himself/herself or along with his spouse and dependent Children, held 2% or more of the equity shares of the Company as referred to in sub-clause(iii) of Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. No employee is holding any equity share of the Company.

6. As of 31st March, 2020, none of the employees of the Company is posted and working in a country outside India.

For and on behalf of the Board of Directors of
Multi Commodity Exchange Clearing Corporation Limited

Ved Kumar Jain
Chairperson
DIN: 00485623
Place: New Delhi
Date: July 25, 2020

Management Discussion and Analysis Report

ECONOMIC OVERVIEW

Global Economic Outlook

The global economy recorded its lowest growth of the decade in 2019, falling to 2.3% as a result of protracted trade disputes and slowdown in investments, as per the *United Nations World Economic Situation and Prospects* report. The slowdown was accompanied by sharp slowdown in international trade flows and global manufacturing activity, which made growth trend downwards in virtually all major economies, albeit in different degrees. However, hopes for a recovery in 2020 have been severely dampened by the shutdown of economic activities in a bid to stop the spread of Covid-19. According to the June 2020 '*Global Economic Forecast*' of the World Bank, the global economy will shrink by 5.2% this year, which represents the deepest recession since the Second World War.

Indian Economic Outlook

The Indian economy grew at rates higher than that witnessed by major economies in the world in the past year, with an estimated growth of 4.2% in FY 20 coping with the recessionary trends percolating from global economies and geo-political trade tensions, apart from the adverse economic impact resulting from the lockdown due to the spread of Covid-19 from mid-March 2020. However, as the global growth outlook and prospects are severely dampened by the shutdown of economic activities in a bid to stop the spread of Covid-19, the Indian economy is projected to witness tepid growth and may even witness negative growth during FY 21.

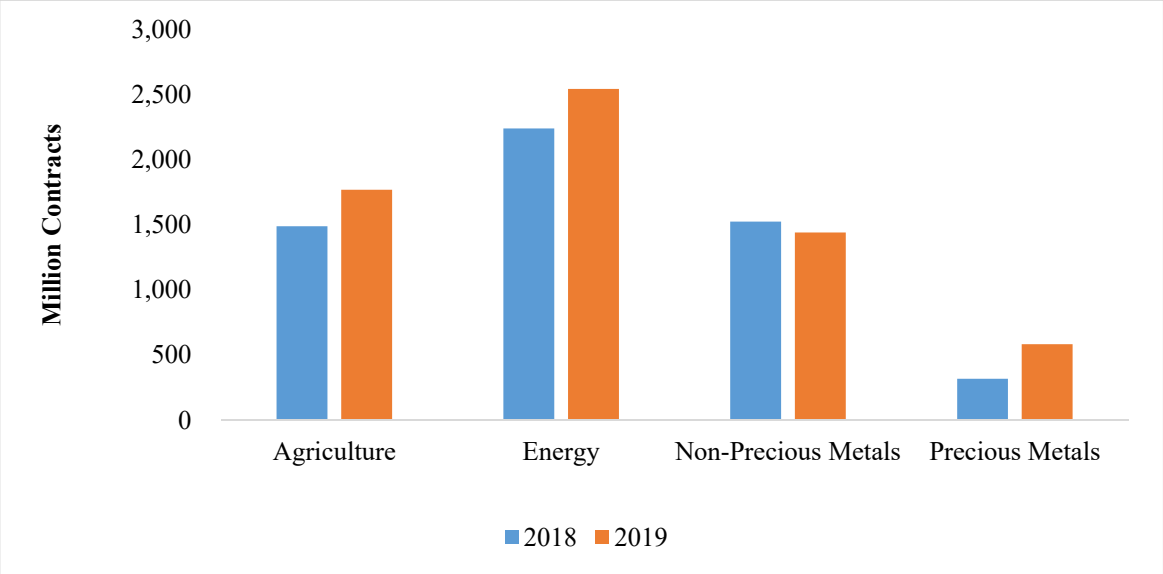
INDUSTRY STRUCTURE AND DEVELOPMENT

Global commodity markets

Global commodity derivatives markets recorded robust growth in their volumes during 2019 across all the segments, except for non-precious metals. According to data released by the Futures Industry Association (FIA), aggregate commodity derivatives volumes rose by about 14% to 6.33 billion contracts in 2019 with varied growth rate across different segments, largely driven by the volatilities witnessed in the respective commodities. Precious metals segment, once again proving to be the safe-haven for investors amidst heightened trade tensions and rising uncertainties from the US-Iran geopolitical tensions, recorded the highest rise in volumes not only among commodities segments but also among all the asset classes as per FIA's classification, with 83% growth. Volumes of energy derivatives also registered an accelerated growth of 14% during 2019 from about 3% in the previous year. Agricultural commodity derivatives extended the robust growth with 19% in 2019 against 14% growth in 2018. In contrast, the non- precious metals derivatives segment was the only segment that witnessed a reduction in volumes by about 5% during 2019, though the fall was less steep compared to the 12% fall in 2018.

The trends in global commodity derivatives volumes are presented in Chart 1.

Chart 1: Global Futures and Options Volumes across Commodity Segments



Source: Futures Industry Association

Indian Commodity Markets

Indian commodity derivatives markets witnessed a robust growth during FY20, as the aggregate value of commodity futures traded across all commodity exchanges grew 24% higher at ₹ 89.3 lakh crore over ₹ 71.97 lakh crore in FY19. As a result, the Average Daily Turnover of futures trading on Indian commodity exchanges increased to ₹ 34,491, the highest after 2012-13. In terms of volumes, the Indian commodity futures market expanded by about 23% to 389 million contracts in 2019-20 from about 317 million contracts a year before. The strong growth in futures trading, in tune with the global trends, was primarily driven by the increased volatilities in non-agricultural commodities particularly in bullion and energy segments, percolating from the international markets.

Trading in options contracts also expanded significantly to ₹ 2.92 lakh crore in FY20 from about ₹ 1.81 lakh crore in the previous year as noted in the SEBI Monthly Bulletin of April 2020.**Table 1: Volumes of Commodity Futures traded on Indian Commodity Exchanges (Million Contracts)**

	FY18-19	FY19-20	Change
Agri commodities	17	16	-4%
Base Metals	79	38	-52%
Bullion	84	129	53%
Energy	137	206	50%
Total	**317**	**389**	23%

Source- SEBI Monthly Bulletin April, 2020

Table 2: Turnover of Commodity Futures traded on Indian Commodity Exchanges (₹ Crore)			
	FY18-19	**FY19-20**	**Change**
Agri commodities	652,138	584,556	-10%
Base Metals	2,529,665	1,575,771	-38%
Bullion	1,564,173	2,957,864	89%
Energy	2,450,851	3,814,863	56%
Total	**7,196,826**	**8,933,054**	**24%**

Source- SEBI Monthly Bulletin April, 2020

MCXCCL'S BUSINESS OVERVIEW IN 2019-20

MCXCCL commenced its operations from September 03, 2018. MCXCCL's total income during the year under review stood at ₹ 7,156.89 lakh as compared to ₹ 3,875.20 lakh for financial year ended March 31, 2019. The total expenses including administration and other expenses stood at ₹ 4,485.34 lakh compared to ₹ 2,534.53 lakh for the financial year ended 2019. The Profit before tax stood at ₹ 2,671.55 lakh as compared to ₹ 1,340.67 lakh for the financial year ended 2019. Further, profit after tax was ₹ 2,792.15 lakh for the year under review as compared to ₹ 943.44 lakh for the financial year ended March 31, 2019.

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

OPPORTUNITIES AND THREATS

A. Opportunities

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

Delivery-based Base Metal contracts

The efforts that started in the fourth quarter of FY19 to launch compulsory delivery-based contracts in all base metals were successfully completed in FY20. The launch of indigenously benchmarked deliverable futures contracts of Copper, Aluminium, Zinc, Lead and Nickel on MCX and cleared by MCXCCL has paved the way for the Indian market prices for metals to be discovered on a domestic exchange and clearing platform in a transparent manner. With the launch of deliverable contracts, therefore, MCX is now offering the benefit of fair price

discovery, reflective of domestic fundamentals and price risk management, to the Indian metals market ecosystem, making the exchange and clearing platform of MCX and MCXCCL respectively more attractive.

Introduction of new products

SEBI has permitted stock exchanges to launch 'Option in Goods' in their commodity derivatives segment, in addition to existing 'Options on commodity futures'. The regulator has also provided detailed guidelines on Product Design and Risk Management Framework for Option in Goods. New Options contracts have, subsequently, been launched on the MCX platform, fulfilling the price risk management needs of the stakeholders and portfolio diversification opportunities for investors.

On 20th December, 2019, MCX launched the MCX India Commodity Indices (MCX iCOMDEX) adhering to the SEBI guidelines for the design of commodity indices, while also ensuring that the construction, administration and governance of the indices conform to the global best practices set by the International Organization of Securities Commissions (IOSCO). The MCX iCOMDEX index family consists of a composite index (MCX iCOMDEX Composite Index), two sectoral indices (MCX iCOMDEX Bullion Index and MCX iCOMDEX Base Metals Index) and four single-commodity indices (MCX iCOMDEX Gold Index, MCX iCOMDEX Silver Index, MCX iCOMDEX Copper Index and MCX iCOMDEX Crude Oil Index). MCXCCL will be clearing and settling these trades.

Expansion of participant categories

SEBI issued operational guidelines for participation of Mutual Funds and Portfolio Managers in commodity derivatives in May 2019 and subsequently, in October 2019, approved a large custodial service provider as the custodian in the commodity space. This facilitated the entry of mutual funds and other financial institutions into commodity derivatives trading and offer suitable investment schemes and products, including commodity derivatives, to their clients. Following this, in February 2020, an Asset Management Company (AMC) launched the first mutual fund scheme in the country enabling investment in exchange-traded commodity derivatives. Other AMCs too are expected to launch schemes including commodity derivatives in the near future. Such institutional participation in commodity trading and clearing remains one of the most promising opportunity for your Company.

Issuance of Indian Good Delivery (IGD) standards

The Bureau of Indian Standards (BIS) has issued Indian Good Delivery (IGD) standards for refined gold and silver bars in December 2019. MCX is gearing up to adopt the IGD standard into exchange traded bullion derivatives, which can enhance participation in trading and delivery by stakeholders. MCXCCL will be clearing and settling these trades.

B. Threats

Impact from Covid-19 Pandemic

The Covid-19 pandemic and the nation-wide lockdown put in place to arrest its spread has affected the business of your Company and those of its stakeholders such as Members, Warehouse Service Providers, assayers, etc. The curtailing of trading hours to 5 PM instead of 11.30 PM, which was effective from March 30 to April 22, 2020, steeply brought down the average daily turnover compared to that in the previous months. The resumption of trading hours from April 23, 2020 helped recover trading and clearing volumes, but at levels lower than recorded prior to the lockdown.

Your Company has in place a Business Continuity Plan (BCP), which details processes and procedures that helps in keeping operations up and running – or restore them as quickly as possible – in the event of a major disaster. The BCP has been operationalized to maintain continuity of operations.

Competition

With permissibility and entry of all stock exchanges into commodity space and launch of commodity derivatives products by exchanges and their clearing arms which are well-established in other market segments, your Company faces competition from these new players. However, the new players have not made any significant dent till now in the commodity derivatives market as evident in the rising market share of your Company in 2019-20 over the previous year.

RISKS AND CONCERNS

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

- **Business risks**

  The Covid-19 pandemic can result into a potential business risk for your Company impacting trading and clearing activity as well as the prices of commodities due to the prolonged period of lockdown. Restrictions in physical movement of people and commodities can lead to reduced trading activity. In addition, the restrictions and corresponding demand shrinkage has led to significant reduction in commodity prices in global markets, particularly for metals and energy products, which may continue in future.

- **Market risks**

  India's commodity derivatives market is impacted by domestic and global economic conditions. Events such as the country's industrial growth, global financial crisis, recession, regional economic disintegration, inflation, etc. are likely to influence the commodity fundamentals and hence the market. Generally, an increase in demand for commodities along with increased price volatility generate greater demand for trading and clearing of commodity derivative

contracts, which would have a positive impact on your Company's operational results.

- **Risks from Technology**

  Your Company is dependent for technology on third party vendors for services that are important to its business. As such, any interruption in or cessation of an important supply or service by any third party can have an adverse effect on its business and operations. Any failure to keep pace with industry standards in technology and respond to participant preferences can also have an adverse effect on the business and operations.

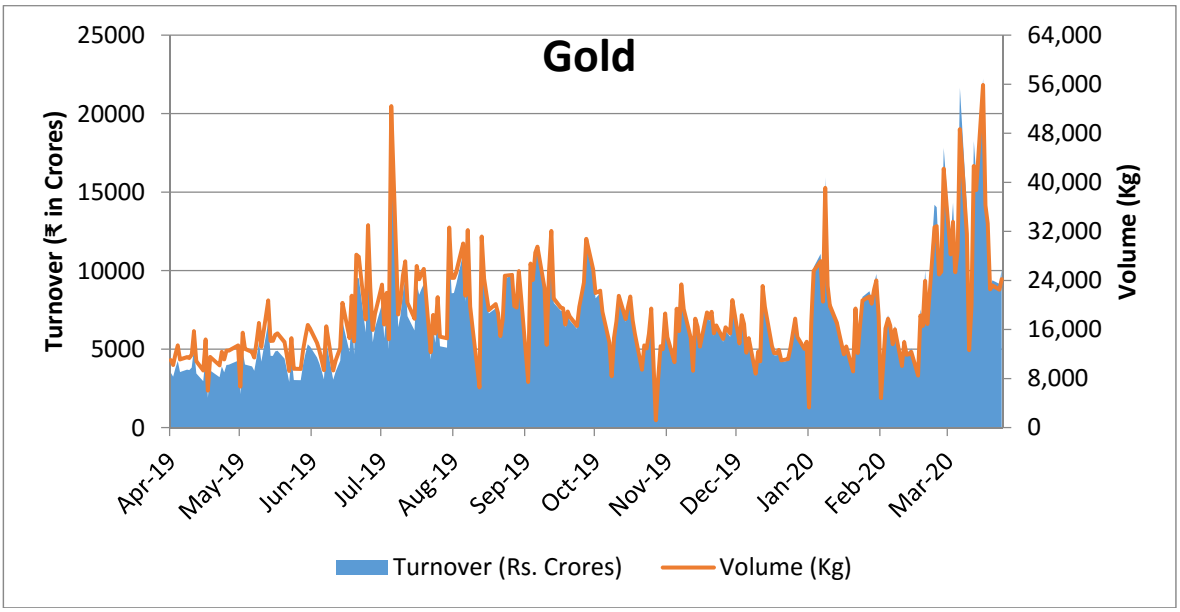
- **Policy-related risks**

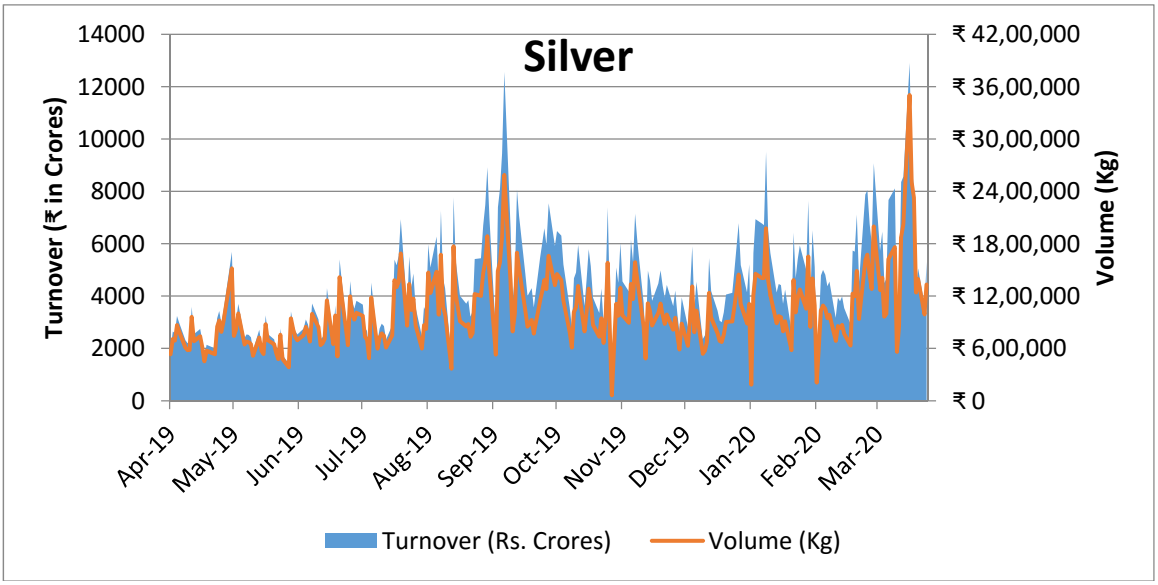
  Your Company's operational performance is largely dependent on the trading activity on the Exchange whose trades it clears and settles i.e. MCX. Thus, any development that adversely affects the performance of MCX would have an adverse effect on your Company. For instance, a new tax or increase in the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

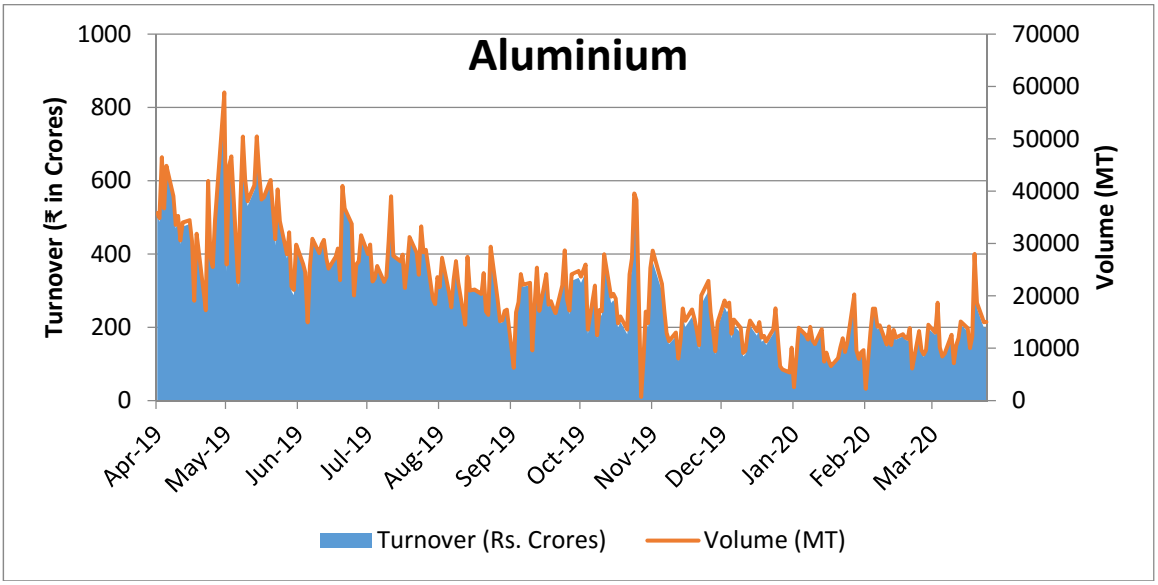
PRODUCT WISE PERFORMANCE

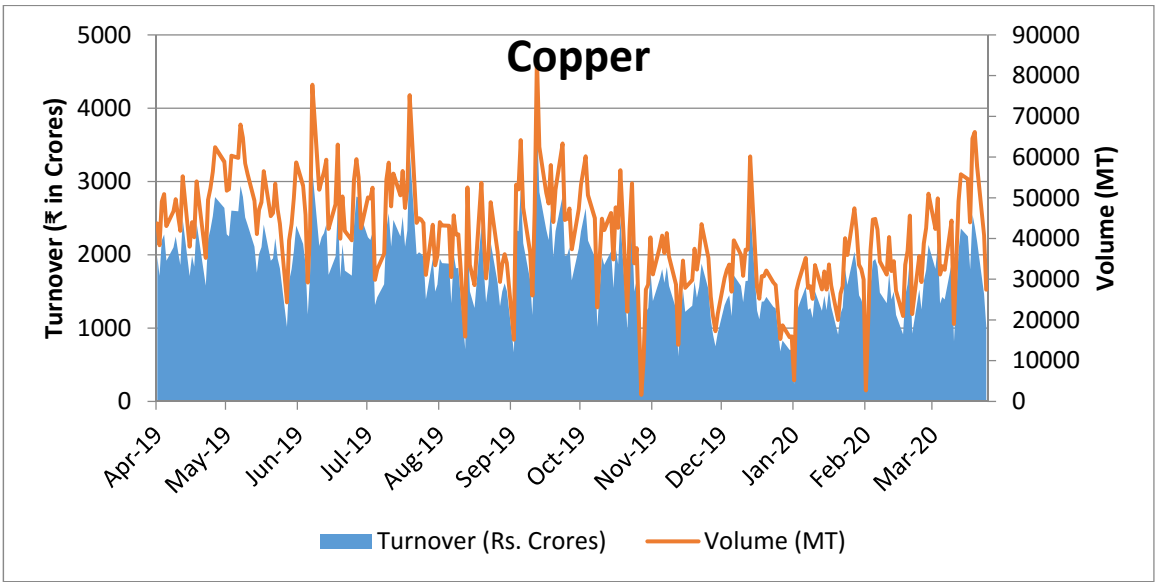
Product-wise volume and turnover of different commodities cleared and settled by your Company during the financial year 2019-20 is given below;

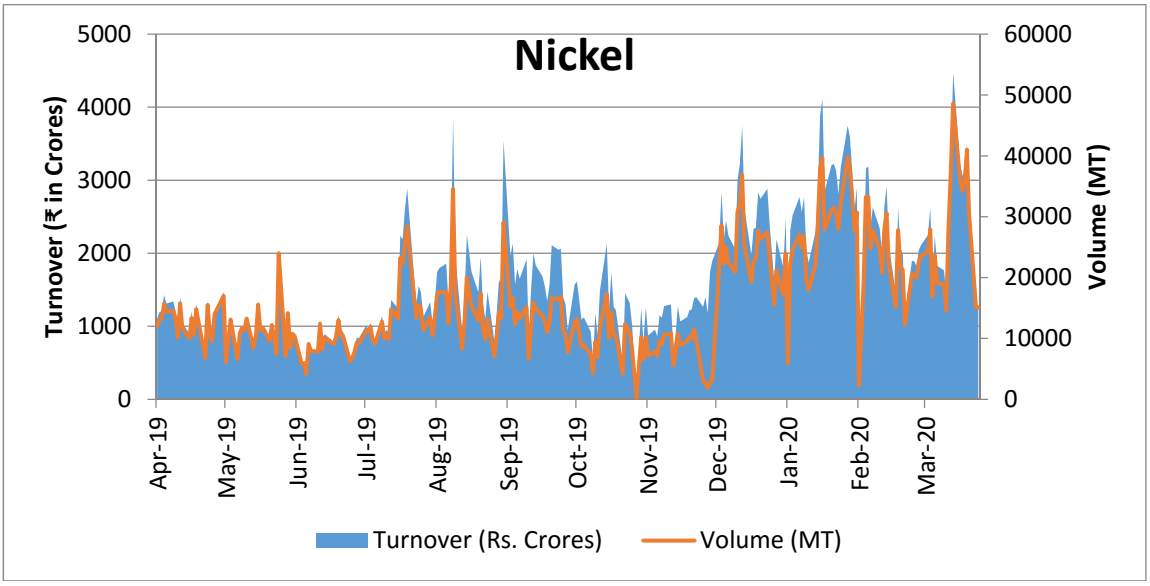
Daily Turnover and Volume of Commodity Futures Contracts Cleared on MCXCCL in 2019-20 (All variants of each commodity combined)

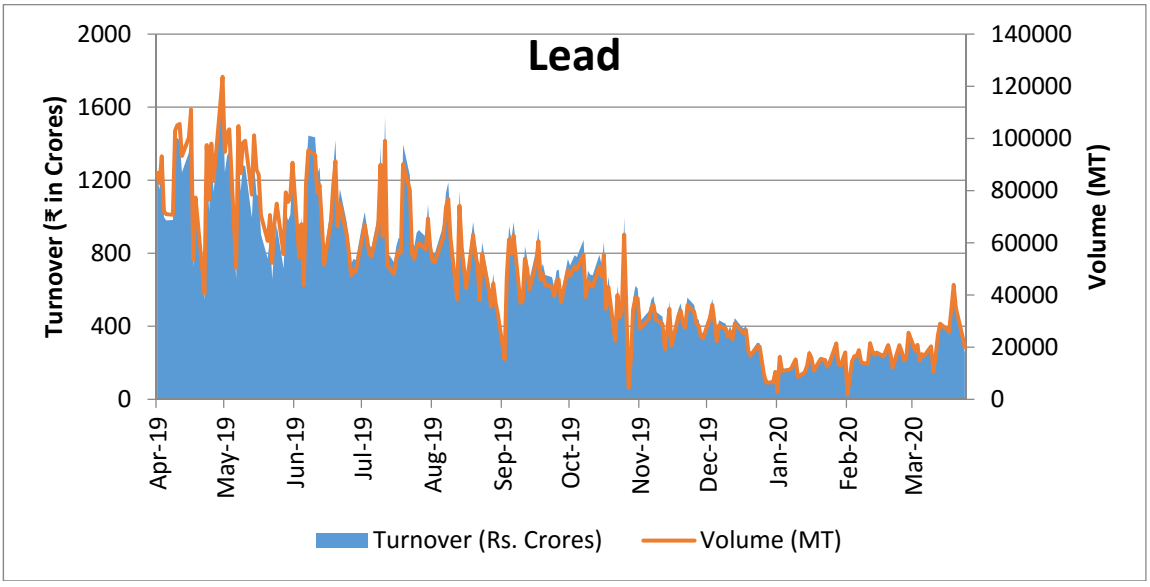


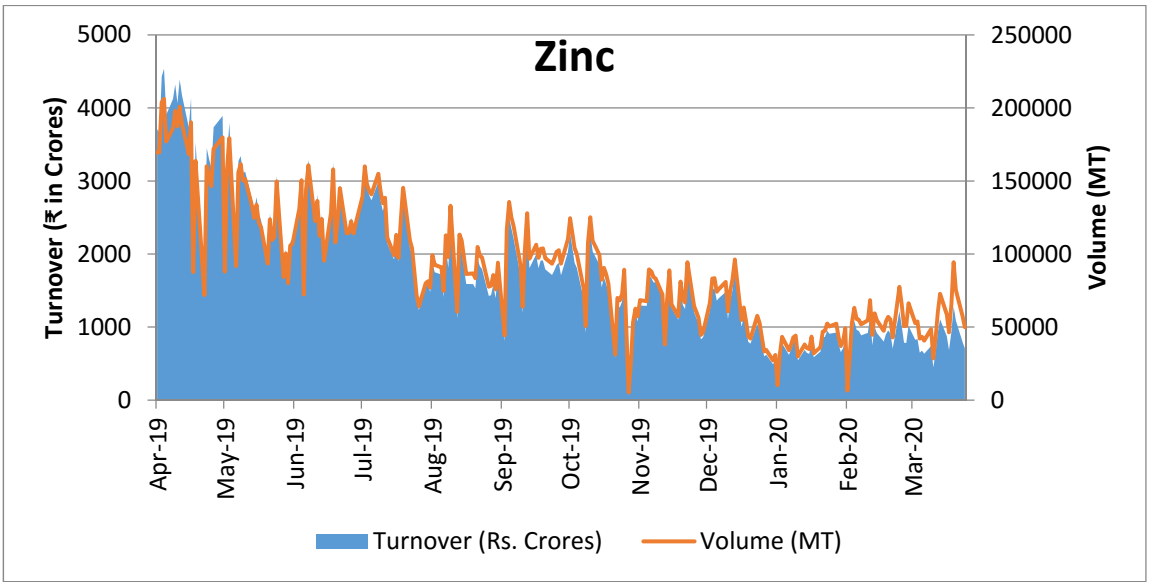

Silver
Turnover (₹ in Crores)
Volume (Kg)
14000
12000
10000
8000
6000
4000
2000
0
₹ 42,00,000
₹ 36,00,000
₹ 30,00,000
₹ 24,00,000
₹ 18,00,000
₹ 12,00,000
₹ 6,00,000
₹ 0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (Rs. Crores)
Volume (Kg)

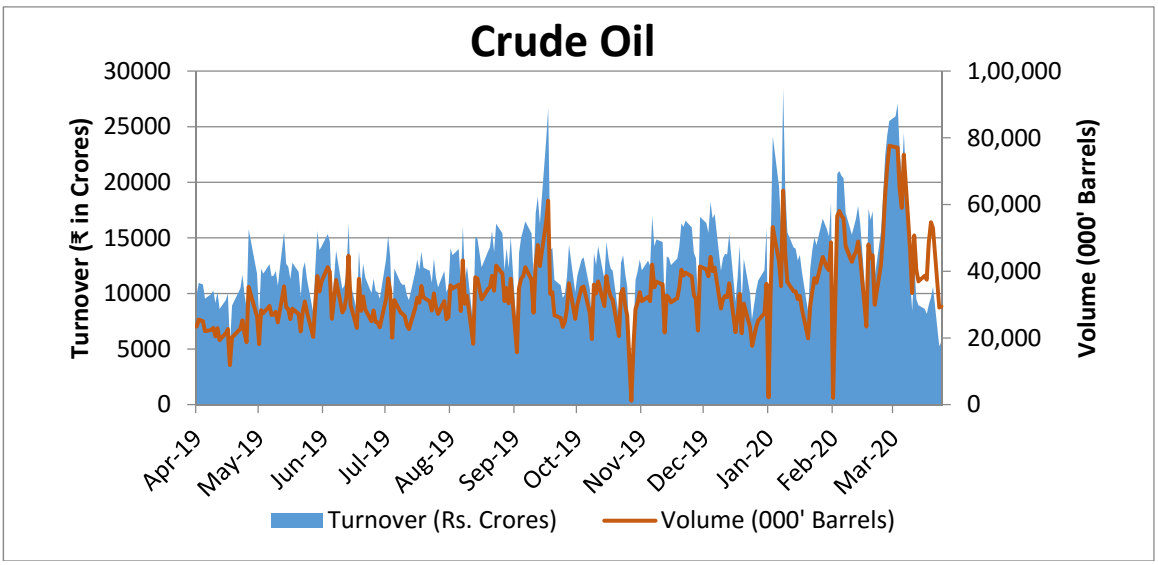

Aluminium
Turnover (₹ in Crores)
Volume (MT)
1000
800
600
400
200
0
70000
60000
50000
40000
30000
20000
10000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (Rs. Crores)
Volume (MT)

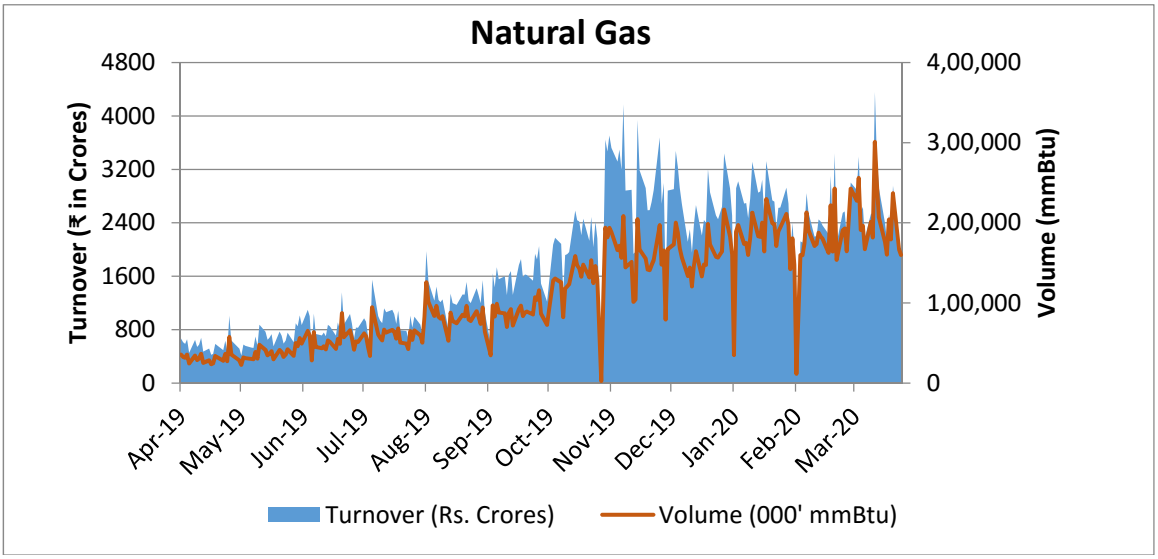

Copper
Turnover (₹ in Crores)
Volume (MT)
5000
4000
3000
2000
1000
0
90000
80000
70000
60000
50000
40000
30000
20000
10000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (Rs. Crores)
Volume (MT)

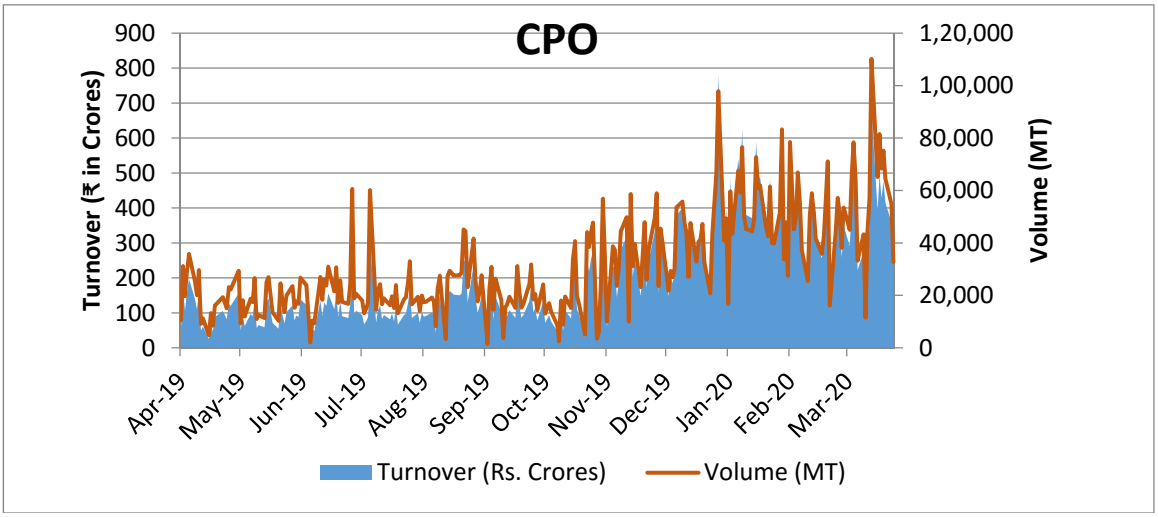

Nickel
Turnover (₹ in Crores)
Volume (MT)
5000
4000
3000
2000
1000
0
60000
50000
40000
30000
20000
10000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (Rs. Crores)
Volume (MT)

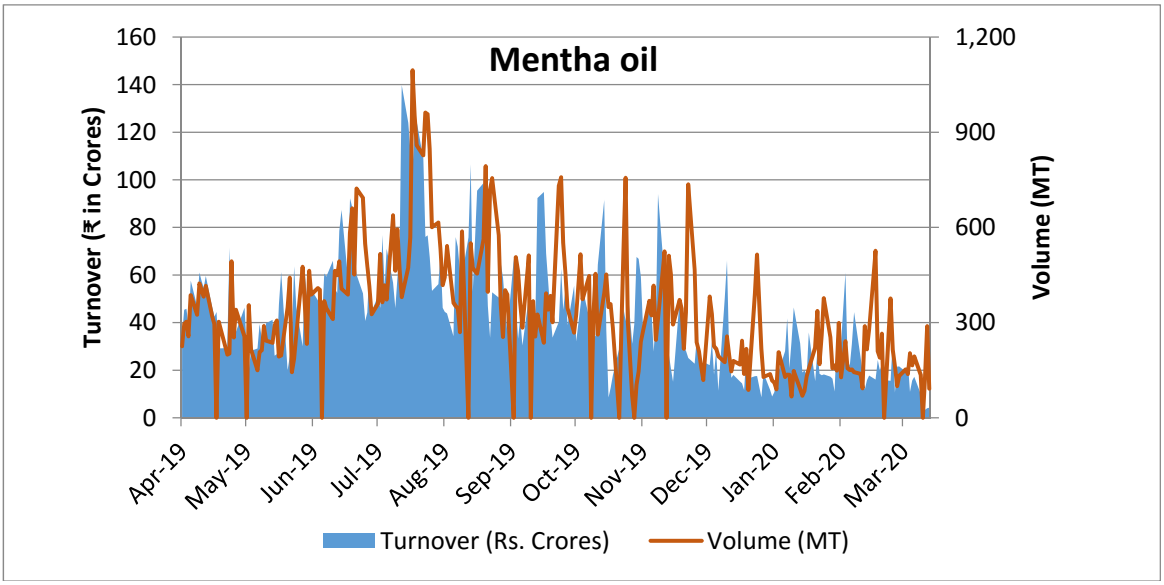

Lead
Turnover (₹ in Crores)
Volume (MT)
2000
1600
1200
800
400
0
140000
120000
100000
80000
60000
40000
20000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (Rs. Crores)
Volume (MT)

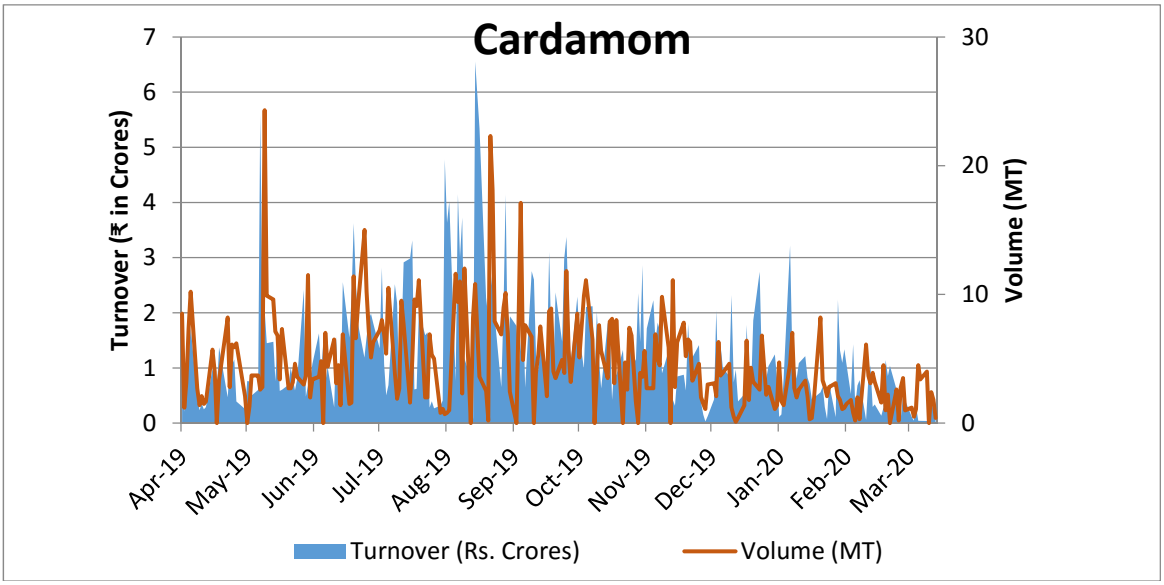

Zinc
Turnover (₹ in Crores)
Volume (MT)
5000
4000
3000
2000
1000
0
250000
200000
150000
100000
50000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (Rs. Crores)
Volume (MT)

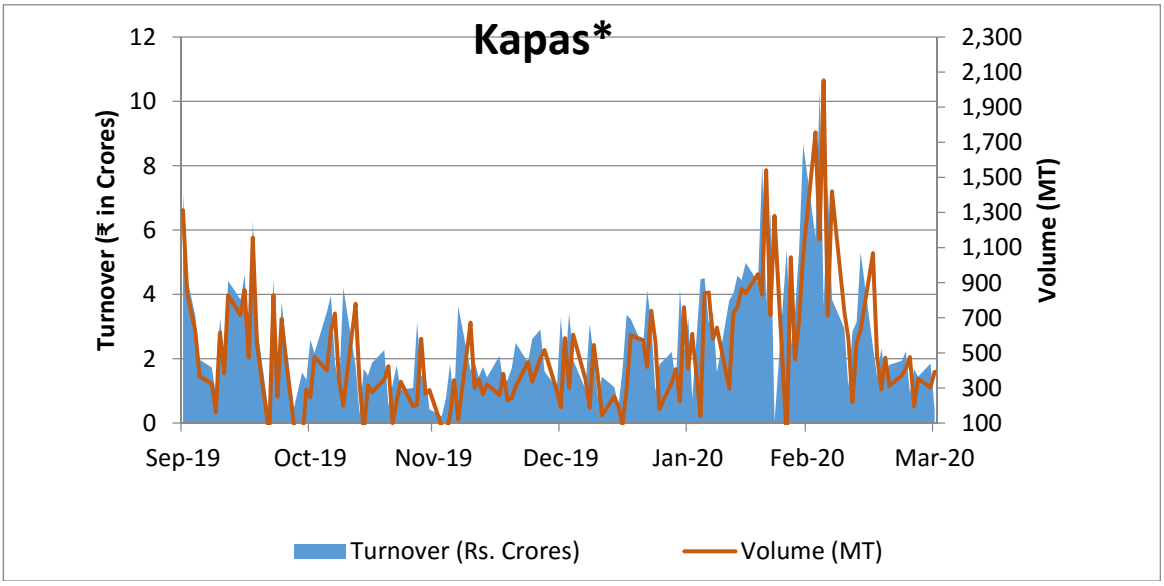

Crude Oil
Turnover (₹ in Crores)
Volume (000' Barrels)
30000
25000
20000
15000
10000
5000
0
1,00,000
80,000
60,000
40,000
20,000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (Rs. Crores)
Volume (000' Barrels)


Natural Gas
Turnover (₹ in Crores)
Volume (mmBtu)
4800
4000
3200
2400
1600
800
0
4,00,000
3,00,000
2,00,000
1,00,000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (Rs. Crores)
Volume (000' mmBtu)

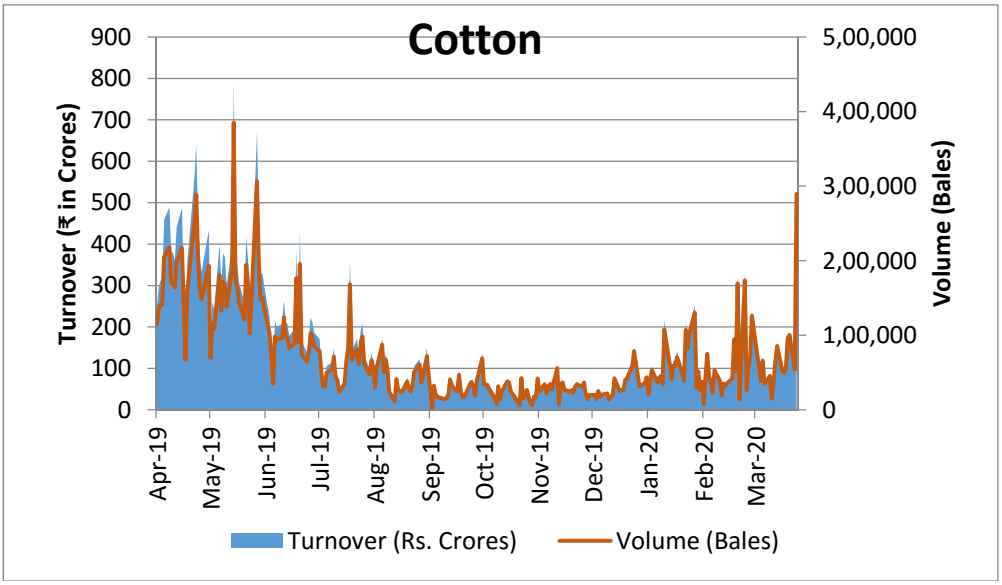

CPO
Turnover (₹ in Crores)
Volume (MT)
900
800
700
600
500
400
300
200
100
0
1,20,000
1,00,000
80,000
60,000
40,000
20,000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (Rs. Crores)
Volume (MT)



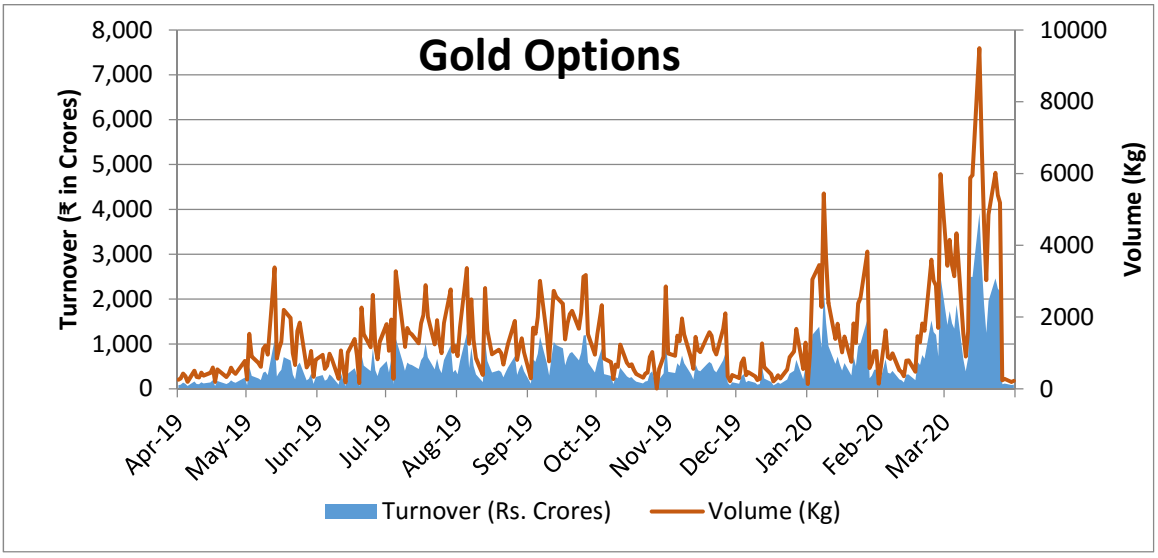


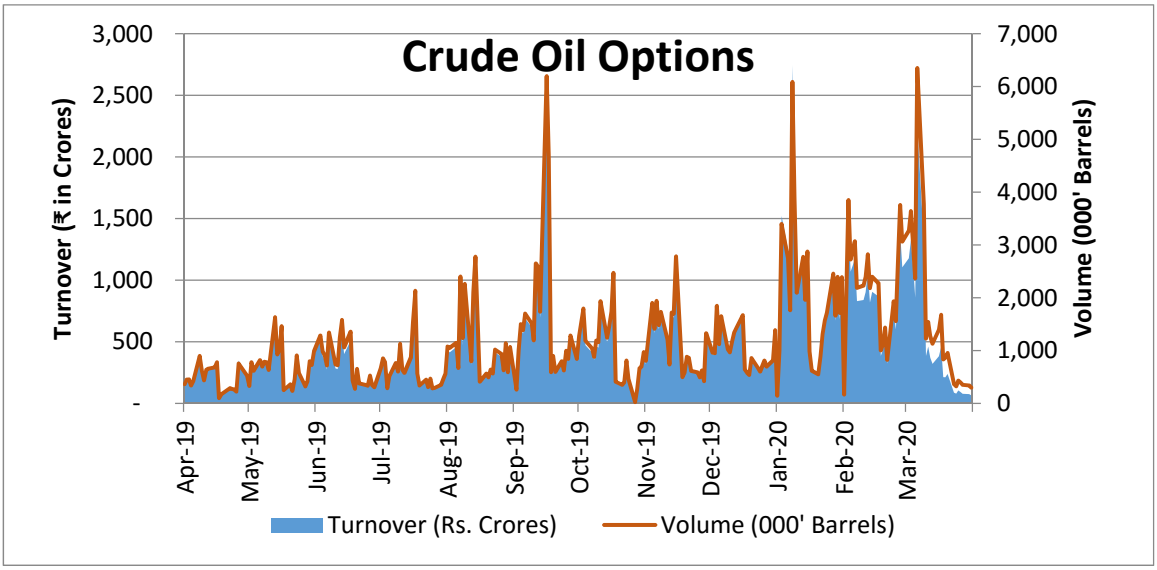


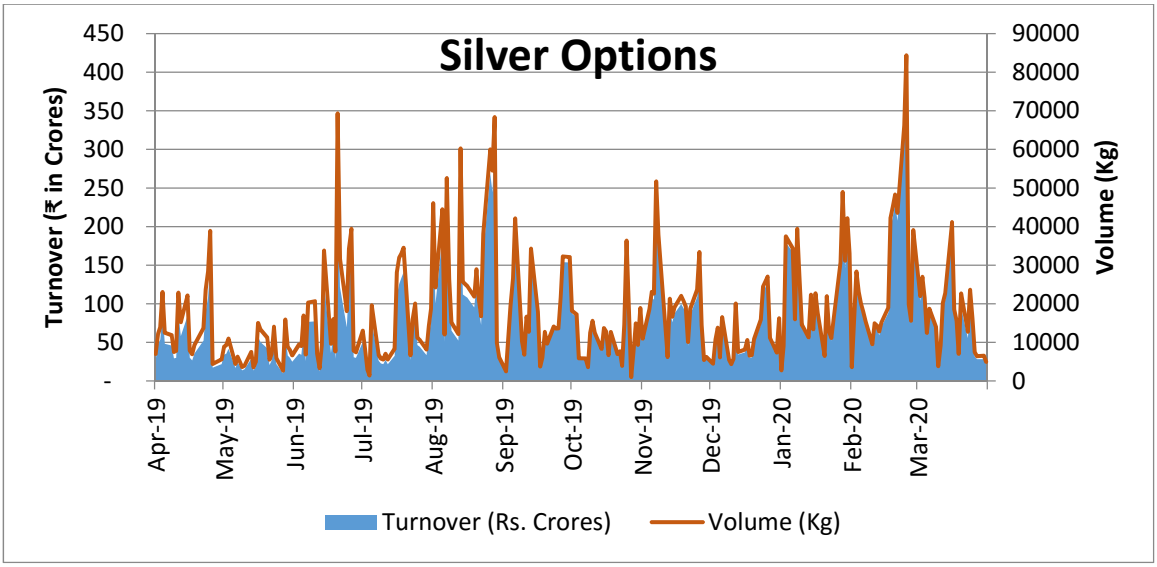
*Launched on 30 September 2019

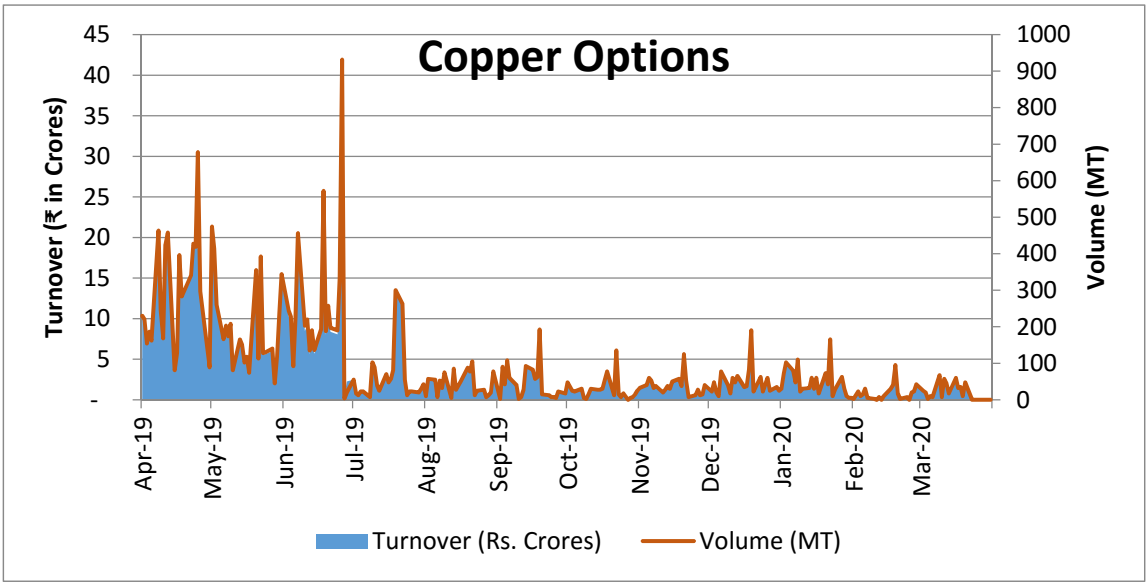


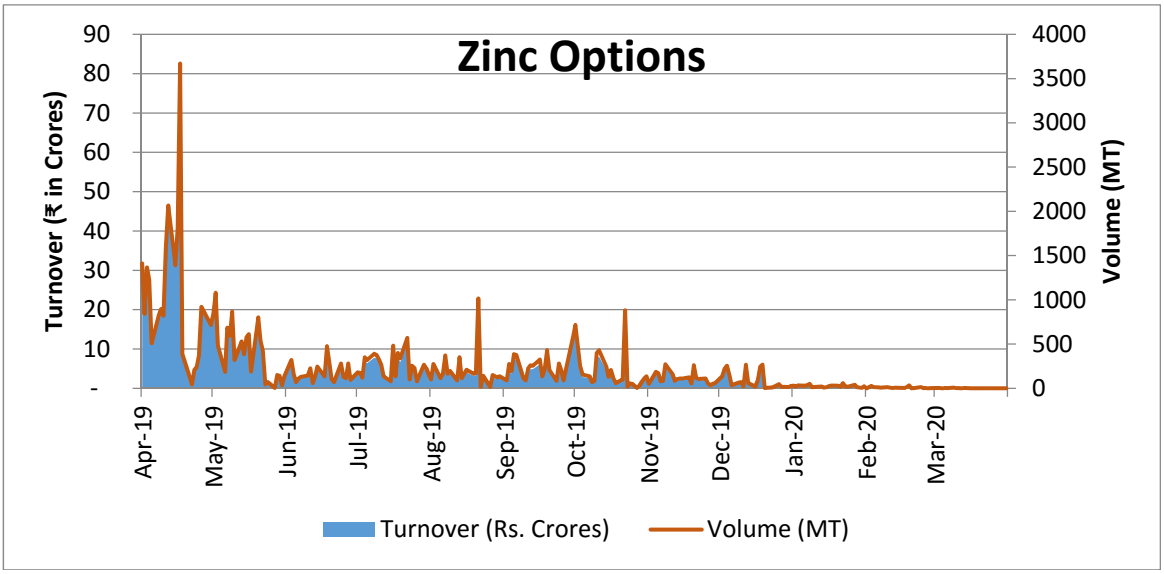
Daily Notional Turnover and Volume of Commodity Options Contracts Cleared on MCXCCL in 2019-20




Crude Oil Options
Turnover (₹ in Crores)
Volume (000' Barrels)
3,000
2,500
2,000
1,500
1,000
500
-
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (Rs. Crores)
Volume (000' Barrels)


Silver Options
Turnover (₹ in Crores)
Volume (Kg)
450
400
350
300
250
200
150
100
50
-
90000
80000
70000
60000
50000
40000
30000
20000
10000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (Rs. Crores)
Volume (Kg)


Copper Options
Turnover (₹ in Crores)
Volume (MT)
45
40
35
30
25
20
15
10
5
-
1000
900
800
700
600
500
400
300
200
100
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (Rs. Crores)
Volume (MT)



FINANCIAL PERFORMANCE AND RESULTS OF OPERATIONS

Your Company derives its revenues primarily by charging clearing and settlement fees to MCX for which it clears and settles trades. Your Company operates in a single segment business.

Revenue:

Your Company commenced its operations in September 2018. During FY 2019-20, your Company's total income increased to ₹ 7156.89 lakh from ₹ 3875.20 lakh in FY 2018-19. The operating expenses increased to ₹ 4485.34 lakh in FY 2019-20, from ₹ 2534.53 lakh in FY 2018-19.

The profit before exceptional items and tax for the FY 2019-20 increased to ₹ 2671.54 lakh from ₹ 1340.67 lakh in the last financial year. During FY 2019-20, the profit after tax stood at ₹ 2792.15 lakh as against ₹ 943.44 lakh in FY 2018-19.

Expenses

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

Table 1: MCXCCL's expenditure *

(₹ in Lakh)

Particulars	FY 2019-20	FY 2018-19
Employee benefit expense	1145.46	728.96
Software support charges	1714.76	882.63
Depreciation and amortization	253.60	15.90

Particulars	FY 2019-20	FY 2018-19
Computer technology and communication expenses	851.88	408.97
Finance Costs	24.52	-
Other expenses	495.12	498.07
Total	**4485.34**	**2534.53**

* The numbers for FY 2019-20 and FY 2018-19 are not comparable as the Company had commenced its operations w.e.f. September 01, 2018.

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

Profits, provision for tax and profit analysis

The Profit before Tax for the year stood at ₹ 2,671.54 lakh (Previous Year: ₹ 1,340.67 lakh) and after provisions for tax of ₹ -120.60 lakh (Previous Year: ₹ 397.23 lakh), the Profit after Tax stood at ₹ 2,792.15 lakh (Previous Year: ₹ 943.44 lakh). The net profit margin stood at 39 percent in FY 2019-20 (Previous year: 24 percent).

Shareholders' funds -Share capital

As at March 31, 2020, your Company's issued, subscribed and paid-up share capital stood at ₹23,998.50 lakh. For further details on the share capital, please refer the Directors Report.

Secured loans

Your Company had no secured loans in its books as at March 31, 2020 and as at March 31, 2019.

Current Assets

As at March 31, 2020, total current assets stood at ₹ 83,664.92 lakh (Previous year: ₹ 28,531.91 lakh) which consisted of current investments in the schemes of Mutual Funds at ₹ 7,509.04 lakh as against ₹ 5,396.18 lakh as at March 31, 2019. Further, cash and cash equivalents stood at ₹ 40,307.70 lakh (Previous year: ₹ 10,362.34 lakh), Bank balances stood at ₹ 33,991 lakh (Previous year: ₹ 12,000 lakh) and other assets stood at ₹ 1,663.62 lakh (Previous year: ₹ 773.39 lakh).

Non-Current Assets

As at March 31, 2020, your Company's total non-current assets stood at ₹ 38,676.89 lakh which consisted of income tax assets (net) of ₹ 1,071.96 lakh (Previous year: ₹ 30.79 lakh) and other non-current assets include bank deposits with maturity of more than 12 months at ₹ 37,366.87 lakh (Previous year: ₹ 41,544.09 lakh). Other non-current assets as at March 31, 2020 stood at ₹ 237.86 lakh (Previous Year: ₹ 119.76).

Current liabilities:

Total Current Liabilities stood at ₹ 75,825.80 lakh (Previous year: ₹ 34,450.35 lakh) which consisted of trade payables of ₹ 76.84 lakh (Previous year: ₹ 112.56 lakh), income tax liabilities (net) ₹ Nil (Previous Year: ₹ Nil), provisions of ₹ 23.63 lakh (Previous Year: ₹ 5.25 Lakh), other financial liabilities of ₹ 75,440.69 lakh (Previous Year: ₹ 34,247.98 lakh) and other current liabilities of ₹ 284.63 lakh (Previous Year: ₹ 84.56 lakh).

Non-Current Liabilities:

Total non-current liabilities stood at ₹ 97.33 lakh (Previous year: ₹ 21.91 lakh) which consisted of deferred tax liabilities (net) of ₹ Nil (Previous year: ₹ 1.47 lakh), other non-current financial liabilities ₹ 70.42 lakh (Previous year: ₹ Nil) and Employee benefit obligations of ₹ 26.91 lakh (Previous year: ₹ 20.44 lakh).

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

Sr. no.	Ratio	Financial Year		% change
		2019-20	2018-19	
1	Debtors Turnover	0.70	0.67	5.74
2	Inventory Turnover	N.A	N.A	N.A.
3	Interest Coverage Ratio	N.A	N.A	N.A.
4	Current Ratio	110.08	82.82	31.92
5	Debt Equity Ratio	N.A	N.A	N.A.
6	Operating Profit Margin	37	35	8
7	Net Profit Margin	39	24	60

Change in Return on Net Worth along with detailed explanation:

Sr. no.	Ratio	Financial Year	
		2019-20	2018-19
1	Return on Net worth	66.61	19.43

Note: The Increase in return on net worth ratio is mainly due to increase in revenues from clearing and settlement activity & increase in margin fund income in the current year.

INITIATIVES AND OUTLOOK

FY 2019-20 was a good year for Indian commodity derivatives markets, as this year witnessed several new initiatives and policy reforms aimed at broadening the commodity derivatives market. With SEBI allowing more participant categories and derivative products, including tradable commodity indices, your Company looks forward to providing clearing services to these new participants and in these new product segments, as and when they are traded on MCX.

In a landmark development, Mutual Funds and Portfolio Management Services were permitted to participate in the commodity derivatives segment of exchanges in FY 2019-20 making the Exchange-Traded Commodity Derivatives (ETCD) markets more attractive for retail investors investing through Mutual Funds. Participation of these entities has necessitated the presence of Custodians in the ETCD segment to provide clearing services to these entities to settle the trades as per SEBI regulations. Two Professional Clearing Members have obtained SEBI registration to service ETCD markets and have started their custody operations. Subsequently, Mutual Funds have commenced trading in ETCD through the trading members of MCX and availed services of approved Custodians to clear their trades. The trend is likely to continue as few more Custodians are expected to take Professional Clearing Membership of MCXCCL in the current year.

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

ROLE OF TECHNOLOGY

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

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

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

We have adopted a defence-in-depth strategy to ensure information security at all layers with a well-defined Cyber Security and Cyber Resilience Policy. The Information Security Policy is based on the ISO 27001 controls and MCXCCL was accredited with ISO 27001:2013 certification in May 2019. The cyber security and cyber resilience policy is based on Identify, Protect, Detect, Respond and Recover principles to identify, assess, and manage cyber security risks associated with processes, information, networks and systems. Additionally, improvements/ measures have been taken in the Cyber Security and Information Security Management Systems to review and strengthen the overall controls in line with the guidelines from the Regulatory Body and other National Agencies to provide increased resilience and rapid response to Cyber threats to its IT infrastructure. In addition to implementation of Security Operation Centre (SOC) for monitoring cyber-attacks / incident related alerts round the clock, your Company has also implemented Privilege Access Management (PAM) tool to monitor and manage the access control of the critical assets. Your Company has fully implemented two factor authentications (2FA) for web based systems for enhanced security.

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

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

Your Company has deployed automated processes to the extent possible and well defined processes which have reduced the switch-over from Primary site to DR Site, with reduced RTO (Recovery Time Objective) and RPO (Recovery Point Objective). Your Company, in compliance with regulatory norms, has conducted seamless and successful 2 day unannounced live risk management and clearing & settlement operations twice in FY 20 from the DR site.

In addition to the continual improvements/ initiatives to provide sustainable quality, strengthen the overall resilience, commitment to provide a seamless experience and ability of responding to and recovering from any type of disruption or disaster, your Company has taken steps and is now ISO 9001:2015 certified for Quality Management and ISO 22301:2019 certified for Business Continuity Management System (BCMS).

MEMBERSHIP

As on March 31, 2020, the Clearing Corporation had 207 Members including 6 (six) Professional Clearing Members.

RISK MANAGEMENT

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

1. **Settlement Guarantee Fund (SGF):**

   To protect your Company against any default and in accordance with SEBI requirements, your Company carries out daily stress tests and maintains a Settlement Guarantee Fund. Accordingly, the Core SGF of your Company as on March 31, 2020 stood at ₹ 40,977 lakh.

2. **Minimum net worth requirements:**

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

3. **Margin Requirements:**

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

4. **Additional Measures:**

   Your Company has also implemented additional risk mitigation measures as part of Member monitoring:

   (a) Margin Shortfall Block Amount (MSBA)

   In the event of Clearing Member‘s margin utilization breaching 100% of the margin limits on more than 2 occasions in past 30 days, the highest amount of margin shortage of the past 30 days is blocked as Margin Shortfall Block Amount (MSBA) from the deposits of the Clearing Member, on which no margin benefit is given for next 30 days.

(b) Exposure Free Deposit for MTM Shortage (EFDMS)

Clearing Members who fail to meet their pay-in obligations (towards MTM, net premium payable and the exercise/ assignment value) by the scheduled date and time are required to provide applicable Exposure Free Deposit for MTM Shortage for next 30 days.

In the event of shortages during the EFDMS period, additional cash EFDMS is also sought.

(c) Risk Reduction Mode (RRM)

The Trading Members/Clearing Members shall be mandatorily put in risk-reduction mode when 90% of the member's Liquid Assets (Total Collateral Less Minimum Liquid Net worth) available for adjustment against margins/deposits get utilized for margins/deposits. Additionally, MCXCCL reserves the rights to put a member into RRM below 90% also.

(d) Intraday Crystalized Loss

Intraday Crystalized loss (i.e. loss made on square-off positions) incurred by the members are added to the Margin Utilization of the member along with SPAN and other margins and compared against the Margin Limit (eligible Collaterals).

(e) In the event of Clearing Member's margin utilization breaching 100% of the margin limits on more than 2 occasions in past 30 days, the following action is initiated by the MCXCCL

- An amount equivalent to highest amount of margin shortage of the past 30 days is blocked as Margin Shortfall Block Amount (MSBA) from the deposits of the Clearing Member for next 30 days
- In case, the margin utilization of the member after blocking MSBA reaches 85%, then member is placed in suspend-square off mode till the time member complies with the MSBA or up to the retention period.

WAREHOUSING

To cater to the storage requirements of various Members of the Exchange and their respective constituents/ depositors who are willing to store goods and give delivery on the Exchange platform, your Company has made necessary warehousing and logistics arrangements with Warehouse Service Providers (WSPs)/ Vault Service Providers (VSPs). Consequent to the transfer of clearing and settlement division of the Exchange to MCXCCL w.e.f. September 01, 2018, physical deliveries of the commodities traded on the Exchange platform are effected through MCXCCL. MCXCCL has made necessary warehousing arrangements with WSPs/VSPs for this purpose and it undertakes accreditation of the warehouses/vaults to ensure safe storage and preservation of quality of goods deposited by various business participants for delivery on its platform.

MCXCCL has a wide network and availability of warehouses for delivery of commodities traded on MCX platform, which provides confidence to Members to trade on MCX. As at March 31, 2020, MCXCCL had agreements with Seven WSPs for facilitating physical deliveries in agricultural commodities and Base Metals. As at March 31, 2020, MCXCCL has accredited 46 warehouses of these Seven WSPs, of which 40 warehouses are registered with the Warehousing Development & Regulatory Authority (WDRA) and remaining 6 warehouses for metals do not require WDRA registration.

Further, MCXCCL entered into agreements with three VSPs for facilitating physical deliveries in bullion. There are 23 accredited vaults of these agencies located at Ahmedabad, Delhi, Mumbai, Bengaluru, Chennai, Cochin, Hyderabad, Jaipur, Rajkot, Agra, Salem and Kolkata.

SEGMENT-WISE PERFORMANCE

Based on the risks and returns identified, organizational structure and the internal financial reporting system, the business segment is the primary segment for the Company and accordingly "business of facilitating clearing and settlement of trades in commodities" is considered as the only Primary Reportable business segment. Further, the Company renders services only in the domestic market in India and there is no geographical segment.

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

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

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

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

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

Your Company had employed 62 employees during the year under review. Your Company continues to attract, retain and nurture talented workforce in its endeavour to be an employer of choice.

Cultural integration being the integral part of management philosophy, MCXCCL launched multiple employee initiatives during the year. The primary focus was to design the approach in such a way that ensures employees are committed to their organization's goals, objectives and values that encouraged contributing to organizational success, as well engaged employees are happier, both at work and at their lives.

The Company also undertakes various staff welfare activities to improve productivity by bringing unity such as the “Annual Employee Event”, which has been designed to break the peer groups together for enhanced interpersonal relationship and team work. As a new initiative, MCXCCL has rewarded employee’s children for their exceptional efforts in passing 10th and 12th standard examination with flying colours.

Objective appraisal systems based on Key result areas (KRAs), mid-term feedback to employees are in place across all levels. The Company runs an online HR Portal called **‘HR-Connect’**, for enhanced transparency in Employee Lifecycle Management and Performance Evaluation Systems enabling employees to receive timely feedback chalk out personal development plan and identify training needs.

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.

Disclosure of Accounting Treatment

In the preparation of financial statements, accounting treatment as prescribed in Accounting Standards has been followed.

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.

For and on behalf of the Board of Directors of
Multi Commodity Exchange Clearing Corporation Limited

Ved Kumar Jain
Chairperson
DIN: 00485623
Place: New Delhi
Date: July 25, 2020

Corporate Governance Report

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

Your Company being a recognised Clearing Corporation under Securities Contracts Regulation Act, 1956 is required to *inter alia* comply with the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (**hereinafter referred to as 'SECC Regulations, 2018'**). Pursuant to Regulation 33 of SECC Regulations, 2018, the Disclosure Requirements and Corporate Governance norms as specified under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**hereinafter referred to as 'Listing Regulations, 2015'**) for listed companies are *mutatis mutandis* applicable to a recognised Clearing Corporation. Accordingly, a detailed report on Corporate Governance for the financial year ended March 31, 2020 (**hereinafter referred to as 'year under review'**) demonstrating the Company's accountability to its stakeholders is set out hereunder:

1. **Company's Philosophy:**

   Your Company, being identified as a Market Infrastructure Institution (**hereinafter referred to as 'MII'**) by Securities and Exchange Board of India **(hereinafter referred to as 'SEBI')**, believes in adopting best practices in the area of Corporate Governance viz. Transparency, Integrity, comprehensive disclosures, professionalism and structured accountability, the cornerstones of your Company's value system. Our actions are governed by these values and principles, which are reinforced at all levels within the Company.

   Your Company emphasises the need for transparency and accountability in all its transactions and the Board considers itself as a Trustee of its Stakeholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. These principles along with fair and transparent disclosures, guide your Company's Management to serve and protect long-term interests of all its stakeholders, including shareholders, clients, employees, members of the Clearing Corporation and the communities in which it operates. This philosophy of your Company has been further strengthened with the adoption of the Code of Conduct for Board of Directors and Key Managerial Personnel of the Company.

2. **Board of Directors:**

   The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors with a minimum of 1 (one) Woman Director, all being expert professionals having experience in diverse areas such as Management, Technology, Finance & Accounting, Risk management, Ethics, Economics etc.

Your Company being a Clearing Corporation is, inter alia, regulated by SEBI. In accordance with SECC Regulations, 2018, "Public Interest Director" (**hereinafter referred to as 'PID'**) means an Independent Director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of SEBI, is in conflict with his/her role. Accordingly, PIDs are considered as Independent Directors for adhering to the compliance with the regulations under the Listing Regulations, 2015 and provisions under Companies Act, 2013.

(a) Composition and category of the Board of Directors:

The Board of Directors as on March 31, 2020 consists of 7 (Seven) Directors out of which 4 (four) are Public Interest Directors including 1 (One) Woman Independent Director, 2 (two) are Shareholder Directors and 1 (one) Managing Director & Chief Executive Officer. Except Mr. Narendra Kumar Ahlawat who is an Executive Director, other Directors including the Chairperson are Non - Executive Directors.

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

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

The Composition of the Board is in conformity with Regulation 17 of the Listing Regulations, 2015. The composition of the Board of Directors as on March 31, 2020 is as follows:

Sr. No.	Name of Director	Nature of Directorship
1	Mr. Ved Kumar Jain (DIN: 00485623)	Chairperson, Non- Executive, Independent, PID
2	Dr. Brinda Jagirdar (DIN: 06979864)	Non- Executive Independent, PID
3	Mr. Nagesh Pinge (DIN: 00062900)	Non- Executive, Independent, PID
4	Mr. Rajesh Doshi (DIN : 00059903)	Non- Executive, Independent, PID
5	Mr. Chengalath Jayaram (DIN: 00012214)	Non-Executive, Non- Independent, Shareholder Director

Sr. No.	Name of Director	Nature of Directorship
6	Mr. Mrugank Paranjape (DIN: 02162026) *	Non-Executive, Non- Independent, Shareholder Director
7	Mr. Subbi Reddy Venkatrama Padala (DIN: 01064530)#	Non-Executive, Non- Independent, Shareholder Director
8	Mr. Narendra Kumar Ahlawat (DIN: 07629724)	Executive, Non-Independent, Managing Director & Chief Executive Officer

* Mr. Mrugank Paranjape (DIN: 02162026), Shareholder Director of the Company nominated by MCX on the Board of your Company, resigned from the Board of MCXCCL effective May 8, 2019.

\# Mr. Subbi Reddy Venkatrama Padala (DIN: 01064530), Managing Director and Chief Executive Officer of MCX was nominated by MCX vide its letter MCX/SEC/1683 dated May 29, 2019. The resolution for his appointment was passed by the shareholders, subject to approval of SEBI. SEBI accorded its approval vide letter dated SEBI/HO/CDMRD/DRMP/OW/2019/19494/1 dated July 31, 2019

(b) Attendance of Directors at the Board Meetings and the last Annual General Meeting:

The Attendance of the Directors at the Board Meetings and the last Annual General Meeting held during the year is given below:

Sr. No.	Name of Director	No. of Board Meetings Held^	No. of Board Meetings Attended	Last AGM Attended
1	Mr. Ved Kumar Jain (DIN: 00485623)	10	10	Yes
2	Dr. Brinda Jagirdar (DIN: 06979864)	10	10	Yes
3	Mr. Nagesh Pinge (DIN: 00062900)	10	10	Yes
4	Mr. Rajesh Doshi (DIN : 00059903)	10	10	Yes
5	Mr. Chengalath Jayaram (DIN 00012214)	10	8	No

Sr. No.	Name of Director	No. of Board Meetings Held^	No. of Board Meetings Attended	Last AGM Attended
6	* Mr. Mrugank Paranjape (DIN: 02162026)	1	1	No
7	# Mr. Subbi Reddy Venkatrama Padala (DIN: 01064530)	6	6	Yes
8	Mr. Narendra Kumar Ahlawat (DIN: 07629724)	10	10	Yes

* Mr. Mrugank Paranjape (DIN: 02162026), Shareholder Director of the Company nominated by MCX on the Board of your Company, resigned from the Board of MCXCCL effective May 8, 2019.

\# Mr. Subbi Reddy Venkatrama Padala (DIN: 01064530), Managing Director and Chief Executive Officer of MCX was nominated by MCX vide its letter MCX/SEC/1683 dated May 29, 2019. The resolution for his appointment was passed by the shareholders, subject to approval of SEBI. SEBI accorded its approval vide letter bearing number SEBI/HO/CDMRD/DRMP/OW/2019/19494/1 dated July 31, 2019

^ Number of Board Meetings held during the tenure of the Director during the year under review.

Other notes:

i. There are no inter-se relationships between the Board Members.

ii. The Non-Executive Directors do not hold any equity share(s) in the Company.

(c) The number of other Directorships and Committee Memberships or position of Chairperson and names of listed entities where the person is Director and category of Directorship as on March 31, 2020 is as follows:

Name of the Director	Number of Directorships in other companies in which he/she is a Director(*)	Number of Board Committees in which Director is (**)		Name of the other listed entities where the person is a Director. (*)	Category of Directorship
		Member	Chairperson		
Mr. Ved Kumar Jain	2	1	2	DLF Limited	Non-Executive Independent Director
Dr. Brinda Jagirdar	3	1	0	Rane Engine Valve Limited	Non-Executive Independent Director
				IDFC First Bank Limited	Non-Executive Independent Director
Mr. Nagesh Pinge	5	2	2	Arvind Fashions Limited	Non-Executive Independent Director
				Goa Carbon Limited	Non-Executive Independent Director
Mr. Rajesh Doshi	2	0	0	No Directorships in listed entities	Not applicable
Mr. Chengalath Jayaram	3	3	0	Multi Commodity Exchange of India Limited	Non-Independent Non-Executive Director
				Kotak Mahindra Bank Limited	Non-Independent Non-Executive Director

Name of the Director	Number of Directorships in other companies in which he/she is a Director(*)	Number of Board Committees in which Director is (**)		Name of the other listed entities where the person is a Director. (*)	Category of Directorship
		Member	Chairperson		
Mr. Subbi Reddy Venkatrama Padala	1	0	0	Multi Commodity Exchange of India Limited	Managing Director & CEO
Mr. Narendra Kumar Ahlawat	0	0	0	0	Not applicable

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

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

The number of Directorships, Committee Membership(s)/ Chairpersonship(s) of all Directors is within respective limits prescribed under the Companies Act, 2013 and Regulation 17A & 26(1) of Listing Regulations, 2015.

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

(d) Number of Board Meetings held and the dates on which such meetings were held:

The Board of Directors met 10 (Ten) times during the year under review. The Board Meetings were held on the following dates:

(i) April 22, 2019
(ii) June 3, 2019
(iii) July 11, 2019
(iv) July 16, 2019
(v) August 26, 2019
(vi) September 6, 2019
(vii) October 15, 2019
(viii) October 25, 2019
(ix) January 30, 2020
(x) March 28, 2020

(e) Independent Directors:

The Company appoints Independent Directors on the Board in accordance with the provisions of the SECC Regulations, 2018 and the Companies Act, 2013. The Independent Directors have varied experience and expertise in their respective field / profession, which they bring to all the deliberations.

Every Independent Director, at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his/her status as an Independent Director, gives a declaration that he/she meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations, 2015 and that he/she is not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair his/her ability to discharge his/her duties with an objective independent judgement and without any external influence.

The Independent Directors are complying with the provisions relating to limit of Directorships as required under Regulation 17(A) of the Listing Regulations, 2015. The Company issues a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed on the website of the Company.

The Independent Directors met four times during the financial year i.e. on July 11, 2019, August 16, 2019, October 14, 2019 and January 30, 2020. During their meetings, the Independent Directors reviewed, inter alia, the following:

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

In the opinion of the Board, the Independent Directors fulfil the conditions specified in Listing Regulations, 2015 and they are independent of the management.

Further, no independent Director has resigned before the expiry of his/her respective tenure during the year under review.

(f) Number of shares and convertible instruments held by non- executive Directors;

None of Directors (whether executive and/or non -executive Director) of the Company is holding any shares of the Company as on March 31, 2020.

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

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

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

The details of familiarisation programme for Directors have been posted on the website of the Company at https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/2019--2020-familarisation-programme.pdf?sfvrsn=d259490_2

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

Leadership	Extended leadership in significant enterprise, resulting in practical understanding of organizations, processes, strategic planning and risk management. Demonstrating strengths in developing talent, planning succession and driving change and long-term growth.
Economics	Background in understanding of the international and domestic markets along with tracking developments in the Indian And Global economy and analysing implications of the same on the businesses. Research studies on relevant issues including financial inclusion, financial stability, banking sector reforms etc.

Finance, Accounting & Law	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation and financial reporting processes, or experience in actively supervising a principal financial officer or person performing similar functions. Background in understanding the regulatory framework and the implications of the same in the capital and securities markets.
Technology	A significant background in technology, tracking developments therein, anticipating the Technological trends and innovating and extending or creating Information technology Systems, managing cyber security, system failures, etc.
Risk Management	Background and experience in practical understanding of the risks relating to the business of the Company and managing potential risks in order to minimise the negative impact that it may have on an organisation.
Ethics	Background and records of accomplishment in conducting businesses in an ethical manner by abiding the following values: honesty, integrity, fair, morale and accountability in letter and spirit.
Management	Background in management or having specialisation in management skills like planning, organizing, controlling, leading execution of projects or processes resulting in ability to use management expertise according to the needs of the businesses

The area of expertise of the Board of Directors is as follows:

Sr. No.	Name of the Director	Areas of Expertise
1	Mr. Ved Kumar Jain (DIN: 00485623)	Leadership, Economics, Finance, Accounting & Law, Technology, Risk Management, Ethics and Management
2	Dr. Brinda Jagirdar (DIN: 06979864)	Leadership, Economics, Finance, Accounting & Law, Technology, Ethics and Management
3	Mr. Nagesh Pinge (DIN: 00062900)	Leadership, Finance, Accounting & Law, Risk Management & Ethics and Management.

Sr. No.	Name of the Director	Areas of Expertise
4	Mr. Rajesh Doshi (DIN : 00059903)	Leadership, Technology, Risk Management, Ethics and Management
5	Mr. Chengalath Jayaram (DIN 00012214)	Leadership, Economics, Finance, Accounting & Law, Ethics and Management
6	Mr. Subbi Reddy Venkatrama Padala (DIN: 01064530)	Leadership, Economics, Finance, Accounting & Law, Risk Management, Ethics and Management
7	Mr. Narendra Kumar Ahlawat (DIN: 07629724)	Leadership, Finance, Accounting & Law, Ethics, Risk Management, and Management

Brief profile of the Directors as on March 31, 2020 is available at https://www.mcxccl.com/about-us/Overview

(h) Compliance Reports for applicable laws**:**

The Board periodically reviews compliance reports pertaining to all laws applicable to the Company which are received from the heads of various departments from time to time.

(i) 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/disclosures/code-of-conduct

The Board Members and the Senior Management Personnel affirm compliance with the Code of Conduct at the time of their appointment and thereafter on an annual basis. The necessary declaration by the MD & CEO as required under Regulation 34(3) read with Schedule V (D) of Listing Regulations, 2015 regarding adherence of the code of conduct for the year under review forms part of this Annual Report.

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

(j) Details of Remuneration paid during the year under review and extent of Shareholding of the Directors of the Company as on March 31, 2020

(i) Remuneration of the Executive Directors during the year under review and their Shareholding as on March 31, 2020

Mr. Narendra Kumar Ahlawat, Managing Director and Chief Executive Officer is the only Executive Director of the Company. Remuneration paid to Executive Director is as per the terms of agreement between the Company and Executive Director. The Board approves the terms of agreement at the time of appointment. The particulars of remuneration paid to the Executive Director during the year under review are as under:

Sr. No.	Particulars of Remuneration	Mr. Narendra Kumar Ahlawat, Managing Director and CEO
(i)	Fixed Component	
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	91,45,663/-
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	32,400/-
	c. Profits in lieu of salary under section 17(3) Income-tax Gross salary	Nil
(ii)	Variable Component* Bonus/Incentive/Variable Pay	13,50,000/-
(iii)	Stock Options	Nil
(iv)	Sweat Equity	Nil

Sr. No.	Particulars of Remuneration	Mr. Narendra Kumar Ahlawat, Managing Director and CEO
(v)	Commission - As % of profit - Others, specify	 Nil Nil
(vi)	Others Reimbursement of Expenses	1,24,339/-
	Total	1,06,52,402/-

Mr. Narendra Kumar Ahlawat, Managing Director and CEO, does not hold any shares of the Company as on March 31, 2020.

* In terms of the provisions of SECC Regulations, 2018, 50% of the variable pay to KMP is to be paid on deferred basis after three years. The variable pay for FY 2018-19 is included in the aforesaid remuneration. The variable pay for FY 2019-20 has not been considered.

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

(ii) Remuneration paid to the Non-Executive Directors for attending the Board and Committee Meetings during the year under review and their Shareholding as on March 31, 2020:

Name of the Director	Gross Sitting Fees (Amount in ₹)		Outstanding Stock Options (In Numbers)	Shareholding in the Company as on March 31, 2020 (in Numbers)
	Board Meetings	Committee Meetings		
Mr. Ved Kumar Jain	5,50,000	10,40,000	N.A.	Nil
Dr. Brinda Jagirdar	5,50,000	12,00,000	N.A.	Nil
Mr. Nagesh Pinge	5,50,000	12, 50,000	N.A.	Nil

Name of the Director	Gross Sitting Fees (Amount in ₹)		Outstanding Stock Options (In Numbers)	Shareholding in the Company as on March 31, 2020 (in Numbers)
	Board Meetings	Committee Meetings		
Mr. Rajesh Doshi	5,50,000	10,20,000	N.A.	Nil
Mr. Chengalath Jayaram	4,50,000	2,00,000	N.A.	Nil
Mr. Mrugank Paranjape*	-	-	N.A.	Nil
Mr. Subbi Reddy Venkatrama Padala	-	-	N.A.	Nil

* *Mr. Mrugank Paranjape & Mr. P.S. Reddy waived off their sitting fees for attending the meetings of the Company.*

There were no pecuniary relationships or transactions between the Non-Executive Directors and the Company during the year under review, except for sitting fees paid to the Non-Executive Directors for attending the meetings as a Member and as Invitee.

During the year under review, the Board of Directors in its meeting held on March 28, 2020, on the recommendation of the Nomination and Remuneration Committee, approved revision in sitting fees payable to Non-executive Directors for attending the Board Meetings from ₹ 50,000/- per meeting to ₹ 1,00,000/- per meeting and ₹ 30,000/- per meeting to ₹ 50,000/- per Meeting for attending Committee meeting. The sitting fees paid to the Non-Executive Directors which includes the Independent Directors is within the limits prescribed under the Companies Act, 2013.

The criteria of making payments to Non-Executive Directors is available on the website of the Company at https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/05-criteria-of-making-payments-to-non-executive-Directors---nrc.pdf?sfvrsn=721cd990_2

(3) Board Committees

The Board has constituted various Committees in accordance with the provisions of the Companies Act, 2013, Listing Regulations, 2015 read with the SECC Regulations, 2018, as applicable to take informed decisions in the best interest of the Company, to ensure effective oversight on the functioning of Clearing Corporation and to facilitate cohesive decision-making.

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

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

(a) Audit Committee:

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

(i) Terms of Reference:

1. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

2. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

3. Examination of the financial statement and the auditors' report thereon;

4. Granting approval / omnibus approval, subject to conditions as may be prescribed under any applicable laws, regulations, guidelines, or any subsequent modification of transactions of the Company with related parties; In case of transaction, other than transactions referred to in section 188 of Companies Act, 2013, and where Committee does not approve the transaction, it shall make its recommendations to the Board:

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

5. Scrutiny of inter-corporate loans and investments;

6. Valuation of undertakings or assets of the Company, wherever it is necessary;

7. Evaluation of internal financial controls and risk management systems;

8. Monitoring the end use of funds raised through public offers and related matters.

9. Review the financial statements, in particular, the investments made by unlisted subsidiary.

(ii) Powers of Audit Committee

The Audit committee has the following powers:

1. To investigate any activity within its terms of reference;

2. Seek information from any employee;

3. Obtain outside legal or other professional advice and

4. Secure attendance of outsiders with relevant expertise, if it considers necessary.

(iii) Role of the Committee

The role of the audit committee shall include the following:

1. Oversight of the financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Recommendation for appointment, remuneration and terms of appointment of auditors of the entity;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   a. matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

   b. changes, if any, in accounting policies and practices and reasons for the same;

   c. major accounting entries involving estimates based on the exercise of judgment by management;

   d. significant adjustments made in the financial statements arising out of audit findings;

   e. compliance with listing and other legal requirements relating to financial statements;

   f. disclosure of any related party transactions;

   g. modified opinion(s) in the draft audit report;

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

8. Approval or any subsequent modification of transactions with related parties;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, performance of statutory and internal auditors, and 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.

21. Reviewing the utilization of loans and/or advances from /investment by the holding Company.

(iv) Review of Information by the 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).

(v) Composition of the Committee:

The current composition of the Audit Committee is as follows:

1. Mr. Nagesh Pinge	-	Chairperson
2. Mr. Ved Kumar Jain	-	Member
3. Dr. Brinda Jagirdar	-	Member
4. Mr. Padala Subbi Venkatrama Reddy	-	Member (with effect from August 26, 2019)

(vi) Number of Audit Committee Meetings held and the dates on which such meetings were held:

The Audit Committee met 7 (Seven) times during the year under review. The Meetings were held on the following dates:

(a)	April 22, 2019	(b)	June 3, 2019
(c)	July 11, 2019	(d)	July 16, 2019
(e)	October 15, 2019	(f)	January 30, 2020
(g)	March 28, 2020		

(vii) Meetings and attendance during the year under review:

Members	Meetings held#	Meetings Attended
Mr. Nagesh Pinge	7	7

Members	Meetings held#	Meetings Attended
Mr. Ved Kumar Jain	7	7
Dr. Brinda Jagirdar	7	7
Mr. Mrugank Paranjape	1	0
Mr. Padala Subbi Venkatrama Reddy	3	3

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

During the year, Mr. Padala Subbi Venkatrama Reddy was inducted in the Audit Committee with effect from August 26, 2019 in place of Mr. Mrugank Paranjape who ceased to be a member with effect from his resignation dated May 8, 2019

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

Mr. Nagesh Pinge, Chairperson of the Audit Committee, attended the eleventh Annual General Meeting of the Company held on September 06, 2019.

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

(b) Nomination and Remuneration Committee:

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

The Company's Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees can be accessed from the website of the Company at

https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/nomination-remuneration-policy.pdf?sfvrsn=82e5a490_2.

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 are annexed as **Annexure IV** to the Directors' Report.

(i) Terms of Reference:

1. Identify persons who are qualified to become Directors and who may be appointed as key management personnel in accordance with the criteria laid down, recommend to the Board their appointment and removal;

2. Identify key management personnel, other than personnel as specifically provided in its definition under SECC Regulations, 2018;

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

   The Nomination and Remuneration Committee shall, *inter alia*, while formulating the policy ensure that—

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

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

   (c) Remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

4. Determine the tenure of key management personnel, other than a Director, to be posted in a regulatory department

5. Selecting the Managing Director

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

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

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

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

10. Devise a policy on diversity of Board of Directors

(ii) Composition of the Nomination and Remuneration Committee:

- Dr. Brinda Jagirdar — Chairperson
- Mr. Nagesh Pinge — Member
- Mr. Rajesh Doshi — Member

(iii) Number of Nomination and Remuneration Committee Meetings held and the dates on which such meetings were held:

The Nomination & Remuneration Committee met 12 (twelve) times during the year under review. The Meeting was held on the following dates:

(a)	April 18, 2019	(b)	April 26, 2019
(c)	July 16, 2019	(d)	August 14, 2019
(e)	August 16, 2019	(f)	September 6, 2019
(g)	September 16, 2019	(h)	October 25, 2019
(i)	January 02, 2020	(j)	January 30, 2020
(k)	March 02, 2020	(l)	March 20, 2020

(iv) Meetings and attendance during the year under review:

Members	Meetings held	Meetings Attended
Dr. Brinda Jagirdar	12	12
Mr. Nagesh Pinge	12	12
Mr. Rajesh Doshi	12	12

Dr. Brinda Jagirdar, Chairperson of the Nomination and Remuneration Committee, attended the eleventh Annual General Meeting of the Company on September 06, 2019.

(c) 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 year under review, no complaints were received from shareholders**.** The quarterly reports on Investor complaints are available on the website of the Company at https://www.mcxccl.com/disclosures/other-disclosures)

To resolve Stakeholder Grievance, Stakeholders can contact the Company Secretary:

Email: **mandar.kulkarni@mcxccl.com**
Tel: **+91-22-6731 8888, Fax: +91-22-6649 4151**

(d) The broad terms of reference & constitution of other Committees including as required under the SECC Regulations, 2018 as on March 31, 2020 are as under:

(i) Member and Core Settlement Guarantee Fund Committee (*Formerly known as Membership Selection Committee*)

- Composition of the Committee:

1.	Dr. Brinda Jagirdar	Chairperson
2.	Mr. Nagesh Pinge	Member
3.	Mr. Rajesh Doshi	Member
4.	Mr. Narendra Kumar Ahlawat	Member

- Terms of Reference

1. To scrutinize, evaluate, accept or reject applications for admission of members and transfer of membership and approve voluntary withdrawal of membership.

2. Also in case of clearing corporations with commodity segment, the committee shall also look into:

   - Approving empanelment & cancellation of Warehouse Service Providers/Vault Service Providers /Assayers, accreditation of warehouse, etc.

- Reviewing the continuous functioning, monitoring, and compliance of norms by Warehouse Service Providers, Vault Service Providers and assayers.

3. Formulate policy for regulatory actions, including warning, monetary fine, suspension, deactivation of terminal, declaring a member as defaulter, expulsion, to be taken for various violations by the members of the Clearing Corporation.

4. Based on the laid down policy, the Committee shall consider the cases of violations observed during inspection, etc. and impose appropriate regulatory measure on the members of the Clearing Corporation.

5. While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice'.

6. Realize the assets / deposits of defaulter/expelled member and appropriate amongst various dues and claims against the defaulter/ expelled member in accordance with the Rules, Byelaws and Regulations of the Clearing corporation.

7. Admission /rejection of claims against such members over the assets of the defaulter/expelled member.

8. To manage the Core Settlement Guarantee Fund (Core SGF) of the Clearing Corporation, including its investments as per norms laid down and ensure proper utilization of Core SGF.

(ii) Grievance Redressal Committee
(*Formerly known as Investor Grievance Redressal Committee*)

- Composition of the Committee:

1.	Mr. Nusrat S. Hassan	Independent External Person
2.	Mr. Krishna Mohan Asawa	Independent External Person
3.	Mr. N N Pal	Independent External Person
4.	Mr. Uday Tardalkar	Independent External Person
5.	Mr. Umesh P Maskeri	Independent External Person
6.	Mr. Laxmikant Gupta	Independent External

7.	Mr. Tarang Mehta	Person Independent External Person

- Terms of reference:

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

(iii) Public Interest Director's (PID) Committee**:**

- Composition of the Committee::

1.	Mr. Ved Kumar Jain	Chairperson
2.	Dr. Brinda Jagirdar	Member
3.	Mr. Nagesh Pinge	Member
4.	Mr. Rajesh Doshi	Member

- Terms of Reference:

  1. Review the status of compliance with SEBI letters/ circulars.

  2. Review the functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions, etc.

  3. PIDs shall prepare a report on the working of the committees of which they are member and circulate the same to other PIDs. The consolidated report in this regard shall be submitted to the governing Board ('Board of Directors') of the MII. A consolidated report shall then be submitted to the Board of Directors of the Exchange.

  4, PIDs shall identify the important issues which may involve conflict of interest for the MII or may have significant impact on the functioning of CC or may not be in the interest of securities market and report the same to SEBI, from time to time.

  5. Review the performance of non-independent Directors and the Board as a whole.

  6. Review the performance of the Chairperson of the Company, taking into account the views of executive Directors and non-executive Directors.

7. Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

(iv) Risk Management Committee

- Composition of the Committee:

1.	Mr. Ved Kumar Jain	Chairperson
2.	Mr. Nagesh Pinge	Member
3.	Mr. Rajesh Doshi	Member
4.	Mr. Udayan Maroo	Independent External Person

- Terms of Reference

1. Formulate a detailed risk management policy which shall be approved by the Governing Board.

2. To review the Risk Management Framework & risk mitigation measures from time to time.

3. To monitor and review enterprise-wide risk management plan and such other functions as it may deem fit which shall specifically cover cyber security function, and lay down procedures to inform Board members about the risk assessment and minimisation procedures.

4. The risk management committee shall monitor implementation of the risk management policy and keep the Board and the governing Board informed about its implementation and deviation, if any.

(v) Standing Committee on Technology

- Composition of the Committee:

1.	Mr. Ved Kumar Jain	Chairperson
2.	Mr. Rajesh Doshi	Member
3.	Dr. Brinda Jagirdar	Member
4.	Mr. Kavi Arya	Independent External Person
5.	Mr. Anil Vaidya	Independent External Person

- Terms of Reference

1. To monitor whether the technology used by the Clearing Corporation remains up to date and meets the growing demands of the markets.

2. To monitor the adequacy of systems capacity and efficiency.

3. To look into the changes being suggested by the clearing corporation to the existing software/hardware.

4. To investigate into problems of computerised Risk Management/ Clearing and Settlement System, such as hanging/ slowdown/ breakdown.

5. To ensure that transparency is maintained in disseminating information regarding slowdown/ breakdown in Risk Management/ Clearing and Settlement System.

6. The Committee shall submit a report to the Board of the Clearing Corporation. The Board will deliberate on the report and suitable action/ remedial measure will be taken.

7. Any stoppage beyond five minutes will be explained and reported to the Board. The Clearing Corporation shall issue a press release specifying the reasons for the breakdown.

8. Review the implementation of Board approved cyber security and resilience policy and its framework

9. Such other matters in the scope as may be referred by the Governing Board of the Clearing Corporation and/or SEBI.

(vi) Advisory Committee

- Composition of the Committee:

1. Mr. Ved Kumar Jain (Head of the Committee)
2. Orbis Financial Corporation Ltd.
3. Globe Commodities Limited
4. Open Futures & Commodities Pvt. Ltd
5. SMC Comtrade Ltd
6. Sharekhan Comtrade Private Limited

7. Goyal Securities
8. East India Commodities Pvt. Ltd.
9. Acumen Capital Market(India) Limited
10. President, CPAI, (Permanent invitee)
11. Mr. Padala Subbi Venkatrama Reddy (Permanent Invitee)
12. Mr. Narendra Kumar Ahlawat (Permanent Invitee)

- Terms of Reference

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

(vii) Regulatory Oversight Committee

- Composition of the Committee:

1.	Mr. Rajesh Doshi	Chairperson
2.	Mr. Ved Kumar Jain	Member
3.	Dr. Brinda Jagirdar	Member
4.	Mr. Ashok Dhere	Independent External Person
5.	Mr. Udayan Maroo	Independent External Person

- Terms of Reference

1. Oversee matters related to member regulation such as admission of members, inspection, disciplinary action, etc.

2. Oversee SEBI inspection observations on membership related issues.

3. Estimate adequacy of resources dedicated to member regulation.

4. Monitor the disclosures made under Regulation 33 of SECC Regulations, 2018.

5. Review the actions taken to implement the suggestions of SEBI's Inspection Reports and place it before the Board of Clearing Corporation.

6. To follow up and ensure compliance/ implementation of the inspection observations.

7. Supervising the functioning of Investors' Services Cell of the Clearing Corporation, which includes review of complaint resolution process, review of complaints unresolved over long period of time, estimate the adequacy of resources dedicated to investor services, etc.

8. Lay down procedures for the implementation of the Code.

9. Prescribe reporting formats for the disclosures required under the Code of Ethics.

10. Oversee the implementation of the code of ethics.

11. To periodically monitor the dealings in securities of the Key Management Personnel.

12. To periodically monitor the trading conducted by firms/corporate entities in which the Directors hold twenty percent or more beneficial interest or hold a controlling interest.

13. Reviewing the fees and charges levied by the Clearing Corporation.

14. Monitoring implementation of SECC Regulations and other applicable rules and regulations along-with SEBI Circulars and other directions issued thereunder.

(viii) Investment Committee

- Composition of the Committee:

1.	Mr. Ved Kumar Jain	Chairperson
2.	Mr. Nagesh Pinge	Member
3.	Mr. Chengalath Jayaram	Member
4.	Mr. Padala Subbi Venkatrama Reddy	Member
5.	Mr. Narendra Kumar Ahlawat	Member

- Terms of Reference

1. Formulate an investment policy of the Company which shall be approved by the Board of Directors. Any exception to the policy should be brought to the notice of the Committee in the subsequent meeting.

2. To review various types of insurance covers taken by the Company.

4. **General Body Meetings**:

The details of the previous Three Annual General Meetings of the Company are as follows:

Financial Year	Location	Day & Date	Time	Details of Special Resolution passed
2018-19	Exchange Square, CTS No. 255, Suren Road, Andheri (East), Mumbai 400093.	Friday, September 6, 2019	4:00 pm	No Special resolutions were passed.
2017-18	Exchange Square, CTS No. 255, Suren Road, Andheri (East), Mumbai 400093.	Thursday, August 16, 2018	3:00 pm	3 (three) special resolutions were passed in the meeting: (a) Appointment of Mr. Narendra Kumar Ahlawat as MD & CEO of the Company and approving the remuneration payable to him. (b) Revision of the overall borrowing power of the Company from ₹ 100 crore to ₹ 200 crore. (c) Creation of charge on the moveable and immoveable property of the Company.

Financial Year	Location	Day & Date	Time	Details of Special Resolution passed
2016-17	Exchange Square, CTS No. 255, Suren Road, Andheri (East), Mumbai 400093.	Friday, August 25, 2017	11:00 am	No Special resolutions were passed.

- Resolution passed through postal ballot:

  During the year under review, 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.

- Extra-ordinary General Meeting:

  During the year under review, the Company held 2 (two) Extra-Ordinary General Meetings on June 13, 2019 and December 24, 2019.

5. **Means of Communication:**

The quarterly, half-yearly and annual results of the Company are published in the newspapers, namely Business Standard/Financial Express – English daily newspapers with circulation in the whole or substantially the whole of India and Navshakti/Loksatta, Marathi daily newspapers.

The financial results, shareholding pattern, press releases, annual reports are uploaded on the website of the Company at https://www.mcxccl.com

Significant events, if any, during the financial year are reported on the website of the Company viz. www.mcxccl.com from time to time. The Company's website provides information on Membership, Clearing & Settlement, Risk Management, Delivery, Warehousing Operations, SPOT, Disclosures, legal framework etc.

No presentations were made to institutional investors or to the analysts during the year under review.

6. **Disclosures**:

(a) Disclosures on materially significant related party transactions:

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

Further, the Related Party Transaction Policy of the Company is available on the website of the Company at https://www.mcxccl.com/disclosures/other-disclosures

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

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

(c) Whistle Blower Policy

Your Company has established a Vigil mechanism/ Whistle Blower Policy to enable Directors and employees to report, in good faith, genuine concerns or grievances about unethical behaviour, actual or suspected fraud or any instances of leak of unpublished price sensitive information or violation of the Company's code of conduct or Code of Ethics. The said mechanism ensures that the whistle blowers are protected against the victimization/ any adverse action and/or discrimination as a result of such reporting. This Policy, inter- alia, provides a direct access to the Chairperson of the Audit Committee.

Your Company hereby affirms that no personnel of the Company have been denied access to the Audit Committee.

No complaints were received during the year under review. The whistle Blower policy of the Company has been disclosed on the website of the Company at https://www.mcxccl.com/docs/librariesprovider2/disclosures/other-disclosures/06-whistle-blower-policy---ac.pdf?sfvrsn=631cd990_2

(d) Management Discussion and Analysis:

The Management discussion and Analysis forms part of this Annual Report.

(e) CEO & CFO Certification

The certificate signed by the CEO and CFO in terms of Regulation 17(8) of the Listing Regulations, 2015 was placed before the Board of Directors in its meeting held on May 30, 2020. The certificate forms part of 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 forms part of this Annual report.

(g) Certification from Company Secretary in Practice

The Company has obtained a certificate from a Practicing Company Secretary, under the Listing Regulations, 2015, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of Companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

(h) Compliance with mandatory requirements and adoption of the non-mandatory requirements

- Mandatory Requirements

  The Company has complied with all mandatory requirements of Corporate Governance report as mentioned in Listing Regulations 2015.

- Non-Mandatory Requirements

  Shareholder Rights - The Annual Audited financials are uploaded on the website of the Company and are available to all the shareholders.

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

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

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

The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) during the year under review.

(j) Disclosure where the Board had not accepted any recommendation of any Committee of the Board during the year under review which was mandatorily required

There were no such instances during the year under review.

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

The details of the total fees paid by the Company to the statutory auditors, MSKA & Associates for the financial year under review is as follows:

(Amount in ₹)

Type of Service	**Financial year 2019-20**
Audit fees	3,50,000
Taxation fees	-
Other fees	50,000

During the year under review, the Company did not have any subsidiaries and hence the aforesaid fees are for the services provided to the Company.

(l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Particulars	**Count**
i. Number of complaints as on April 01, 2019	0
ii. Number of complaints filed/received during FY 2019- 20	0
iii. Number of complaints disposed of during FY 2019- 20	0
iv. Number of complaints pending as at March 31, 2020	0

(m) Disclosure on Compliance with Corporate Governance Requirements

Your Company has complied with all the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, 2015, wherever applicable to your Company during the year under review.

7. **Subsidiaries:**

The Company does not have a subsidiary during the year under review and hence no policy for determining 'Material Subsidiaries' has been formulated.

8. **Go Green Initiative:**

As a part of its green initiative, the Company has taken necessary steps to send documents viz. notice of the general meeting, annual report, etc. at the registered email addresses of the shareholders.

9. **General Shareholders Information:**

Day, Date and Time of Annual General Meeting	Thursday, August 27, 2020 at 3.00 p.m.;
Venue of the AGM	Meeting through Video Conferencing mode/Other Audio-Visual Means
Financial Year	April 1, 2019 to March 31, 2020
Book Closure Date	Not Applicable
Dividend Payment Date	The Board of Directors have not recommended any dividend for the financial year ended March 31, 2020
The name and address of each stock Exchange at which the Company's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s).	The Company is not listed on any Stock Exchange.
Stock Code	Not Applicable
Market price data- high, low during each month in last financial year	Not Applicable
Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc.	Not Applicable
In case the securities are suspended from trading, the Directors report shall explain the reason thereof	Not Applicable
Registrar and Share Transfer Agent	Kfin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited) Selenium Building, Tower - B, Plot No. 31 & 32, Financial District,

	Nanakramguda Serilingampally, Hyderabad, Rangareddi, Telangana-500032 Tel: +91-040-6716 2222/7961 1000 Email: einward.ris@kfintech.com Website: https://www.kfintech.com/
Share Transfer System and ISIN	Pursuant to Regulation 46 of SECC Regulations, 2018, the securities have been admitted in the Depository system of Central Depository Services (India) Limited and the ISIN INE00Q801016 has been activated. Further, the ISIN has been marked frozen for all debits for the purpose of ensuring compliance of the provisions of SECC Regulations, 2018. The shareholders are requested to get their physical shares dematerialised. In terms of Regulation 46 of SECC Regulations, 2018, any rematerialisation request will not be accepted by the Company.
Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	During the year under review and as on March 31, 2020, the Company did not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments.
Commodity price risk or foreign exchange risk and hedging activities	Not Applicable
Company operations are located at	Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai - 400 093 and at Gift City, Gujarat.
Plant Locations	Not Applicable
Address for Correspondence	Registered Office: Exchange Square, CTS No. 255, Suren Road, Andheri (East), Mumbai 400093, Maharashtra, India Tel: +91-22-6731 8888 Fax: +91-22-6649 4151
Depository for Equity Shares	Central Depository Services (India) Limited (CDSL)
Corporate Identification Number (CIN) of the Company	U74999MH2008PLC185349

List of all Credit ratings obtained by the Company along with any revisions thereto during the relevant financial year for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad.	The Company has neither issued any debt instruments nor taken any fixed deposit in the financial year 2019-20. However, the Company has obtained a credit rating on the general credit worthiness of the Company from CARE Rating Limited**.** The Company was assigned **CARE AA+** rating**.**

10. **Unclaimed Dividend**

The Company has not paid any dividend till date.

11. **Dematerialisation of Shares**

The distribution of shareholding in physical & demat mode as on March 31, 2020 is given below:

Category	Number of Shareholders	Total Shares of ₹ 10 each	% of equity
Physical	6	* 6	0.000003
Demat	1	239,984,994	99.999997
Total		**239,985,000**	100

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

12. **Distribution of Shareholding:**

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

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

13. **Reconciliation of Share Capital Audit:**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out, on a quarterly basis, Reconciliation of Share Capital Audit to reconcile the total

admitted capital with CDSL and the total issued capital and report thereon is available on the website of the Company. Based on the audit report, it is certified/confirmed that the total issued/paid-up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with CDSL.

Certificate on Corporate Governance

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

We have examined the compliance of conditions of Corporate Governance by **Multi Commodity Exchange Clearing Corporation Limited** ('the Company') for the year ended March 31, 2020 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 33 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

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

Sd/-
NEHA R LAHOTY
PARTNER
FCS No.: 8568
COP No.: 10286
UDIN: F008568B000490632

Place: Mumbai
Date: 22nd July 2020

CEO & CFO Certification for FY 19-20

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

We, Narendra Ahlawat, Managing Director & Chief Executive Officer and Rajesh Kumar Agrawal, 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, 2020 and to the best of our knowledge and belief, subject to Emphasis of Matter highlighted by the Statutory Auditors in their even dated report read along with the notes to accounts in the financial statements.

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

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

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

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

(i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

For **Multi Commodity Exchange Clearing Corporation Limited**

Narendra Kumar Ahlawat	**Rajesh Kumar Agrawal**
Managing Director & CEO	**Chief Financial Officer**
DIN: 07629724	
Place: Mumbai	**Place: Mumbai**
Date: May 30, 2020	**Date: May 30, 2020**

Declaration by Chief Executive Officer under Regulation 34(3) Read With Schedule V Of Securities Exchange Board Of India (Listing Obligation And Disclosure Requirements) Regulations, 2015 In Respect Of Compliance With Company's Code Of Conduct

This is to confirm that the members of Board of Directors and Key Management Personnel of the Company have affirmed compliance with the Code of Conduct of Multi Commodity Exchange Clearing Corporation Limited, as applicable to them, for the financial year ended March 31, 2020.

For **Multi Commodity Exchange Clearing Corporation Limited**

Narendra Kumar Ahlawat
Managing Director & CEO
DIN: 07629724

Place: Mumbai
Date: July 25, 2020

INDEPENDENT **AUDITOR'S** REPORT

To the Members of Multi Commodity Exchange Clearing Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Multi Commodity Exchange Clearing Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 41 to the financial statements which states that the Management has assessed the potential impact of the COVID 19 on the Company's operation, financials performance and financials position as at March 31, 2020. Based on the assessment, the Management is of the view that impact of the COVID 19 on the operations of the Company and the carrying value of its assets and liabilities is not material. Accordingly, no adjustments have been made to the financial statements.

Our opinion is not modified in respect of this matter.

Key Audit Matter

Computation of Core Settlement Guarantee Fund ("Core SGF") is a mandatory compliance requirement for the Clearing corporation which involves the evaluation of the historic information, large variety and complexity of computation as well as involvement of significant judgement in the computation of price of underlying commodities, future contracts etc and is clarified by Securities and Exchange Board of India ("SEBI") through various Circulars.

As per SEBI regulations, maintenance of SGF is a regulatory requirement for the clearing corporation to guarantee the settlement of trades executed on the stock exchange, non-compliance with which may attract penalty from SEBI. In the event of a clearing member failing to honour settlement commitments, the SGF is used to fund the obligations of such member and complete the settlement without affecting the normal settlement process.

Due to the level of judgement and complexity involved relating to computation of SGF, this is considered to be a key audit matter.

Our audit procedures, in respect of this area included:

1. Obtained an understanding of the regulatory framework to be complied by the Company for the maintenance of Core SGF;

2. Understood, evaluated and validated the design of the process adopted by the Company over the computation of Core SGF;
3. Compared the computation method applied by the Management with the computation method prescribed by the SEBI;
4. Tested the Core SGF computation under various scenarios keeping in view the assumption made by the Management; and
5. Recomputed the stress test results on sample basis to ensure the adequacy of the Core SGF to be recognised as on March 31, 2020.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report but does not include the financial statements and our auditor's report thereon. The Director's report has not been made available to us.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

Responsibilities of Management and Those charged with Governance for Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our

opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended;

   e. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

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

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

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

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

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

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 20117812AAAAGZ7985

Mumbai
May 30, 2020

ANNEXURE A TO INDEPENDENT **AUDITOR'S** REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MULTI COMMODITY EXCHANGE CLEARING CORPORATION LIMITED FOR THE YEAR ENDED MARCH 31, 2020
[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

i.
(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).

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

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

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

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

iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

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

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

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

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, banks or debenture holders as 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, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.

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

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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

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

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

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

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 20117812AAAAGZ7985

Mumbai
May 30, 2020

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

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Multi Commodity Exchange Clearing Corporation Limited on the Financial Statements for the year ended March 31, 2020]

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

We have audited the internal financial controls with reference to financial statements of Multi Commodity Exchange Clearing Corporation Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls With reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 With reference to financial statements

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

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 20117812AAAAGZ7985

Mumbai
May 30, 2020

Multi Commodity Exchange Clearing Corporation Limited
Balance Sheet as at March 31, 2020
CIN : U74999MH2008PLC185349

Rs. In Lakh

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2A	12.77	17.96
(b) Capital work in progress	2B	3.37	-
(c) Right to use assets	2C	93.05	-
(d) Intangible assets	3A	74.44	96.60
(e) Intangible assets under development	3B	54.11	-
(f) Financial assets			
(i) Other financial assets	4	37,366.87	41,544.09
(g) Income tax assets (net)	5	1,071.96	30.79
(h) Other non-current assets	6	0.12	5.20
Total Non-current assets		**38,676.69**	**41,694.64**
(2) Current assets			
(a) Financial assets			
(i) Investments	7	7,509.04	5,396.18
(ii) Trade receivables	8	50.34	25.78
(iii) Cash and cash equivalents	9	40,307.70	10,362.34
(iv) Bank balances (other than cash and cash equivalents)	10	33,991.00	12,000.00
(v) Others financial assets	11	1,555.01	741.98
(b) Other current assets	12	58.27	5.63
Total current assets		**83,471.36**	**28,531.91**
Total Assets		**1,22,148.05**	**70,226.55**
Equity and liabilities			
(1) Equity			
(a) Equity share capital	13	23,998.50	23,998.50
(b) Other equity	14	(18,750.84)	(21,224.25)
Total equity		**5,247.66**	**2,774.25**
(2) Core settlement guarantee fund	15	40,977.26	32,980.04
(3) Non-current liabilities			
(a) Deferred tax liabilities (net)	29	-	1.47
(b) Other non-current financial liabilities	16	70.42	-
(c) Employee benefit obligations	17	26.91	20.44
Total non-current liabilities		**97.33**	**21.91**
(4) Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
Total outstanding dues of micro enterprises and small enterprises		0.11	0.22
Total outstanding dues of creditors other than micro enterprises and small enterprises		76.73	112.34
(ii) Other financial liabilities	18	75,440.69	34,247.98
(b) Employee benefit obligations	19	23.63	5.25
(c) Other current liabilities	20	284.64	84.56
Total current liabilities		**75,825.80**	**34,450.35**
Total Liabilities		**1,16,900.39**	**67,452.30**
Total Equity and Liabilities		**1,22,148.05**	**70,226.55**

Summary of significant accounting policies 1

See accompanying notes to the financial statements. 1-42

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

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No. : 105047W

Swapnil Kale
Partner
Membership No. 117812

Mumbai
May 30, 2020

For and on behalf of the Board of Directors

Narendra Ahlawat
Managing Director & CEO
DIN : 07629724

Ved Jain
Chairman
DIN : 00485623

Nagesh Pinge
Director
DIN : 00062900

Mandar Kulkarni
Company Secretary

Rajesh Agrawal
Chief Financial Officer

Mumbai
May 30, 2020

Multi Commodity Exchange Clearing Corporation Limited
Statement of Profit and Loss for the year ended March 31, 2020

Rs. In Lakh unless otherwise stated

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I	**Income**			
	Revenue from operations	21	7,153.13	3,873.03
	Other income	22	3.76	2.17
	Total Income		**7,156.89**	**3,875.20**
II	**Expenses**			
	Employee benefits expense	23	1,145.46	728.96
	Finance costs	24	24.52	-
	Depreciation and amortization expense	2A, 3A	253.60	15.90
	Software support charges	25	1,714.76	882.63
	Computer technology and communication expenses	26	851.88	408.97
	Other expenses	27	495.12	498.07
	Total expenses		**4,485.34**	**2,534.53**
III	**Profit before tax**		**2,671.55**	**1,340.67**
IV	**Tax expenses**			
	Current tax	29	-	411.95
	Excess provision for tax relating to previous years		(119.13)	-
	Deferred tax	29	(1.47)	(14.72)
V	**Profit for the year**		**2,792.15**	**943.44**
VI	Other Comprehensive Income			
	Items that will be reclassified to profit or loss (net of tax)			
	Remeasurement of employee benefits obligations		(11.75)	16.22
VII	**Total Comprehensive Income for the period**		**2,780.40**	**959.66**
VIII	**Earnings per equity share (of Rs. 10/- each)**	31		
	Basic earnings per share (in Rs.)		1.16	0.58
	Diluted earnings per share (in Rs.)		1.16	0.58

Summary of significant accounting policies 1

See accompanying notes to the financial statements. 1-42

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

As per our report of even date

For MSKA & Associates

Chartered Accountants

Firm Registration No. : 105047W

Swapnil Kale

Partner

Membership No. 117812

Mumbai

May 30, 2020

For and on behalf of the Board of Directors

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

Mandar Kulkarni

Company Secretary

Rajesh Agrawal

Chief Financial Officer

Mumbai

May 30, 2020

Multi Commodity Exchange Clearing Corporation Limited
Statement of Changes in Equity for the year ended March 31, 2020

Rs. In lakh

Particulars	Equity Share Capital (A)	Other Equity (B) Reserves and Surplus Retained Earnings
As at April 01, 2018	10,600.00	422.31
Profit for the year	-	959.66
Equity shares issued during the year	13,398.50	-
Transfer to Settlement Guarantee Fund	-	(22,606.22)
As at March 31, 2019	23,998.50	(21,224.25)
Profit for the year	-	2,780.40
Equity shares issued during the year	-	-
Transfer to Settlement Guarantee Fund (Refer Note 38)	-	(307.00)
As at March 31, 2020	**23,998.50**	**(18,750.84)**

As per our report of even date attached.

For MSKA & Associates
Chartered Accountants
Firm Registration No. : 105047W

Swapnil Kale
Partner
Membership No. 117812

Mumbai
May 30, 2020

For and on behalf of the Board of Directors

Narendra Ahlawat
Managing Director & CEO
DIN : 07629724

Ved Jain
Chairman
DIN : 00485623

Nagesh Pinge
Director
DIN : 00062900

Mandar Kulkarni
Company Secretary

Rajesh Agrawal
Chief Financial Officer

Mumbai
May 30, 2020

Multi Commodity Exchange Clearing Corporation Limited

Cash Flow Statement for the year ended March 31, 2020 **Rs. In Lakh**

	Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
A	**Cash flow from operating activities**				
	Profit before exceptional items and tax		**2,671.54**		**1,340.67**
	Adjustments for:				
	Depreciation and amortisation expense	253.60		15.90	
	Finance costs	24.52		-	
	Remeasurement of Employee benefit	(11.75)		16.22	
			266.37		**32.12**
	Operating profit before working capital changes		**2,937.91**		**1,372.79**
	Changes in working capital				
	Adjustments for (increase) / decrease in assets				
	Other financial assets (Non current)	285.07		(1,716.09)	
	Other non-current assets	5.09		(5.20)	
	Trade receivables	(24.56)		(25.78)	
	Other financial assets (Current)	(813.02)		(690.93)	
	Other current assets	(52.64)		9.33	
	Adjustment for increase in Settlement Guarantee Fund (SGF)	7,690.22		10,373.82	
	Adjustments for increase / (decrease) in liabilities				
	Other financial liabilities	70.42		-	
	Non - current Provisions	6.47		18.40	
	Trade payables	(35.72)		89.78	
	Other financial liabilities	41,096.46		34,235.61	
	Other current liabilities	200.07		77.66	
	Current Provisions	18.39		(1.08)	
			48,446.25		**42,365.52**
	Cash generated from operations		**51,384.16**		**43,738.31**
	Net income tax paid (net of refunds)		(922.03)		(465.04)
	Net cash (used)/from operating activities		**50,462.13**		**43,273.27**
B	**Cash flow from investing activities**				
	Capital expenditure on fixed assets including capital advances		(280.55)		(130.47)
	(Purchase)//Sale of long-term/Current investments-others		(2,112.85)		(4,204.61)
	Other Bank balances		(18,098.85)		(41,980.00)
	Net cash flow from investing activities		**(20,492.25)**		**(46,315.07)**
C	**Cash flow from financing activities**				
	Proceeds from issue of Equity shares		-		13,398.50
	Finance costs		(24.52)		-
	Net cash flow used in financing activities		**(24.52)**		**13,398.50**
	Net increase/(decrease) in cash and cash equivalents		29,945.36		10,356.70
	Cash and cash equivalents at the beginning of the year		10,362.34		5.64
	Cash and cash equivalents at the end of the year		**40,307.70**		**10,362.34**

Note to Cash Flow Statement:

1 The cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash Flows".

As per our report of even date attached.

For MSKA & Associates
Chartered Accountants
Firm Registration No. : 105047W

Swapnil Kale
Partner
Membership No. 117812

Mumbai
May 30, 2020

For and on behalf of the Board of Directors

Narendra Ahlawat
Managing Director & CEO
DIN : 07629724

Ved Jain
Chairman
DIN : 00485623

Nagesh Pinge
Director
DIN : 00062900

Mandar Kulkarni
Company Secretary

Rajesh Agrawal
Chief Financial Officer

Mumbai
May 30, 2020

1. Company Overview

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

2. Significant Accounting Policies, Key accounting estimates and Judgements

2.1 Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

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

2.2 Significant Accounting Policies

A. Property, plant and equipment

Property, plant and equipment are stated at original cost, less accumulated depreciation and accumulated impairment losses, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

Depreciation methods, estimated useful lives and residual value:
Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

Asset Class	Useful Life
Vehicles	5 years
Furniture and fixtures	10 years

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

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

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

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

B. Intangible assets

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible asset that meets the recognition criteria. Intangible assets are stated at cost of acquisition and are carried at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. Amortization methods and useful lives are reviewed at each financial year end.

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

Asset Class	**Useful Life**
Computer software	5 years

At each balance sheet date consideration is given to determine whether there is any indication of impairment of the carrying amounts of the company's intangible assets. If indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized in the Statement of Profit and Loss whenever the carrying amount of an asset exceeds its recoverable amount.

C. Fair Value Measurement

The company measures financial instruments at fair value in accordance with accounting policies at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

D. Revenue Recognition

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

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

E. Income taxes

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

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

F. Impairment of non-financial assets

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired, if such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

G. Provisions and Contingent liabilities

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

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible

- a possible obligation arising from past events, when the probability of outflow of resources is remote.

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

H. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks, short-term deposits with a maturity of three months or less from the date of acquisition, which are subject to an insignificant risk of changes in value.

I. Cash Flow Statement

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

J. Financial Instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets:

The company measures its financial assets at fair value at each balance sheet date. In this context, quoted investments are fair valued adopting the techniques defined in Level 1 of fair value hierarchy of Ind-AS 113 “Fair Value Measurement” and unquoted investments, where the observable input is not readily available, are fair valued adopting the techniques defined in Level 3 of fair value hierarchy of Ind-AS 113 and securing the valuation report from the certified Valuer. However, trade receivables that do not contain a significant financing component are measured at transaction price.

The Company classifies a financial asset in accordance with the below criteria:

i. The Company’s business model for managing the financial asset and

ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

iii. Financial assets measured at fair value through profit or loss (FVTPL)

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Company’s business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss and fair value changes are recognized in Other Comprehensive Income (OCI).

Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

De-recognition

Financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;
  (a) The company has transferred substantially all the risks and rewards of the asset, or
  (b) The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

On De-recognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets

The company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measure at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

b) Financial Liabilities

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All non-current financial liabilities of the Company are measured at amortized cost using the effective interest method. Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

K. Employee Benefits Expenses

a) Post-employment benefits and other long-term benefits

Payments to defined contribution schemes are recognized as an expense when employees have rendered the service entitling them to the contribution. The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The company recognizes re-measurement gains and losses arising on defined benefit gratuity plans in Other Comprehensive Income (OCI) as they will never be reclassified into profit or loss, they are immediately recorded in retained earnings.

b) Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year and performance incentives.

L. Core Settlement Guarantee Funds

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

M. Functional currency

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

N. Earnings per share

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

O. Rounding of amounts

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

P. Events after Reporting date

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

2.1 Key accounting estimates and Judgments

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions:

The key assumptions concerning the future and other key sources of estim ation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Income taxes
The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

Defined benefit plans
The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Property, Plant and Equipment
The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

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

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

Leases
The Company, as a lessee, recognizes a right-of-use (ROU) asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. ROU assets and lease liabilities are initially recognised based on the present value of the future lease payments over the lease term. The discount rate used in determining the present value is the Company's incremental borrowing rate. The ROU asset also includes any prepaid lease payments and initial direct costs incurred and are reduced to reflect lease incentives received. The interest on lease liabilities is accrued at a constant periodic rate of interest on the remaining balance of the lease liability. The lease liability is re-measured if the Company changes its assessment of whether it will exercise an extension or termination option or

undertakes certain modifications of the lease. The ROU asset is depreciated on a straight line basis from the lease commencement date to the earlier of the end of its useful life or the end of the lease term. Depreciation of ROU assets is presented within 'Depreciation and Amortization'. In addition, the ROU asset is tested for impairment losses where there is an impairment event.

The Company evaluates contracts greater than one year to determine whether they contain lease components at inception. Where contracts contain both lease and non-lease components, they are accounted for as a single lease. The Company has made certain judgments and elected certain practical expedients while applying the standard.

The Company presents ROU assets as a separate line item under Non-current assets and lease liabilities within the 'Other Current Financial Liabilities' line of the Balance sheet.

2.2 Recent accounting pronouncements

The standard issued up to the date of issuance of the company's financial statements and having no impact on the financial statements is disclosed below.

Ind AS 12 - Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
The standard permits two possible methods of transition – i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company has adopted the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The Company does not have any impact on account of this amendment.

Ind AS 12 – Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Ind AS 19 – Plan amendment, Curtailment or Settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.
The amendments require an entity:
• to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
• to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Ind AS 109 – Prepayment Features with Negative Compensation

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

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

2A.Property, plant and equipment

Rs. In Lakh

Particulars	Furniture & Fixtures	Vehicles	Computer Hardware	Total
Balance as at April 01, 2018	-	**-**	**-**	**-**
Additions	-	28.30	**-**	28.30
Disposals	-	-	**-**	-
Balance as at March 31, 2019	**-**	**28.30**	**-**	**28.30**
Additions	0.49		**-**	0.49
Disposals	-	-	**-**	-
Balance as at March 31, 2020	**0.49**	**28.30**	**-**	**28.79**
Accumulated Depreciation				
Balance as at April 01, 2018	**-**	**-**	**-**	**-**
Additions*	-	10.34	**-**	10.34
Disposals	-	-	**-**	-
Balance as at March 31, 2019	**-**	**10.34**	**-**	**10.34**
Additions	0.02	5.66	-	5.68
Disposals	-	-	-	-
Balance as at March 31, 2020	**0.02**	**16.00**	**-**	**16.02**
Net carrying amount				
Balance as at March 31, 2019	**-**	**17.96**	**-**	**17.96**
Balance as at March 31, 2020	**0.47**	**12.30**	**-**	**12.77**

2B - Capital Work In progress

Rs. In Lakh

March 31, 2019	-	-	-	**-**
March 31, 2020	**-**	-	**3.37**	**3.37**

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

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

2C. Right to use asset (Refer note 30)

Rs. In Lakh

Particulars	Lease	Total
Balance as at April 01, 2019	**316.38**	**316.38**
Additions	-	-
Disposals	-	-
Balance as at March 31, 2020	**316.38**	**316.38**
Accumulated Depreciation		
Balance as at April 01, 2019	-	-
Additions	223.33	223.33
Disposals	**-**	**-**
Balance as at March 31, 2020	**223.33**	**223.33**
Net carrying amount		
Balance as at March 31, 2020	**93.05**	**93.05**

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

3A. Intangible assets

Rs. In Lakh

Particulars	Computer Software	Total
Balance as at April 01, 2018	**-**	**-**
Additions*	121.84	121.84
Disposals	-	-
Balance as at March 31, 2019	**121.84**	**121.84**
Additions	2.43	2.43
Disposals		
Balance as at March 31, 2020	**124.27**	**124.27**
Accumulated Depreciation		
Balance as at April 01, 2018	**-**	**-**
Additions#	25.24	25.24
Disposals	-	-
Balance as at March 31, 2019	**25.24**	**25.24**
Additions	24.59	24.59
Disposals		
Balance as at March 31, 2020	**49.83**	**49.83**
Net carrying amount		
Balance as at March 31, 2019	**96.60**	**96.60**
Balance as at March 31, 2020	**74.44**	**74.44**

3B - Intangible assets under development

Rs. In Lakh

March 31, 2019	**-**	**-**
March 31, 2020	**54.11**	**54.11**

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

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

4. Non current - Other financial assets **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good:		
Security deposits	59.09	53.51
Bank deposits with more than 12 months maturity*	35,935.85	39,828.00
Interest accrued but not due on fixed deposits	1,371.93	1,662.58
Total	**37,366.87**	**41,544.09**

*Bank deposits include :

a) Deposits which are earmarked for Settlement Guarantee Fund Rs. 23,161.85 lakh (as at March 31 2019 : Rs. 17,827 lakh).

5. Income tax assets (net) **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax [net of provision of Rs.403 lakh (as at March 31,2019 : Rs. 522.34 lakh)]	1,071.96	30.79
Total	**1,071.96**	**30.79**

6. Other non-current assets **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	0.12	5.20
Total	**0.12**	**5.20**

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

7. Current investments **Rs.in Lakh**

Particulars	As at March 31, 2020		As at March 31, 2019	
	Unit	Amount	Unit	Amount
Investment in mutual funds - FVTPL				
Unquoted Investments				
Reliance Liquid Fund - Direct - Growth	-	-	72,413.90	3,303.44
Aditya Birla Sun Life Overnight Fund - Direct - Growth	4,62,864.65	5,000.09	-	-
Axis Liquid Fund - Direct - Growth	1,13,818.80	2,508.95	-	-
Axis Liquid Fund Direct Growth-(Refer Note (a))	-	-	32,514.28	674.19
HDFC Liquid Fund Direct Growth-(Refer Note (a))	-	-	19,489.37	716.87
ICICI Prudential Liquid Fund Direct Growth-(Refer Note (a))	-	-	2,53,847.51	701.68
Total		7,509.04		5,396.18

*Mutual Funds include :
(a) Mutual Funds which are earmarked for Settlement Guarantee Fund Rs. Nil (as at March 31 2019 Rs. 2,092.74 lakh)

Aggregate amount of not listed not quoted Investments at Fair value	7,509.04	5,396.18
Aggregate amount of not listed not quoted Investments at cost	7,500.00	5,313.71
Aggregate amount of impairment in value of Investments	-	-

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

8. Trade receivables **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Secured, considered good	40.64	24.71
Unsecured, considered good	9.70	1.07
Total	**50.34**	**25.78**

9. Cash and cash equivalents **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
- in current accounts*	40,307.70	10,362.34
Total	**40,307.70**	**10,362.34**

*Includes balance Rs.11.37 lakh (Rs.30.14 lakh as on Marh 31, 2019) in SGF earmarked bank accounts.

10. Bank balances (other than cash and cash equivalents) **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Bank deposits	69,926.85	51,828.00
Less :Bank deposits with more than 12 months maturity	(35,935.85)	(39,828.00)
Bank deposits with more than 3 months but less than 12 months maturity	33,991.00	12,000
Total	**33,991.00**	**12,000.00**

a)Bank deposits include Deposits which are earmarked for Settlement Guarantee Fund Rs. 15,809 lakh (as at March 31, 2019: Rs.12,000 lakh).

b) Deposits other than note (a) which are under lien with banks for overdraft facilities and bank guarantee - Rs.9,682 lakh (as at March 31, 2019: Rs. 11,320 lakh).

11. Current - Other financial assets **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
a) Secured, considered good		
Unbilled revenue	411.96	311.90
b) Unsecured, considered good (unless stated otherwise)		
Interest accrued but not due on fixed deposits	1,143.05	430.08
Total	**1,555.01**	**741.98**

12. Other current assets **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	50.43	5.63
Balance with government authorities	7.84	-
Total	**58.27**	**5.63**

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

13. Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Rs. In lakhs	Number of Shares	Rs. In lakhs
Authorized				
Equity shares of Rs. 10/- each	30,00,00,000	30,000.00	25,00,00,000	25,000.00
Issued				
Equity shares of Rs. 10/- each	23,99,85,000	23,998.50	24,99,83,333	24,998.33
Subscribed and Paid-Up				
Equity shares of Rs. 10/- each	23,99,85,000	23,998.50	23,99,85,000	23,998.50
	23,99,85,000	**23,998.50**	**23,99,85,000**	**23,998.50**

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, 2020		As at March 31, 2019	
	Number of shares held	Rs. In lakh	Number of shares held	Rs. In lakh
Balance at the beginning of the year	23,99,85,000	23,998.50	10,60,00,000	10,600.00
Add: Issued during the year (Refer note (e) below)	-	-	13,39,85,000	13,398.50
Balance at the end of the year	**23,99,85,000**	**23,998.50**	**23,99,85,000**	**23,998.50**

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

Name of Shareholders	As at March 31, 2020		As at March 31, 2019	
	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)	23,99,85,000	100%	23,99,85,000	100%

c. Shares held by Holding Company:

Name of Shareholders	As at March 31, 2020		As at March 31, 2019	
	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)	23,99,85,000	100%	23,99,85,000	100%

d. The Company has only one class of equity shares having par value of Rs 10/- each.The Company declares and pays dividend in Indian Rupees. Each holder of equity share is entitled to one vote per share.In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the proportion of equity shares held.

e. During the previous year Company's Board of directors has approved issue of share capital through right issue. Accordingly, Company's paid up capital has been increased by Rs. 133.98 crore through allotment of equity shares by Right issue on April 27, 2018, November 30, 2018, December 27, 2018 and March 27,2019.

14. Other equity

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

Particulars	As at	
	March 31, 2020	March 31, 2019
Opening balance at the beginning of the reporting year	(21,224.25)	422.31
Transfer to Settlement Guarantee Fund (Refer note 38)	(307.00)	(22,606.22)
Add : Profit for the period	2,780.40	959.66
Balance at the end of the year	**(18,750.84)**	**(21,224.25)**

15. Core settlement guarantee fund (SGF) (Also Refer Note 38) **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance (cash component)	32,980.04	-
Add/(Less): Clearing Corporation Limited - Contribution	1,989.74	23,370.08
Add: Exchange -MCX contribution	1,003.10	8,258.99
Add: Settlement related penalties	4,742.98	320.26
Add: Income from earmarked investments	261.40	1,030.71
Total	**40,977.26**	**32,980.04**

16. Other Non Current financial Liabilities **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Employee benefits payable	70.42	-
Total	**70.42**	**-**

17. Non-current - Employee benefit obligations **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Compensated absences	26.91	20.44
Total	26.91	20.44

18. Current - Other financial liabilities **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Advance received from members and applicants towards		
- Trading Margin from Members	69,699.19	28,678.60
- Member's Security Deposits	2,512.26	2,554.75
Trade / Security deposits from Settlement bankers	1,900.00	1,900.00
Lease Liability	96.25	-
Payable for purchase of fixed assets	3.98	-
Payable to Holding Company	749.55	820.57
Employee benefits payable	105.31	108.59
Members Obligation for transaction fees	54.27	67.23
Warehouse deposits	302.73	115.50
Others	17.15	2.74
Total	**75,440.69**	**34,247.98**

19. Current - Employee benefit obligations **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Compensated absences	3.53	3.49
Provision for Gratuity	20.10	1.76
Total	**23.63**	**5.25**

20. Other current liabilities **Rs.in Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	256.06	84.56
Payable to Settlement Guarantee Fund	28.58	-
Total	**284.64**	**84.56**

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

21. Revenue from operations **Rs.in Lakh**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of Services		
Transaction fees	4,412.93	2,141.54
Annual subscription fees	106.45	61.89
Membership admission fees	77.50	5.00
	4,596.88	2,208.43
Other operating revenues		
Warehouse Income	170.17	98.30
Income on Margin Money	2,369.84	1,562.81
Data request income	0.41	0.20
Others	15.83	3.28
	2,556.25	1,664.59
Total	**7,153.13**	**3,873.02**

22. Other income **Rs.in Lakh**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Miscellaneous income	3.76	2.17
Total	**3.76**	**2.17**

23. Employee benefits expense **Rs.in Lakh**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages, bonus and other allowances	1,074.24	681.31
Contribution to provident and other funds	58.45	40.08
Staff welfare expenses	12.77	6.37
Share based payment to employee	-	1.20
Total	**1,145.46**	**728.96**

24. Finance costs **Rs.in Lakh**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expenses on Leases and other Finance costs	24.52	-
Total	**24.52**	**-**

25.Software support charges **Rs.in Lakh**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Software support charges (Refer note 33)	1,714.76	882.63
Total	**1,714.76**	**882.63**

26.Computer technology and communication expenses **Rs.in Lakh**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Computer Technology expenses (Refer note 33)	797.19	342.42
Communication expenses (Refer note 33)	54.69	66.55
Total	**851.88**	**408.97**

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

27. Other expenses **Rs.in Lakh**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Advertisement	4.52	12.84
Rent	70.20	176.91
Insurance	62.11	20.55
Rates and taxes	0.04	2.47
Stamp duty	1.50	34.56
ROC fees	37.63	75.17
Travelling and conveyance	42.75	31.52
Printing and stationery	1.08	1.20
Business promotion	0.13	10.10
CSR related expenses	11.00	-
Legal and Professional	155.37	66.18
Membership fees and subscriptions	14.46	11.63
Payment to the auditors		
- For audit	3.50	2.50
- For other services	0.25	-
- Reimbursement of out of pocket expenses	-	0.01
	3.75	2.51
Directors Sitting fees	79.97	41.70
Office expenses	4.30	0.43
Miscellaneous	6.31	10.30
Total	**495.12**	**498.07**

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

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

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

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

a. Income tax expense **Rs. In Lakh**

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Current income tax	-	411.95
Deferred Tax	(1.47)	(14.72)
Excess provision for tax relating to previous years	(119.13)	-
Total Income Tax Expense	(120.60)	397.23

b. Reconciliation of tax charge **Rs. In Lakh (as otherwise stated)**

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Reconciliation:		
Profit / (loss) before tax	2,671.55	1,340.67
Applicable tax rate	25.17%	29.12%
Computed expected tax expense	672.43	390.41
Add:		
Expenses disallowed	90.06	34.64
Less:		
Impact of fair Valuation of Mutual Funds	-	(1.00)
Expenses allowed	(68.78)	(12.10)
Contribution to SGF	(77.27)	-
Set off of Business loss	(616.44)	-
Income tax expense per Profit & Loss Account	**-**	**411.95**
Effective Tax Rate	**0.00%**	**30.73%**

c.Deferred tax relates to the following **Rs. In Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Expenses allowable on payment basis	-	6.97
Other items giving rise to temporary differences (including impact on fair value of investments)	-	(1.00)
Difference between WDV of Property, Plant and Equipment as per books of accounts & Income Tax	-	(7.44)
Deferred tax asset / (liability)	**-**	**(1.47)**

d.Reconciliation of deferred tax assets / (liabilities) net: **Rs. In Lakh**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance as on 1st April	(1.47)	(16.20)
Tax income / (expense) during the year recognized in profit & loss account	0.00	14.72
Deferred tax liability reversed during the year	1.47	0.00
Closing Balance	**0.00**	**(1.47)**

30. Transition to IND AS 116 'Leases'

The Ministry of Corporate Affairs ("MCA) through the Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified IND AS 116 Leases ('IND AS 116') which replaces the existing Lease Standard, IND AS 17 Leases. IND AS 116 sets out the principle for recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

Effective April 01, 2019, the Company has adopted IND AS 116 - 'Leases' and applied the Standards to all lease contracts existing on on April 1, 2019 using the modified retrospective method. The Company has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application and right of use asset at an amount equal to the lease liability adjusted for any prepayments/accruals recognized in the balance sheet as on March 31, 2019. There is no impact on retained earnings as on April 1, 2019.

a)The movement in lease liabilities during the year: **Rs.in lakh**

Particulars	Amount
Lease liabilities as on 01.04.2019 (on adoption of IND AS 116 - Leases)	**316.38**
Additions during FY 2019-20	-
Finance costs incurred during the year	14.82
Payment of lease laibilities	234.96
Lease liabilities as on 31.03.2020	**96.24**

b)The carrying value of the Right of use and depreciation charged during the year **Rs.in lakh**

Particulars	Amount
Right to use asset as on 01.04.2019 (on adoption of IND AS 116 - Leases)	**316.38**
Additions during FY 2019-20	-
Depreciation charged during the year	223.33
Right to use asset as on 31.03.20	**93.05**

c)Amounts recognised in statement of profit or loss: **Rs.in lakh**

Particulars	Amount
Depreciation on ROU	223.33
Finance costs incurred during the year	14.82
Rent expense	(234.96)
Total amounts recognised in profit or loss	**3.19**

d)Maturity analysis of lease liabilities **Rs.in lakh**

Particulars	Amount
Maturity Analysis of contractual undiscounted cash flows	
Less than one year	96.24
Total undiscounted lease liability:	
Non-current lease liability	-
Current lease liability	96.24
Total lease liability	**96.24**

During the current year, Rent amount for the Gift city premises towards short term lease is Rs.5.10 lacs.

31. Earnings per share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

Rs. In Lakh (as otherwise stated)

Particulars	As at	
	March 31, 2020	March 31, 2019
Weighted Average Shares Outstanding - Basic/Diluted	23,99,85,000	16,25,66,260
Net profit available to equity shareholders	2,792.15	943.44
Basic and Diluted Earnings per Share	1.16	0.58

32.Segment reporting

Based on the risks and returns identified, organizational structure and the internal financial reporting system, the business segment is the primary segment for the Company and accordingly "business of facilitating clearing and settlement of trades in commodities" is considered as the only Primary Reportable business segment. Further, since the Company renders services only in the domestic market in India, there is no geographical segment.

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

33.Related Party Information

Names of related parties and nature of relationship:

Nature of relationship	Name of Related Party
Holding Company	Multi Commodity Exchange of India Limited (MCX)
Directors	Mr. Ved Kumar Jain Mr. Nagesh Pinge Mr. Rajesh Doshi Dr. Brinda Jagirdar Mr. Mrugank M Paranjape (upto 08.05.2019) Mr. Chengalath Jayaram Mr. P.S. Reddy (w.e.f. 31.07.2019) Mr. Narendra Kumar Ahlawat
Key Managerial Personnels (KMPs)	Mr. Narendra Kumar Ahlawat, MD & CEO (w.e.f.01.04.2018) Mr. Satyajeet Bolar, Chief Financial Officer (upto 08.04.2019) Mr. Rajesh Agrawal, Chief Financial Officer (w.e.f 26.06.2019) Ms. Riddhi Parekh, Company Secretary (upto 20.09.2019) Mr. Mandar Kulkarni, Company Secretary (w.e.f. 15.11.2019) Mr. Dhawal Shah, Head – Operations (upto 29.11.2019) Mr. Soundararajan V, Head Operations (w.e.f. 05.12. 2019) Mr. Pankaj Goel, Compliance Officer (w.e.f.19.10.2018)* Mr. Praveen Kotian, Head - Legal (w.e.f.19.10.2018)* Mr. Kamal Priyadarshi, Head – Warehousing Operations (w.e.f.19.10.2018)* Mr. Gitesh Shah, Head – Clearing and Settlement (w.e.f.19.10.2018)* Mr. Mohammed Aslam, Head – Risk (w.e.f.19.10.2018)* Mr. Ratul Roy, Head – Spot (w.e.f.19.10.2018)* Mr. Madhur Joshi, Chief Information Security Officer (w.e.f. 05.03.2019)*

Transactions with related parties:
The details of transactions with related parties for year ended March 31, 2020 are as follows:

Rs. In Lakh

Nature of Transactions	Holding Company	*Shareholder's Directors*	*Independent Directors*	*KMPs*	*Total*
Transactions					
Re-imbursements charged to the company	67.44	-	3.13	6.26	76.83
Re-imbursements charged by the company	0.09	-	-	-	0.09
MCX contibution towards SGF transfer	406.00	-	-	-	406.00
Clearing & settlement fees	4,412.93	-	-	-	4,412.93
Annual Subsription fees	0.90	-	-	-	0.90
50% sharing of Status report-processing charges	1.02	-	-	-	1.02
Membership transfer Fees	0.50	-	-	-	0.50
Regulatory Fees,Transactions charges,Fines & penalties and other collections on behalf of MCX.	1,25,047.95	-	-	-	1,25,047.95
Rent Paid	240.06	-	-	-	240.06
Rent Deposit Paid for Gift City office	1.91	-	-	-	1.91
IT and other infrastructure charges	2,470.59	-	-	-	2,470.59
Interest on Loan	9.69	-	-	-	9.69
Deposit received for appointment of shareholder director	1.00	-	-	-	1.00
Sitting Fees Paid	-	6.50	67.10	-	73.60
Balances as at March 31, 2019					
Outstanding Balance receivable / (payable)	(749.55)	-	-	-	(749.55)
Rent Deposit	60.65	-	-	-	60.65

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

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020
The details of transactions with related parties for year ended March 31, 2019 are as follows: **Rs. In Lakh**

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

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

Terms and conditions of transactions with related parties

The services provided to and received from related parties are made on terms equivalent to those that prevail in arm's length transactions.
Outstanding balances at the year end are unsecured, interest fee and will be settled in cash. There have been no guarantees received or provided for any related party receivables or payable.

Compensation of key managerial personnel of the Company

Nature of Transactions	Year ended March 31, 2020	Year ended March 31, 2019
Salary and Allowances Paid/payable to KMPs :-		
Mr. Narendra Kumar Ahlawat	105.28	89.83
Mr. Satyajeet Bolar	-	55.18
Mr. Rajesh Agrawal	27.32	-
Ms. Riddhi Parekh	7.74	15.20
Mr. Mandar Kulkarni	11.07	-
Mr. Dhawal Shah	43.46	28.27
Mr. Soundararajan Venkatadas	22.50	-
Mr. Pankaj Goel	40.17	17.87
Mr. Praveen Kotian	28.30	14.30
Mr. Kamal Priyadarshi	51.36	22.43
Mr. Ulhas Ranade	34.84	15.62
Mr. Gitesh Shah	51.73	24.46
Mr. Mohammed Aslam	18.36	8.58
Mr. Ratul Roy	25.53	12.45
Mr. Madhur Joshi	26.76	1.94

Notes :
1. There are no amounts written off or written back during the year in respect of debts due from or to related parties.
2. KMPs as on the respective dates are considered.
3. Parties with no transactions during the year, are not considered in the statement.

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

35. During the financial year 2018-19, 61 employees transferred from its Holding Company "Multi Commodity Exchange of India Limited" on 01.09.2018. Outstanding ESOP pertaining to transferred employees were 4900 as on 31.03.2019. Exercise period for option granted will expire on 11.11.2019. During the year amount of Rs. 1.20 lacs recognized in Statement of Profit and Loss in connection with the same.

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

36. Employee Benefit Plans:
a. Post employment defined benefit plans :

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

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at March 31, 2020 and March 31, 2019.

Rs. In Lakh

Particulars	Year ended	
	March 31, 2020	**March 31, 2019**
Change in benefit obligations		
Present Value of Benefit obligation at the beginning of the period	126.69	5.71
Interest Cost	9.87	0.44
Current Service Cost	16.61	12.83
Liability Transferred In/Acquisitions	(4.74)	93.87
Actuarial (gains)/ losses on Obligations - Due to change in Financial assumptions	13.16	(0.14)
Actuarial (gains)/ losses on Obligations - Due to Experience	(3.68)	13.97
Benefits paid from the Fund	(24.58)	-
Present Value of Benefit obligations at the end of the period	**133.33**	**126.68**
Change in plan assets		
Fair value of plan assets at the beginning of the period	123.92	-
Interest Income	9.65	-
Assets Transferred In/Acquisitions	1.92	121.09
Assets Transferred Out/Disinvestments	(6.66)	-
Remeasurements - Return on plan assets excluding amounts included in interest income	(2.27)	2.83
Contributions by the employer	11.25	-
Benefits paid from the fund*	(24.58)	-
Fair value of plan assets at the end	**113.23**	**123.92**
Funded Status - Excess of obligation over plan assets	**20.10**	**2.76**

Amount for the year ended March 31, 2020 and March 31, 2019 recognized in the Statement of Profit and Loss under employee benefits expenses.

Rs. In Lakh

Recognized in Profit and Loss	Year ended	
	March 31, 2020	**March 31, 2019**
Current Service Cost	16.61	12.83
Net Interest Cost	0.22	0.44
Expenses Recognized	**16.83**	**13.27**

Amount for the year ended March 31, 2020 and March 31, 2019 recognized in statement of other comprehensive income:

Rs. In Lakh

Recognized in Other Comprehensive Income	Year ended	
	March 31, 2020	**March 31, 2019**
Actuarial (gains) / losses on obligation for the period	9.48	(13.39)
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	2.27	(2.83)
Change in Asset Ceiling	-	-
Net (Income)/Expense for the period recognized in OCI	**11.75**	**(16.22)**

The weighted-average assumptions used to determine benefit obligations as at March 31, 2020 and March 31, 2019 are set out below:

Weighted Average Actuarial Assumptions	Year ended	
	March 31, 2020	**March 31, 2019**
Discount rate	6.84%	7.79%
Weighted average rate of increase in compensation levels	7.50%	7.50%
Weighted average duration of defined projected benefit obligation	13	13

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Rs. In Lakh

Sensitivity Analysis	Year ended	
	March 31, 2020	March 31, 2019
Projected Benefit Obligation on Current Assumptions	133.33	126.69
Delta Effect of +1% change in rate of Discounting	(13.80)	(13.01)
Delta Effect of -1% change in rate of Discounting	16.27	15.32
Delta Effect of +1% change in rate of Salary Increase	16.00	15.21
Delta Effect of -1% change in rate of Salary Increase	(13.84)	(13.16)
Delta Effect of +1% change in rate of Employee Turnover	(1.06)	(0.06)
Delta Effect of -1% change in rate of Employee Turnover	1.17	(0.10)

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.20.10 lakhs to the plan assets during financial year 2020-21.

Actuarial Gains/Losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation

Maturity profile of projected benefit obligation: **Rs. In Lakh**

Projected Benefits Payable in Future Years from the Date of Reporting	March 31, 2020	March 31, 2019
Within 1 year	2.73	2.85
1-2 year	3.00	3.15
2-3 year	15.16	3.43
3-4 year	4.74	13.74
4-5 year	3.35	11.32
5 and above years	304.16	332.41

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

Rs. In Lakh

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Contribution to Provident and Family Pension Fund	40.17	26.54
Contribution to Labour Welfare Fund	0.02	-
Contribution to Employees Deposit Linked Insurance (EDLI)	0.43	0.27

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

37. Financial Instruments

A. Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2020 and at March 31, 2019 are as follows:

Rs. In Lakh

Particulars	As at March 31, 2020 carrying value	As at March 31, 2020 Fair value	As at March 31, 2019 carrying value	As at March 31, 2019 Fair value
Financial Assets				
At amortised cost:				
Cash and cash equivalents (Refer Note No. 9)	40,307.70	40,307.70	10,362.34	10,362.34
Bank Balances (Refer Note No. 10)	33,991.00	33,991.00	12,000.00	12,000.00
Bank deposits with original maturity of more than twelve months (Refer Note No 4)	35,935.85	35,935.85	39,828.00	39,828.00
Trade receivables (Refer Note No 8)	44.65	44.65	25.78	25.78
Other financial assets (Refer Note No 4)	59.09	59.09	53.51	53.51
Fair value through profit or loss:				
Investments in Mutual Funds (Refer Note No. 7)	7,509.04	7,509.04	5,396.18	5,396.18
Financial Liabilities				
At amortised cost:				
Trade payables	76.84	76.84	112.56	112.56
Other financial liabilities (Refer Note No 18)	75,440.69	75,440.69	34,247.98	34,247.98

Fair value hierarchy

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2020:

Rs. In Lakh

Particulars	As of March 31, 2020	Fair value measurement at end of the year using		
		Level 1	Level 2	Level 3
Assets				
Investments in Mutual Funds	7,509.04	7,509.04	-	-

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

Rs. In Lakh

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

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

B. Financial risk management

Financial risk factors

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

a. Market risk

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

b. Interest rate risk

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

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

c. Credit risk

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

Ageing of Account receivables

Rs. In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Less than 6 months	37.65	25.78
More than 6 months	12.69	-
Total	**50.34**	**25.78**

d. Liquidity risk:

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

(i) Financial Arrangements

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

Rs. In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Expiring within one year (bank overdraft)	8,394.00	10,198.00

(ii) Maturity patterns of other Financial liabilities

Rs. In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payable		
Less than 6 months	76.84	112.56
More than 6 months	-	-
Total	**76.84**	**112.56**

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

e. Clearing and Settlement Risk

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

38. Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, inter alia, has issued norms related to the computation of Minimum Required Corpus (MRC) to the Core Settlement Guarantee Fund (SGF).The required contribution shall be contributed by the Clearing Corporation (minimum 50%) from its own fund, Stock Exchange (minimum 25%) and members (maximum 25%). Accordingly, Core SGF has been contributed by Clearing Corporation (MCX CCL) from its own fund and Stock exchange (MCX) as prescribed by SEBI guidelines.
Accordingly,below mentioned amounts are transferred to SGF from reserves of MCXCCL to ensure compliance with said circular :

Month	Rs. in lakh
May 2019	307
Total	**307**

In the event of a clearing member (member) failing to honour settlement commitments, the Core SGF shall be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process.
Total Core SGF as on March 31, 2020 is Rs.409.77 crores comprising of:

Rs. In Lakh

MCXCCL contribution	MCX Contribution	Penalties/ Interest	Total
25,361	9,262	6,354	40,977

The Contribution made by MCXCCL and MCX includes the income accrued thereon.
Accordingly, the penalties and Interest income on fixed deposits reflected in the financials statements are net of transfer to SGF of Rs.4,746.43 lakh SGF penalties and Rs.2,442.43 lakh relating to SGF fixed deposits fixed deposit interest respectively for Financial year ended March 31, 2020.

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

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

Rs. In Lakh

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

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

Multi Commodity Exchange Clearing Corporation Limited
Notes forming part of the financial statements for the year ended March 31, 2020

40. As per Section 135 of the Companies Act 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.
The CSR activities of the Company are generally carried out through charitable organisations , where funds are allocated by the Company.These organisations carry out the CSR activities as specified in the Schedule VII of the Companies Act, 2013 on behalf of the Company.

Rs. In Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Amount required to be spent as per Section 135 of the Act	11.00	-
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	11.00	-
Total	**11.00**	**-**

41. On account of COVID 19, the Government of India has declared nation-wide lockdown from March 25, 2020 onwards. In the nation-wide lockdown, some essential services including commodity markets were allowed to operate and were exempted from the lockdown. However for the period from March 30, 2020 to April 22, 2020, the commodity market hours were restricted between 9.a.m. to 5.p.m. There- after from April 23, 2020, the normal market hour's .i.e. from 9 a.m. to 11.30 p.m. have been restored. The management has assessed the potential impact of the COVID 19 on the Company's operation, financial performance and financial position as on March 31, 2020. Based on the assessment, the management is of the view that impact of the COVID 19 on the operations of the Company and the carrying value of its assets and liabilities is not material.

42. The Crude Oil futures contracts expired on April 20, 2020 was settled based on NYMEX WTI crude oil front month contract's settlement price at (–) Rs. 2884 (i.e. - $37.63 converted into Indian Rupees at RBI USDINR reference rate of Rs 76.6335) and rounded off to the nearest tick, as specified in the contract specification. The settlement of the contract was completed on April 22, 2020 with no member defaults. SEBI vide circular SEBI/HO/CDMRD/DRMP/CIR/P/2018/111 dated July 11, 2018 has stipulated norms for standardized stress testing for credit risk for commodity derivatives for Core SGF Computation. The norms issued by SEBI provides different scenarios for which stress testing is to be performed on a daily basis. The average of the daily loss for preceding month forms the basis of arriving at Minimum Required Corpus (MRC) for subsequent month. As the stress test computation from April 20, 2020 using the prescribed methodology by SEBI could not be done because lognormal returns cannot be calculated for negative prices, the methodology was partially modified and has been informed to SEBI vide email dated May 05, 2020. SEBI has reverted vide email dated May 23, 2020 making suggestions for alternative pricing model. Based upon the SEBI suggestion also, the MRC continues to be Rs 366 crores and the SGF corpus at the close of April 2020 stands at Rs 414.78 crores. Hence the event subsequent to financial year end has no impact on the additional contribution requirements for SGF.

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

44. The financial statements were approved by the Board of Directors on May 30, 2020.

As per our report of even date attached.

For MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

Swapnil Kale
Partner
Membership No. 117812

Mumbai
May 30, 2020

For and on behalf of the Board of Directors

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

Mandar Kulkarni
Company Secretary

Rajesh Agrawal
Chief Financial Officer

Mumbai
May 30, 2020