COMMODITY MARKETS

STANDING THE TEST OF TIME



ANNUAL REPORT 2019 - 2020

MCX
METAL & ENERGY
Trade with Trust

Commodity Markets: Standing the Test of Time

"Enthusiasm is common, endurance is rare"
- Angela Duckworth, American academic and psychologist

The growth of institutions, as much as that of living organisms, is almost always associated with challenges and hurdles which need to be overcome. Indeed, it is in overcoming the hurdles and striving for continuous improvements that makes institutions, just as organisms, strengthen their own capabilities and scale new heights. Each of the struggles makes the institutions fitter for withstanding further challenges which they encounter in their growth path.

India's commodity market has also had its fair share of challenges and hurdles. From slowdowns and uncertainties in the global economy in recent times, to the unprecedented disruption in economic activities following the outbreak of COVID-19 pandemic, India's commodity market is facing challenges like never before. These disruptions pose challenges not only to the market institutions but also to the broader ecosystem around the market. The threats of disruption are real and tangible, and have already swamped many established industries across the globe.

However, through all the challenges the commodity market has been facing, its institutions have proven to be made of sterner stuff. Rising to the occasion, they have altered their processes and created new ones to maintain continuity of business, even as the unparalleled situation arising from COVID-19 threatens to overwhelm the institutions themselves.

Indeed, in weathering the raging storm and continuing to serve their stakeholders unequivocally, the commodity market institutions have not only stood out among many organizations which could not survive the storm, but have also created a unique value proposition for their customers along the way – the proposition of resilience and continuity using state-of-the-art technology in all operations.

It is this characterisation of commodity market institutions that lends them sustainability and robustness, which have so far enabled them to successfully stand the test of time.

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CORPORATE INFORMATION

Board of Directors (as on July 25, 2020)

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

Company Secretary — Mr. Ajay Puri

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

Bankers

HDFC Bank

Kotak Mahindra Bank

Corporation Bank

Registrar and Transfer Agent

KFin Technologies Private Limited
Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad,
Telangana – 500 032.
Ph: 040-67162222,
Fax: 040-23001153
Toll Free no.: 1800-345-4001
Email: einward.ris@kfintech.com

Registered Office

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

PROFILE OF ALL BOARD MEMBERS



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

- Former Secretary to the Ministry of Petroleum and Gas, Government of India.
- Former Secretary in the Department of Industrial Policy and Promotion (DIPP).
- Has over 39 years of experience in various assignments, spent over 17 years in the Secretariat, both with State & Central Govt.; worked in different capacities in the Ministry of Finance, Ministry of Commerce and Industry, Ministry of Chemicals & Fertilizers, in the Government of India.



Mr. Amit Goela, *Shareholder Director*

- Partner at Rare Investment.
- Former AVP (Private Equity) Reliance Capital and CEO at Alchemy Share & Stock Brokers.
- Has over 23 years of experience in Capital Market.



Mr. Basant Seth, *Public Interest Director*

- Qualified Chartered Accountant having experience of over 41 years with expertise in finance, banking, management, administrative and quasi-judicial matters.
- Chairman and Managing Director of Syndicate Bank from August 31, 2009 to February 28, 2012.
- Information Commissioner in the Central Information Commission from March 1, 2012 to February 15, 2017.



Dr. Bhartendu Kumar Gairola, *Public Interest Director*

- Founding member of National Informatics Centre (NIC) and served as Director General at NIC.
- Served as Mission Director, e-governance, Government of India.
- Played key role in a large number of e-governance projects in Central and State governments.
- Founder Director / Vice Chancellor, International Institute of Information Technology (IIIT), Naya Raipur, Chattisgarh.
- Assisting various Central and State governments in their Information Technology (IT) initiatives.
- Has more than 45 years of experience in the field of IT and Research.



Mr. Chengalath Jayaram, *Shareholder Director*

- Currently on the Board of Kotak Mahindra Bank Limited, as a Non-Executive and Non-Independent Director.
- Former Joint Managing Director of Kotak Mahindra Bank Limited.
- Over 41 years of diverse experience in Financial Sector & related businesses.



Dr. Deepali Pant Joshi, *Public Interest Director*

- Served as an Executive Director of Reserve Bank of India for 4 years.
- Has held various positions in Central Office of Reserve Bank of India and at several Regional Offices.
- Has over 40 years of experience in macroeconomic policies with regard to Banking Services.



Mr. Hemang Raja, *Shareholder Director*

- Former Country Advisor – India to Asia Growth Capital Advisors (AGCA) for managing india investments.
- Former Managing Director and Head India at Ritchie Capital, a part of Credit Suisse Private Equity.
- Has over 36 years of experience in Financial Industry.



Ms. Madhu Vadera Jayakumar, *Shareholder Director*

- An independent investor in Financial Markets.
- Former Founder CEO of E-Commodities Limited.
- Has over 32 years of experience in Financial Services Industry.



Ms. Padma Raghunathan, *Shareholder Director*

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



Ms. Pravin Tripathi, *Public Interest Director*

- Former Deputy Comptroller & Auditor General of India & Chairperson Audit Board.
- Was the member of Competition Appellate Tribunal and also the member of Airport Economic Regulatory Authority Appellate.
- Director on the Boards of various companies in different sectors and has an extensive all-round experience.
- Has 40 years of diverse experience in Financial Management, Accounting & Budgetary Control, Capital Structure Planning and Competition Law etc.



Mr. Shankar Aggarwal, *Public Interest director*

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



Mr. P. S. Reddy, *MD & CEO*

- Has held position of Managing Director & CEO of Central Depository Services (India) Limited for 12 years.
- Worked with BSE Limited for 18 years. Was in charge of various departments and represented in various Committees of the Exchange.
- Has over 31 years of diverse experience in Indian capital market, especially in Stock Exchange, Clearing Corporation and its eco system.

LETTER FROM THE CHAIRMAN



Dear Shareholders,

Since January 2020 in the wake of COVID-19 pandemic, uncertainty has been the underlying feature of the global market. The growth rate of the Indian economy which had moderated during the year 2019-20 was expected to improve in the succeeding financial year. However, any expectation/s of a recovery in the current financial year, has been stymied by the global spread of the COVID-19 pandemic and the measures taken to control it. The stellar performance of MCX during the year 2019-20 should be assessed in this background. The average daily turnover (single-side) of futures trading on MCX grew by about 26% annually to touch ₹32,424 crore in FY 2019-20. Importantly, in the options segment, the average daily notional turnover increased by about 60% to reach a level of ₹1,126 crore during this period. This performance was reflected in the increased market share of the Company which went up to 94.01% in futures trading and nearly 100% in case of options trading during the year 2019-20, in spite of increased competition from domestic exchanges.

The financial results of your Company mirrored its operational performance. During FY 2019-20, your Company's total income was ₹481.77 crore, up by 25 % when compared to ₹384.72 crore during the previous year. As a result, profit after tax increased by 53% over the previous year to reach a level of ₹208.52 crore in FY 2019-20. You would be happy to note that the net profit margin stood at 43%.

Sustaining this performance in near term is a challenging task, given the economic slowdown, which followed the steps taken both domestically and internationally to control the spread of COVID-19 pandemic. Restrictions in trading hours to 5 PM (during March 30 to April 22, 2020), constraints in warehousing and logistics operations, inability of brokers to operate with full staff, demand compression as industries were subjected to lockdown and erosion of positive sentiment presented and continue to pose a real threat to the Company's operational performance. To address these difficulties, your Company has introduced following measures to facilitate uninterrupted trading by members and clients. A dedicated team of employees has been stationed in the Exchange premises, and at the Disaster Recovery site, respectively to ensure that there is no disruption in trading or clearing. Besides, the Exchange has allowed members to operate Trader Work Station (TWS) from anywhere, waived TWS User ID charges for upto 5 User IDs, developed an online system for generating e-passes and relaxed compliance-related timelines. This has in practice materially reduced the inconvenience faced by stakeholders. We are optimistic that these measures will help the Company address the current challenge, meet the expectations of its stakeholders and maintain its exceptional performance in the future also.

Notwithstanding the uncertainty associated with such a tumultuous period, we see several opportunities that can enable your Company to maintain its growth trajectory. During the year 2019-20, MCX launched the MCX India Commodity (MCX iCOMDEX) Indices, adhering to SEBI guidelines and global best practices set by the International Organization of Securities Commissions (IOSCO). Permission has been received to launch futures contracts on two indices, namely the MCX iCOMDEX Bullion and Base Metal Indices. These are going to be launched shortly. After options with 'commodities' as underlying was permitted, your Company has also launched options on gold and silver, thereby expanding its bullion portfolio.

The year 2019-20 witnessed participation of mutual funds in commodity derivatives trade. A large Asset Management Company (AMC) launched India's first mutual fund scheme which includes exchange-traded commodity derivatives. Other AMCs are expected to launch schemes containing commodity derivatives. We are looking forward to trading by Eligible Foreign Entities (EFEs) on your Exchange, especially after the European Securities and Markets Authority (ESMA) granted recognition to MCXCCL as a third country Central Counter Party in December 2019. This will enable European participants to apply lower risk weightage towards their exposures to MCXCCL. EFEs among the European importers of Indian commodities can thus hedge their exposures in Indian commodity markets on MCX in a cost effective manner.

The year 2019-20 also marked completion of the successful conversion of the settlement type of the base metal futures contracts from 'Both Options' to 'Compulsory Delivery'. The Exchange and its clearing arm facilitated the delivery of 74,196 metric tonnes of base metals during the year. With the launch of deliverable contracts, your Company is now offering the benefit of a fair price discovery which reflects domestic fundamentals. This could lead to the emergence of a well-accepted reference price in the Indian metals market. In the bullion segment, your Company is exploring the possibility of expanding the MCX Good Delivery list to include Indian refineries that meet the criteria set by the Exchange. Thus, by setting standards, facilitating delivery and developing an ecosystem around commodities, the Exchange is making endeavours to set India price benchmarks for such commodities, in the bullion, base metals and agri-commodities segments.

Your Company intends to avail the opportunities that are unfolding, while simultaneously strengthening its capabilities to withstand and address the unique and difficult adaptive challenges posed by a wicked problem, like the COVID- 19 pandemic. I would like to assure the shareholders that the Board and the management is fully committed to take your Company on a sustained growth path to benefit all its stakeholders. As in the past, I seek your continued support to enable us convert the opportunities and capabilities into tangible outcomes to enable MCX retain its pole position in the commodity derivatives space and for taking your Company to greater heights of achievement.

Saurabh Chandra
Chairman
(DIN: 02726077)

July 25, 2020

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the Eighteenth Annual Report on the business and operations of your Company, along with the Audited Statement of Accounts and the Auditors' Report, for the financial year (FY) ended March 31, 2020 ('year under review'). The highlights of this Annual Report are given below:

FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2020 is summarized below:

(₹ in lakh, except EPS)

Particulars	Standalone		Consolidated	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Total Income	48,177	38,472	50,311	39,859
Total Operating Expenditure	22,514	20,575	21,948	20,607
Profit before Interest, depreciation, exceptional items and tax	**25,663**	**17,897**	**28,363**	**19,252**
Less: Depreciation	1,784	1,529	1,814	1,545
Less: Interest	20	3	16	1
Less: Exceptional items	-	2,380	-	2,380
Add: Share of Profit of Associate	-	-	4	43
Profit after exceptional items and Share of Profit of Associate but before tax	**23,859**	**13,985**	**26,537**	**15,369**
Less: Provision for tax	3007	335	2,887	745
Profit after tax	**20,852**	**13,650**	**23,650**	**14,624**
Add/(Less) : Other Comprehensive Income (net of tax)	**(187)**	**(186)**	**(199)**	**(171)**
Total Comprehensive Income for the period (Comprising Profit and Other Comprehensive Income for the period)	**20,665**	**13,464**	**23,451**	**14,453**
Earnings per share				
i. **Basic (₹)**	**40.98**	**26.83**	**46.48**	**28.75**
ii. **Diluted (₹)**	**40.98**	**26.83**	**46.48**	**28.75**

GLOBAL COMMODITY MARKET

The global financial markets faced new risks in 2019 owing to the US-China trade tensions, as well as, US-Iran geo-political tensions apart from the Brexit related uncertainties. As a result, returns on various asset classes were highly volatile, though accommodative monetary policies by most central banks enabled many asset classes to perform well. Global commodity markets recorded a robust growth in 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% in 2019.

However, the global commodity markets too were adversely affected by the COVID-19 pandemic and the restrictions put in place to arrest its spread. Weaker commodity demand and COVID-19 related restrictions leading to restricted output and even closure of production sites of key commodities, have in turn, resulted in unforeseen supply disruptions and a host of new unknowns. While the 'known unknowns' can be managed, it is the 'unknown unknowns' that pose the bigger risks, managing which has been one of the biggest challenges so far. Moreover, weaker demand and uncertain supply are being accompanied by other structural changes in global commodity markets, such as shifting of raw materials and changing consumer behaviour.

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. Most advanced, as well as, emerging market economies are projected to witness negative growth by World Bank, with the Indian economy projected to decline also.

Your Company's performance during the year 2019-20 and outlook for the year 2020-21 has to be analysed against this backdrop.

GLOBAL HEALTH PANDEMIC FROM COVID-19

The World Health Organization declared a global pandemic of the Novel Coronavirus disease (COVID-19) on February 11, 2020. On March 24, 2020, the government announced nationwide lockdown for 21 days to contain spread of COVID-19. This was extended multiple times till June 30, 2020 (for containment zones) with gradual relaxations. MCX remained operational during the COVID-19 lockdown period, as the exchange and related services have been classified under essential services and thus, exempted from lockdown restrictions.

In enforcing measures to contain the spread of the disease, and to avoid any disruptions to operations, the Exchange has been operating with minimum critical staff members at the office premises with the remaining employees working from home. To effectively respond to and manage the operations through this crisis, your Company triggered its business continuity management program.

During March, 2020 and April, 2020, the trading hours for commodity derivatives market were restricted to the first session i.e. between 9 a.m. to 5 p.m. Consequently, the average daily futures turnover (ADT) on the Exchange dropped to ₹ 12,171 crore vis-à-vis ₹ 32,424 crore during the corresponding period of fiscal year 2019-20. After the restoration of normal trading hours for non-agricultural commodities from 9 a.m. to 11.30 p.m. from April 23, 2020, the ADT increased to ₹ 23,099 crore during the period April 23, 2020 – May 28, 2020.

The operations of member brokers were adversely affected during the lockdown because of restrictive movements and dampened sentiments. This also contributed to the fall in ADT. Besides this, problems in labour availability, quality assaying and logistics infrastructure due to COVID-19 also adversely affected warehousing operations. Another major challenge was the non-availability of spot prices and dependency on alternative methods for deriving final settlement price.

Significantly, during the lockdown period, more than 2 lakh PAN based Unique Client Codes (UCCs) have been added to the Exchange's existing unique PAN UCC base. In terms of traded UCCs, the fall witnessed in average traded UCCs, is not significant.

The impact of COVID-19 on the business of the Company is covered under the Management Discussion and Analysis forming part of this Annual Report.

FINANCIAL HIGHLIGHTS

During FY 2019-20, the Company recorded stellar performance. The ADT of commodity futures contracts increased by 26% to ₹ 32,424 crore during FY 2019-20, as against ₹ 25,648 crore in FY 2018-19. This was the highest since imposition of Commodity Transaction Tax (CTT). The Average Realization Rate (ARR) decreased to ₹ 2.10 per lakh from ₹ 2.17 per lakh. The lower ARR was on account of increase in ADT leading to more Member brokers falling under lower transaction slab. The total turnover of commodity futures traded on your Exchange stood at ₹ 83.98 lakh crore in FY 2019-20 as against ₹ 65.91 lakh crore during FY 2018-19, an increase of 27.40%. The Bullion futures turnover increased by 93 per cent to ₹ 29.15 lakh crore (₹ 15.13 lakh crore). The bullion segment's turnover of ₹ 35,112.36 crore on March 16, 2020 was the highest since the introduction of CTT. Turnover in the Energy contracts surged to ₹ 38,13,027 crore from ₹ 24,50,777 crore in FY 2018-19. Crude Oil futures and options clocked the highest ever turnover and volume since its inception., while that of base metals plunged to ₹ 15,68,294 crore from ₹ 25,25,601 crore in FY 2018-19, even though in terms of absolute volume, the total quantity of base metals delivery stood at 74,206 million tonne through the exchange mechanism. Agriculture futures turnover marginally slipped to ₹ 1 lakh crore from ₹ 1.01 lakh crore in FY 2018-19, largely due to drop in agriculture commodity prices. The number of agricultural futures contracts traded also decreased from ₹ 18,28,722 in FY 2018-19 to ₹ 17,89,350 in FY 2019-20.

During FY 2019-20 your Company's market share in commodity derivative space has increased to 94.01% as against 91.60% in the previous year. The volume (in terms of commodity futures contracts traded on the Exchange) increased by 20% in FY 2019-20, to 295 million lots, as compared to 246 million lots traded in FY 2018-19.

For FY 2019-20, your Company's (standalone) total income stood at ₹ 48,177 lakh as compared to ₹ 38,472 lakh during FY 2018-19, a growth of 25%. Increase in total income was mainly due to increased revenue from transaction fees. The operating income during the year under review was ₹ 37,044 lakh as against ₹ 29,835 lakh in FY 2018-19. Net profit after tax in FY 2019-20 increased to ₹ 20,852 lakh from ₹ 13,650 lakh in FY 2018-19 which has been the highest in last 7 years.

In accordance with the provisions of the Income Tax Act, 1961, your Company has availed the lower Corporate tax rate of 25% for FY 2019-20 (FY 2018-19 it was 30%). Further the Company has also utilized MAT credit in FY 2019-20.

The net worth of the Company as at March 31, 2020 stood at ₹ 1,54,652 lakh.

During the year, Hon'ble Supreme Court has stayed Income Tax assessment proceedings on an appeal by the Company for Assessment Year(AY) 2010-11,AY 2011-12 and AY 2014-15, and the Hon'ble High Court Mumbai had earlier admitted the matter for AY 2012-13 and AY 2013-14. Further on the basis of Special Audit Report, Assessing officer has passed assessment order for AY 2015-16 determining demand of ₹ 644 lakh (including interest of ₹ 242 lakh). The Company is contesting the

above demands in addition to demands raised in previous years. The management believes that the Company has a fair chance of getting favourable orders and therefore ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and operations. Accordingly, no provision has been made as on March 31, 2020 and the Income tax Demands for the said Assessment Years are shown under contingent liabilities.

SHARE CAPITAL

There has been no change in the share capital of your Company during the year under review. As on March 31, 2020, the paid-up share capital of your Company stood at ₹ 5,099.84 lakh comprising 50,998,369 Equity shares of ₹ 10 each fully paid.

Your Company has, during the year under review, neither issued any Equity shares with differential voting rights nor any shares (including sweat equity shares) to its employees under any scheme save and except transfer of shares by the ESOP trust to eligible employees pursuant to the Employee Stock Option Scheme (ESOP 2008).

TRANSFER TO RESERVES

For the year ended March 31, 2020, your Directors do not propose to transfer any amount to the General Reserve. An amount of ₹ 1,15,055 lakh is proposed to be retained as surplus in the Profit and Loss Account.

DIVIDEND

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the SEBI Listing Regulations, 2015), your Company has formulated a Dividend Distribution Policy which is attached as **Annexure I** to this Report. The same is also available under the weblink: https://www.mcxindia.com/investor-relations/corporate-governance.

The Board of Directors of your Company have recommended a dividend of ₹ 30 (300%) per equity share on a face value of ₹ 10 per share for the financial year ended March 31, 2020, subject to the approval of shareholders at the ensuing Annual General Meeting.

In view of the abolishment of the Dividend Distribution Tax w.e.f. April 01, 2020, the outgo on account of the proposed dividend of 300 % (Previous Year 200%) to be paid by the Company aggregates to ₹ 15,300 lakh, being a payout of 73.37% of the profit after tax (PAT) for the year ended March 31, 2020, as against ₹ 12,297 lakh (including Dividend Distribution Tax rounded off to ₹ 2,097 lakh).

Your Directors have recommended the dividend based on the Company's performance and in view of the adequacy of existing cash / cash equivalent at its disposal to provide for capital expenditure on technology development and new business initiatives.

DEPOSITS

Your Company had not invited any deposits from the public, and as such, no amount of principal or interest related thereto was outstanding as on March 31, 2020.

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

The details of loans, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as on March 31, 2020, are set out in Note 48 to the standalone financial statements of the Company.

BUSINESS OPERATIONS

MCX is a full member of the World Federation of Exchange (WFE), the global industry group of exchanges and Central Counter Parties (CCP).

MCX Crude Oil futures, MCX Crude Oil mini futures, MCX Natural Gas futures, MCX Gold Mini Futures, MCX Silver Micro Futures, MCX Silver Mini Futures, MCX Copper Futures, MCX Nickel Futures, MCX Zinc Mini Futures and MCX Crude Oil Options were amongst the top 40 commodity futures and options contracts in the global ranking of commodity futures contracts in the Calendar Year 2019 (CY19). (Source: FIA Annual Volume trading statistics January 2020).

With an aim to seamlessly integrate with the global commodities ecosystem, MCX continues to have strategic alliances with leading international exchanges viz. CME group, Dalian Commodity Exchange (DCE), London Metal Exchange (LME), Mozambique Commodities Exchange (BMM), Taiwan Futures Exchange (TAIFEX) and Zhengzhou Commodity Exchange (ZCE). MCX has also tied up with various trade bodies, corporates and educational institutions across the country to improve trade practices, increase awareness, and facilitate overall improvement of the commodity market.

PRODUCT SEGMENT HIGHLIGHTS

Bullion

As per the SEBI directives, the Exchange aligned the trading unit and delivery unit of Gold Petal (1gram) contract to 1 gram, applicable from October 2019 contract onwards. Earlier, the trading unit and delivery unit were 1 gram and 8 grams respectively. The newly designed one gram Gold Petal futures contract (first ever deliverable one gram Gold contract in the world) saw a successful delivery of 8.27 kg (8274 coins) since its launch in October 2019.

Further, as per SEBI directives, Silver Micro 1 kg contract was converted from 'Both Option' to 'Compulsory Delivery'. Also, the Exchange aligned the trading unit and delivery unit of Silver Micro contract to 1 kg from February 2020 contract onwards, from the earlier trading unit and delivery unit of 1 kg and 30 kgs respectively. Silver (1kg) Micro contract that became deliverable with Silver one kilogram bar as delivery lot from February series, has seen successful delivery of 454 kg in its first-ever delivery cycle. 1 kg Silver bars of Hindustan Zinc Ltd., which has become an LBMA approved refiner recently were also delivered for the first time via this contract.

The Bullion segment attained various landmarks during FY 2019-20.

On July 5, 2019, the Union Budget 2019 proposed that the increase of custom duty on gold and other precious metals be increased from 10% to 12.5%. Since price quotes of MCX's bullion contracts was inclusive of customs duty, there had been a sharp increase in the price of these contracts.

The segment recorded its highest turnover of ₹ 35,112.36 crore on March 16, 2020 since the introduction of CTT. Gold (all variant) recorded its highest turnover of ₹ 22,207.33 crore on March 16, 2020, post imposition of CTT. Further, in FY 2019-20, MCX witnessed the highest ever Gold delivery in a single-contract of 5.16 MT in August 2019. Additionally, Silver (all variant) clocked its highest turnover of ₹ 12,905.03 crore, as well as, registered the highest volume of 3,503.57 MT on March 16, 2020, post imposition of CTT.

Further, the Gold option Open Interest hit all-time high of 8.75 MT on March 20, 2020. Silver Options registered record turnover of 406.52 crore and volume of 84.36 MT on February 25, 2020. Also, Silver Options registered record Open Interest of 98.76 MT on August 28, 2019.

A product profile for Bullion has been hosted on the website of the Company to help investors understand the physical market dynamics which influence the trading on the Exchange.

Energy

MCX Energy contracts which have been the front running contracts of the Exchange saw further growth across all parameters.

The Crude Oil Futures & Options Contract attained various milestones during FY 2019-20.

MCX Crude Oil Futures clocked the highest ever turnover of ₹ 28,440.33 crore on January 8, 2020, as well as, registered the highest ever volume of 77.62 million barrels on February 28, 2020, since inception (February 2005).

MCX Crude Oil Options clocked its highest ever turnover of ₹ 2,743.21 crore on January 8, 2020, as well as, registered the highest ever volume of 6.35 million barrels on March 06, 2020, since inception (May 2018). Also, MCX Crude Oil Options witnessed highest ever Open Interest of 2.86 million barrels on February 11, 2020, since inception.

As per SEBI directives, the Exchange delisted Crude Oil Mini (10 barrel) contract from January 2020 contract expiry to restrict to single contract per commodity.

Agricultural basket

The Exchange launched a new commodity in the Agriculture basket i.e. Kapas contract (4 MT) on September 30, 2019. The participation has been good and the Exchange is striving to achieve new milestones in the current financial year.

The Crude Palm Oil futures contract registered highest intraday turnover of ₹ 778.9024 crore (single sided) post imposition of CTT.

The Cotton contract that was launched in the year 2011, has gained significant traction and the Exchange has achieved highest deliveries of 3.98 lakh bales (1 bale = 170 Kgs) in the season ending in August, 2019.Following SEBI directives, the Exchange has aligned its delivery lot (100 bales) of Cotton contract with its trading lot (25 bales) w.e.f. from January 2020 contract expiry.

The Exchange has also aligned the delivery lot and trading lot of Mentha Oil contracts to 6 drums w.e.f. June 2020 expiry, from the earlier delivery lot of 12 drums and trading lot of 2 drums.

Base Metals

All Base Metals contracts were converted to 'Delivery Based' Settlement mode from 'Both Option' Settlement Mode in a phased manner starting with Aluminium contract from March 2019 and ending with Copper contract in July 2019 in a shortest period in 2019. The contracts have successfully completed a year post conversion.

Based on regulatory guidelines, the trading unit and delivery unit for all the futures contracts had to be aligned and only one single contract having same underlying was permitted. Accordingly, for each metal, only one contract specification is traded on the Exchange.

Presently, in the case of Aluminium, Zinc and Lead, 5 MT contracts are traded on the Exchange platform and all other variants has since been discontinued. The Trading and Delivery unit of Copper has been changed from 1 MT to 2.5 MT and for Nickel from 250 kg to 1.5 MT.

MCX Base Metal contracts saw 75025.5 MTs of metals delivery via MCXCCL during FY 2019-20. The maximum quantum being delivered was in Aluminium of 25487 MTs during the FY 2019-20.

Post conversion, base metals saw a peak in deliveries in October 2019 with 10557.5 MTs of metal being delivered into the warehouses.

During the year under review, MCX was able to create a diverse list of Spot Polling participants involving traders, consumers and producers. These numbers have been increasing on a continuous basis.

Transaction fees

To develop market depth and liquidity in far month contracts and encourage participation across commodity segments on the Exchange, the Exchange levied flat transaction fees of ₹ 130 per crore of turnover in far month futures contracts for a period of one year, with effect from January 01, 2020.

Further, in order to encourage active participation in the market, the Exchange continued to waive transaction fees on all commodity options contracts till March 31, 2021. During FY 2019-20, options' ADT (excluding Muhurat Trading day) increased by about 60% to ₹ 1,131 crore vis-à-vis ₹ 707 crore in the previous year, led by about 119% increase in participation.

Market Participants

As on March 31, 2020, the Company has national reach with 692 members, having 54,900 Authorised Persons, operating through 2,287,508 terminals connected through various available modes of connectivity (including Computer to Computer Link (CTCL), Internet Based Trading and Wireless Trading) across 1,010 cities/towns across India.

The unique traded client codes, which is of significant importance to Exchange, witnessed a jump from 3.085 lakh in FY 2018-19 to 4.001 lakh in FY 2019-20.

Consequent to the Reserve Bank of India (RBI) permitting subsidiaries of banks to offer broking services for commodity derivatives segment of SEBI recognised stock exchanges, six bank (broking) subsidiaries have registered with the Exchange as on March 31, 2020.

On the institutional front, SEBI has given approval to Deutsche Bank, Orbis Financial and Stockholding Corporation to provide custodial services in commodity derivatives segment. This has paved the way for Mutual funds, PMS and AIF (Cat III) to participate in Exchange traded Commodity Derivatives.

During FY 2014-15, your Company had filed 9 applications seeking compounding of offences of earlier years, under Section 621A of the Companies Act, 1956, against the Show Cause Notices received from the Registrar of Companies, Mumbai. Compounding had been effected in respect of 8 applications and the Company had paid the fees imposed by the Compounding Authority relating thereto aggregating to ₹ 7,43,000/-. The Company had also received the copy of the Orders passed by the relevant authority in respect of the 8 compounding applications. As on March 31, 2020, one compounding application is pending for hearing with the Regional Director, Western Region Mumbai. Details relating to the same are given in the Extract of the Annual Return in **Annexure IV**.

REGULATORY DEVELOPMENTS

During the year under review, SEBI, the sectoral regulator permitted introduction of new products and newer participants in the Commodity Derivatives Market. The market regulator has been taking steps to strengthen the risk management framework in the commodity derivatives segment of stock exchanges. Measures such as enhancing the Margin Period of Risk, imposing Extreme Loss Margins, determination of Lean period and levy of additional lean period margin, enhancing the Settlement Guarantee Fund etc. have helped to strengthen the risk management system of exchanges. These measures are expected to build the trust of investors and other stakeholders in commodity markets and attract their participation.

In an effort to bring the Indian market in line with global markets, SEBI has directed commodity exchanges to align trading lot sizes with delivery lot sizes to remove barriers in physical delivery of commodities and adhere to global standards.

The important Regulatory developments during FY 2019-20, *inter alia,* were as hereunder:

April 2019

i. SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, were notified effective from April 01, 2019;

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

May 2019

iii. To promote institutional participation, SEBI had amended the SEBI (Mutual Funds) Regulations,1996 and the (Portfolio Managers) Regulations, 1993 enabling Mutual Funds and Portfolio Managers to participate in commodity derivatives segments;

iv. SEBI had issued guidelines for "Combating Financing of Terrorism (CFT) under UAPA, 1967". In view of the reorganization of Divisions in Ministry of Home Affairs and allocation of work relating to countering of terror financing to the Counter Terrorism and Counter Radicalization (CTCR) Division, Government has modified the earlier order dated August 27, 2009 by the order dated March 14, 2019;

June 2019

v. SEBI permitted Recognised Stock Exchanges with commodity derivatives segment to introduce futures on commodity indices. Construction of commodity indices shall conform to the guidelines prescribed by SEBI;

vi. SEBI had brought about uniformity of approach while handling of clients securities by Members and provided guidelines in this regard. Also SEBI advised exchanges, clearing corporations and depositories to put in place a mechanism for monitoring with respect to handling of client securities by the members;

vii. To bring uniformity in depositing of penalties levied on clients for short collection or non-collection of margins in the commodity derivatives segment, SEBI directed clearing corporations and exchanges to deposit such penalties in Core Settlement Guarantee Fund (SGF);

July 2019

viii. SEBI has eased the conditions for exchanges to provide incentives under liquidity enhancement schemes (LES) in the first five years of operation from the date of SEBI approval for commencement / recommencement of their business subject to the adherences to the conditions;

ix. SEBI has disallowed multiple contracts on the same commodity after December 2019 except for Gold, Silver and Precious metals contracts;

x. SEBI fixed the minimum duration of the staggered delivery period at five working days for all commodity futures in order to bring uniformity in the timeline across exchanges;

August 2019

xi. As directed by SEBI, the stock exchanges and clearing corporations have in consultation with one another, devised a standard framework for imposition of fine on the Trading Member/ Clearing Member for incorrect/false reporting and non-reporting of margin collected from the clients;

xii. SEBI has eased the process of providing SCORES credentials by automating generation of SCORES user id and password for new SEBI registered intermediaries;

xiii. SEBI directed exchange dealing in commodity derivatives segment to constitute a Product Advisory Committee (PAC) for each group/complex of commodities having common stakeholders/value chain participants, in order to bring transparency in the design process for commodity derivatives contract and to cater the needs of the physical market participants;

October 2019

xiv. SEBI directed stock brokers and depository participants to provide information to exchange and depositories on Cyber-attacks, Threats experienced and measures taken to mitigate vulnerabilities. SEBI has also prescribed periodic audit for the purpose of compliance with Cyber Security and Cyber Resilience provisions by the stock brokers and depository participants;

November 2019

xv. Central Government has permitted the entities recommended by SEBI to undertake Aadhar based e-KYC facility to complete KYC of the client. These entities would be registered with UIDAI as KYC user agency ("KUA") and shall allow

all the SEBI registered intermediaries / mutual fund distributors to undertake Aadhaar Authentication of their clients for the purpose of KYC through them;

xvi. SEBI has categorised as material/non-material modifications in contract specification parameters of commodity derivatives contracts. SEBI has defined modifications in contracts which can be made at the Exchange level after due notice to market and modifications which can be made only after approval from SEBI;

December 2019

xvii. The Central Government has made the Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019, to regulate the liability of instruments of transaction in stock exchanges and depositories which is effective from July 1, 2020.

January 2020

xviii. In order to keep pace with the technological advancements in the securities market, the existing Annual System Audit Framework and Terms of Reference for MIIs has been revised;

xix. SEBI in addition to options on commodity futures has allowed stock exchanges to launch 'option in goods' in their commodity derivatives segment;

xx. SEBI had reviewed the Margin framework to strengthen the risk management framework in the commodity derivatives segment of stock exchanges. Measures such as enhancing the Margin Period of Risk, imposing Extreme Loss Margins, determination of Lean period in Agri commodities and levy of additional lean period margin has been prescribed;

February 2020

xxi. For ensuring derivatives contracts are closely aligned to physical markets, all recognized stock exchanges shall review the performance of all contracts traded on their exchanges in commodity derivatives segment, as per the parameters laid down by SEBI;

xxii. SEBI has restricted use of securities for pledging and clearly given guidelines on handling of Clients' Securities by Trading Members/Clearing Members;

March 2020

xxiii. SEBI has allowed that, henceforth members are not required to obtain Electronic contract note declaration form in which email id is required to be written in own hand writing from the client. By amending the said clause, the provisions for availing documents through electronic mode is now same in equity and commodity exchanges.

RISK MANAGEMENT AND RISK MANAGEMENT POLICY

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

Your Company has a comprehensive Risk Management Policy for managing different risks such as Regulatory & Compliance risks, Technology risks, Business risks, Operational risks, Credit risks and Market risks. The Risk Officer of the Exchange ensures compliance with the Risk Management Policy throughout the organization. The head of each department is responsible for managing risks affecting their area of operations / business. The Risk Officer is responsible to review the risks associated with the functioning of the various departments of the Exchange and to identify the emerging risk and monitor the risk mitigation plan thereon. The Risk Officer also reviews the Internal Audit Report(s), suggests measures to improve control and identifies observations which can result in a risk to the organization.

The Board of Directors have constituted a Risk Management Committee (RMC) for, *inter alia*, identification, measurement and monitoring risk profile of the Exchange. As on March 31, 2020, the Risk Management Committee comprised of three Public Interest Directors and an Independent External Expert. The Risk Management Committee periodically reviews the Risk Management Policy and its implementation thereon, as well as, the Risk Register that includes observations from Internal Audit. The Committee also periodically examines and evaluates the Risk Information Management Systems (RIMS) along with emerging risks, if any. The risks in relation to internal control over financial reporting is reviewed by the Audit Committee.

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

INVESTOR PROTECTION FUND (IPF)

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

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

As on March 31, 2020, the corpus of IPF stood at ₹ 19,796 lakh (provisional).

In-order to enhance literacy and to promote participation in the commodity derivatives market, over 750 awareness programs were conducted under the banner of MCX IPF in FY 2019-20 to promote investor education and awareness. This includes 27 regional seminars conducted jointly with SEBI. These awareness programs were conducted in over 340 cities across India, for general investors, students, hedgers, jewelers, other physical market participants from the bullion/ metal industries and agricultural sector, farmers, FPO's, corporates, etc.

Some major awareness initiatives in FY 2019-20 were as follows:

i. World Investor Week (WIW) was celebrated from September 30, 2019 – October 06, 2019 throughout India under the aegis of SEBI & IOSCO. 60 awareness programs were conducted during WIW which had around 3200 plus participants;

ii. Awareness programs were conducted with several prominent Institutes and Associations including Institute of Company Secretaries of India, Institute of Chartered Accountants of India, Institute of Cost Accountants of India, National Bank for Agriculture and Rural Development (NABARD), IMC Chamber of Commerce and Industry, Indian Institute of Materials Management, , Gems and Jewellery Trade Council of India, India Bullion & Jewellers Association, Confederation Of Indian Industry (CII), Confederation of Indian Textile Industry (CITI), CSIR-CIMAP, Indian Institute of Plantation Management, India Lead and Zinc Development Association, Indian Electrical & Electronics Manufacturer's Association, Associated Chambers of Commerce and Industry of India (ASSOCHAM), Commodity Participants Association of India (CPAI), Utkal Chamber of Commerce and Industries Limited (UCC&I) Calcutta Management Association, Ahmedabad Management Association and Lucknow Management Association.

Awareness through Media channels:

Investor awareness media activities form an integral part of MCX IPF. The objective is to spread mass awareness and educate commodity market stakeholders. During FY 2019-20, a number of investor awareness activities and knowledge series camps were carried out across India in partnership with organizations such as the Times Group, The Network 18 Group - TV18, CNBC Awaaz, CNBC Bajar, MoneyControl, Zee Business, Bloomberg Quint, Hindu Business Line, Financial Express, Business Standard, Mint, and Outlook magazine through digital, electronic and print modes. To boost the MCX IPF knowledge series camps that were conducted across India, the recorded episodes of the panel discussions were telecast on TV channels like ETNOW, CNBC Awaaz, CNBCTV18 and Zee Business. These were made available on the YouTube channel of the Exchange. The telecast promotional videos of the episodes were posted on social media a few days prior to airing.

The second volume of "A Monk Who Trades" cartoon series book was launched during this period and distributed to various stakeholders. In order to reach the masses at regional levels, this comic series was translated into Hindi and Gujarati and published in regional newspapers. Some of these comic strips were further developed into animated videos with voice overs. These videos were disseminated though digital modes on ET.com, Money Control, Bloomberg Quint, CNBCTV18. com and www.mcxindia.com, and electronic modes such as ETNOW, TV18, CNBC Awaaz and Zee Business. Furthermore, the series was displayed on digital screens at Mumbai and Delhi airports for higher visibility.

MCX IPF in collaboration with ETNOW conducted the second edition of Comquest 2020, a national level commodity market educational quiz, which is the brainchild of MCX, in which 5,500 students from 176 academic institutions and universities from 22 Indian states and union territories participated. ETNOW hosted and carried out the quiz show. The recorded telecast of Comquest 2020 on ETNOW featured short interviews of the participants along with the entire quiz show consisting of different rounds of questions. In addition to this, live streaming of the show was carried out on social media for those who could not be present there.

MCX IPF uses various social media channels like YouTube, Twitter, Facebook, LinkedIn for mass awareness and education.

INVESTOR SERVICE FUND (ISF)

Pursuant to SEBI circular dated June 13, 2017, your Company has set up an Investor Service Fund (ISF) for providing basic minimum facilities at various Investor Service Centres as mentioned in the said Circular. MCX has set up 10 Investor Service Centres across India till date. SEBI has permitted the exchanges to utilize the corpus of ISF for conducting various investor

education and awareness programs, capacity building programs and maintenance of all price ticker boards installed by the respective exchanges, cost of training of arbitrators, etc. In addition to above, the corpus may be utilized in other manner as prescribed/permitted by SEBI in the interest of investors from time to time.

In order to enhance literacy and to promote participation in the commodity derivatives market, over 180 awareness programs were conducted from ISF in FY 2019-20 to promote investor education and awareness. Out of these programs, over 70 programs were regional seminars conducted jointly with SEBI. These awareness programs were conducted in over 60 cities across India for target audience like general investors, students, hedgers, jewelers, other physical market participants from the bullion/ metal industries and also the agricultural sector including farmers, FPO's and corporates.

Your Company has transferred 1% of the turnover fees charged from its members on a monthly basis to ISF. As on March 31, 2020, the corpus of ISF stood at ₹ 578 lakh.

Considering the recent origin of ISF and its corpus being inadequate, SEBI has permitted utilization of interest on IPF, to pursue activities of ISF for a period of 3 years starting from April 01, 2018.

TRAINING AND EDUCATION

MCX continues to inculcate among various stakeholders the knowledge about commodity derivatives and commodity trade, and share the knowledge about the positive aspects of using the derivatives exchange platform for price risk management and price discovery.

To achieve the said objectives, your Exchange during FY 2019-20:

i. Recorded 948 registrations for the MCX Certified Commodity Professionals (MCCP) examination;

ii. Conducted 8 MCCP training programmes in Mumbai;

iii. Hosted and trained 6 international and national delegations and 8 student and corporate delegations;

iv. Conducted over 168 Investor Protection Fund programmes across the country, of these over 60 programmes were for farmers;

v. Conducted 40 general awareness programmes on commodity derivatives at 'Business Schools' in association with Hindu business line;

vi. Conducted 40 programmes on sensitizing stakeholders on Commodity Index Futures;

vii. Held 6 faculty development programmes for colleges and institutions;

viii. Conducted 2 capacity building programmes;

ix. As in the previous year, conducted 2 capacity building programmes for SEBI, under their 'Commodity Derivatives Trainers' (CoT's) scheme to train commodity trainers.

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

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

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

Your Company has associated with Hindu Business Line to conduct commodity awareness programmes for MBA students at business school across the country.

WAREHOUSING

To cater to the storage requirements of various members of the Exchange and their respective constituents/ depositors who are willing to store goods and give delivery on the Exchange platform, your Company had made necessary warehousing and logistics arrangements with Warehouse Service Providers (WSP)/ Vault Service Providers (VSP). Consequent to the transfer of clearing and settlement division of the Exchange to Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) w.e.f. September 01, 2018, physical deliveries of the commodities traded on the Exchange platform are effected through MCXCCL. Necessary warehousing arrangements with WSP/VSP have been made by MCXCCL for this purpose and which also 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. This provides confidence to members to trade on MCX. As at March 31, 2020, MCXCCL has entered into agreements with seven WSPs for facilitating physical deliveries in agricultural commodities and Base Metals viz. Origo Commodities India Private Limited, Yamada Logistics Private Limited, Navjyoti Commodity Management Services Limited, Shree Shubham Logistics Limited, Steinweg Sharaf (India) Pvt. Ltd., Kalyx Warehousing Pvt Ltd and National Collateral Management Limited (NCML). 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). The remaining six warehouses for metals do not fall under jurisdiction of WDRA.

Further, MCXCCL entered into agreements with Sequel Logistics Private Limited, Brinks India Private Limited & Malca-Amit JK Logistics Pvt. Ltd. as 'Vault Service Providers' for facilitating physical deliveries in bullion. There are 23 accredited vaults of these agencies located at Ahmedabad, Delhi, Mumbai, Bengaluru, Chennai, Cochin, Hyderabad, Jaipur, Rajkot, Agra, Salem and Kolkata.

SUBSIDIARY

Multi Commodity Exchange Clearing Corporation Limited (MCXCCL)

MCXCCL, a wholly-owned subsidiary of your Company, was set up as a separate clearing house to provide services such as clearing and settlement of trades and guaranteeing counter party risk. SEBI has granted renewal of recognition to MCXCCL for a period of three years commencing from July 31, 2019 and ending on July 30, 2022, subject to complying with all rules, regulations, guidelines, and other instructions as may be issued by SEBI from time to time.

Risk management being an important function for a clearing corporation, MCXCCL has a well-defined Risk Management Framework in place. This works at various levels across the enterprise to form a strategic defence cover for the company. MCXCCL has constituted a Risk Management Committee, which periodically monitors and reviews risk management plan and the implementation of SEBI norms on risk management.

MCXCCL has received recognition from European Securities & Markets Authority (ESMA) as 'third country' Central Counter Party (CCP) under European Market Infrastructure Regulation so that European participants can now apply lower risk weightage towards their exposures to MCXCCL. As commodity markets expand their outreach to the eligible Foreign Entities (EFEs) interested in hedging their commodity exposures in Indian commodity markets, this will make hedging by European importers cost efficient.

MCXCCL has also been granted Qualifying Central Counterparty (QCCP) status by SEBI, which enables the participants to apply lower risk weightage towards their exposures to MCXCCL as per Basel-II capital adequacy framework.

This is apart from membership of CCP12, the renowned global association of Central Counterparties and membership of Asia-Pacific Central Securities Depository Group (ACG).

During the year under review, the Authorized Share Capital of MCXCCL was increased from ₹ 2,500 lakh to ₹ 3,000 lakh. There was no change in the paid up capital of the company. As on March 31, 2020, the paid-up capital of MCXCCL stood at ₹ 23,999 lakh. The net worth of MCXCCL as at March 31, 2020 stood at ₹ 30,155.53 lakh.

Further, the Board of MCX has authorized MCXCCL to act as a Collecting Agent in terms of Rule 2(c) of Indian Stamp (Collection of Stamp Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 to collect the stamp duty under the said Rules. MCXCCL, being the Collecting Agent shall be responsible for ensuring compliances of the Indian Stamp Act, 1899 and the Rules made thereunder, as may be applicable, at all times.

Core Settlement Guarantee Fund (Core SGF):

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

SEBI vide circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2019/73 dated June 20, 2019, clarified that all penalties levied on short-collection/ non-collection of Margins as prescribed by SEBI Circular dated September 07,2016 shall be credited to Core SGF only. SEBI, further directed that penalties, if any, on short-collection/non-collection of margins for commodity derivatives segments levied by CCs/Exchanges be transferred to Core SGF, including penalties deposited in IPF Trust by Clearing Corporation (CC), ever since they started clearing functions for commodity derivatives segment. Accordingly, an amount of ₹ 2,236 lakh has additionally been credited to Core SGF from MCX IPF.

SME Exchange of India Limited (SME)

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

The company had been under the process of members' voluntary winding up and the requisite formalities for the same had been completed. The Official Liquidator had issued the final report vide letter dated March 05, 2019, filed before Hon'ble High Court, Bombay, in respect of voluntary liquidation of SME. The Hon'ble High Court, Bombay has passed order dated August 30, 2019 granting the prayer for treating SME as dissolved.

ASSOCIATE

Your Company entered into an agreement with Central Depository Services Limited (CDSL) and CDSL Commodity Repository Ltd. (CCRL) effective May 18, 2018, for setting up and operationalization of the new repository under the Warehousing (Development and Regulation) Act, 2007. Pursuant to Section 2(6) of the Companies Act, 2013, CCRL became an associate company of MCX w.e.f. June 04, 2018, consequent to investment of ₹ 1,200 lakh comprising of 12,000,000 equity shares of ₹ 10 each, equivalent to 24% stake in CCRL.

During the year under review, there were no companies which have become or have ceased to be the joint venture of your Company. SME Exchange of India Limited has been voluntary liquidated vide Hon'ble High Court, Bombay order dated August 30, 2019.

Further, the Managing Director & CEO of your Company does not receive any remuneration or commission from its subsidiary.

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

In accordance with Section 136(1) of the Companies Act, 2013, the financial statements including consolidated financial statements and all other documents required to be attached thereto and audited annual accounts of MCXCCL, the subsidiary company, are available on our website under the weblink https://www.mcxindia.com/investor-relations.

CONSOLIDATED FINANCIAL STATEMENT

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

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

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

COMMITMENT TO QUALITY

Your Company continues its journey of delivering value to all its stakeholders through investments in quality programs. Your Company has been enabling excellence in product and service delivery through compliance of robust processes, quality management system, customer centricity and risk mitigation. Your Company has adopted several external benchmarks and certifications to validate the processes and controls implemented across the Exchange.

While your Company, as a part of its continual improvements and sustainable quality and information security systems, certified for ISO 9001:2015 for Quality Management & ISO/IEC 27001:2013 certification for Information Security Management. As an attestation of our commitment to provide a seamless experience and ability of responding to and recovering from any type of disruption or disaster, your Company has been successfully certified for ISO 22301:2019 which is globally certified for Business Continuity Management System (BCMS). Your Company has deployed all required controls and plans for business continuity in a manner that they align with our strategic, regulatory and operational objectives. Your Company understands the criticality of the services it provides and have taken all proactive steps towards minimization of the risks associated with any eventuality.

RESEARCH AND DEVELOPMENT

Your Company regularly undertakes research activities for developing new products considering the evolving market needs, policy and regulatory landscape, risk management and global best practices. Based on such research and market perception, the Exchange launched futures contract in *Kapas* during the FY 2019-20.

Following the release of guidelines for 'Design of Commodity Indices and Product Design for Futures on Commodity Indices', your Company conducted extensive market survey and study of global best practices on creation and management of commodity indices. Based on the studies and feedback received, MCX iCOMDEX series of indices were launched on December 20, 2019. The live index values are being disseminated on a continuous basis through various modes. These

indices have a base value of 10,000 as on December 31, 2015 and the historical index values since then are available on the MCX website. These indices are based on commodity futures contracts traded on MCX and conform to both the SEBI prescribed guidelines, as well as, the financial benchmarks set by the International Organization of Securities Commissions (IOSCO) in construction, administration and governance.

Your Company undertook various research studies during 2019-20. A study titled '*Risk Management Concerns and Preferences of Participants in Base Metals Business*' was carried out by a team from IIM Ahmedabad to examine the economic benefits that accrue to small producers, users, traders, and consumers from the base metal derivative products traded in the commodity exchanges. The study found that futures contracts traded on MCX in five base metals have efficiency comparable to the leading international commodities exchanges. Majority of the base metal industry participants surveyed in the study were found to actively follow the base metal prices quoted in the futures markets. The study also suggested some policy measures and action by exchanges to help the base metal ecosystem participants in India to more effectively hedge their exposure to metal price risks.

During the year, your Company also undertook a study on existing public policy on agricultural price support mechanism and suggested a low-cost mechanism as an alternative to the policy. The alternative mechanism was subsequently presented to officials in the Ministry of Finance, Government of India.

Your Company engaged with a number of educational institutions and participated in research conferences conducted by the institutions such as IIM Ahmedabad, NISM, SEBI, etc. during FY 2019-20.

To spread awareness and promote research in commodity markets and its ecosystem, the '*Commodity Insights Yearbook 2019*' was released on India Commodity Day 2019. The publication aims at dissemination of comprehensive knowledge on the commodity market ecosystem, for the benefit of all stakeholders including market participants, financial institutions, policymakers, practitioners, analysts, producers, traders, consumers, industry observers, academicians, etc. As in 2018, the National Institute of Securities Management (NISM), an institution established by SEBI, was the partner organization in publication of the Commodity Insights Yearbook 2019 too.

AWARDS

The initiatives taken by your Company for growth and market development have been well appreciated and recognized at various fora. Your Company was honoured with the 'Best Commodity Exchange' Award at the India International Bullion Summit in March 2019. Your Company was also awarded as the 'Best Exchange For Bullion, Metals and Energy' by the Commodity Participants Association of India (CPAI) in July 2019. Further, your Company was recognised as the 'Best Commodity Exchange' at the India International Gold Convention in August 2019.

ENVIRONMENTAL RESPONSIBILITY

Given the nature of its operations, your Company has a very low impact on the environment. Notwithstanding, your Company is committed to minimizing its environmental impacts through efficient use of natural resources, including electricity, which is the key touch point of the Exchange's technology driven business. Your Company is governed by an effective Environmental Policy. Your Company believes that in order to meet the objectives of its Environmental Policy, employee commitment is imperative. Your Company constantly endeavors to create awareness amongst employees and encourages them to adopt conservation practices on an ongoing basis. Your Company successfully completed ISO 14001:2015 surveillance audit without any observation, and continues to monitor its Environment Management Plan, developed on the basis of the Environment Review conducted annually, to assess the impact of the Company's activities. Your Company has also developed an E-Waste Policy for the safe disposal of e-waste from its premises and has tie-ups with authorized e-waste recyclers to dispose the e-waste in an eco-friendly manner. Further, the e-waste disposal is minimized by adopting best practices in maintenance and re-use of resources. Other initiatives implemented by your Company to save the environment are smoke emission test, noise pollution test, water test, cold fogging and password enabled printer to minimize wastage of paper.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Embedded in the vision and mission of your Company, CSR has always been considered as an opportunity to serve the nation and to bring a perceptible change in the lives of the people. Focused on the community priorities, your Company regularly aligns its strategy, by constantly expanding the CSR outreach, for the inclusive growth and development of the society.

Out of the total CSR budget of ₹ 602.24 lakh, CSR projects amounting to ₹ 490.49 lakh have been approved during the year, out of which ₹ 333.18 lakh has been utilized as on March 31, 2020. This includes our contribution of ₹ 2 crores to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES) to assist the government's efforts in containment and relief against the COVID-19 pandemic. It may be noted that implementation of some of the approved projects was impaired due to COVID-19 lock down and restrictions imposed.

In FY 2019-20, the interventions include providing equipment to facilitate quality healthcare, supporting rural development through Integrated Watershed Management Scheme, empowering women and differently abled, enhancing education to visually challenged, encouraging higher education and pursuing nursing courses for economically weaker girl students, etc.

In continuation to our efforts against COVID-19, during FY 2020-21, your Company has also donated Personal Protective Equipment and N-95 respiratory masks to government/municipal hospitals.

The interventions during the year epitomize the conviction of your Company to serve and empower the needy communities and to contribute towards the development of the nation. Going forward, your Company aims to further strengthen its initiatives and continue to serve the society at large.

The brief of the CSR activities undertaken during the year have been provided in the Annual Report on CSR activities forming part of this Report as **Annexure III**.

The CSR Policy formulated in accordance with the Companies Act, 2013 (as amended from time to time), guides the Company's CSR approach to sub serve the well-being of the society at large. The CSR Policy and initiatives adopted by the Company on CSR during FY 2019-20 are available at the web link https://www.mcxindia.com/about-us/csr.

BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34 of the SEBI Listing Regulations, 2015 and amendment thereof, the Annual Report of top 1000 listed entities, based on market capitalization, shall include the Business Responsibility Report (BRR) describing the initiatives taken by Company from an environmental, social and governance perspective. In compliance with the same, BRR forms part of this Annual Report.

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

ETHICS AND GOVERNANCE POLICIES

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

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management & Administration) Rules, 2014, the extract of Annual Return for FY 2019-20 is attached as **Annexure IV** to this Report. The same is also available at the weblink https://www.mcxindia.com/investor-relations.

MEETINGS OF THE BOARD

Eight meetings of the Board of Directors were held during FY 2019-20. For further details, please refer to the report on Corporate Governance forming part of this Annual Report.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

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

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

Your Company has formulated the Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions which has been amended from time to time. The latest Policy is uploaded on the website of your Company and may be accessed at the web link: https://www.mcxindia.com/investor-relations/corporate-governance.

All related party transactions entered into by your Company during the period under review are in the ordinary course of business and at arm's length pricing basis. Also, prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in ordinary course of business and are at arm's length. All the related party transactions entered into by your Company during the year under review, were placed and approved by the Audit Committee and/or by the Board, as applicable, in accordance with the Companies Act, 2013, SEBI Listing Regulations, 2015 and other applicable guidelines/directions from Regulator, if any. Transactions with MCXCCL, being a wholly owned subsidiary of the Company, does not trigger the compliances relating to a related party transaction. However, the Company, as a good corporate governance practice, is complying with such provisions w.r.t. the transactions entered with MCXCCL.

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

All Related Party Transactions as required under Ind AS 24 – Related Party Disclosures are reported in Note 39 and Note 38 of Notes to Accounts of the standalone and consolidated financial statements of your Company, respectively.

DIRECTORS

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

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

As on March 31, 2020, the Board comprised of 12 (twelve) Directors, of which 6 (six) were Public Interest Directors(PID), 5 (five) were Shareholder Directors and 1 (one) Managing Director. Your Company had 4 (four) Women Directors on the Board, including 2 (two) Independent Woman Directors, as stipulated under SEBI Listing Regulations, 2015.

A "Public Interest Director" under the SECC Regulations, 2018, means an Independent Director representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Board, is in conflict with his role, and accordingly such directors are considered as Independent Directors for adhering compliance with the provisions under the SEBI Listing Regulations, 2015 and the Companies Act, 2013.

As mandated, all the Public Interest Directors of your Company have been duly registered with the databank for Independent Directors maintained by the Indian Institute of Corporate Affairs.

Your Company has received confirmations from the respective Public Interest Directors to the effect that each of them meets the criteria of independence, as prescribed under Regulation (16)(b) of the SEBI Listing Regulations, 2015 and Section 149(6) of the Companies Act, 2013. There has been no change in the circumstances affecting their status as Independent Directors of the Company. The nomination/ appointment of Independent Directors/ Public Interest Directors on the Board of your Company is in accordance with the eligibility conditions prescribed by SEBI and with the approval of SEBI.

Further, all the Directors have confirmed that they are 'Fit and Proper,' in terms of the SECC Regulations, 2018. Your Company has also obtained affirmation of adherence to Schedule IV of the Companies Act, 2013 and the Code of Conduct of your Company in accordance with the SEBI Listing Regulations, 2015 from all the Directors as applicable.

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

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

Mr. P.S. Reddy was appointed as MD & CEO of the Company for a period of five years w.e.f. May 10, 2019, with prior approval of SEBI. He was also designated as a whole-time Key Managerial Personnel in terms of Section 203 of the Companies Act, 2013, w.e.f. May 10, 2019. The said appointment was also approved by the shareholders at the 17th Annual General Meeting (AGM) of the Company held on September 20, 2019.

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

Your Exchange had recommended names to SEBI seeking its approval for filling the vacancy caused due to resignation of Mr. Arun Bhargava (DIN: 02375147) as a PID from the Board of the Exchange w.e.f. March 06, 2019. SEBI vide letter dated May 31, 2019, approved the appointment of Dr. Gulshan Rai as PID on the Board of the Exchange for a period of three years for filling up the said vacancy. Dr. Rai was to be formally inducted as PID on the Board of the Exchange on receipt of "No Objection" from Government of India. However, later he expressed his inability to join the Board owing conflict of interest in terms of SECC Regulations, 2018, on being co-opted as a director on the board of subsidiary of a stock exchange.

Consequently, your Exchange further recommended names to SEBI for its approval to fill the vacancy arising due to inability of Dr. Gulshan Rai to join as PID on the Board of the Exchange, as well as, the imminent vacancy arising out in view of completion of tenure of Mr. Prithvi Haldea (DIN:00001220) on October 24, 2019. The Board had recommended to SEBI for appointing Ms. Pravin Tripathi (DIN: 06913463) as a PID on the Board of the Company considering her diverse and versatile professional experience of financial and accounting functions. It had also recommended the appointment of Dr. Bhartendu Kumar Gairola (DIN: 02442205) as a PID on the Board of the Company considering his domain knowledge and experiences in the field of technology.

Mr. Prithvi Haldea resigned as a PID w.e.f. September 03, 2019 before completion of his tenure due to his other heavy commitments.

Ms. Pravin Tripathi (DIN: 06913463) and Dr. Bhartendu Kumar Gairola (DIN: 02442205) were appointed as PIDs on the Board of the Exchange w.e.f. September 17, 2019 to fill the vacancy of Mr. Prithvi Haldea and Dr. Gulshan Rai with the approval of SEBI.

The Board is of the opinion that both Ms. Pravin Tripathi and Dr. Bhartendu Kumar Gairola possess the requisite qualification, experience, expertise and hold high standards of integrity.

Mr. Chengalath Jayaram (DIN: 00012214) and Ms. Padma Raghunathan (DIN: 07248423), Shareholder Directors,, who were liable to retire by rotation at the 17th AGM of the Company held on September 20, 2019, were re-appointed with the approval of the shareholders and SEBI w.e.f. September 20, 2019.

In accordance with the provisions of the Companies Act, 2013, Mr. Amit Goela (DIN: 01754804) and Ms. Madhu Vadera Jayakumar (DIN: 00016921), Shareholder Directors, who have been longest in office since their appointment, are liable to retire by rotation at the ensuing AGM and being eligible, are seeking re-appointment. The Board recommends their re-appointment.

KEY MANAGERIAL PERSONNEL (KMP)

The following employees became KMPs under SECC Regulations, 2018 during FY 2019-20:

Sr. No.	Name	Effective Date
1	Mr. Radheshyam Yadav, Vice President - Technology	April 01, 2019
2	Mr. Pravin Gade, Vice President – Technology	April 01, 2019
3	Mr. Satyajeet Bolar, Vice President – Finance & Accounts	April 09, 2019
4	Mr. Sanjay Golecha, Chief Regulatory Officer	September 18, 2019

Further, considering the change in the top management due to completion of tenure of Mr. Mrugank Paranjape as MD & CEO of the Company on May 08, 2019 and to ensure smooth transition in the business and operations of the Company, Mr. P.S. Reddy was appointed as Officer on Special Duty and identified as a KMP under SECC Regulations, 2018 w.e.f. April 26, 2019, until he assumed office as MD & CEO of the Company i.e. May 10, 2019.

Consequent to the resignation, the following employees ceased to be KMPs under SECC Regulations, 2018 during FY 2019-20:

Sr. No.	Name	Last working day
1	Mr. Girish Dev – Chief Regulatory Officer	September 17, 2019
2	Mr. Deepak Mehta, Head Energy & Agri, Product Management	January 10, 2020
3	Mr. Jayaprakash Menon, Vice President - Business Development	February 06, 2020
4	Dr. Venkatachalam Shunmugam, Head – Research and Index Administration	March 31, 2020

Further, Mr. Rajendra Gogate ceased to be Head- HR and Admin and a KMP under SECC Regulations, 2018 on attaining the age of superannuation, w.e.f. March 01, 2020.

Also, Mr. Sanjay Wadhwa resigned as the Chief Financial Officer (CFO) of the Company and a KMP under the Companies Act, 2013 and his last working day was December 06, 2019. Mr. Satyajeet Bolar, VP-Finance & Accounts, had been given an interim charge of the finance function. The update on the same, post March 31, 2020, is covered separately in this Report.

PERFORMANCE EVALUATION OF THE BOARD

Your Company has a Policy on Performance Evaluation formulated in accordance with the provisions of the Companies Act, 2013, SEBI Listing Regulations, 2015, SECC Regulations 2018, SEBI Circular dated January 05, 2017 which provides further clarity on the process of Board Evaluation ("SEBI Guidance Note") and SEBI circular dated February 05, 2019.

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

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

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

i. Internal Evaluation of Individual Director's Performance

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

ii. External Evaluation of Individual Director's Performance

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

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

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

iii. Evaluation of the Board as a Whole

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

iv. Chairman's Performance Evaluation

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

v. Performance Evaluation of Board Committees

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

AUDIT COMMITTEE

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

STATUTORY AUDITORS AND THEIR REPORT

M/s Shah Gupta & Co., (Firm Registration No. 109574W) Chartered Accountants were appointed as Statutory Auditors of the Company under casual vacancy for FY 2014-15. Subsequently, they were appointed as Statutory Auditors by the shareholders, at the 13th Annual General Meeting (AGM) held on September 29, 2015 for a period of five years, subject to ratification by the shareholders at every AGM. Thereafter, in terms of the amendment in the provisions of the Companies Act, 2013, the shareholders at the 16th AGM of the Company held on September 20, 2019 approved that the said appointment would not be subject to ratification at every subsequent AGM.

The Board recommends re-appointment of M/s. Shah Gupta & Co., Chartered Accountants as the Statutory Auditors for a second term in accordance with the provisions of Companies Act, 2013. Your Company has received the consent from the Auditors and necessary certificate of their eligibility pursuant to Section 139(1) of the Companies Act, 2013 and Rules made thereunder.

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

SECRETARIAL AUDITORS AND THEIR REPORT

M/s Naithani & Associates, Practicing Company Secretaries, were appointed as the Secretarial Auditors by the Board to conduct the secretarial audit for the Company for financial year 2019-20.

In accordance with Section 204(1) of the Companies Act, 2013, the Secretarial Audit Report for the financial year ended March 31, 2020 is annexed as **Annexure VI** to this Report.

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

The Secretarial Auditor in their report have stated that the composition of the Board of Directors specified under Regulation 23 of SECC Regulations, 2018, had been affected due to resignations of Public Interest Directors w.e.f. March 6, 2019 and September 03, 2019 respectively. The Company had initiated the process of filling up vacancies of Public Interest Directors and the said appointments were done on September, 17, 2019.

Management Response:

Mr. Arun Bhargava resigned as PID from the Board of the Exchange w.e.f. March 06, 2019. SEBI on being informed of the same advised the Company to comply with the provisions of the Companies Act, 2013 and SEBI regulations in this regard. Accordingly, the Company recommended candidates to SEBI for its approval, for filling the vacancy arising out of the resignation of Mr. Bhargava. SEBI vide letter dated May 31, 2019, approved the appointment of Dr. Gulshan Rai as PID on the Board of the Exchange for a period of three years for filling up the said vacancy. However, Dr. Rai could not join the Board owing conflict of interest in terms of SECC Regulations, 2018.

Thereafter, the Company further recommended names to SEBI to fill the vacancy arising due to inability of Dr. Gulshan Rai to join as PID on the Board of the Exchange, as well as, the imminent vacancy arising out of completion of tenure of Mr. Prithvi Haldea. Subsequently, Mr. Prithvi Haldea resigned as PID effective September 03, 2019 before completion of his tenure. The said vacancies were thereafter filled in terms of SEBI approval letter dated September 17, 2019.

INTERNAL CONTROLS AND THEIR ADEQUACY

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

The Company's internal control system is commensurate with its size, scale and complexities of its operations. The Audit Committee of the Board actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Audit Committee of the Board and Statutory Auditors are periodically apprised of the internal audit findings and corrective actions taken. Audit plays a key role in providing assurance to the Board of Directors on the effectiveness of internal controls and the veracity of the financial statement. Such internal financial controls over financial reporting were operating effectively as of March 31, 2020.

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

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

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

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

HUMAN RESOURCE DEVELOPMENT

Human Resource (HR) plays an instrumental role in ensuring the success of the organization. In doing so, HR works in partnership to create an environment whereby they can thrive and are able to deliver a sustainable performance in the best interest of the organisation.

HR principles & priorities ensures that the Exchange retains, develops and continues to attract people with the requisite skills to help shape a better organization and foster employee engagement and motivation throughout the implementation process. To ensure that the employees have avenues and opportunities to raise their concerns, share their suggestions and give their opinions, departmental meeting with MD & CEO across all level were organised. These meetings have a blend of formal, as well as, an informal setting which helps in promoting communication, the exchange of views and ideas during the year.

Additionally, Exchange undertakes various staff welfare activities to improve productivity by bringing unity such as the "Annual Employee Event", which are designed to enhance interpersonal relationship and team work. As a new initiative, Exchange has rewarded employee's children for their exceptional efforts in passing 10th and 12th standard examination with flying colors.

In order to assess employee's potential to manage next level responsibilities and setting the right work culture across the organization, HR initiated Assessment Centre in the organization through a third party agency. To begin with, the senior team at AVP & above level employees were subjected to assessments.

DISCLOSURES PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company continues to have in place an Anti-Sexual Harassment Policy and is compiled 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"

No complaints were received during the year 2019-20 in relation thereto. During the year under review, your Company has also imparted awareness training to all employees including outsourced manpower on the 'Anti-Sexual Harassment Policy'.

EMPLOYEE STOCK OPTION SCHEME

The stock options granted to the employees of the Company, operate under the "Employee Stock Option Scheme 2008 (ESOP 2008)" of MCX, formulated in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, which was approved by the shareholders at the Extraordinary General Meeting held on February 27, 2008. MCX ESOP Trust constituted by the Company is responsible for administration and implementation of the scheme under the directions of the Nomination and Remuneration Committee of the Board of Directors of MCX. The said Scheme is being implemented in compliance with the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014 [SBEB Regulations] and there has been no change in the Scheme during the year ended March 31, 2020.

During the year, the Nomination and Remuneration Committee authorised the exercise of options equivalent to 34,888 equity shares of ₹ 10/- each by the eligible employees, which were granted under the aforesaid Scheme. Accordingly, the MCX ESOP Trust transferred 34,888 equity shares of the Company of ₹ 10/- each to the respective eligible employees.

The relevant disclosures required under the SEBI Regulations for the year ended March 31, 2020 are available on the website of the Company at https://www.mcxindia.com/investor-relations/corporate-governance.

PARTICULARS OF REMUNERATION

Your Company has adopted a well-defined Nomination & Remuneration Policy for Directors, Key Managerial Personnel and other employees formulated in terms of the provisions of SECC Regulations, 2018, Companies Act, 2013 and SEBI Listing Regulations, 2015. The said Policy forms part of this Report as **Annexure VII**, and is also available under the weblink https://www.mcxindia.com/investor-relations/corporate-governance.

The ratio of the remuneration of each Director and KMP to the median employee's remuneration and other details in accordance with Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 27(6) of the SECC Regulations, 2018, forms part of this Report as **Annexure VIII**.

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

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

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

A) CONSERVATION OF ENERGY

Your Company's operations are not energy intensive, however it undertook various measures to reduce energy consumption by using energy-efficient computer systems and equipment. As an ongoing process, your Company evaluates new technologies and techniques to make its infrastructure more energy efficient.

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

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

The Company regularly replaces high energy consuming electrical equipment with modern efficient devices such as replacing the fluorescent lights with LED light and the CCTV surveillance system from Analog cameras to IP cameras. Your Company has UV resistant film on facade glass windows to reduce the heat entering the building which reduces the air-conditioning load. The glass windows also reduces the electricity consumption due to lesser need of lighting during the day.

Your Company has installed Motion/Occupancy Sensors in low footfall area for controlling lights and reduce energy consumption.

Your Company maintains adequate capacitor bank for non-linear electrical loads like air-conditioning plant, pumps and Heat Recovery System, thereby reducing the drawing of extra energy and improving the power factor. Also, energy audit, heat load calculations and power factor corrections are carried out on annual basis.

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

No alternate source of energy is utilized by your Company.

(iii) Capital investment on energy conservation equipment:

No capital investment on energy conservations equipment during the year under review.

B) TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption:

Implementation of hyper converged infrastructure

Your Company has enhanced the hardware virtualization footprint and continued to move majority of its application to hyper converged infrastructure, thus ensuring high availability and better disaster recovery capability. Energy efficient hardware have been installed thus enabling the Exchange to reduce the overall carbon footprint to meet the global standard for Environmental management system for which your Company is certified for ISO 14001.

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 fully implemented two factor authentication (2FA) for web based systems for enhanced security.

Increase in accessibility via wed based application

Your Company has continued to increase and enhance features on the web based application to improve on user experience for seamless exchange of information for its members and clients. In addition to this, it has increased security access 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 and well defined processes to the extent possible. This has reduced the switch-over from Primary site to Disaster Recovery Site, with reduced Recovery Time Objective (RTO) and Recovery Point Objective (RPO). Your Company, in compliance with regulatory norms, has conducted smooth and successful 2 day unannounced live trading twice in FY 2019-20.

Upgradation of information technology systems

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

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

During FY 2019-20, your Company has continued to invest in IT systems and using it as an enabler to provide a competitive advantage. Your Company's robust technology infrastructure continues to provide uninterrupted trading experience, reliability, credibility and mitigating risk of single point of failure.

Your Company has implemented industry proven technology solutions after due validation and verification. This has enabled the Company to offer quality services which meet business needs. Your Company has used indigenous technologies in security space, thereby, substantially reducing expensive import costs.

Your Company has an in-house software development team which undertook several initiatives in FY 2019-20 to enhance, develop and roll out various ancillary and peripheral systems as required by the organisation. In certain areas the team has developed in-house solutions to replace existing vendor applications, thereby removing vendor dependency and increasing flexibility to implement requirements as per business expectation and timelines. With a right mix of in-house and outsourced resources, your Company is adopting new technologies to deliver the growing business needs and ensuring quality services for the clients.

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

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

(iv) Your Company has incurred ₹ 37.15 lakh on Research and Development during the year under review.

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

The details of foreign exchange earnings and outgo during the year under review forms part of the Significant Accounting Policies and Note no. 36 and 35 of Notes to Accounts of the standalone and consolidated financial statements.

CORPORATE GOVERNANCE

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

Disclosure pertaining to resources committed towards strengthening regulatory functions and ensuring compliance with regulatory requirements, backed by an activity based accounting, in terms of Regulation 33 of the SECC Regulations, 2018, is as under.

The Company has dedicated resources to manage the regulatory functions i.e. Membership compliance, Inspection, Surveillance, Investigation, Regulatory compliance etc. There are 113 resources in these functions in various designations. Each of such department is headed by a senior official of the Company, reporting to the Chief Regulatory Officer, who in turns reports to MD & CEO. The total cost incurred by the Exchange towards these functions in FY 2019-20 was ₹ 1,360 lakh.

Department	Head count
Inspection & Audit	21
Membership	18

Department	Head count
Investor Services Department	22
IPF	4
Regulatory Compliance	3
Legal Compliances	3
Surveillance & Investigation	22
Market Operations	18
Regulatory	2

UPDATES POST MARCH 31, 2020:

Director/KMP update

i. Mr. Satyajeet Bolar has been appointed as the Chief Financial Officer of the Company and a KMP under the Companies Act, 2013 w.e.f. May 30, 2020.

ii. In view of the expiry of tenure of Mr. Shankar Aggarwal (DIN: 02116442) as a PID on the Board of the Exchange on September 30, 2020, the Board, in compliance with the provisions relating to appointment and performance review of a PID prescribed under the SECC Regulations, 2018 and SEBI circular no. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/26 dated February 5, 2019, recommended to SEBI, the extension of tenure of Mr. Aggarwal as a PID on the Board of the Exchange by another term of three years. SEBI vide letter dated June 24, 2020, approved the re-appointment of Mr. Aggarwal as a PID on the Board of the Exchange. Details relating to performance evaluation of Mr. Aggarwal for recommending his extension is covered in the section relating to 'Performance Evaluation of the Board.'

Regulatory update

i. In view of the COVID-19 pandemic, SEBI had issued circular with regard to relaxations in timelines for compliance with regulatory requirements by trading members / clearing members and also relaxation in time period for certain activities carried out by Stock brokers.

ii. Based on discussions with various market participants and their feedback and with a view to allow ease of doing business in the securities market, SEBI has decided to make use of technological innovations which can facilitate online KYC and issued circular in this regard.

Product update

i. The global economic and industry slowdown/ shutdown on account of COVID-19 resulted in unprecedented price movements in energy markets. With the collapse in demand owing to the coronavirus outbreak, the OPEC+ production cut was not substantial enough to prevent a further drop in oil price. Further with the enormous supply glut and global oil storage, NYMEX's WTI Crude Oil was worst hit and the prices swirled down to negative terrain (-$37.63/bbl on April 20, 2020), for the first time in recorded history.

   The Exchange undertook further risk management measures due to such increased volatility by introducing additional and slab based margins. Further, the Exchange has also initiated system development efforts for providing negative price trading feature in the system. Meanwhile, as an interim measure, additional auction window mechanism has also been introduced for the market participants.

   MCX has received several complaints from clients and members on account of negative settlement of the April, 2020 Crude Oil contract, and few members / client have resorted to legal recourse and filed writ petitions with Hon'ble High Court (s) in different cities. No relief has been granted so far by any High Court to the petitioners. The Exchange is defending itself in the court of law.

ii. Despite lockdown, the Exchange experienced a very smooth settlement process for all its base metals contracts. Due to the unavailability of spot prices, MCX successfully extrapolated the spot prices and settled its metals contract without any snags.

   With the physical markets not functioning due to lockdown, and low offtake of metal in the markets, MCX turned out to be a platform of choice for the trade to deliver metals. Almost 4186 MTs of metal was delivered in April, 2020 and 8946 MTs got delivered in May, 2020.

iii. As per SEBI directives, Silver Mini (5 Kg) contracts has been converted from "Both Option" to "Compulsory Delivery" from June 2020 contract onwards. Further, alignment of trading unit and delivery unit was implemented from June, 2020 contract onwards, with both set at 5 kgs respectively. Earlier trading unit and delivery unit were at 5 kgs and 30 kgs respectively.

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed and there are no material departures from the same;

b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a 'going concern' basis;

e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ACKNOWLEDGMENTS

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

For and on behalf of the Board of Directors

Saurabh Chandra
Chairman
DIN:02726077

New Delhi
July 25, 2020

ANNEXURE I

DIVIDEND DISTRIBUTION POLICY

This Policy has been formulated to regulate the process of dividend declaration and its pay-out by the Company in accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the applicable Rules framed thereunder, as may be in force for the time being.

Preamble:

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

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

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

1. The following financial parameters shall be considered while declaring dividend:

i. Financial Performance and Profitability

ii. Liquidity

iii. Financial metrics (i.e. Financial Ratios)

iv. Retained earnings

v. Capital commitments going forward.

2. Utilisation of retained earnings:

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

i. To secure a durable competitive advantage in the Securities market;

ii. To invest in research and development of the products/contracts in agri/non-agri sectors;

iii. To expand business by potential acquisition opportunities, as permissible by law;

iv. To invest in technology/modernisation plan so as to avoid technological obsolescence risks;

v. To consider buy back of shares;

vi. To expand capacity / facilities utilising internal accruals to capitalize upon new opportunities in view of regulatory changes;

vii. Such other purposes, as the Board may think appropriate from time to time to maintain / enhance its competitive advantage.

3. Factors (internal and external) to be considered while declaring Dividend:

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Board of Directors will endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision

regarding pay-out is subject to several factors and hence, an optimal balance needs to be arrived at considering the interest of shareholders and that of the Company.

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

a. External Factors:

State of Economy

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

Capital Markets

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

Statutory Restrictions

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

b. Internal Factors:

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

a. Profits earned during the year;

b. Present & future capital requirements of the existing businesses;

c. Brand/Business Acquisitions;

d. Expansion/Modernization of existing businesses;

e. Additional investments in subsidiaries/associates of the Company;

f. Fresh investments into external businesses;

g. Any other factor as deemed fit by the Board.

4. Additional Parameters:

In case the Company proposes to declare dividend on the basis of parameters in addition to parameters mentioned above or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

5. Category of Dividends:

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

a) Final Dividend

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

Process for approval of Payment of Final Dividend

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

b) Interim Dividend

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

6. Declaration of Dividend:

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

i. Current financial year's profit after (a) providing for depreciation in accordance with law and (b) transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion, or

ii. The profits for any previous financial year(s) after providing for depreciation in accordance with law; (b) remaining undistributed; or

iii. Out of (i) and (ii) both.

Provided that in computing profits any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded.

In case of inadequacy or absence of profits in any financial year, the dividend shall be calculated and declared as per the provisions of the Companies Act, 2013 and Rules made thereunder.

The Board of Directors of a company may declare Interim dividend out of the surplus in the profit and loss account or out of profits of the financial year for which such Interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the Interim dividend.

However, in case the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of Interim dividend, such Interim dividend shall not be declared at a rate higher than the average dividends declared by the company during the immediately preceding three financial years.

7. Dividend Pay-out:

The Company stands committed to deliver sustainable value to all its stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business and investing activity, with the shareholders, in the form of dividend. As explained in the earlier part of this Policy, determining the dividend pay-out is dependent upon several factors, both internal to a business and external to it. Taking into consideration the aforementioned factors, the Board will endeavour to maintain a dividend pay-out (interim, if any, and final, put together) of upto 75 per cent of profits after tax (PAT) of the standalone financials. However, the Board may amend the above cap, whenever considered appropriate by it, keeping in mind the aforesaid factors having a bearing on the dividend pay-out decision.

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

8. Circumstances under which shareholders of the Company may not expect dividend:

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

a. Expansion / modernisation of the existing business operations;

b. Seeking inorganic growth through acquisition opportunities, within and outside India;

c. Investment in Subsidiary and Associate Companies;

d. Embark upon new product / line of business;

e. Buyback of shares, etc.;

f. Requirement of funds for identified purposes, if any.

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

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

9. Review:

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

ANNEXURE II

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

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

PART "A": SUBSIDIARY

₹ in lakh, except % of shareholding

Sr. No.	Particulars	Multi Commodity Exchange Clearing Corporation Limited (MCXCCL)
1	% of Shareholding	100%
2	Reporting Period	April 01, 2019 – March 31, 2020
3	Reporting Currency	INR
4	Share Capital	23,999
5	Reserves & Surplus	(18,751)
6	Total Assets	1,22,148
7	Total Liabilities (including Share Capital and Reserves & Surplus)	1,22,148
8	Investments	7,509
9	Turnover	7,157
10	Profit/(Loss) before taxation	2,672
11	Provision for taxation	(121)
12	Profit/(Loss) after taxation	2,792
13	Proposed Dividend	–

Notes:

1. Multi Commodity Exchange Clearing Corporation Limited, a wholly owned subsidiary of MCX, has been incorporated since August 01, 2008, and has commenced its operations from September 03, 2018;
2. SME Exchange of India Limited (SME), a subsidiary of MCX, was in the process of members' voluntary winding up and the requisite formalities for the same were completed. The Official Liquidator issued the final report vide letter dated March 05, 2019, filed before Hon'ble High Court, Bombay, in respect of voluntary liquidation of SME. Final order of dissolution dated August 30, 2019 has been received from the Hon'ble High Court, Bombay.

PART "B": ASSOCIATE

₹ in lakh, except % of shareholding

Sr. No.	Particulars	CDSL Commodity Repository Limited (CCRL)
1	% of Shareholding	24%
2	Reporting Period	April 01, 2019 – March 31, 2020
3	Reporting Currency	INR
4	Share Capital	5,000
5	Reserves & Surplus	151
6	Total Assets	5,328
7	Total Liabilities (including Share Capital and Reserves & Surplus)	5,328
8	Investments	3,528
9	Turnover	505
10	Profit/(Loss) before taxation	30
11	Provision for taxation	13
12	Profit/(Loss) after taxation	17
13	Proposed Dividend	–

Note:

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

For and on behalf of Board of Directors

Saurabh Chandra
Chairman
(DIN: 02726077)

New Delhi
July 25, 2020

ANNEXURE III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

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

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

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

Your Company has always considered CSR as an opportunity to serve and bring a perceptible change in the society. Further, your Company regularly assesses the community priorities and aligns its CSR activities with the same. The CSR outreach has been constantly expanding for the inclusive growth and development of the society.

The commitment and desire of the Company to do social good is revealed from its various holistic initiatives to address some of the persistent social challenges in the spheres of education, empowerment of women and differently abled, healthcare, rural development etc. Your Company has also supported the Government in its fight against the novel Coronavirus.

Nonetheless the COVID-19 lock down and restrictions have impaired the implementation of some of the projects approved during the year. A brief of the CSR activities of your Company is provided in the Report annexed.

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

2. The Composition of the CSR Committee:

The CSR Committee comprises of Dr. Deepali Pant Joshi, Ms. Pravin Tripathi, Mr. Amit Goela, Ms. Padma Raghunathan and Ms. Madhu Vadera Jayakumar.

3. Average net profit of the Company for last three financial years: ₹ 13,667.14 lakh

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 273.34 lakh

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year: ₹ **273.34 lakh**

(b) Amount unspent, if any: **Nil**

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

(₹ in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S No	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was taken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overhead:**	**Cumulative expenditure upto the reporting period.**	**Amount spent: Direct or through implementing agency**
1.	Disaster Relief	Disaster Relief	India	200	200	200	PM's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)
2.	Integrated Watershed Management Scheme	Sustainable rural development	Osmanabad, Maharashtra	41.30	36.67	36.67	Nisarg Vikas Bahuuddeshiya Sevabhavi Sanstha
3.	Providing medical equipment	Healthcare	Mumbai, Maharashtra	38.47	33.40	33.40	Ramakrishna Mission
4.	Providing aid and devices to differently abled	Welfare of Specially abled	Jaipur, Rajasthan	50.00	11.20	11.20	Bhagwan Mahaveer Viklang Sahayata Samiti
5.	Providing aids and devices to differently abled	Welfare of Specially abled	Kakinada, Andhra Pradesh	1.50	1.50	1.50	Uma Educational & Technical Society
6.	Providing support towards education of visually challenged persons	Education of differently abled	Mumbai, Maharashtra	94.2	36.79	36.79	National Association for the Blind
7.	Providing support towards education of visually challenged persons	Education/ Vocational training of differently abled	Mumbai, Maharashtra	8.64	8.64	8.64	Blind Organisation of India
8.	Women empowerment	Promoting Education	Mumbai, Maharashtra	31.40	–	–	Scholarship for SNDT Women's University students
9.	Women empowerment	Vocational training	Mumbai, Maharashtra	20.00	–	–	Scholarship for Nursing students
10.	CSR expenditure	CSR expenditure pertaining to previous year	–	4.98	4.98	4.98	Direct
	TOTAL			**490.49**	**333.18**	**333.18**	

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

Your Company was able to spend the two percent of the average net profit of the last three financial years during the year for public good in a socially responsible manner and hence no reason is provided.

7. Responsibility Statement:-

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

For Multi Commodity Exchange of India Limited

P. S. Reddy
Managing Director & CEO
(DIN: 01064530)

Deepali Pant Joshi
Chairman of the Corporate Social Responsibility Committee
(DIN: 07139051)

Mumbai/Kanpur
July 06, 2020

MCX CSR- ACTIVITY REPORT 2019-20

A brief of the CSR activities undertaken during the year are as under:

1. CONTRIBUTION TO PRIME MINISTER'S CITIZEN ASSISTANCE AND RELIEF IN EMERGENCY SITUATIONS FUND (PM CARES FUND)

Considering the unprecedented nature of crisis caused by COVID-19, which has severely and adversely affected the people and their livelihoods in India, your Company has contributed a sum of Rupees two crores to the PM CARES Fund. The Fund has been constituted by the Government with the primary objective of dealing with any kind of emergency or distress situation such as that posed by COVID-19 pandemic. Your Company is confident that the said contribution would be used to strengthen disaster management capabilities of the government by augmenting healthcare infrastructure and in providing relief measures to those adversely affected due to COVID-19 pandemic.

2. INTEGRATED WATERSHED MANAGEMENT SCHEME (IWMS) THROUGH NISARG VIKAS BAHUUDDESHIYA SEVABHAVI SANSTHA

To enable sustainable rural development and livelihood, your Company provided financial support to Nisarg Vikas Bahuuddeshiya Sevabhavi Sanstha towards IWMS in five villages in Bhoom Block of Osmanabad, one of the drought prone and NITI Aayog's Aspirational districts, in Maharashtra. IWMS programme primarily focuses on soil and water conservation for 100 ha. in each village with various project measures like gabion structure, check dam, etc. The project is undertaken in collaboration with NABARD and local communities. Five Check Dams and five Gabion Structures, inter alia, were completed during the year, prior to the imposition of restriction due to COVID-19.

3. SUPPORT FOR MEDICAL EQUIPMENTS TO RAMAKRISHNA MISSION

Ramakrishna Mission, more than 100 year old organization, runs a charitable Hospital in Mumbai since 1924 which renders medical services, either free or at subsidized rates, to large number of poor and financially weaker sections. Your Company has provided financial support for procurement of Phacoemulsification machine (used in modern cataract surgeries), Carbon di-oxide insufflator (used during Colonoscopy of lower intestine), and Operation Theatre (LED) lights for the Hospital.

4. SUPPORT FOR PHYSICALLY CHALLENGED TO BHAGWAN MAHAVEER VIKLANG SAHAYATA SAMITI (BMVSS), JAIPUR

BMVSS, parent body of the world-famous Jaipur Foot / limb, is an institution engaged in physical, economic and social rehabilitation of the physically challenged or Divyangs.

To help persons with disability to regain their mobility and dignity, your Company has approved financial support for free distribution of hand paddled tricycles, wheel chairs, capillaries, artificial limbs etc. to BMVSS. 51 hand paddled tricycles and 117 wheelchairs were distributed to physically challenged women during FY 2019-20. As the scheduled camp for free distribution of aids and appliances was cancelled due to COVID-19, the project could not be fully implemented.

5. UMA EDUCATIONAL & TECHNICAL SOCIETY (UTES), ANDHRA PRADESH

UETS provides special education and rehabilitation services to the needy persons with disabilities (Divyangjan) since last 30 years. For the purpose of capacitating the needy persons with disabilities, your Company has provided support for distribution of tricycles, artificial limbs, hearing aids and capillaries to UETS in Kakinada, Andhra Pradesh.

6. SUPPORT TO NATIONAL ASSOCIATION FOR THE BLIND (NAB), MUMBAI

NAB is a voluntary organisation working for the welfare of the blind in India. It aims to provide education, rehabilitation, employment, etc. of the blind. For the benefit of blind persons, your Company provided financial support to NAB for free distribution of 2,000 Braille kits, 50 refreshable Braille Me Orbit Reader Devices, procurement of Braille Papers for publishing of educational books and recording of 25 academic books.

7. BLIND ORGANISATION OF INDIA, MUMBAI

For the purpose of enabling free vocational training to blind persons for their empowerment, your Company has provided financial support for procuring 12 computers with Jaw software with Braille Embossier to Blind Organization of India.

8. SCHOLARSHIP TO GIRL STUDENTS PURSUING HIGHER EDUCATION AND NURSING COURSE

For the purpose of promoting higher education and empowering women, your Company has approved scholarship to the girl students from economically weaker section pursuing higher education in SNDT Women's University. Students pursing higher education in Educational Technology, Extension Education, Polytechnic, Food Science and Nutrition, Geography, Computer Science, etc. were identified to receive the said scholarship. Further, to empower women form economically weaker section, your Company approved financial support to students pursuing nursing course. However, due to sudden lockdown caused by COVID-19, implementation of the above projects was hindered.

ANNEXURE IV

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 AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES–

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

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

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

The company had been under the process of members' voluntary winding up and the requisite formalities for the same had been completed. The Official Liquidator had issued the final report vide letter dated March 05, 2019, filed before Hon'ble High Court, Bombay, in respect of voluntary liquidation of SME. The Hon'ble High Court, Bombay has passed order dated August 30, 2019 granting the prayer for treating SME as dissolved.

IV. SHARE HOLDING PATTERN (SHP) (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2019 i.e. on the basis of SHP of March 31, 2019)				No. of Shares held at the end of the year (as on March 31, 2020 i.e. on the basis of SHP of March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total(A)(1):	0	0	0	0	0	0	0	0	0
2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other- Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other…	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	11377529	0	11377529	22.31	11445408	0	11445408	22.44	0.13
b) Banks / FI	9032029	0	9032029	17.71	9332935	0	9332935	18.30	0.59
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds/ Alternate Investment Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2019 i.e. on the basis of SHP of March 31, 2019)				No. of Shares held at the end of the year (as on March 31, 2020 i.e. on the basis of SHP of March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) FIIs/FPIs	15403176	0	15403176	30.20	16612807	0	16612807	32.58	2.37
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others									
i. Foreign Bodies Corporate	0	0	0	0	0	0	0	0	0
ii. Qualified Foreign Investors	0	0	0	0	0	0	0	0	0
Sub-total (B) (1)	**35812734**	**0**	**35812734**	**70.22**	**37391150**	**0**	**37391150**	**73.32**	**3.10**
2. Non- Institutions									
a) Bodies Corp. (Indian & Overseas)	2373305	0	2373305	4.65	1479371	0	1479371	2.90	-1.82
b) Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	8157979	308	8158287	16.00	6945191	133	6945324	13.62	-2.38
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3187547	0	3187547	6.25	3982119	0	3982119	7.81	1.56
c) Others									
i. Trust*	136940	0	136940	0.26	101594	0	101594	0.20	-0.07
ii. Non-resident Indians	502619	0	502619	0.99	478978	0	478978	0.94	-0.05
iii. Non Resident Indian Non Repatriable	175247	0	175247	0.34	183608	0	183608	0.36	0.02
iv. Clearing Members	267426	0	267426	0.52	133985	0	133985	0.26	-0.26
v. Directors & their Relatives	100	0	100	0.00	300	0	300	0.00	0.00
vi. Foreign Nationals	800	0	800	0.00	700	0	700	0.00	0.00
vii. HUF	377783	0	377783	0.74	296192	0	296192	0.58	-0.16
viii. NBFC	5581	0	5581	0.01	3952	0	3952	0.01	0.00
ix. IEPF	0	0	0	0.00	1096	0	1096	0.00	0.00
Sub-total(B)(2)	**15185327**	**308**	**15185635**	**29.77**	**13607086**	**133**	**13607219**	**26.69**	**-3.16**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**50998061**	**308**	**50998369**	**100.00**	**50998236**	**133**	**50998369**	**100.00**	**-0.07**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**
Grand Total (A+B+C)	**50998061**	**308**	**50998369**	**100.00**	**50998236**	**133**	**50998369**	**100.00**	

* *Includes MCX ESOP Trusts holding 95,551 (0.19%) [FY 2018-19 - 1,30,439 (0.26%)] equity shares of the company and the same shall be construed as "non-promoter and non-public" under SEBI (Share Based Employee Benefits) Regulations, 2014.*

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 1, 2019 i.e. on the basis of SHP of March 31, 2019)			Shareholding at the end of the year (as on March 31, 2020 i.e. on the basis of SHP of March 31, 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
	Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**

iii) Change in Promoters' Shareholding:

Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the Year (01-04-19 to 31-03-20)	
	No. of Shares at the beginning (01-04-19)/end of the year (31-03-19)	% of total shares of the Company				No. of Shares	% of total shares of the Company
Nil	**0**	**0**		**0**	**Not Applicable**	**0**	**0**

Shareholding Pattern of top ten Shareholders as at April 01, 2019 & March 31, 2020 (other than Directors, Promoters and Holders of GDR's and ADR's):

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the Year (01-04-19 to 31-03-20)	
		No. of Shares at the beginning (01-04-19) /end of the year (31-03-20)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	KOTAK MAHINDRA BANK LTD.	7649755	15.00	01/04/2019			7649755	15.00
				03/05/2019	559	Transfer	7650314	15.00
				10/05/2019	-559	Transfer	7649755	15.00
				26/07/2019	870	Transfer	7650625	15.00
				02/08/2019	-870	Transfer	7649755	15.00
				09/08/2019	1140	Transfer	7650895	15.00
				16/08/2019	-1140	Transfer	7649755	15.00
				23/08/2019	193	Transfer	7649948	15.00
				30/08/2019	-193	Transfer	7649755	15.00
				06/09/2019	43472	Transfer	7693227	15.09
				13/09/2019	-42831	Transfer	7650396	15.00
				20/09/2019	-641	Transfer	7649755	15.00
				11/10/2019	112	Transfer	7649867	15.00
				18/10/2019	-112	Transfer	7649755	15.00
				15/11/2019	5529	Transfer	7655284	15.01
				22/11/2019	-5529	Transfer	7649755	15.00
				29/11/2019	1251	Transfer	7651006	15.00
				06/12/2019	-1251	Transfer	7649755	15.00
				13/12/2019	90000	Transfer	7739755	15.18
				20/12/2019	-90000	Transfer	7649755	15.00
				03/01/2020	1956	Transfer	7651711	15.00
				10/01/2020	-1806	Transfer	7649905	15.00
				17/01/2020	922	Transfer	7650827	15.00
				24/01/2020	-1041	Transfer	7649786	15.00

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the Year (01-04-19 to 31-03-20)	
		No. of Shares at the beginning (01-04-19) /end of the year (31-03-20)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				31/01/2020	4791	Transfer	7654577	15.01
				07/02/2020	-4822	Transfer	7649755	15.00
				14/02/2020	5377	Transfer	7655132	15.01
				21/02/2020	-5377	Transfer	7649755	15.00
				28/02/2020	8457	Transfer	7658212	15.02
				06/03/2020	-7103	Transfer	7651109	15.00
				13/03/2020	-1354	Transfer	7649755	15.00
				20/03/2020	20700	Transfer	7670455	15.04
				27/03/2020	-20700	Transfer	7649755	15.00
				31/03/2020	40408	Transfer	7690163	15.08
		7690163	**15.08**	**31/03/2020**			**7690163**	**15.08**
2.	AXIS MUTUAL FUND*	1692005	3.32	01/04/2019			1692005	3.32
				31/05/2019	-1228	Transfer	1690777	3.32
				28/06/2019	-1347	Transfer	1689430	3.31
				02/08/2019	-4200	Transfer	1685230	3.30
				23/08/2019	-895	Transfer	1684335	3.30
				13/09/2019	-340	Transfer	1683995	3.30
				27/09/2019	-333	Transfer	1683662	3.30
				01/11/2019	-8326	Transfer	1675336	3.29
				22/11/2019	-240	Transfer	1675096	3.28
				10/01/2020	250000	Transfer	1925096	3.77
				17/01/2020	297916	Transfer	2223012	4.36
				24/01/2020	14485	Transfer	2237497	4.39
				07/02/2020	260000	Transfer	2497497	4.90
				07/02/2020	-466	Transfer	2497031	4.90
				14/02/2020	-431	Transfer	2496600	4.90
		2496600	**4.90**	**31/03/2020**			**2496600**	**4.90**
3.	JHUNJHUNWALA RAKESH RADHESHYAM	2000000	3.92	01/04/2019			2000000	3.92
		2000000	**3.92**	**31/03/2020**			**2000000**	**3.92**
4.	UTI MUTUAL FUND*	2212674	4.34	01/04/2019			2212674	4.34
				03/05/2019	-2100	Transfer	2210574	4.33
				17/05/2019	-29400	Transfer	2181174	4.28
				24/05/2019	-67772	Transfer	2113402	4.14
				21/06/2019	-8400	Transfer	2105002	4.13
				26/07/2019	34752	Transfer	2139754	4.20
				09/08/2019	-91044	Transfer	2048710	4.02
				23/08/2019	50000	Transfer	2098710	4.12
				30/08/2019	120000	Transfer	2218710	4.35
				30/08/2019	-24000	Transfer	2194710	4.30
				04/10/2019	-55660	Transfer	2139050	4.19
				18/10/2019	-59837	Transfer	2079213	4.08
				01/11/2019	-15000	Transfer	2064213	4.05
				08/11/2019	-42652	Transfer	2021561	3.96
				22/11/2019	-71072	Transfer	1950489	3.82
				10/01/2020	-14644	Transfer	1935845	3.80
				17/01/2020	-42056	Transfer	1893789	3.71

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the Year (01-04-19 to 31-03-20)	
		No. of Shares at the beginning (01-04-19) /end of the year (31-03-20)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				31/01/2020	-53036	Transfer	1840753	3.61
				07/02/2020	12040	Transfer	1852793	3.63
				14/02/2020	25000	Transfer	1877793	3.68
				21/02/2020	23663	Transfer	1901456	3.73
				21/02/2020	-23663	Transfer	1877793	3.68
				28/02/2020	-29291	Transfer	1848502	3.62
				06/03/2020	30664	Transfer	1879166	3.68
				06/03/2020	-28000	Transfer	1851166	3.63
				20/03/2020	21061	Transfer	1872227	3.67
				20/03/2020	-12500	Transfer	1859727	3.65
				27/03/2020	19993	Transfer	1879720	3.69
		1879720	**3.69**	**31/03/2020**			**1879720**	**3.69**
5.	GOVERNMENT PENSION FUND GLOBAL	1740543	3.41	01/04/2019			1740543	3.41
				08/11/2019	-405270	Transfer	1335273	2.62
		1335273	**2.62**	**31/03/2020**			**1335273**	**2.62**
6.	KONTIKI MASTER FUND$	0	0.00	01/04/2019			0	0.00
				13/12/2019	352918	Transfer	352918	0.69
				20/12/2019	75769	Transfer	428687	0.84
				27/12/2019	169786	Transfer	598473	1.17
				31/12/2019	20000	Transfer	618473	1.21
				17/01/2020	80000	Transfer	698473	1.37
				24/01/2020	321494	Transfer	1019967	2.00
				31/01/2020	5772	Transfer	1025739	2.01
		1025739	**2.01**	**31/03/2020**			**1025739**	**2.01**
7.	EAST BRIDGE CAPITAL MASTER FUND I LTD	1098327	2.15	01/04/2019			1098327	2.15
				20/03/2020	-1756	Transfer	1096571	2.15
				31/03/2020	-93591	Transfer	1002980	1.97
		1002980	**1.97**	**31/03/2020**			**1002980**	**1.97**
8.	L&T MUTUAL FUND*$	549900	1.08	01/04/2019			549900	1.08
				03/05/2019	91481	Transfer	641381	1.26
				10/05/2019	16369	Transfer	657750	1.29
				17/05/2019	107150	Transfer	764900	1.50
				24/05/2019	54000	Transfer	818900	1.61
				31/05/2019	112200	Transfer	931100	1.83
				26/07/2019	19616	Transfer	950716	1.86
				02/08/2019	38884	Transfer	989600	1.94
				23/08/2019	469	Transfer	990069	1.94
		990069	**1.94**	**31/03/2020**			**990069**	**1.94**
9.	SBI MUTUAL FUND*	1786982	3.50	01/04/2019			1786982	3.50
				05/04/2019	14000	Transfer	1800982	3.53
				05/04/2019	-10000	Transfer	1790982	3.51
				17/05/2019	6300	Transfer	1797282	3.52
				24/05/2019	-20000	Transfer	1777282	3.48
				28/06/2019	-19900	Transfer	1757382	3.45
				05/07/2019	-40100	Transfer	1717282	3.37
				26/07/2019	-112700	Transfer	1604582	3.15

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the Year (01-04-19 to 31-03-20)	
		No. of Shares at the beginning (01-04-19) /end of the year (31-03-20)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				13/09/2019	-20000	Transfer	1584582	3.11
				27/09/2019	4730	Transfer	1589312	3.12
				22/11/2019	-27750	Transfer	1561562	3.06
				29/11/2019	-28000	Transfer	1533562	3.01
				13/12/2019	-320000	Transfer	1213562	2.38
				24/01/2020	-191000	Transfer	1022562	2.01
				27/03/2020	-74000	Transfer	948562	1.86
		948562	**1.86**	**31/03/2020**			**948562**	**1.86**
10.	IDFC MUTUAL FUND*	1072536	2.10	01/04/2019			1072536	2.10
				26/04/2019	-2100	Transfer	1070436	2.10
				14/06/2019	-5422	Transfer	1065014	2.09
				05/07/2019	-100000	Transfer	965014	1.89
				19/07/2019	-80014	Transfer	885000	1.74
				16/08/2019	-25000	Transfer	860000	1.69
				30/08/2019	-30508	Transfer	829492	1.63
				06/09/2019	-34027	Transfer	795465	1.56
				31/12/2019	874	Transfer	796339	1.56
				03/01/2020	-874	Transfer	795465	1.56
				31/01/2020	3711	Transfer	799176	1.57
				07/02/2020	24289	Transfer	823465	1.61
				28/02/2020	20965	Transfer	844430	1.66
				06/03/2020	28759	Transfer	873189	1.71
				13/03/2020	41658	Transfer	914847	1.79
				20/03/2020	27088	Transfer	941935	1.85
				27/03/2020	2038	Transfer	943973	1.85
		943973	**1.85**	**31/03/2020**			**943973**	**1.85**
11.	JP MORGAN INDIAN INVESTMENT COMPANY (MAURITIUS) LIMITED#	1141004	2.24	01/04/2019			1141004	2.24
				17/01/2020	-200000	Transfer	941004	1.85
				31/01/2020	-200000	Transfer	741004	1.45
				07/02/2020	-23362	Transfer	717642	1.41
				14/02/2020	-164482	Transfer	553160	1.08
		553160	**1.08**	**31/03/2020**			**553160**	**1.08**
12.	COLLEGE RETIREMENT EQUITIES FUND - STOCK ACCOUNT#	1116404	2.19	01/04/2019			1116404	2.19
				05/04/2019	237693	Transfer	1354097	2.66
				21/06/2019	-1774	Transfer	1352323	2.65
				28/06/2019	30000	Transfer	1382323	2.71
				18/10/2019	-648203	Transfer	734120	1.44
				13/12/2019	83986	Transfer	818106	1.60
				31/01/2020	-585888	Transfer	232218	0.46
				07/02/2020	-101968	Transfer	130250	0.26
				20/03/2020	-5464	Transfer	124786	0.24
		124786	**0.24**	**31/03/2020**			**124786**	**0.24**

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

* *Holding under different Mutual Fund schemes.*

\# *A Top ten shareholder as on 01.04.2019. However, ceased to be in the list of top ten shareholders as on 31.03.2020.*

$ *Not in the list of top ten shareholder as on 01.04.2019. However, appears in the list of top ten shareholder as on 31.03.2020.*

Shareholding of Directors and Key Managerial Personnel during the FY 2019-20:

Sr. No.	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Share-holding during the Year (01-04-19 to 31-03-20)	
		No. of Shares at the beginning (01-04-19)/end of the year (31-03-20)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Mr. Amit Goela Shareholder Director	100	0.0002	01/04/2019			100	0.0002
		100	**0.0002**	**31/03/2020**			**100**	**0.0002**
2	Mr. Ajay Puri Company Secretary	10	0.00002	01/04/2019			10	0.00002
		10	**0.00002**	**31/03/2020**			**10**	**0.00002**

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

iv) INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		*Mr. Mrugank Paranjape	*Mr. P. S. Reddy	
1.	**Gross salary** (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	23,06,451	1,86,23,411	2,09,29,862
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4,014	27,000	31,014
	(c) Profits in lieu of salary u/s 17(3) of the Income- tax Act, 1961	0	0	0

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		*Mr. Mrugank Paranjape	*Mr. P. S. Reddy	
2.	Stock Option**	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission – as % of profit – others	0	0	0
5.	Others:			
	– Company contribution towards PF	0	9,89,574	9,89,574
	– Reimbursement of expenses	0	0	0
	– Variable Pay	0	0	0
	– Leave encashment	7,10,769	0	7,10,769
	Total (A)	**30,21,234**	**1,96,39,985**	**2,26,61,219**
	Ceiling as per the Act	**8,31,84,661**	***(being 5% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)***	

Note: *The above mentioned remuneration excludes gratuity.*

* *Mr. Mrugank Paranjape ceased to be the Managing Director & CEO with effect from close of business hours on May 8, 2019 and Mr. P. S. Reddy was appointed as the Managing Director & CEO with effect from May 10, 2019.*

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

B. Remuneration (sitting fees) to other directors during the FY 2019-20: In ₹

1. Independent Directors (PID):

Particulars of Remuneration	Mr. Basant Seth	#Dr. Bhartendu Kumar Gairola	Dr. Deepali Pant Joshi	*Mr. Prithvi Haldea	#Ms. Pravin Tripathi	Mr. Saurabh Chandra	Mr. Shankar Aggarwal	Total
Fees for attending Board/ Committee meetings	17,20,000	8,00,000	15,90,000	11,00,000	13,00,000	19,50,000	23,70,000	1,08,30,000
Commission	0	0	0	0	0	0	0	0
Others, please specify	0	0	0	0	0	0	0	0
Total	**17,20,000**	**8,00,000**	**15,90,000**	**11,00,000**	**13,00,000**	**19,50,000**	**23,70,000**	**1,08,30,000**

* *Mr. Prithvi Haldea ceased to be a Public Interest Director with effect from close of business hours on September 3, 2019.*

\# *Dr. Bhartendu Kumar Gairola and Ms. Pravin Tripathi were appointed as Public Interest Director with effect from September 17, 2019.*

2. Shareholder Directors:

Particulars of Remuneration	Mr. Amit Goela	Ms. Madhu Vadera Jayakumar	Ms. Padma Raghunathan	Mr. Hemang Raja	Mr. C. Jayaram	Total
Fee for attending Board / Committee meetings	8,50,000	11,50,000	10,50,000	10,50,000	13,50,000	54,50,000
Commission	0	0	0	0	0	0
Others	0	0	0	0	0	0
Total	**8,50,000**	**11,50,000**	**10,50,000**	**10,50,000**	**13,50,000**	**54,50,000**
					Total (B) = (1+2)	**1,62,80,000**
					TOTAL MANAGERIAL REMUNERATION (A+B)	**3,89,41,219**
Ceiling as per the Act	***1,66,36,932***	***(being 1% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)***				
Overall Ceiling as per the Act	***18,30,06,255***	***(being 11% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)***				

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

In ₹

Sr. no	Particulars of Remuneration	*Mr. Sanjay Wadhwa	Mr. Ajay Puri	Total
1.	**Gross salary** **(a)** Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	51,23,838	67,24,810	**1,18,48,648**
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	22,103	0	**22,103**
	(c) Profits in lieu of salary u/s 17(3) of the Income- tax Act, 1961	0	0	**0**
2.	Stock Option**	0	0	**0**
3.	Sweat Equity	0	0	**0**
4.	Commission – as % of profit – others	0	0	**0**
5.	Others:			
	– Company contribution towards PF	2,83,562	3,58,190	**6,41,752**
	– Reimbursement of expenses	0	0	**0**
	– Variable pay	3,00,000	0	**3,00,000**
	– Leave encashment	4,10,415	0	**4,10,415**
	Total (A)	**61,39,918**	**70,83,000**	**1,32,22,918**

Note: The above mentioned remuneration excludes gratuity.

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

* Mr. Sanjay Wadhwa ceased to be Chief Financial Officer (CFO) with effect from close of business hours on December 6, *2019.*

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding					
1.	Section 621A of Companies Act, 1956	Violation of Section 301 (1) (e) and Section 301 (2) of Companies Act, 1956 i.e. No detail about Directors voted for or against and remained neutral were given and all Directors who had attended the meeting have not signed the register.	Pending for hearing by Regional Director, Western Region.	Regional Director– Western Region, Mumbai.	----
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

Saurabh Chandra
Chairman
(DIN: 02726077)

New Delhi
July 25, 2020

ANNEXURE V

FORM NO. AOC-2

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2020, which were not at arm's length basis.

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

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Multi Commodity Exchange Clearing Corporation Limited (MCXCCL)
b)	Nature of contracts/arrangements/transaction	Refer Note 1
c)	Duration of the contracts/arrangements/transaction	Refer Note 1
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Refer Note 1
e)	Date of approval by the Board	May 10, 2017
f)	Amount paid as advances, if any	N.A

Note 1

Pursuant to the directions of SEBI to transfer the functions of clearing and settlement of trades to a separate clearing corporation, MCX vide its agreement with MCXCCL dated May 29, 2017 (amended on June 04, 2018) transferred its clearing and settlement functions to MCXCCL. Pursuant to the said agreement, the following transaction(s) were entered into by MCX with MCXCCL for the year ended March 31, 2020:

₹ in lakh

Nature of Transaction	Amount
Clearing & settlement fees	4,413

For and on behalf of the Board of Directors

Saurabh Chandra
Chairman
(DIN: 02726077)

New Delhi
July 25, 2020

ANNEXURE VI

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

To,

The Members,

MULTI COMMODITY EXCHANGE OF INDIA LIMITED

Exchange Square, Chakala, Suren Road,

Andheri (East), Mumbai – 400 093

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Multi Commodity Exchange of India Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Multi Commodity Exchange Of India Limited 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020, according to the provisions of the following Acts and any amendments thereto:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the SEBI (Depositories and Participants) Regulations, 2018;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
   a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
   b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The SEBI (Share Based Employee Benefits) Regulations, 2014;
   e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
   f) The Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992;
   g) Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018;
6. Other laws applicable to the Company are as per Annexure I

   I have also examined compliance with the applicable clauses of the following:

   (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

   (ii) Listing Agreement executed by the Company pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with BSE Ltd for Equity shares.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, except for the composition of the Board of Directors specified under Regulation 23 Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, which has been affected due to Resignations of Public Interest Directors with effect from March 6, 2019 and September 3, 2019. The Company had initiated the process of filling up vacancies of Public Interest Directors and the said appointments was done on 17th September, 2019. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Except in case of meetings convened on an urgent basis, adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and 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 while the dissenting members' views are captured and recorded as part of the minutes.

I 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.

I further report that during the audit period:

(i) The Company approved the exercise of options equivalent to 34,888 Equity Shares of ₹ 10/- by the eligible employees. Accordingly, the MCX ESOP Trust transferred 34,888 Equity Shares of the Company to the respective eligible employees.

For P. Naithani & Associates
Company Secretaries

Prasen Naithani
FCS No. 3830
C.P. No. 3389

Place: Mumbai
Date: July 25, 2020

UDIN:F003830B000502493

Annexure I

1. The Water (Prevention & Control of Pollution) Act, 1974
2. The Air (Prevention & Control of Pollution) Act, 1981
3. The Noise Pollution (Regulation and Control) Rules, 2000
4. The Environment Protection Act, 1986
5. The Bombay Shops and Establishments Act 1948
6. The Micro, Small and Medium Enterprises Development Act, 2006
7. The Maharashtra Workmen's Minimum House Rent Allowance Act, 1983
8. The Contract Labour (Regulation and Abolition) Act, 1970
9. The Private Security Agency Regulation Act, 2005
10. The Maharashtra Fire Prevention & Life Safety Measures Act, 2006
11. E-waste Management and Handling Rules, 2016
12. Municipal Solid Waste Management Rules, 2016
13. Battery (Management and Handling) Rules Hazardous Waste (Management and Transboundary Movement) Rules, 2016
14. Manufacture, Storage and Import of Hazardous Chemicals Rules Ozone Depleting Rules, 1989
15. Maharashtra Labour Welfare Fund Act,1953
16. The Labour Welfare Fund Act, 1965
17. The Minimum Wages Act, 1948
18. The Payment of Bonus Act, 1965
19. Income Tax Act, 1961
20. Good and Services Tax (GST) Act, 2017
21. The Profession Tax Act, 1975 Maharashtra (similarly for other states)
22. The Maharashtra Value Added Tax Act, 2002
23. The Employees Compensation Act,1923
24. The Employees Provident Fund Act, 1952
25. The Payment of Gratuity Act, 1972
26. The Equal Remuneration Act, 1976
27. The Employees State Insurance Act,1948
28. The Maternity Benefit Act,1961
29. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and redressal) Act,2013
30. The Employment Exchange Act,1959
31. The Maharashtra Stamp Act, 1958
32. The Securities Contract (Regulation) Rules, 1957
33. The Arbitration and Conciliation Act, 1996
34. The Maharashtra Public Trust Act, 1950 along with The Bombay Public Trust Rules, 1951
35. The Prevention of Money Laundering Act, 2002
36. The Information Technology Act,2000
37. The Information Technology Rules, 2011
38. The Trademark Act,1999

ANNEXURE VII

NOMINATION AND REMUNERATION POLICY

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

Objectives/Purpose of the Policy:

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

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

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

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

Definitions:

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

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

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

"Directors" means Directors of the Company.

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

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

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

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

(ii) the Company Secretary;

(iii) Whole-time Director;

(iv) the Chief Financial Officer;

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

(vi) any other person as may be prescribed

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

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

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

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

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

- Surveillance & Investigation

- Membership (Members' Registration & Members' Compliance)
- Inspection & Audit
- Investor Service Department
- Investor Protection Fund
- Regulatory Compliance
- Legal Compliance
- Market Operations

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

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

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

APPOINTMENT:

- **Criteria and qualifications:**

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

Additionally, while determining the qualifications and positive attributes for appointment of a person as a Director, the Committee shall also consider the criteria and qualifications/disqualifications prescribed under provisions of the Act, Listing Regulations, 2015 and SECC Regulations, 2018. Further, the Committee shall also take into consideration any other criteria for appointment, as may be set out in the Company's internal policies.

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

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

The appointment/ re-appointment and tenure of the Directors of the Company shall be as approved by SEBI and be further governed by the provisions of the Act, the Listing Regulations, 2015 and the SECC Regulations 2018 as well as the Articles of Association of the Company.

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

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

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

Removal / Retirement:

Owing to disqualifications for any reasons mentioned in the Act or rules made thereunder or under any other Act, Rules and Regulations as may be applicable and subject to the prevailing HR Policy of the Company, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director/KMP, subject to the provisions and compliance of the said Act, Rules and Regulations.

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

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

REMUNERATION OF DIRECTORS INCLUDING MANAGING DIRECTOR AND KMPs:

Remuneration of Managing Director/Chief Executive Officer (CEO):

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

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

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

a) Role and responsibilities of the Managing Director /Chief Executive Officer;

b) Financial condition / health of the Exchange;

c) Comparability to the industry standards;

d) Revenues, net profit of the Exchange;

- average levels of compensation payable to employees in similar ranks;
- periodic review;

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

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

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

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

g) 'Value Add' perceived by the Committee and Board based on the relevant experience of the candidate and his/her exposure to Commodity Market.

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

Remuneration of Non-Executive Directors:-

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

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

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

- Contribution expected from Directors considering size and complexity of organization,
- Comparison with the Peers/ Industry benchmarking,
- Regulatory guidelines as applicable, etc.

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

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

Independent Director shall not be entitled to any stock option.

Remuneration of other KMPs:

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

a) Value added from time to time / their contribution to the Exchange growth;

b) Financial condition / health of the Exchange;

c) Comparability to the industry standards;

d) Revenues, net profit of the Exchange;

- average levels of compensation payable to employees in similar ranks;
- periodic review;

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

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

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

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

g) 'Value Add' perceived by the Committee and Board based on the relevant experience of the candidate and his exposure to Commodity Market.

ESOPs and other equity linked instruments in the stock exchange shall not be offered or provided as part of the compensation to Key Management Personnel.

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

Malus and clawback arrangements:

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

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

The aforesaid clauses shall be triggered under the following circumstances:

a. Fraud

b. Impersonation

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

d. Misfeasance

e. Any act amounting to criminal breach of trust

f. Conviction for an offence involving moral turpitude

g. Breach of confidentiality in trade secret

h. Ethical misconduct

i. Fraudulent financial reporting

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

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

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

General parameters to consider increase in the remuneration:

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

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

Remuneration of other Employees of the Company:

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

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

ANNEXURE VIII

A. Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014:

Sr. No	Requirements	Disclosure
I	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2019 -20	Managing Director – 19.42
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 2019-20	Managing Director – NA Company Secretary – 3% Chief Financial Officer – 3%
III	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 3%. The calculation of % increase in Median Remuneration is done based on comparable employees.
IV	The number of permanent employees on the rolls of company	There were 332 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	The average percentile increase for the employees has been 5.3% as against 4.86% for the managerial personnel in the last financial year. Apart from the performance based normal increment, there was no other exceptional salary revision given in FY 2019-20. #
VI	Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is as per the remuneration policy of the Company.

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

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

B. Disclosure as per Regulation 27(6) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 [SECC Regulations] for the year ended March 31, 2020:

Sr. No.	Name of the Key Management Personnel	Designation	Ratio
1	Mr. P. S. Reddy	MD & CEO	19.42
2	Mr. Rishi Nathany	Head - Business Development & Marketing	9.21
3	Mr. Pareshnath Paul	Chief Information Officer	8.29
4	Mr. Shivanshu Mehta	Head – Bullion	7.79
5	Mr. DG Praveen	Head - Corporate Office & Projects, Risk Officer	7.24
6	Mr. Ajay Puri	Company Secretary and Compliance Officer	7.09
7	Mr. Chittaranjan Rege	Head - Base Metals	6.61
8	Mr. C N Upadhyay	Vice President - Inspection & Audit	6.15
9	Dr. Venkatachalam Shunmugam	Head – Research and Index Administration	6.02
10	Mr. Sanjay Gakhar	Vice President - Business Development	5.94
11	Mr. Himanshu Ashar	Vice President - Surveillance & Investigation & Market Operations	5.57
12	Mr. Sanjay Golecha	Chief Regulatory Officer	5.29

Sr. No.	Name of the Key Management Personnel	Designation	Ratio
13	Mr. Satyajeet Bolar	Vice President – Finance & Accounts	5.27
14	Mr. Arvind Sharma	Vice President - Business Development(FIM)	4.77
15	Ms. Neetu Juneja	Vice President - Investor Services Department/IPF	4.63
16	Mr. Pravin Gade	Vice President – Technology	4.63
17	Mr. Sunil Kurup	Vice President – Technology	4.51
18	Mr. Radheshyam Yadav	Vice President – Technology	3.26
19	Mr. Sanjay Wadhwa	Chief Financial Officer	@
20	Mr. Girish Dev	Chief Regulatory Officer	@
21	Mr. Deepak Mehta	Head - Energy & Agri	@
22	Mr. Jayaprakash Menon	Vice President - Business Development	@
23	Mr. Rajendra Gogate	Head - Human Resources & Admin	@
24	Mr. Mrugank Paranjape	MD & CEO	@

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

Note: Total remuneration considered for the purpose of calculating ratios includes the total variable pay pertaining to FY 2018-19 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.

For and on behalf of the Board of Directors

Saurabh Chandra
Chairman
(DIN: 02726077)

New Delhi
July 25, 2020

ANNEXURE IX

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

Sr. No	Name of the employee	Age	Qualification & experience of the employee	Designation of the employee	Total Remuneration (in ₹)	Approx. Experience (in years)	Date of commence-ment of employment	Last Employment
Employed throughout the Financial Year								
1	Mr. Rishi Nathany	46	Bachelor's degree in Commerce, Post Graduate Program in Management	Head-Business Development & Marketing	85,98,189/-	28	2-Jul-18	Chief - Financial Segment, National Commodity & Derivatives Exchange Limited
2	Mr. Pareshnath Paul	54	Bachelor's Degree in Chemical Engineering, Master's degree in Technology, PhD	Chief Information Officer	82,76,004/-	25	11-Feb-19	Chief Technology Officer, Indian Energy Exchange Limited
3	Mr. Shivanshu Mehta	44	BE, Post Graduate Diploma in Business Management	Head- Bullion	71,30,180/-	21	1-Mar-07	Assistant Vice President - Metal, National Commodity & Derivatives Exchange Limited
4	Mr. Ajay Puri	63	Bachelor's degree in Commerce, Bachelor's degree in law, Company Secretary	Company Secretary & Compliance Officer	70,83,000/-	35	7-Dec-18	President, LSI Financial Services Private Limited
5	Mr. Chittaranjan Rege	47	Masters of Business Administration	Head – Base Metal	66,01,792/-	24	1-Dec-06	Manager, Hindalco Industries Ltd.
6	Mr. DG Praveen	43	Chartered Financial Analyst, Masters of Business Administration, Master's Degree in Arts	Head-Corporate office & Projects & Risk Officer	65,37,179/-	20	15-Jul-04	Faculty Team Leader, ICFAI University
7	Dr. V Shunmugam	51	Master's degree in Science, PhD	Head-Research	60,08,040/-	22	7-Mar-16	Chief Business Officer, Nomura Research Institute Fintech
8	Mr. C N Upadhyay	56	Chartered Accountant, Bachelor's degree in Commerce, Bachelor's degree in Law, Master's degree in Law	Vice President-Inspection & Audit	56,39,869/-	26	19-May-15	Assistant Vice President – Inspection, ISC, Collaterals, Arbitration & Enforcement, National Stock Exchange of India Ltd.
9	Mr. Sanjay Gakhar	51	Bachelor's degree in Commerce, Post Graduate Diploma in Rural Management	Vice President-Business Development	54,63,952/-	27	1-Aug-05	Manager, National Agricultural Cooperative Marketing Federation of India
10	Mr. Himanshu Ashar	49	Bachelor's degree in Commerce, Chartered Financial Analyst	Vice President-Surveillance & Investigation & Market Operations	51,13,841/-	25	15-Dec-14	Vice President – Market Operations, Metropolitan Stock Exchange of India Ltd.

Sr. No	Name of the employee	Age	Qualification & experience of the employee	Designation of the employee	Total Remuneration (in ₹)	Approx. Experience (in years)	Date of commence-ment of employment	Last Employment
11	Mr. Sanjay Golecha	54	Chartered Accountant, Bachelor's degree in Commerce,	Chief Regulatory Officer	48,55,110/-	31	18-Jul-16	Vice President-Investor Grievance, Arbitration & Regulatory Compliance, Metropolitan Stock Exchange of India Ltd.
12	Mr. Pravin Gade	45	Bachelor's Degree in Electronics & Telecommunication	Vice President-Technology	46,20,433/-	22	1-Oct-15	Assistant Vice President, Financial Technology India Limited
13	Mr. Sunil Kurup	45	Bachelor's Degree in Electronics Engineering, PG Diploma in Telecom Management and Management Information Systems	Vice President-Technology	45,00,000/-	21	21-Jan-19	Chief Architect – Technology, Cognizant
14	Mr. Arvind Sharma	59	Chartered Accountant	Vice President-Business Development (FIM)	44,66,710/-	34	29-Dec-14	Vice President - Business Development, Metropolitan Stock Exchange of India Ltd.
15	Ms. Neetu Juneja	43	Chartered Accountant	Vice President-Investor Services Department	42,38,856/-	18	3-Dec-07	Deputy Manager-Business Development, BSE Limited
16	Mr. Radheshyam Yadav	47	Bachelor's degree in Science	Vice President-Technology	32,58,099/-	20	1-Oct-15	Assistant Vice President, Indian Energy Exchange
Employed for part of the Financial Year								
1	Mr. Mrugank Paranjape	53	Bachelors of Electrical Engineering – IIT, Post Graduation – IIM, Ahmedabad	MD & CEO	30,21,234/-	30	9-May-16	Managing Director, Deutsche Bank A.G.
2	Mr. Padala Subbi Reddy	57	Master's degree in Economics , Bachelor's Degree in Economics	OSD : 26-April-19 to 9-May-19 MD & CEO – 10-May-19	2,04,77,219/-	33	26-April-19	MD & CEO, Central Depositary Services(India) Limited
3	Mr. Rajendra Gogate	60	Bachelor's degree in Commerce, Diploma in Business Management	Head- Human Resources & Admin	66,83,562/-	38	26-Jul-07	General Manager-Facilities, Tata Teleservices
4	Mr. Sanjay Wadhwa	47	Chartered Accountant, Company Secretary, Chartered Financial Analyst & Cost & Works Accountant	Chief Finance Officer	61,39,918/-	21	27-Feb-17	Chief Financial Officer, Reliance Money

Sr. No	Name of the employee	Age	Qualification & experience of the employee	Designation of the employee	Total Remuneration (in ₹)	Approx. Experience (in years)	Date of commence-ment of employment	Last Employment
5	Mr. Deepak Mehta	47	BE- Mechanical, Masters of Business Administration	Head- Energy & Agri	56,02,606/-	22	28-Nov-05	Assistant Manager, Mahanagar Gas Ltd.
6	Mr. Satyajeet Bolar	56	Chartered Accountant, Bachelor's degree in Commerce	Vice President – Finance & Accounts	53,77,775/-	27	9-April-19	Chief Financial Officer, Multi Commodity Exchange Clearing Corporation Limited
7	Mr. Jayaprakash Menon	52	Bachelor's degree in Commerce	Vice President-Business Development	44,94,252/-	28	12-Jun-17	Vice President-Settlement & clearing for Global Market, Bank of America
8	Mr. Girish Dev	47	Bachelors of Commerce	Chief Regulatory Officer	37,37,386/-	25	1-Dec-16	MD & CEO, Geofin Comtrade Ltd. (GCL)

Notes:

1. The above list also includes Key Managerial Personnel as stipulated under Regulation 27(5) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 [SECC Regulations].
2. Total Remuneration includes salary, reimbursement, taxable value of perquisites etc. excluding gratuity.
3. Mr. Padala Subbi Reddy was appointed as the MD & CEO of the Company w.e.f. May 10, 2019 for a period of five years.
4. All other employees mentioned above are in permanent employment of the Company, governed by employment terms & service rules. However, in terms of the provisions of the SECC Regulations, the tenure of KMPs is decided by the Nomination and Remuneration Committee or the Board of Directors, which can be suitably extended.
5. None of the above employee is a relative of any Director of the Company within the meaning of relative under the Companies Act, 2013.
6. None of the above employee was drawing salary in excess of that drawn by Managing Director / Whole Time Director.
7. As of March 31, 2020, none of the above employee, by himself/herself or along with his/her spouse and dependent children, held 2% or more of the equity shares in the Company as referred to in sub-clause(iii) of Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
8. As of March 31, 2020, none of the employees of the Company are posted and working in a country outside India.

For and on behalf of the Board of Directors

Saurabh Chandra
Chairman
(DIN: 02726077)

New Delhi
July 25, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

The global and Indian commodity derivatives market saw significant developments during the year 2019-20. These are elaborated below. Towards the end of the financial year, the spread of the COVID-19 pandemic which engulfed almost all the countries and impacted commodity markets in a major way, being the most significant.

Economic scenario and impact of COVID-19

The Indian economy grew at an estimated rate of 4.2% in Financial Year (FY) 2019-20. As per estimates released by the International Monetary Fund (IMF) in its 'World Economic Outlook' April 2020, the growth in world output moderated to about 2.9% in Calendar Year (CY) 2019. This was the lowest growth rate since the global financial crisis in 2009. Expectations of a recovery in CY 2020 has been belied by the global spread of the COVID-19 pandemic and the restrictions put in place to control it.

The direct and most significant impact of the COVID-19 pandemic has been a disruption in economic activities in India, as well as, in most other economies around the world. The lockdowns imposed by governments across the world to contain the spread of virus has affected both production and consumption of basic raw materials.

Impact of COVID-19

- Significant dampening of demand; supply chain disruptions.
- Global energy and base metal prices fell by about 21% and 10% respectively during Q1 2020 (over Q1 2019), when the pandemic started to spread beyond China. Prices of these two segments further fell by 51% and 14% respectively on year-on-year basis in Q2 2020 when the pandemic gripped the entire world.
- World output is projected to shrink by around 3% in CY 2020, according to IMF.
- India's economic growth expected to be negative for FY 2020-21, according to RBI.

While the severity and extent of spread of the pandemic varies across the countries, the global economic output is expected to contract by about 3% according to the latest estimates by IMF. The impact on the domestic economy is also expected to be severe in 2020-21. The Reserve Bank of India and some private research bodies forecast a negative GDP growth for India in FY 2020- 21.

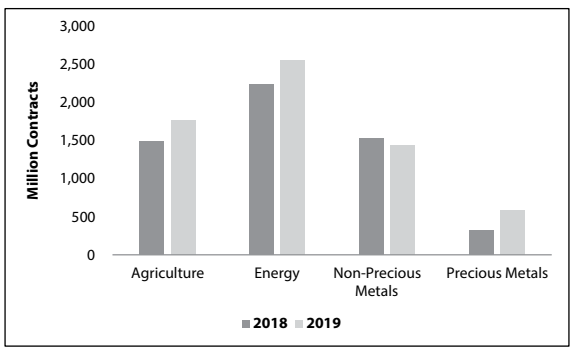
The impact of COVID-19 on world commodity markets has been significant as it has affected both the demand and supply of commodities. This has led to a general fall in prices of most commodities, bullion being an exception. With the slump in demand as more and more countries restrict movement of people and goods, the demand for and prices of commodities remain subdued. However, it is expected that as the lockdowns are relaxed or lifted and economies gradually resume to normal functioning, the demand for commodities could revive.

Global Commodity Markets in CY 2019

Global commodity derivatives markets recorded robust growth in their volumes during CY 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 CY 2019 with varied growth rates across different segments. Precious metals segment, once again proved to be the safe-haven for investors amidst heightened trade tensions and rising uncertainties, recorded 83% growth. Volumes in energy derivatives traded also registered a higher growth of 14% during CY 2019 from about 3% in the previous year. Agricultural commodity derivatives grew at 19% in CY 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 CY 2019, though the fall was less steep compared to the 12% fall in CY 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

The year 2019 saw a declining trend in international prices of most commodities, with energy prices posting the steepest fall. Precious metals with its safe haven tag, was the exception.

As per the Commodity Market Outlook released by the World Bank, energy prices, while remaining highly volatile, dipped the most, by about 13% in CY 2019, due to a slowdown in global economic activity and rising trade tensions. The slump in demand on account of the COVID -19 pandemic, pushed energy prices down by a further 21% during Q1 2020 on year-on-year (Y-o-Y) basis. Base metal prices registered the next biggest drop of about 10% in CY 2019 and exhibited a similar trend in the first quarter of CY 2020. Prices of commodities in the energy and base metals segments further fell by 51% and 14% respectively in April - June 2020, on Y-o-Y basis with the spread of the pandemic to practically every country of the world.

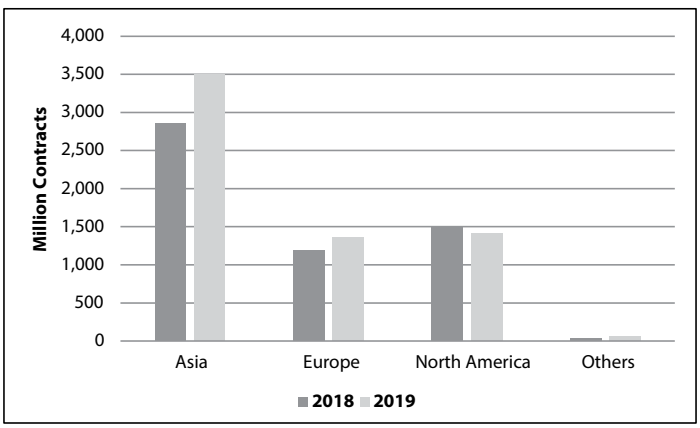
Prices of precious metals, particularly gold, however, recorded a steady growth throughout CY 2019. Gold prices increased by nearly 10% in CY 2019 and shot up by another 21% during January-March 2020. The trend was strengthened during April – June 2020 when the safe haven demand for gold pushed its price up by 30% on Y-o-Y basis.

Agricultural commodities segment, on the other hand, remained volatile witnessing mixed trends with fall in prices during the first half and recovering during second half of CY 2019.

Region-wise traded volumes of commodity derivatives displayed skewed growth towards Asia during CY 2019. According to FIA, Asia accounted for about 55% of commodity derivatives trade, and also grew at the fastest pace, at about 22% among all the regions in CY 2019. Europe's commodity derivatives market grew by about 15% while that in North America shrank by more than 5% in CY 2019.

Chart 2 shows the regional distribution of global commodity derivatives trade volumes in CY 2019.

Chart 2: Global Commodity Futures and Options Volumes (2019) – Region wise



Source: Futures Industry Association

Performance of Domestic Commodity Markets in FY 2019-20

Indian commodity derivatives markets witnessed robust growth during FY 2019-20, as the aggregate value of commodity futures traded across all exchanges grew by 24% at ₹ 89.3 lakh crore compared to ₹ 71.97 lakh crore in FY 2018-19. As a result, the Average Daily Turnover of commodity futures traded on Indian exchanges increased to ₹ 34,491, the highest since FY 2012-13. In terms of volumes, the Indian commodity futures market expanded by about 23% to 38.87 crore contracts in FY 2019-20 from 31.68 crore contracts in the previous year. The strong growth in futures trading, in tune with the global trends, was primarily driven by the increased volatility in non-agricultural commodities particularly in the bullion and energy segments.

Trading in options contracts also expanded significantly to ₹ 2.92 lakh crore in FY 2019-20, up from about ₹ 1.81 lakh crore in the previous year as noted in the SEBI Monthly Bulletin April 2020.

Diverse trends were noted across different segments of the commodity derivatives market, as trade in bullion and energy segments rose steeply while that in base metals and agricultural commodity segments dipped. Aggregate bullion futures trade recorded a remarkable growth both in terms of value and volume at about 89% and 53% respectively, followed by the energy futures with an impressive growth of about 56% and 50% in value and volume respectively in FY 2019-20 over the previous year. These two segments together accounted for about 76% and 86% of total value and volume of commodity futures traded respectively on the domestic exchanges during FY 2019-20, as evident in Table 1 and Table 2.

Table 1: Volumes of Commodity Futures traded on Indian Commodity Exchanges (lakh contracts)			
	FY 2018-19	**FY 2019-20**	**Change**
Agri commodities	166	160	- 4%
Base Metals	790	378	-52%
Bullion	843	1,293	53%
Energy	1,370	2,056	50%
Total	**3,168**	**3,887**	**23%**

Source- SEBI Monthly Bulletin April, 2020

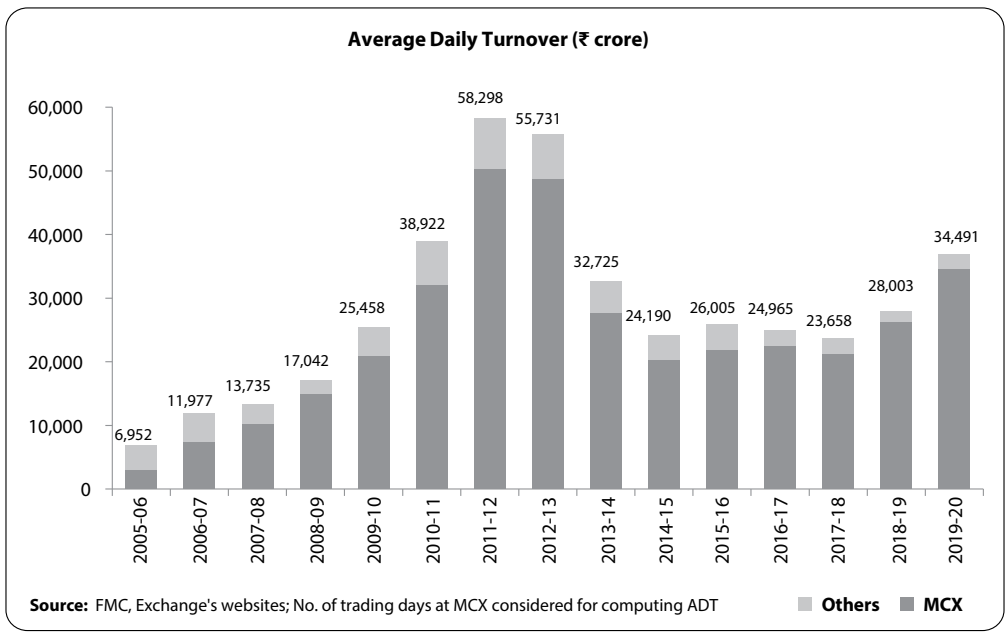
Table 2: Turnover of Commodity Futures traded on Indian Commodity Exchanges (₹ Crore)			
	FY 2018-19	**FY 2019-20**	**Change**
Agri commodities	6,52,138	5,84,556	-10%
Base Metals	25,29,665	15,75,771	-38%
Bullion	15,64,173	29,57,864	89%
Energy	24,50,851	38,14,863	56%
Total	**71,96,826**	**89,33,054**	**24%**

Source- SEBI Monthly Bulletin April, 2020

In contrast, volumes in base metals futures registered a sharp decline of over 50%, as market participants adjusted to the change in the contract specifications of the base metal futures. The settlement type of these contracts was changed from 'Both Options' to 'Compulsory Delivery', starting from January 2019. Other changes in the base metal futures which contributed to its decline in traded volumes included introduction of staggered delivery period, which diminished trading interest during the last five days of a contract, and withdrawal of multiple lot sized contracts for the same commodity. Besides, the slowdown in global economic activity also contributed to the fall in volumes traded in base metals futures during the year. This trend was seen in the international base metal derivatives market also.

Agricultural commodities posted a fall in futures trade by 10% in value terms in FY 2019-20, though the fall was relatively moderate in volume terms. Chart 3 provides a snapshot of the Average Daily Turnover in the Indian commodity futures market over the years.

Chart 3: Turnover of the Indian Commodity Futures Exchanges (₹ crore)



MCX BUSINESS OVERVIEW IN FY 2019-20

During the year 2019-20, MCX remained the market leader in commodity derivatives among domestic exchanges, garnering about 94.01% of total market share of commodity futures traded on Indian exchanges, despite the increase in number of exchanges offering commodity derivatives for trading. MCX also remained world's 7th largest commodity futures exchange in 2019, by the number of futures contracts traded, as per data maintained by FIA.

The average daily turnover (single-side) of futures trading on MCX recorded an impressive growth of about 26% to ₹ 32,424 crore in FY 2019-20 against ₹ 25,648 crore during the previous year. Further, the average daily notional turnover in the options segment posted a remarkable growth of about 60% to ₹ 1,126 crore, with a total notional turnover for FY 2019-20 amounting to ₹ 2.92 lakh crore.

The total turnover in futures segment of your Company stood at ₹ 83.97 lakh crore in FY 2019-20, posting 27.4% growth over ₹ 65.91 lakh crore during FY 2018-19. Among the different commodity segments, the market share of MCX in Indian commodity futures in FY 2019-20 was 98.57% in precious metals and stones, 99.53% in industrial metals, 99.95% in energy and 17.26% in agricultural commodities.

PRODUCT-WISE PERFORMANCE

Product-wise performance of your Company during FY 2019-20 is given in **Annexure I**.

FINANCIAL POSITION AND RESULT OF OPERATIONS

Revenue:

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

During FY 2019-20, the Company's total income increased to ₹ 48,177 lakh from ₹ 38,472 lakh in FY 2018-19 registering a growth of 25%. The Company continued to perform well during the fiscal with a net profit margin of 43%. The operating expenses increased to ₹ 22,514 lakh from ₹ 20,575 lakh in FY 2018-19, registering a rise of 9%.

The profit before tax for FY 2019-20 increased to ₹ 23,859 lakh vis-à-vis ₹ 13,985 lakh in the last financial year, registering a rise of 71%. During FY 2019-20, the profit after tax increased by 53% to ₹ 20,852 lakh as against ₹13,650 lakh in FY 2018-19.

The Company operates in a single segment business. Transaction fees comprise a significant portion (approximately 73%) of the Exchange's revenue. The revenue from transaction fee during FY 2019-20 was ₹ 35,303 lakh, as against ₹ 28,331 lakh in the previous year. The Company continued deployment of surplus funds in assets such as mutual funds, fixed deposits, perpetual bonds and tax-free bonds. The investment income was ₹ 9,930 lakh in FY 2019-20 (Previous year ₹ 7,737 lakh) including gain / (loss) on fair valuation of mutual funds and bonds (Table 3).

Table 3: MCX's Income (₹ in lakh)

Particulars	FY 2019-20	FY 2018-19	Change Increase / (Decrease)
Transaction Revenue	35,303	28,331	25%
Other Operating Income	1,741	1,504	16%
Investment Income	9,930	7,737	28%
Other Income	1,203	900	34%
Total	**48,177**	**38,472**	**25%**

Expenses:

The Company's expenditure consists of employee benefit expenses, clearing and settlement charges, depreciation / amortization charges, expenditure on computer technology and software support charges and other expenses (Table 4).

Table 4: MCX's expenditure (₹ in lakh)

Particulars	FY 2019-20	FY 2018-19	Change Increase / (Decrease)
Employee benefit expense	6,588	6,517	1%
Clearing and Settlement charges	4,413	2,142	106%
Depreciation and amortization	1,784	1,529	17%
Computer technology and Software support	5,058	5,465	(7%)
Other expenses*	6,475	6,454	0.3%
Total	**24,318**	**22,107**	**10%**

*Other expenses primarily comprises of costs / charges pertaining to regulatory fees & contributions, advertisement, repairs and maintenance, license fees, legal and professional charges, etc.

Provision for taxation:

The Company's provision for tax for FY 2019-20 is ₹ 3,007 lakh (previous year ₹ 335 lakh). The Company has recognised MAT credit entitlement of ₹ 2,065 lakh in FY 2018-19.

Profit analysis:

The net profit margin stood at 43% in FY 2019-20. (Previous year: 35%)

Financial performance and operational performance parameters:

The transaction fees has increased by 25% to ₹ 35,303 lakh in FY 2019-20 from ₹ 28,331 lakh in FY 2018-19.

Shareholders' funds

Share capital:

As of March 31, 2020, the Company's share capital stood at ₹ 5,100 lakh, i.e., 509.98 lakh shares of ₹ 10 each. (Previous year: ₹ 5,100 lakh i.e. 509.98 lakh shares of ₹ 10 each).

Other equity:

The Company's other equity increased to ₹ 1,49,552 lakh as on March 31, 2020 from ₹ 1,41,185 lakh as on March 31, 2019. The net worth stood at ₹ 1,54,652 lakh as on March 31, 2020 as against ₹ 1,46,285 lakh as on March 31, 2019.

Secured loans:

The Company had no secured loans in its books as on March 31, 2020, as well as, on March 31, 2019.

Fixed assets:

The Company's fixed assets (including capital work in progress) stood at ₹ 18,057 lakh as at March 31, 2020, as against ₹ 17,581 lakh as at March 31, 2019.

Investments:

As on March 31, 2020, the Company's investments (Non-current and Current) stood at ₹ 1,42,071 lakh, as against ₹ 1,25,201 lakh as on March 31, 2019.

Current assets and current liabilities:

The current assets consisting of trade receivables, cash and cash equivalent, bank balances, loans and other current assets (excluding current investments) was ₹ 8,880 lakh as at March 31, 2020, as compared to ₹ 12,425 lakh as at March 31, 2019.

The current liabilities consisting of creditors, security deposits, and others, stood at ₹ 16,644 lakh as at March 31,2020, as against ₹ 11,999 lakh as at March 31,2019.

Key Financial Indicators :

Sr. no.	Indicators	Standalone		Consolidated	
		FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
1	Debtors Turnover (Revenue from operation/ Debtors)	53.45	32.86	57.92	49.92
2	Current Ratio (Current assets/Current liability)	4.06	5.48	1.65	2.69
3	Operating Profit Margin (Operating Profit/ Turnover)	39.22%	31.04%	41.34%	31.32%
4	Net Profit Margin (Net profit/Turnover)	43.28%	35.48%	47.01%	36.69%
5	Return on Net worth (Net profit/ Net worth)	13.48%	9.33%	13.37%	9.25%

Notes:

- Increase in Debtor turnover ratio indicates improved efficiency in collection of debts. A higher Debtors Turnover ratio implies the Company operates on cash basis or that its extension of credit and collection of receivables is efficient.
- Increase in Return on Net worth is on account of increase in Net profit for the year.

IMPACT OF COVID–19 ON THE BUSINESS OF THE COMPANY

Capital and financial resources

Your Exchange has adequate capital and retained earnings and does not foresee any impact on the capital and financial resources due to COVID-19 lockdown.

Profitability

On account of COVID-19 lockdown and the truncated timing, trading volume for April 2020 was reduced and accordingly the revenue was impacted. Since the market hours have been restored, the ADT during Apr 23, 2020 -May 28, 2020 has somewhat recovered, but is still lower by about 30% compared to FY 2019-20. The Company has taken various steps to reduce costs, which may reduce the impact on profitability.

Liquidity position

The Company's retained earnings are invested substantially in Mutual Fund instrument/ Tax free Instruments/ PSU bonds. These instruments are largely liquid and Tax Free and PSU bonds are also traded in the debt market. Therefore, the Company will not face any liquidity issue. Further, the Company has recovered Transaction charges which were booked in for the month April and May 2020. Also, the Company is debt free.

Assets

The Company is utilizing plant & equipment and intangible assets as part of its normal operations during this period and there is no impairment of any of the assets of the Company. Further, Financial Investments are made in accordance with the Investment Policy of the Company and is monitored on a regular basis. There is no impairment of any financial investments.

Internal financial reporting and control

Internal audit functions have been performed by the Internal Auditors, using VPN facility provided by the Exchange. In the normal course, MCXCCL inspects warehouses for stock verifications and checks regulatory compliances by warehouse service providers. However, due to travel restrictions, officials of the clearing corporation have not been able to carry these activities in the month of April 2020. After the lockdown was partially lifted, stock verifications were being carried out and no deviations are noted.

Supply chain

Since most of brokers adopted work from home model, the connectivity speed has been impacted to some extent. The Exchange has waived off the TWS User ID charges for internet as a mode of connectivity for certain number of user IDs which will benefit dealers, who are currently working from home using internet as a mode of connectivity. However, all our vendors (IT and admin) continue to provide services during the lockdown without any disruption.

Demand for products/services

Post restoration of market hours to normal, the ADT during April 23, 2020 to April 30, 2020 was ₹ 21, 441 crore, it increased to ₹ 23,765 crore in the month of May 2020, and in the month of June 2020 it further increased to ₹ 28,633 crore vis-à-vis ₹ 32,424 crore in FY 2019-20. If the situation returns to normalcy soon, trading volumes are expected to pick up.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

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

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

Your Company has appointed a firm of chartered accountants to conduct independent financial and operational internal audit (pre and concurrent) 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.

Pre-audit by independent internal audit firm introduced from August 2019 for various activities including payments made by Company.

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

COMPETITIVE STRENGTHS

The attributes of your Company that have made it the market leader and sustain its unique position, are described in the following paragraphs:

Strong Brand Equity

MCX has remained the leading exchange in commodity derivatives arena, garnering a market share of 94.01% in futures trading and nearly 100% in case of options trading during 2019-20. MCX enjoys a strong brand equity since it provides a reliable trading platform for commodity derivatives through transparent price discovery and robust risk management processes. The prices discovered on MCX platform serve as a benchmark for trades in physical markets, thereby facilitating the price discovery process in the physical market.

High Standards of Corporate Governance

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

Your Exchange has a dedicated Regulatory Department, which performs various functions for ensuring compliance with regulations applicable to the Exchange. The Exchange has a dispute resolution mechanism in place for redressal of disputes between Investors / Clients and Members of the Exchange. Disputes unresolved at the first level can be referred to the Grievance Redressal Committee (GRC), Arbitration and Appellate Arbitration, subsequently.

Process Excellence

MCX has been re-certified by the International Organization for Standardization (ISO) under ISO 9001:2015 for its Quality Management System (QMS) and has successfully completed surveillance audit of ISO/IEC 27001:2013 and ISO 14001:2015 for its Information Security Management System (ISMS) and Environment Management System (EMS) respectively in 2019-20. MCX's subsidiary, MCXCCL, has also received ISO 27001:2013 and 9001:2015 certifications for ISMS and QMS respectively. Adherence to these international standards make MCX and MCXCCL commit to high quality standards of their business processes and continuous delivery of their services through an effective and efficient response.

Technology as differentiator

Your Company's technological infrastructure is built on robust architecture which can cater to all market participants by virtue of being fast, secure, cost effective, transparent and regulated. The Exchange's technology architecture supports multiple secured mode of connectivity such as MPLS Leased line, Point to Point Leased line, VSATs and Internet and has handled upto 102.71 million transactions on a single day. The state-of-the-art data centre of MCX is supported by best-of-breed network and security infrastructure with high availability at all levels.

Your Company has adopted 'Defence-in-depth' strategy to ensure information security at all layers with well-defined Information Security Policy, Cyber Security and Cyber Resilience policies. The Exchange also has a comprehensive Business Continuity Plan (BCP) with capabilities to restore seamlessly the trading operations from Disaster Recovery Site and has Real time synchronous data replication to Near Online Site facility to achieve zero data loss.

These attributes of MCX's technology has enabled the Exchange to provide a robust trading platform for trade and retain its members' confidence and market leadership position in commodities markets consistently.

The upgraded technology platform with its scalable architecture, was able to handle highest number of messages (order and trades) post CTT. The Exchange enhanced its security posture and has an effective monitoring and security controls in place to safe guard its critical assets against any unauthorised access. The Exchange has implemented Security Operation Center (SOC) which monitors the critical infrastructure round the clock. The Exchange has also implemented Privilege Access Management (PAM) tool to monitor and manage the access control of the critical assets.

The Exchange keeps on enhancing its access control policies from time to time and strictly adheres to guidelines laid down internally, as well as, by the Regulator. The Exchange as per Regulatory requirement had successfully carried out an unannounced live trading from its DR site without informing its stakeholders, thereby showcasing its IT resiliency and operational excellence.

OPPORTUNITIES

A favourable policy and regulatory environment, mainly through the permissibility of new products, as well as, participant categories, has provided a number of growth opportunities to MCX. Continuing the process of bringing in measures towards market expansion, the regulator has taken a number of steps during the last financial year that can provide potential opportunities for MCX to bring in more liquidity and depth into the existing, as well as, new derivative products offered on the Exchange.

Expansion of permissible product categories

On June 18, 2019, the Regulator issued instructions permitting the recognised stock exchanges to offer futures contracts on commodity indices, with detailed guidelines regarding the design of the commodity indices, as well as, the product design for futures on commodity indices. This long-awaited decision provides your Company the potential opportunity for introducing new products, fulfilling the requirement of our participants to invest in commodity markets through a transparent benchmark that represents a basket of commodities thereby diversifying their investment portfolios. Subsequent to this, MCX launched the MCX India Commodity Indices (MCX iCOMDEX) series on December 20, 2019 adhering to the SEBI guidelines for the design of commodity indices, while 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).

Subsequently, your Company received Regulatory approval for launch of futures contracts on MCX iCOMDEX Bullion and Base Metal indices. The contracts are planned to be launched soon, and will further expand the product base of MCX.

Paving the way for introduction of Options with 'commodities' as underlying, the Government of India issued a notification on October 18, 2019, which widens the scope of commodity derivatives traded in recognized exchanges. Following this, SEBI permitted stock exchanges to launch 'Option in Goods' in their commodity derivatives segment, in addition to existing 'Options on commodity futures'. Availing this opportunity, your Company has launched Gold Mini Options with Gold Mini (100 gram) bar as the underlying, and will soon launch Silver Options with Silver Mini 5 kg (five 1 kg bars) bar as underlying, adding to the Exchange's bullion portfolio.

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. 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.

Participation of Mutual Funds and Portfolio Managers in the commodity derivatives market offers domestic investors an additional avenue for investment, while deepening the market through enhanced liquidity especially in the far month contracts. Improved liquidity and diverse participation, including that by hedgers and financial institutions, strengthens the price discovery and risk management processes of the Exchange platform and also makes hedging cost effective through reduction in impact cost of trading on the Exchange.

Facilitating participation of Eligible Foreign Entities (EFEs)

In December 2019, the European Securities and Markets Authority (ESMA) granted recognition to Multi Commodity Exchange Clearing Corporation Ltd. (MCXCCL) as a third country Central Counter Party (CCP) under European market infrastructure regulation. Based on the ESMA recognition, European participants can now apply lower risk weightage towards their exposures to MCXCCL. This will help the Eligible Foreign Entities (EFEs) among the European importers of Indian commodities to cost effectively hedge their commodity exposures in Indian commodity markets on MCX platform. India being a major import source for commodities like Cotton, Mentha Oil, etc., participation of global entities in these contracts can potentially enhance the liquidity and price discovery of MCX.

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. This step can revolutionise the development of Indian bullion industry, by giving a fillip to recycling and monetisation of gold in the country. Bullion meeting the India Good Delivery standards can be assimilated into exchange traded bullion derivatives market, thereby enhancing participation in trading and delivery by stakeholders.

Launch of delivery-based Base Metal contracts

The efforts that started in the fourth quarter of FY 2018-19 to launch compulsory delivery-based contracts in all base metals were successfully completed in FY 2019-20. The launch of indigenously benchmarked deliverable futures contracts of Copper, Aluminium, Zinc, Lead and Nickel on MCX, has paved the way for the Indian market prices for metals to be discovered on an exchange platform in a transparent manner. With the launch of deliverable contracts, therefore, your Company is now offering the benefit of fair price discovery, reflective of domestic fundamentals and price risk management, to the Indian metals market ecosystem.

POTENTIAL THREAT

Impact from COVID-19 Pandemic

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

To deal with this emerging challenge and maintain continuity and integrity of the trading and clearing processes, your Company introduced several measures. While administrative and technology support was provided to enable most employees to work from home, facilities were created for employees handling critical operations to stay on the premises at both the Head Office and Disaster Recovery site to ensure seamless trading and clearing. These employees were also provided financial incentives for the period of their continuous stay at office.

Other steps taken to ensure uninterrupted trading operations include allowing members to operate trading terminals from anywhere, waiving off the TWS User ID charges for internet as mode of connectivity for upto 5 User IDs, etc. Your Company also developed an online system for generating e-passes and assisting the movement of members' staff by issuing them such e-passes.

MCX has in place a Business Continuity Plan (BCP), which details processes and procedures to keep operations up and running or restore them as quickly as possible in the event of a major disaster. The BCP has been operationalised to maintain continuity of operations effective March 06, 2020.

The threat from COVID-19 is expected to continue, requiring adoption of different measures to address the unforeseen scenarios as regular activities are slowly resumed with necessary precautions to prevent the spread of the virus. Towards this end, your Company has provided its employees a Standard Operating Procedure (SOP) for social distancing at office, as well as, at home, in accordance with the guidelines issued by the Ministry of Health & Family Welfare, Government of India. Your Company shall constantly monitor and devise suitable preventive measures from time to time till the spread of the virus is fully contained.

Competition

All stock exchanges have been permitted to operate in the commodity space. This witnessed the launch of commodity derivatives products by exchanges which are well-established in other market segments. MCX faces competition from these new players. This is a potential threat to your Company. However, the new players have not made any significant dent till date in the commodity derivatives market. This is evident from the rising market share of your Company in FY 2019-20 over the previous year. Your Company endeavours to face the challenge of competition by continuously improving its products, technology and processes; introducing new products; sustaining investor awareness activities; and having a customer-focused approach.

Cybersecurity threats

The threat of cyber-attacks is increasing over time, both in intensity and in frequency. As cyber-attacks are becoming more sophisticated, MCX is continuously evaluating and implementing various security solutions for early identification, detection, quick protection, response and recovery from all such attacks. An incident of cyber-attack may have financial impact on the Company due to loss of reputation and trust. For MCX, being a Financial Market Infrastructure (FMI) institution, providing an online trading platform, cybersecurity is of greatest importance for ensuing trust among the market participants, regulators and other stakeholders.

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

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

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

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

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

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

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

RISKS AND CONCERNS

Your Company's business performance and financial position depends on various internal and external factors, some of which may give rise to risks and concerns to the way the Company conducts its business. The primary risks and concerns of your Company are discussed as follows:

Business Risks

Potential impact of COVID-19 on trading

The COVID-19 pandemic is a potential business risk for your Company since it impacts both trading activity, as well as, the prices of commodities due to the prolonged period of lockdown. Restrictions on physical movement of people and commodities can lead to reduced trading activity. In addition, the demand shrinkage has led to significant reduction in commodity prices in global markets, particularly for metals and energy products. This may continue in future. As the Exchange's transaction fee is calculated on the basis of the value of commodity futures contracts traded on the Exchange, the volume and value of contracts traded on it can have a direct impact on the Company's revenues.

The trading volumes and value of contracts can also be affected by external factors, including commodity-specific events and factors such as the construction of new production facilities or processes, new uses or discontinuance of historical uses, mine / plant closures, adoption of new technology by the commodity-specific industry, weather, natural disasters, trade policies and regulations, geopolitical events, etc., all affecting level of production and consumption of commodities.

Loss of first mover advantage

As and when new products are permitted in the commodity derivatives market, your Company endeavors to be the first to launch these products. This provides an natural edge in garnering trading interest and liquidity from potential participants. However, it is possible that the Exchange is not always able to be the first among domestic exchanges to launch a product, which can lead to loss of the first mover advantage and trading interest.

Market Risks

Falling yield on Treasury Income

Treasury income comprises of Dividend Income, Interest Income, Gain / Loss on sale of investments and on account of fair valuation of financial assets at each balance sheet date. The fair valuation is impacted by the movement in interest rates, which may be subject to high volatility. The rise in interest rates results in Mark to Market losses, which can be substantial in instruments which have longer duration. Your Company has investments in Long Term Tax free bonds and in certain long duration Mutual Fund schemes within regulatory guidelines.

Macro-economic Trends

India's commodity derivatives market is impacted by both the domestic and the global economic conditions. Events such as the country's industrial growth, global financial conditions, recession, inflation, etc. influence the commodity fundamentals, hence, the market. The fundamentals may also be significantly affected by completely unforeseen events as seen in the recent global spread of pandemic COVID-19. A fall in demand for commodities leading to decline in prices along with reduced price volatility can have a potential adverse impact on your Company's operational income.

The Company constantly monitors emerging economic trends, and realigns its business strategy, as and when required.

Technology Risk

Technology: cutting edge and vulnerability

One of the most significant enablers for the Company to experience high inclusive growth has been its technology. The innovation in products and processes, which has made the Company an undisputed leader in the industry has been made possible by use and deployment of state-of-the-art technology. The successful operations of your Company's business and operating results are dependent in part on the use and deployment of technology. However, technology is susceptible to obsolescence, and increasingly, to cyber-attacks from across the globe. To continue to be the 'Exchange of Choice' to

its stakeholders, your Company needs to be at the cutting edge of technological infrastructure and connectivity, meeting the ever-evolving demands of its stakeholders with safe and multiple choices of connectivity as per the participant needs. Thus, maintenance of such technology is the highest priority for Company business. On the other hand, the Company expects that advancements in technology, technological infrastructure and connectivity options and security measures will enable it to provide more efficient trade execution services, and increase its economies of scale. This is expected to have a positive impact on its revenues.

Your Company is in constant endeavour to upgrade technology for its flexibility and scalability. Your Company wants to own the intellectual property rights of the technology platform such that changes required can be done swiftly which also ensures effective management. Your Company strives to have state of the art technology which meets the challenges of the future, while mitigating the operational and technological risks for the business.

Financial Risk

Imposition or enhancement of statutory costs

Any new tax or increase in a tax like Commodity Transaction Tax (CTT) or a new statutory levy may dampen volumes, thereby impacting your Company's profitability.

Regulatory Risk

Adverse regulatory and policy decisions

All aspects of your Company's operations are subject to regulatory oversight. Changes in laws, regulations, taxation etc., or new rules, regulations or policies may necessitate the Company to allocate more resources for compliance, hence, increase operational expenses. This may impede the Company's ability to operate and grow its business or may affect the economic prospects for market intermediation.

RISK MITIGATION PLAN

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

i. Your Company, being the market leader, has been seeking to expand the overall market by introducing new products and bringing more participants. Further, your Company believes in introducing products after thorough market research and feedback, and intends to capitalize on its large network and physical market connect. This gives your Company a competitive edge over the others and helps to meet challenges posed by competitors. Further, your Company has been seeking to diversify its product basket, by adding more products in futures, as well as, options across commodity segments. A well-diversified product basket should help the Company counter the decline in prices.

ii. To minimize the effect of interest rate volatility on treasury income, your Company is continuously rejigging its portfolio to be in line with the market trends, and if situation warrants reduce the tenure of the portfolio to minimise fluctuations in treasury income on a quarterly basis. Further your Company constantly monitors the investments of the Company, including those made in various Debt Schemes of Mutual Fund.

iii. As a part of risk mitigation and containment plan for avoiding business disruption, your Company has focused on strengthening its core technology infrastructure so that there is no single point of failure, thereby, ensuring uninterrupted trading operations. As a backup plan, your Company has Disaster Recovery (DR) Site which has a robust infrastructure and accessibility. Further, your Company has Near Online Site (NOS) in Mumbai with synchronous data replication to achieve zero data loss in case of any eventuality. Your Company has also strengthened its BCP-DR initiative and regularly conducts mock drills to test readiness and effectiveness of IT infrastructure at its Data Centre and also its DR site. Your Company also twice carried out two-days of unannounced live trading from its Disaster Recovery (DR) site in FY 2019-20 as a part of regulatory compliance. All the trading & surveillance operations were carried out from the DR site. Post live trading from DR site, your Company commenced its operations from its Primary Site, Mumbai smoothly.

    In March 2020, your Company was also certified for ISO 22301:2019, a recognized international standard for Business Continuity Management System (BCMS). This affirms MCX's ability to consistently demonstrate effective BCMS and endeavors to improve confidence in our ability to respond to incidents amongst all its stakeholders.

SETTLEMENT RISK MANAGEMENT

MCXCCL was operationalized on September 03, 2018. Subsequent to its operationalization risk management, clearing and settlement, warehousing functions are being undertaken by the clearing corporation. MCXCCL ensures that within the regulatory framework, an efficient and effective clearing and settlement activity along with an effective funds settlement mechanism, delivery mechanism and margining systems is adhered to. Above all it maintains a robust risk management

system and to that effect carries out daily stress tests and maintains a Settlement Guarantee Fund. It has necessitated all its members to have a certain minimum net worth and confirm their net worth on a half-yearly basis, which enables it to monitor and ensure their financial strength. It has also implemented additional risk mitigation measures as part of member monitoring like Margin Shortfall Block Amount, Risk Reduction Mode, Exposure Free Deposit for MTM Shortage, etc. Further, it has laid down various margin requirements to safeguard members and the ecosystem against adverse market movements.

STRATEGY

Your Company aims to further consolidate its position as the leading exchange providing a wide array of commodity derivatives with increased focus on enhancing overall market size & expanding its product and service offerings. Further, your Company will constantly look for new product innovation and development, and offers state of the art services to all its stakeholders. Your Company will also continue to make relentless efforts in tapping the opportunities unfolding in India's commodity market.

Focus on increasing participation and expanding product suite

With deliverable base metal contracts successfully completing one year of trading, witnessing to significant physical deliveries through exchange delivery mechanism, your Company will work more closely with the industry to make the contracts work for them. Your Company now offer the benefit of fair and efficient price discovery, reflecting both domestic and global fundamentals, and provides a robust platform for price risk management to the Indian metals market ecosystem, and thus establishing itself as 'price setter' in base metals.

The recent regulatory developments enabled entry for mutual funds and portfolio management services (PMS) in the commodity derivatives market. Your Company looks forward to the greater participation of institutional players in this market, which will add to greater liquidity and market depth.

Your Company has received SEBI permission for futures trading on MCX iCOMDEX Bullion and MCX iCOMDEX Base metal indices. Further, your Company has also received approval for deliverable 'options on goods' contracts with Silver 5 kg as underlying.

It also looks forward to expanding its product offerings with exotic derivative products such as electricity futures, subject to necessary regulatory approvals.

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

Efforts for financial literacy in commodity derivatives

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

Focus on strengthening technical capabilities

Your Company is investing in innovation and building in-house solutions to be agile and self-reliant to meet the growing demands of all stakeholders. For this the Company is adopting new technologies for applications and for enhanced analytics. The Company is strengthening it technical capabilities to develop and support these platforms with a right balance of in-house and outsourced talents. Your Company has invested in the development of solution for dissemination of real time Indices and preparing to launch Index derivatives in FY 2020-21. Your Company is also working towards enabling trading, clearing and settlement in negative prices.

INITIATIVES

Your Company remains committed to strengthening its processes, creating products and systems in order to uphold the trust bestowed by its stakeholders. During the year 2019-20, your Company undertook several initiatives to develop the market and stakeholders it serves.

Developing Domestic Benchmarks Markets for Base Metals

MCX successfully completed the modification of the settlement option of all Base metal contracts to 'Compulsory Delivery' during the year. This fulfills an important step towards development of domestic benchmarks which reflect domestic market fundamentals, while the delivery standards are in tune with international standards.

Introduction of new products

Your Company launched the MCX India Commodity Indices or MCX iCOMDEX, family of indices based on commodity futures contracts traded on MCX. The construction, administration and governance of the indices conform to the global best practices adhering to financial benchmarks set by the International Organization of Securities Commissions (IOSCO).

Considering the need for price benchmark and risk management of cotton stakeholders, *Kapas* futures were launched during the year 2019-20. This complements the successful and liquid MCX cotton contract, in serving another stakeholder group in the commodity's value chain.

Outreach initiatives

MCX has constantly been taking numerous initiatives for spreading awareness among diverse stakeholders, as well as, academic and research community about the need and benefits of a well-functioning, efficient, transparent commodity derivatives market. With the aim to develop a culture of risk management, your Company undertook various measures to educate potential hedgers on the necessity, benefits and modalities of price risk management using exchange traded commodity derivatives. Several investor awareness campaigns were also launched to educate potential investors about investing in this asset class using the instrument of exchange-traded derivatives. Awareness programmes for various stakeholders of commodity markets, in association with various entities like exchange members, media, industrial associations, banks etc. was one of the primary modes adopted for spreading awareness about the market. The details of such initiatives are given below:

i) Your Company conducted over 930 awareness programmes across the country during the year 2019-20. A number of these programmes were conducted in association with industry associations or professional bodies (such as ICAI, ICSI, IMC, ACMA etc) with the objective of spreading awareness about commodity hedging/ investment/ disclosures to the concerned stakeholders;

ii) MCX conducted 63 events during the year exclusively focused on Farmer Producer Organizations (FPOs) and farmers. This was done to spread awareness amongst the farming community about how the price discovery and price dissemination initiatives of commodity exchanges can enable them to realize better prices while selling their agricultural produce;

iii) MCX observed 'India Commodity Day' on November 8, 2019 commemorating the 16th anniversary of the Exchange. This opportunity was used to promote knowledge about the importance of commodity trading among all the stakeholders. The knowledge-sharing event brought together regulatory officials and industry leaders from India and abroad. Among the distinguished speakers was Dr. Mark Mobius, the internationally acclaimed expert on emerging markets. The flagship annual publication of MCX, the Commodity Insights Yearbook 2019, in collaboration with National Institute of Securities Markets (NISM), was released on this occasion;

Other Stakeholder engagements

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

Your Company also undertook various initiatives for knowledge sharing with global exchanges and regulators. Dialogues with exchanges such as the CME Group, LME and other international exchanges helped in understanding their products and processes, and remaining abreast of developments in trading, technology, clearing and risk management in the global arena. Besides, during the year 2019-20, MCX also hosted and trained 6 international and national delegations and 8 student and corporate delegations.

Educational Initiatives

Your Company engaged with numerous educational institutions to spread knowledge about commodity markets among students and academicians. The details of educational initiatives undertaken by the company during the year 2019-20 has been elaborated in the Directors report.

Publications

MCX publishes various articles in print media and engages with the electronic media to create awareness about the benefits of the commodity derivatives markets, as well as, for sensitizing policy-makers about various policy changes that can further its growth. Senior officials of MCX write articles on issues relevant for commodity markets which are published in trade journals, newspapers, online media and magazines with wide outreach. Awareness about commodity markets, including hedging using commodity derivatives and the '*dos and don'ts*' for safe trading, is also created through various channels of the electronic media, including regional channels.

In addition, your Company published the '*Commodity Insights Yearbook 2019*' during the year. The yearbook is a comprehensive source of information on commodity markets with unique collection of research articles and data series covering both fundamental, as well as, derivatives trade data of commodities. This publication also aims at spreading knowledge and promoting research in the commodity ecosystem.

MCX's newsletters, such as '*Commodity Connect*', widely circulated and uploaded on the website, are other effective tools used to regularly communicate with the Exchange's stakeholders. The monthly '*Commodity Research Digest*', which reviews and enlists commodity research work encompassing both domestic, as well as, international commodity markets, is published and disseminated to motivate and promote commodity research among researchers in academia, as well as, industry. In addition, various commodity-specific brochures by providing information on hedging, investment, disclosures, etc. are published in multiple languages to spread awareness about opportunities for hedging and investment in the commodity derivatives market.

Policy Advocacy Initiatives

Your Company aims to drive policy advocacy initiatives with objectives that are pertinent for all stakeholders of the commodity derivatives market, towards making the market more relevant and inclusive. During the year, advocacy efforts were oriented towards policy and regulatory changes aimed at mandating stronger disclosure of commodity price risks by listed entities, regulatory mandate on at least partial hedging on Indian exchanges by resident Indians desirous of accessing international markets for their hedging requirements, etc. Your Company also engaged with policymakers and advocated for reforms for transforming India's gold market, institutional reforms in agricultural price support mechanism, etc.

OUTLOOK

As the COVID-19 pandemic is expected to have a significant negative impact on global, as well as, Indian macroeconomic scenario in the rest of the year 2020-21, trading in commodities may also be adversely affected as a result. The outlook for your Company, therefore, is one of mixed possibilities with rising prices and volatilities in precious metals due to continued safe haven demand, while moderation can be expected in prices of other segments due to the slump in demand and economic activity. The broad outlook for your Company in the near to medium term is discussed below:

Growth prospects with revival and reforms

Despite the expected slowdown in economic activity particularly in industry, demand for commodities, especially industrial metals and energy products, may revive with the resumption of industrial production, mining and supporting services activities. With the strong support measures announced by the government for industry, particularly for MSMEs, the demand for industrial metals is expected to improve in the latter part of the current financial year.

The reform measures related to agriculture proposed in the *Atma Nirbhar Bharat Abhiyan* package announced by the Government of India may be a paradigm shift in agricultural marketing system. These long overdue measures provide farmers a choice to sell their produce outside the purview of APMC. Further, the amendment of the Essential Commodities Act to deregulate food items (food grains, oilseeds, among other commodities), is aimed at connecting farmers to markets in order to improve price realization for them. These measures can enable the development of a derivatives market to provide efficient hedging and risk management solutions to farmers and other stakeholders in India's farm economy.

Overall, persistent uncertainties and increased volatilities may necessitate the need for efficient commodity price risk management platforms and instruments in the near term. Meanwhile, as and when current uncertainties end and the economy revives, the demand for commodities would rise. This would lead to increasing demand for commodity price discovery and risk management, providing new opportunities for your Company to innovate and introduce new derivative products fulfilling the requirements of the stakeholders in both agricultural and non-agricultural commodities.

Expansion of product and participant categories

The continuous efforts to develop the commodity derivatives market promises to provide many opportunities for your Company in terms of expansion of product and permissible participant categories. SEBI permitted options on goods in January 2020 followed by the necessary amendment to the Securities Contracts (Regulation) Act, 1956. This is an opportunity for your Company to expand its product basket by introducing options contracts on goods, thereby meeting the investment and risk management needs of several new stakeholder groups.

Spot exchange platform is another potential opportunity that your Company would explore. In the Union Budget 2019-20, the government has announced setting up of international bullion exchange in GIFT-IFSC for trade by global market participants. As and when regulatory guidelines for establishing spot exchanges are announced, your Company shall explore the opportunity for building and developing spot trading platforms for commodities such as bullion and natural gas.

Mutual Funds and Portfolio Managers have begun participating in the commodity derivatives market. Banks' broking subsidiaries have started distributing commodity derivatives. Participation of these new categories is expected to gain

further traction in the near to medium term. This is expected to attract many new investors from across the country to this new asset class. Besides, the newly-introduced index-based futures products are expected to further encourage institutional participation, especially of mutual funds, in the commodity derivatives market. Trading in derivatives products on commodity indices is likely to increase liquidity in underlying constituent commodity futures, as participating entities may like to carry out arbitrage trades across the two, or may use one product to hedge their positions in the other.

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

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

As on March 31, 2020, your Company had 346 employees on its rolls, out of which 80 were women employees. Our culture and reputation as a leader in Indian commodity space enable us to attract & retain some of the best talents. We are guided by our value system which determines our attitudes & actions.

Our strategic objective is to build a sustainable organization which remains relevant to our clients, while creating growth opportunities for our employees and generating profitable growth for our investors.

Employees are our most important assets. We believe that the quality & level of service that our employees deliver are among the highest in the commodity market space. We are committed to remain among the industry's leading sought for employers.

The Exchange has 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 organizations goal, objectives and values that encouraged to contribute to organizational successe, as well engaged employees are happier, both at work and at their lives.

Some key initiatives undertaken during the year are given below:

Campus engagement program: The objective of this program is to engage qualitative workforce having a potential and capability and who can be groomed for future leadership, while moving existing trained workforce up the ladder, to accept new responsibilities.

Your Company inducted Management trainees from various institutes who were then given training in the various core departments of the Exchange in order to have an understanding of exchange operations. Your Company also hired summer intern's to provide them a platform to develop their interest in making a career with the Exchange.

Health Safety & Welfare: Lifestyle enrichment programs have been organised to build and sustain healthy & productive workforce. Annual health check-ups are organised for promoting good health, review of medical cover before renewal for safety and well-being of the employees, as well as, their family.

Fam- Tastic Family Day: Much awaited family day event was organized for the family & children of the employees. Children & family were engaged through the different fun activities.

HR-Connect: The Exchange has in place an online HR Portal called **'HR-Connect'** for enhanced transparency in Employee Lifecycle Management. It is a self-service online portal for the employees for carrying out all activities relating to HR and Payroll which, *inter alia*, includes setting of key result areas (KRA), objective appraisal based on the set KRAs, mid-term feedback to employees and annual performance evaluation across all levels. This enables the employees to receive timely feedback, chalkout personal development plan and identify their training needs.

MCX Intranet on Cell Phones: Digital transformation has brought the world on the fingertips of the employees. All the employee service related applications and automations which were built over the years have been enabled on Cell Phones.

Measures taken in view of the outbreak of COVID-19: The Exchange is maintaining a Record of all employees for COVID-19 related updates e.g. self-isolation (self/family), +ve cases, hospitalization, etc. The Exchange is also extending help to employees stationed in the office premises in case of medical tests and hospitalization are warranted. The Exchange has tied up with Religare health insurance to insure employees under Group cover COVID-19 for one year to meet hospitalisation expenses if the need arises.

A Standard Operating Procedure (SOP) on Resumption of Operations Post COVID-19 lockdown has also been put in place to assist the staff, during their commute to office and working in office. Also, the Exchange arranged a Webinar for the employees by renowned Medical Practitioner, to create awareness about COVID-19, precautions to be followed and the road ahead. During the Webinar the queries of employees were also addressed. Further, a contribution fund was established for employees to extend their support towards COVID-19 relief efforts. Contributions made here will be channelized through suitable government agencies / NGOs.

All meetings/events are being conducted through video conferencing and webinars. This is effective in terms of cost and time and enhances the ability of the Company to reach all possible stakeholders and have them on the same platform.

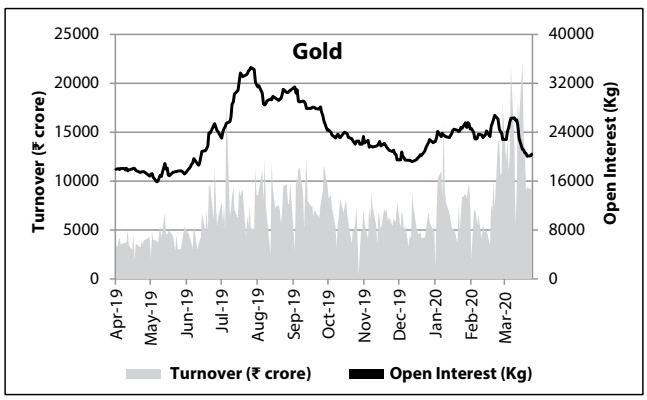
CAUTIONARY STATEMENT

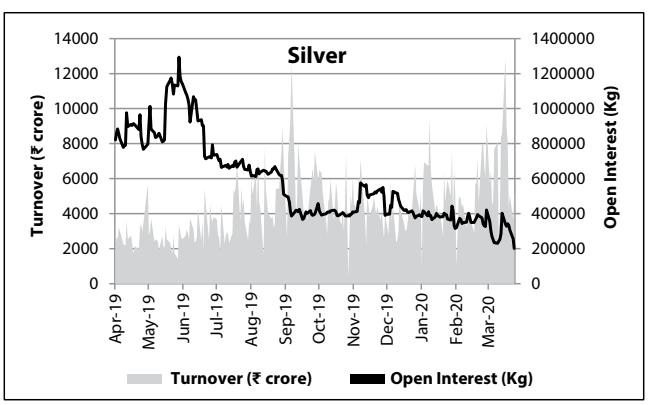
In this annual report some future developments which are expected to be implemented have been given. This has been done with a view to help investors better understand the Company's future prospects and make informed decisions while interacting with the Exchange. This annual report and other written and oral statements made from time to time may contain such forward looking statements based on management's current plans and assumptions. It cannot be guaranteed that any forward-looking statement will be realised, although, we believe, we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should 'known' or 'unknown' risks or uncertainties materialise, or should the underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind when they consider forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

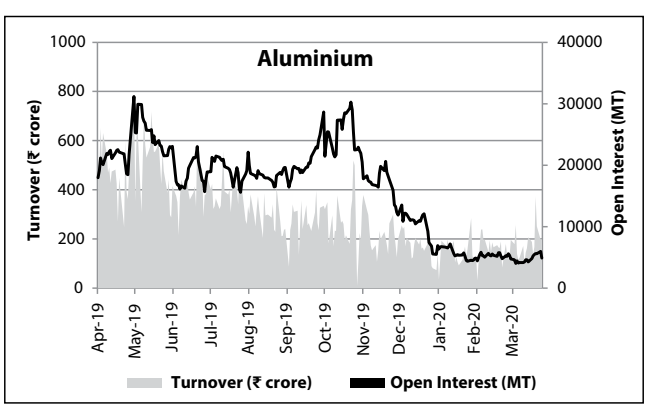
ANNEXURE I

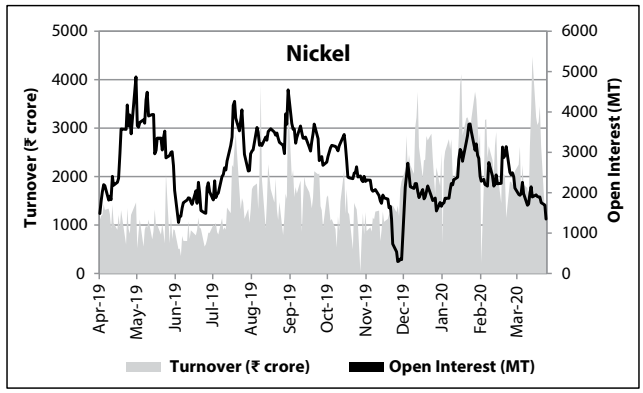
Turnover and Open Interest of Commodity Futures Contracts Traded on MCX in 2019-20

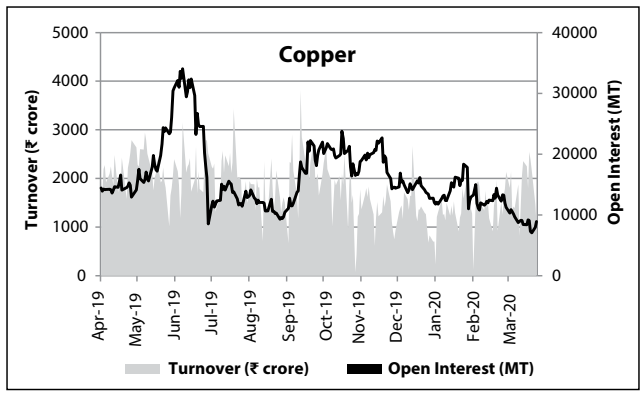
(All variants of each commodity combined)

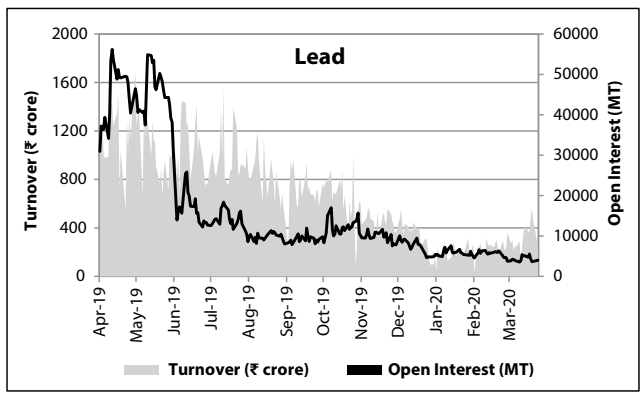


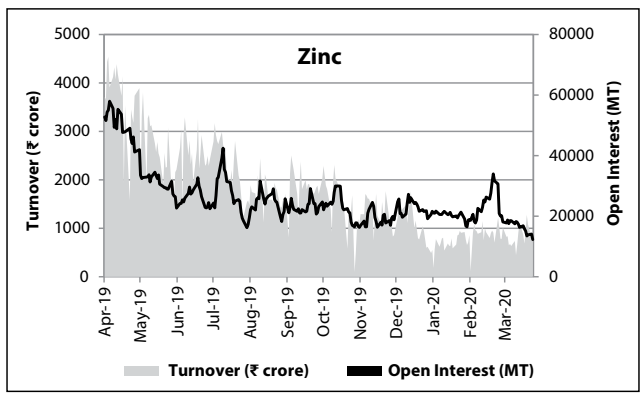


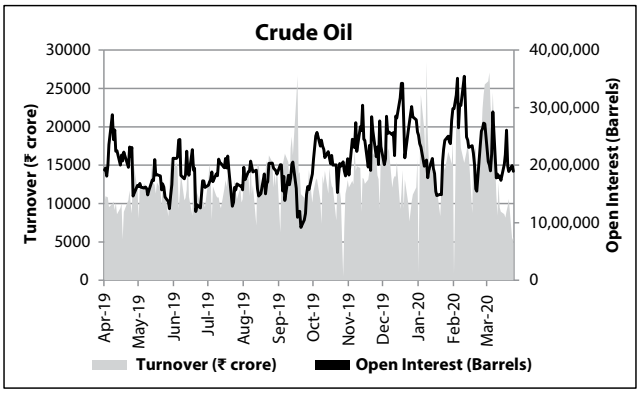


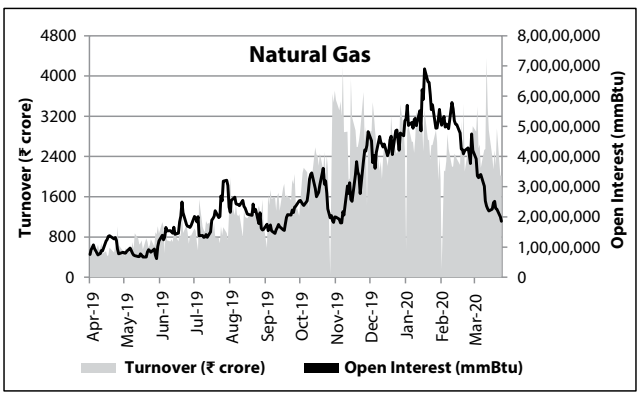

Nickel
Turnover (₹ crore)
Open Interest (MT)
5000
4000
3000
2000
1000
0
6000
5000
4000
3000
2000
1000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (₹ crore)
Open Interest (MT)

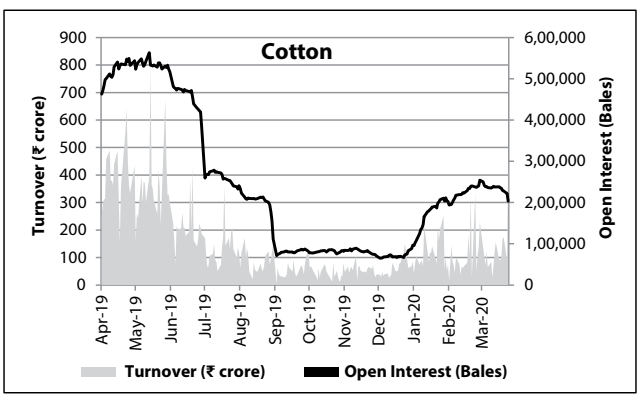

Copper
Turnover (₹ crore)
Open Interest (MT)
5000
4000
3000
2000
1000
0
40000
30000
20000
10000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (₹ crore)
Open Interest (MT)

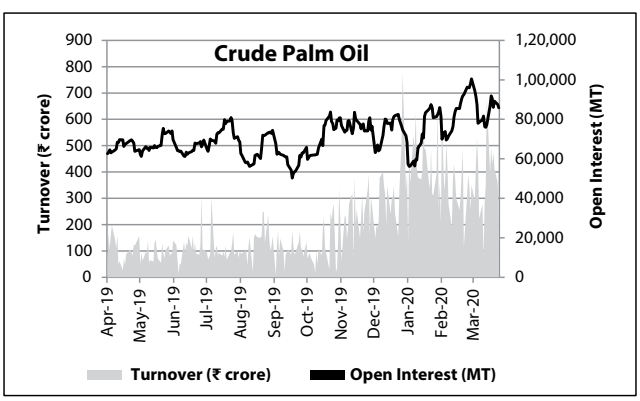

Lead
Turnover (₹ crore)
Open Interest (MT)
2000
1600
1200
800
400
0
60000
50000
40000
30000
20000
10000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (₹ crore)
Open Interest (MT)

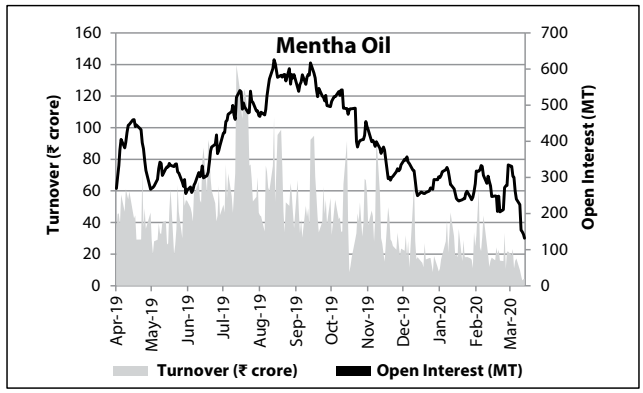

Zinc
Turnover (₹ crore)
Open Interest (MT)
5000
4000
3000
2000
1000
0
80000
60000
40000
20000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (₹ crore)
Open Interest (MT)

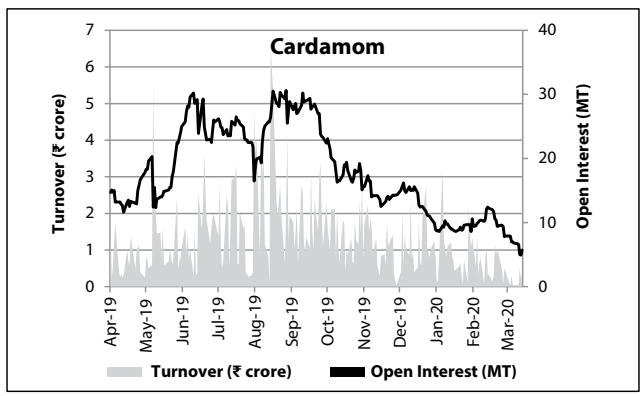

Crude Oil
Turnover (₹ crore)
Open Interest (Barrels)
30000
25000
20000
15000
10000
5000
0
40,00,000
30,00,000
20,00,000
10,00,000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (₹ crore)
Open Interest (Barrels)

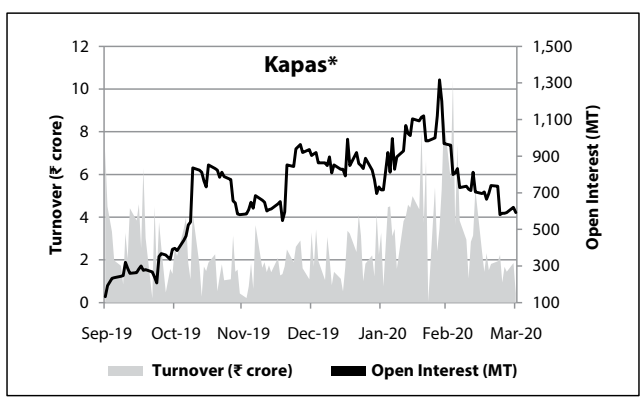

Natural Gas
Turnover (₹ crore)
Open Interest (mmBtu)
4800
4000
3200
2400
1600
800
0
8,00,00,000
7,00,00,000
6,00,00,000
5,00,00,000
4,00,00,000
3,00,00,000
2,00,00,000
1,00,00,000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (₹ crore)
Open Interest (mmBtu)


Cotton
Turnover (₹ crore)
Open Interest (Bales)
900
800
700
600
500
400
300
200
100
0
6,00,000
5,00,000
4,00,000
3,00,000
2,00,000
1,00,000
0
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Turnover (₹ crore)
Open Interest (Bales)


Crude Palm Oil
Turnover (₹ crore)
Open Interest (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 (₹ crore)
Open Interest (MT)

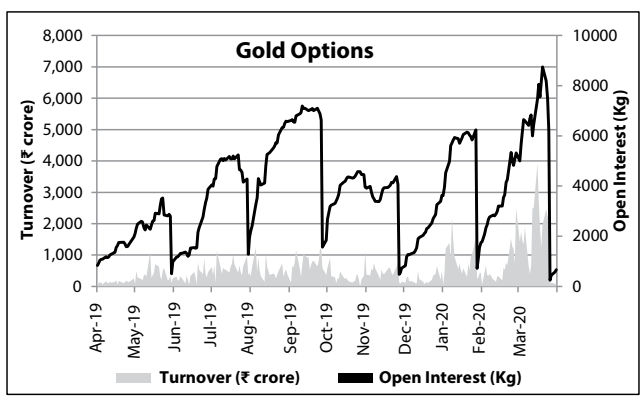


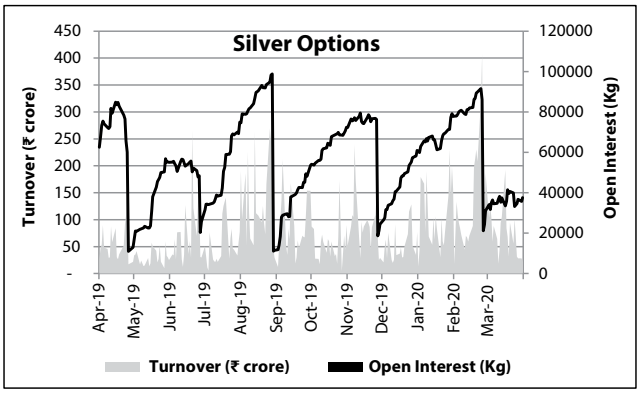


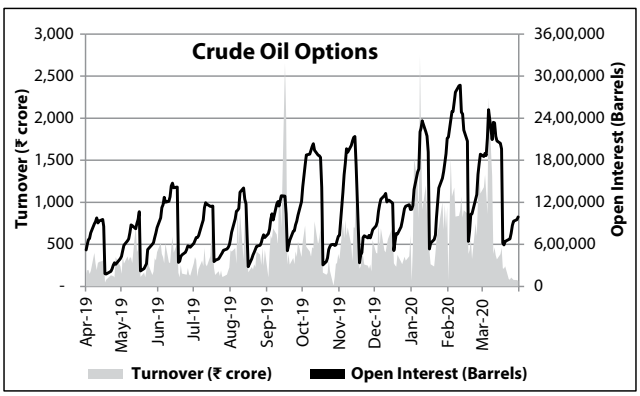


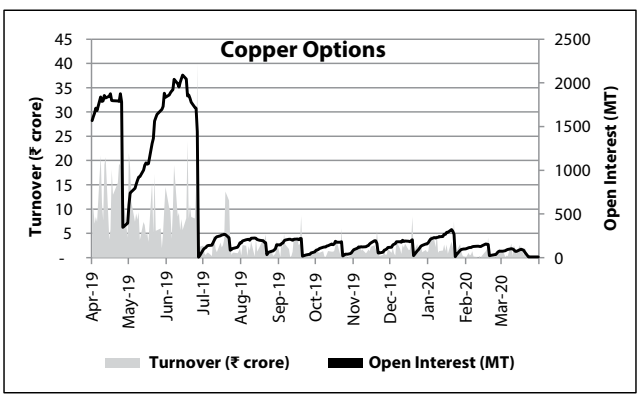
*Launched on September 30, 2019

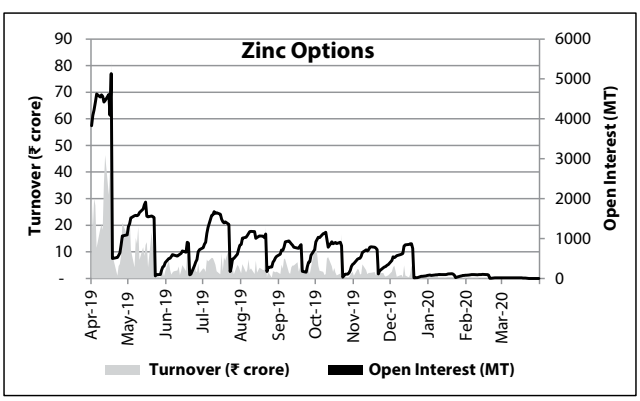
Notional Turnover and Open Interest of Commodity Options Contracts Traded on MCX in 2019-20




Silver Options
Turnover (₹ crore)
Open Interest (Kg)
450
400
350
300
250
200
150
100
50
-
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 (₹ crore)
Open Interest (Kg)


Crude Oil Options
Turnover (₹ crore)
Open Interest (Barrels)
3,000
2,500
2,000
1,500
1,000
500
-
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 (₹ crore)
Open Interest (Barrels)


Copper Options
Turnover (₹ crore)
Open Interest (MT)
45
40
35
30
25
20
15
10
5
-
2500
2000
1500
1000
500
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 (₹ crore)
Open Interest (MT)


Zinc Options
Turnover (₹ crore)
Open Interest (MT)
90
80
70
60
50
40
30
20
10
-
6000
5000
4000
3000
2000
1000
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 (₹ crore)
Open Interest (MT)

CORPORATE GOVERNANCE REPORT

A detailed Report on Corporate Governance for the Financial Year (FY) 2019-20, in terms of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'the SEBI Listing Regulations'), demonstrating the Company's accountability to its stakeholders is set out hereunder.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance is characterized by the ethical values of responsibility, accountability, fairness and transparency. We, at Multi Commodity Exchange of India Limited (hereinafter referred to as 'the Company' or 'the Exchange', or 'Your Company' or 'MCX'), believe that good governance is the key to enhancing long term stakeholders' value and sustainable financial health of the Company. It is therefore an integral part of our business culture.

The Company's management is committed to adoption of ethical practices at workplace, comprehensive disclosures to shareholders, professionalism and structured accountability, aimed at serving and protecting the long-term interests of all its stakeholders, including shareholders, customers, employees, farmers, members of the Exchange and the communities in which it operates. This commitment of the Company has been further strengthened with the adoption of the Code of Conduct for Board of Directors and Senior Management, Code of Ethics for Directors and Key Managerial Personnel, Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

The Company is in compliance with the applicable corporate governance requirements, as stipulated under Regulations 17 to 27, read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.

2. BOARD OF DIRECTORS:

(A) Composition of the Board:

The Company's Board has an optimum combination of Executive and Non-Executive Directors with 4 (four) Women Directors (two being Independent). The Directors are experienced professionals. They bring to the Board, their expertise in diverse areas such as management, technology, governance, leadership, finance and legal.

During the FY 2019-20, the tenure of Mr. Mrugank Paranjape as the Managing Director & Chief Executive Officer (MD & CEO) of the Company ended on May 08, 2019. Thereafter, Mr. Padala Subbi Reddy (P.S. Reddy) was appointed as MD & CEO of the Company for a period of five years w.e.f. May 10, 2019, with the prior approval of SEBI. His appointment was approved by the shareholders at the 17th Annual General Meeting (AGM) of the Company held on September 20, 2019.

Mr. Gulshan Rai was appointed as a Public Interest Director (PID)/ Independent Director w.e.f. May 31, 2019, with the approval of SEBI, to fill in the vacancy caused due to the resignation tendered by Mr. Arun Kumar Bhargava on March 06, 2019. He was to be formally inducted as a PID on the Board of the Company on receipt of "No Objection" from the Government of India. However, he later expressed his inability to join the Board due to conflict of interest in terms of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as 'the SECC Regulations'), since he had been co-opted as a director on the board of subsidiary of a Stock Exchange. As a result, the composition of Board of Directors was not in conformity with the provisions of the SECC Regulations, which requires that the number of Public Interest Directors shall not be less than the number of Shareholder Directors on the Governing Board of the Exchange, and for computing the same, the Managing Director shall be included in the category of Shareholder Directors.

Further, Mr. Prithvi Haldea tendered his resignation as a PID from the Board of the Company, w.e.f. September 03, 2019, before the completion of his tenure, owing to his other heavy commitments, and confirmed that it had nothing to do with any matter related to MCX.

Ms. Pravin Tripathi and Dr. Bhartendu Kumar Gairola were appointed as PIDs w.e.f. September 17, 2019, to fill the aforesaid vacancies. Hence, the composition of Board of Directors was in accordance with the provisions of the SECC Regulations.

Mr. Saurabh Chandra, whose first term as a PID on the Board completed on July 02, 2019, was re-appointed as a PID w.e.f. July 03, 2019, as well as, Chairman of the Board w.e.f. July 25, 2019, pursuant to SEBI's approval.

Mr. Chengalath Jayaram and Ms. Padma Raghunathan, Shareholder Directors, who were liable to retire by rotation at the 17th AGM of the Company held on September 20, 2019, were re-appointed with the approval of the shareholders and SEBI w.e.f. September 20, 2019.

As on March 31, 2020, the Board comprised 12 (twelve) members, of which 6 (six) were Public Interest Directors (i.e. Independent Directors), 5 (five) Shareholder Directors and the MD & CEO. Mr. P.S. Reddy, MD & CEO, is an Executive Director. Others including the Chairman are Non-Executive Directors.

The Board's composition and in respect of each Director, the category of directorship, the number of board meetings attended during the year, attendance at the last Annual General Meeting (AGM), number of directorship(s) in other companies, names of listed entities where he/she is a director, chairmanship(s) and membership(s) of Committees held by him/her in other public limited companies are given below:

Sr. No.	Name and DIN of the Director	Category of Directorship	Board Meetings		Attendance at the last AGM held on September 20, 2019	Number of Directorship(s) in other Companies (*)as on March 31, 2020	Names of other listed entities where serving as a Director as on March 31, 2020	Chairmanship(s) and Membership(s) of Board Committees in other Companies (**) as on March 31, 2020	
			Held[#]	Attended				Chairman	Member
1.	Mr. Saurabh Chandra (DIN: 02726077)	Chairman, Non-Executive, Independent	8	8	Yes	3	1. J.K. Cement Limited - Non-Executive, Independent	0	2
2.	Mr. Amit Goela (DIN: 01754804)	Non-Executive, Non-Independent	8	6	No	4	1. Suryaamba Spinning Mills Limited – Non-Executive, Independent	2	0
3.	Mr. Basant Seth (DIN: 02798529)	Non-Executive, Independent	8	8	Yes	5	1. Roto Pumps Limited - Non-Executive, Independent 2. State Bank of India - Non-Executive, Independent	3	1
4.	Dr. Bhartendu Kumar Gairola[1] (DIN: 02442205)	Non-Executive, Independent	4	4	No	2	-	0	1
5.	Mr. Chengalath Jayaram[2] (DIN: 00012214)	Non-Executive, Non-Independent	8	7	Yes	3	1. Kotak Mahindra Bank Limited – Non-Executive, Non-Independent	0	2
6.	Dr. Deepali Pant Joshi (DIN: 07139051)	Non-Executive, Independent	8	7	Yes	0	-	0	0
7.	Mr. Hemang Raja (DIN: 00040769)	Non-Executive, Non-Independent	8	8	No	1	1. IDFC First Bank Limited- Non-Executive, Independent	0	0
8.	Ms. Madhu Vadera Jayakumar (DIN: 00016921)	Non-Executive, Non-Independent	8	8	No	3	1. Aptech Limited- Non-Executive, Independent	0	1
9.	Ms. Padma Raghunathan[3] (DIN: 07248423)	Non-Executive, Non-Independent	8	8	No	1	-	0	0
10.	Ms. Pravin Tripathi[1] (DIN:06913463)	Non-Executive, Independent	4	4	No	7	1. Jay Bharat Maruti Limited- Non-Executive, Independent 2. PTC India Financial Services Limited – Non-Executive, Independent 3. Minda Industries Limited – Non-Executive, Independent 4. JBM Auto Limited - Non-Executive, Independent	2	4

Sr. No.	Name and DIN of the Director	Category of Directorship	Board Meetings		Attendance at the last AGM held on September 20, 2019	Number of Directorship(s) in other Companies (*)as on March 31, 2020	Names of other listed entities where serving as a Director as on March 31, 2020	Chairmanship(s) and Membership(s) of Board Committees in other Companies (**) as on March 31, 2020	
			Held#	Attended				Chairman	Member
11.	Mr. Shankar Aggarwal (DIN: 02116442)	Non-Executive, Independent	8	8	Yes	5	1. Dish TV India Limited- Non-Executive, Independent	1	3
12.	Mr. P.S. Reddy[4] (DIN:01064530)	Executive	7	7	Yes	1	-	0	1
13.	Mr. Mrugank Paranjape[4] (DIN: 02162026)	Executive	1	1	N.A.	N.A.	N.A.	N.A.	N.A.
14.	Mr. Prithvi Haldea[1] (DIN: 00001220)	Non-Executive, Independent	4	4	N.A.	N.A.	N.A.	N.A.	N.A.

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

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

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

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

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

1. *In terms of SEBI approval, Dr. Bhartendu Kumar Gairola and Ms. Pravin Tripathi were appointed as Independent Directors w.e.f. September 17, 2019, to fill in the vacancy arising out of the resignation tendered by Mr. Prithvi Haldea and inability of Mr. Gulshan Rai to join the Board.*
2. *Mr. Chengalath Jayaram was liable to retire by rotation at the 17th Annual General Meeting (AGM) of the Company held on September 20, 2019 and being eligible, offered himself for re-appointment. The resolution of his re-appointment was passed by requisite majority. The same was also approved by SEBI.*
3. *Ms. Padma Raghunathan was liable to retire by rotation at the 17th Annual General Meeting (AGM) of the Company held on September 20, 2019 and being eligible, offered herself for re-appointment. The resolution of her re-appointment was passed by requisite majority. The same was also approved by SEBI.*
4. *Mr. P.S. Reddy was appointed as the MD & CEO of the Company w.e.f. May 10, 2019, subsequent to completion of tenure of Mr. Mrugank Paranjape on May 08, 2019.*

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

Except in case of emergent meetings, convened to take care of exigencies of business, the Company gives adequate notice of meetings to the Board of Directors. The meetings held at a shorter notice were attended by adequate number of Independent Directors and were in compliance with the provisions of the Companies Act, 2013. During the FY 2019-20, 8 (Eight) meetings of the Board of Directors were held. The gap between any two successive meetings did not exceed one hundred and twenty days. The said Board meetings were held on April 25, 2019, May 13, 2019, July 16, 2019, August 22, 2019, October 15, 2019, January 30, 2020, February 26, 2020 and March 20, 2020. For certain matters, the Board's approval was taken by passing resolution/s through circulation, as permitted by law, which were noted in the subsequent meeting/s of the Board of Directors.

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

(C) Independent Directors:

The Independent Directors (also referred as 'Public Interest Directors') are nominated by SEBI on the recommendation of Board of Directors of the Company in accordance with the provisions of the SECC Regulations and the guidelines/

directions/circulars etc. issued by SEBI in this regard. The Independent Directors have considerable experience and varied expertise in their respective field / profession, which they bring to all the deliberations at the Board/Committee meetings. The Company issues a formal letter of appointment to all Independent Directors which, *inter-alia,* sets out the expectation of the Board from the Directors so appointed, their fiduciary duties and the accompanying liabilities. The terms and conditions of their appointment have been disclosed on the website of the Company. The Independent Directors are complying with the provisions relating to limit of directorships as required under Regulation 17A of the SEBI Listing Regulations.

Each Independent Director, at the first meeting of the Board in which he/she participates as a Director, and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations. The Board has received declarations from the Independent Directors and in its opinion, the Independent Directors satisfy the criteria of independence as specified in the SEBI Listing Regulations as well as Companies Act, 2013 and are independent of the management.

The meetings of the Independent Directors' Committee/Public Interest Directors' Committee were held on July 15, 2019 and December 17, 2019. During the meetings, the Independent Directors, *inter-alia*, reviewed the following:

a) Status of compliance with SEBI letters/ circulars;

b) The adequacy of resources dedicated to regulatory functions;

c) The performance of Non-Independent Directors and the Board as a whole;

d) The performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;

e) The quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties;

f) Working of the other Committees where the Independent Directors are also members;

g) Issues, if any, involving conflict of interest for MCX or having significant impact on the functioning of MCX or not in the interest of securities market.

(D) Familiarisation Programme for Directors:

The Company has conducted familiarisation programmes for the Directors in order to familiarise them with the nature of the industry, operations of the Company, functioning of various departments etc. Periodic presentations are made at the Board/Committee Meetings on business development plan and performance, risk management, technology, etc. Updates on relevant statutory changes and important letters received from SEBI are placed before the Board/ Committee, as the case may be. The Board Members are also provided with the information/documents sought by them, from time-to-time, to enable them to have an understanding of the Company, its operations, procedures and practices. The details of familiarisation programme conducted for Directors during FY 2019-20 have been posted on the website of the Company at https://www.mcxindia.com/investor-relations/corporate-governance.

(E) Compliance reports of applicable laws:

The Board periodically reviews the compliance certificate by MD & CEO, pertaining to all laws applicable to the Company, backed up with confirmations furnished by the respective heads of departments, as well as, steps taken by the Company to rectify instances of non-compliances, if any.

(F) Code of Conduct:

The Company has formulated and implemented a comprehensive Code of Conduct for the Board of Directors and Senior Management/ Key Management Personnel (KMPs) of the Company which is available on the website of the Company at https://www.mcxindia.com/investor-relations/corporate-governance. The Board Members and the Senior Management Personnel/KMPs affirm compliance with the Code of Conduct at the time of their appointment and thereafter on an annual basis. The Directors and KMPs also affirm compliance with the Code of Ethics prescribed by SEBI. Further, all employees of the Company, at the time of joining, undertake to abide by the Code of Ethics of the Company.

The declaration by the MD & CEO, as required under Regulation 34(3) read with Schedule V(D) of the SEBI Listing Regulations, stating that the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct, has been obtained for the FY 2019-20 and forms part of this Annual Report.

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

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

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

The above Codes were amended during the year, to provide for amendments to the Insider Trading Regulations. The revised Codes are available on the website of the Company at https://www.mcxindia.com/investor-relations/corporate-governance. Further, the Company has also formulated a 'Policy for inquiry in case of leak or suspected leak of UPSI'.

(H) Directors' Remuneration and Shareholding:

i. Remuneration of the Executive Directors and their Shareholding

The aggregate value of salary and perquisites paid/payable for the year ended March 31, 2020 along with the shareholding as at March 31, 2020 is as below:

Particulars	Mr. Mrugank Paranjape * (MD & CEO) (Amount in ₹)	Mr. P. S. Reddy ** (MD & CEO) (Amount in ₹)
Remuneration		
Fixed Component:		
Salary and allowances	23,06,451	1,86,23,411
Monetary value of perquisites	4,014	27,000
Retiral Benefits	-	9,89,574
Reimbursement of expenses	-	-
Variable Component:		
Commission	-	-
Bonus/Incentive/ Variable pay #	-	-
Total	**23,10,465**	**1,96,39,985**
Leave Encashment	7,10,769	-
Gross Total	**30,21,234**	**1,96,39,985**
Directors Sitting Fees for FY 2019-20	N.A.	N.A.
Shareholding as at March 31, 2020 (in Nos.)	N.A.	N.A.

The above mentioned figures exclude gratuity, if applicable.

**Mr. Mrugank Paranjape was appointed as the MD & CEO of the Company w.e.f. May 09, 2016 for a period of 3 years. He was not entitled to any severance allowance and his employment was subject to termination in accordance with the Company's policy and/or his employment contract, the notice period being 3 months. Upon completion of his term, he ceased to be the MD & CEO of the Company w.e.f. May 09, 2019.*

*** Mr. P.S. Reddy was appointed as the MD & CEO of the Company w.e.f. May 10, 2019. He is not entitled to any severance allowance and his employment is subject to termination in accordance with the Company's policy and/or his employment contract, the notice period being 3 months.*

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

Note: In terms of the provisions of the SECC Regulations, ESOPs and other equity linked instruments in the Stock Exchange shall not be offered or provided as part of the compensation for the Key Management Personnel. Accordingly, the KMPs are not granted any ESOPs by the Company.

Further, the Managing Director of a recognised stock exchange or a recognised clearing corporation shall not be a shareholder or an associate of a shareholder of a recognised stock exchange or recognised clearing corporation or shareholder of an associate of a recognised stock exchange or recognised clearing corporation, as the case may be.

ii. Remuneration paid to the Non-Executive Directors for attending the Board and Committee Meetings during the year ended March 31, 2020 and their shareholding as at March 31, 2020 is as below:

Name of the Director	Gross Sitting Fees (Amount in ₹)		Outstanding Stock options (in Nos.)	Shareholding in the Company as at March 31, 2020 (in Nos.)
	Board Meetings	Committee Meetings		
Mr. Saurabh Chandra	8,00,000	11,50,000	N.A.	-
Mr. Amit Goela	6,00,000	2,50,000	N.A.	100
Dr. Bhartendu Kumar Gairola	4,00,000	4,00,000	N.A.	-
Mr. Basant Seth	8,00,000	9,20,000	N.A.	-
Mr. Chengalath Jayaram	7,00,000	6,50,000	N.A.	-
Dr. Deepali Pant Joshi	7,00,000	8,90,000	N.A.	-
Mr. Hemang Raja	8,00,000	2,50,000	N.A.	-
Ms. Madhu Vadera Jayakumar	8,00,000	3,50,000	N.A.	-
Ms. Padma Raghunathan*	8,00,000	2,50,000	N.A.	-
Ms. Pravin Tripathi	4,00,000	9,00,000	N.A.	-
Mr. Shankar Aggarwal	8,00,000	15,70,000	N.A.	-
Mr. Prithvi Haldea	4,00,000	7,00,000	N.A.	-

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

There were no pecuniary relationships or transactions between the Non-Executive Directors and the Company during FY 2019-20, except for sitting fees paid to the Non-Executive Directors.

The sitting fees paid to the Non-Executive Directors including the Independent Directors is within the limits prescribed under the Companies Act, 2013. The criteria of making payments to Non-Executive Directors is available on the website of the Company at https://www.mcxindia.com/investor-relations/corporate-governance.

Pursuant to the provisions of SECC Regulations, Independent External Experts are appointed on certain Statutory Committees of the Board. The Board/respective Committees may also induct Experts on other Committees, where it is considered appropriate for value addition/smooth functioning. The Experts were entitled to the same sitting fees as the Non-Executive Directors for attending the Committee Meetings during FY 2019-20.

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

i. Systems and Technology – Understanding the growing demands of the market, anticipating future technological trends and monitoring the efficiency, resilience and efficacy of the system.

ii. Regulatory and Governance – Developing good corporate governance practices, protecting the legitimate interests of the Company, its employees, stakeholders and the communities in which it operates, maintaining board and management accountability and understanding the regulatory framework and ensuring compliance thereof in letter and spirit, risk assessment and its minimisation.

iii. Leadership and Strategic Planning – Experience of leadership in business development and strategic planning, capability to drive change and long term growth, formulation and execution of strategies in the best interest of the Company.

iv. Finance and Accounting – Management of the finance function including investments, ensuring integrity of financial information and ensuring that the financial controls are robust and defensible.

v. Diversity – Diversity of knowledge, experience, gender, outlook and principles, understanding of different geographies/cultures.

vi. Treasury Management – Financial planning aimed at sustaining and growing long-term wealth with steady returns.

The specific skills/ expertise of individual Board members have been highlighted in the table below:

Name of the Director	Area of expertise					
	Systems and Technology	Regulatory and Governance	Leadership and Strategic Planning	Finance and Accounting	Diversity	Treasury Management
Mr. Saurabh Chandra	✓	✓	✓	-	✓	-
Mr. Amit Goela	-	✓	✓	✓	✓	✓
Mr. Basant Seth	-	✓	✓	✓	✓	✓
Dr. Bhartendu Kumar Gairola	✓	✓	✓	-	✓	-
Mr. C. Jayaram	✓	✓	✓	✓	-	✓
Dr. Deepali Pant Joshi	✓	✓	✓	✓	-	✓
Mr. Hemang Raja	-	✓	✓	✓	✓	✓
Ms. Madhu Vadera Jayakumar	-	✓	-	✓	✓	✓
Ms. Padma Raghunathan	-	✓	✓	✓	✓	-
Ms. Pravin Tripathi	✓	✓	-	✓	✓	✓
Mr. Shankar Aggarwal	✓	✓	✓	✓	✓	-
Mr. P.S. Reddy	-	✓	✓	✓	✓	✓

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

3. BOARD COMMITTEES:

The Board has constituted 11 Statutory Committees in accordance with the provisions of the Companies Act, 2013, the SEBI Listing Regulations, the SECC Regulations, and the circulars, guidelines etc. issued thereunder. For effective exercise of its powers and to enable detailed review of matters, the Board has constituted/may constitute other non-statutory Committees as well. These Committees are re-constituted from time to time, wherever necessary.

The Chairman of the Board/Chairman of the respective Committees, in consultation with the Company Secretary and the MD & CEO, determine the schedule for the Committee Meetings in accordance with Company's Policy for Frequency of Committee Meetings framed pursuant to the provisions of SECC Regulations. The minutes of all the Committee meetings are placed at its subsequent meeting for confirmation and also before the Board for its noting. The recommendations of the Committees are placed before the Board for approval, wherever required. During the year, all mandatory recommendations made by the Committees, were accepted by the Board.

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

AUDIT COMMITTEE:

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

I. **Terms of Reference:**

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

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

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

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

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

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

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

v. Scrutiny of inter-corporate loans and investments;

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

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

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

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

II. **Powers of the Committee:**

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

III. **Role of the Committee:**

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

Further, the Committee reviews compliance with the provisions of the Code of Conduct for Prevention of Insider Trading of MCX at least once in a financial year and verifies that the systems for internal control are adequate and are operating effectively.

IV. **Composition, meetings and attendance during the year:**

During the FY 2019-20, 8 (eight) Audit Committee meetings were held and the gap between any two successive meetings did not exceed one hundred and twenty days. The said meetings were held on April 25, 2019, May 27, 2019, June 01, 2019, July 16, 2019, August 06, 2019, September 19, 2019, October 15, 2019, and January 30, 2020. The constitution and the number of meetings attended by the members are as under:

Members *	Category	Meetings held[#]	Meetings attended
Mr. Shankar Aggarwal (Chairman)	Non-Executive, Independent	8	8
Mr. Basant Seth	Non-Executive, Independent	8	8
Mr. Chengalath Jayaram	Non-Executive, Non-Independent	8	6
Ms. Pravin Tripathi	Non-Executive, Independent	2	2
Mr. Prithvi Haldea	Non-Executive, Independent	5	5

**During the year, the Audit Committee was re-constituted by the Board on September 24, 2019. The Committee comprised Mr. Shankar Aggarwal, Mr. Basant Seth, Mr. Chengalath Jayaram and Ms. Pravin Tripathi as on March 31, 2020.*

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

Invitees to the Audit Committee meetings included the Head of the Finance & Accounts department, MD&CEO, and Partners / Representatives of the Statutory Auditors and the Internal Auditors. Executives from various

departments attend the Audit Committee meetings where matters relating to their respective departments are discussed. The Company Secretary is the Secretary to the Committee.

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

Mr. Shankar Aggarwal, Chairman of the Audit Committee, attended the last Annual General Meeting of the Company held on September 20, 2019.

NOMINATION AND REMUNERATION COMMITTEE:

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

I. **Terms of Reference:**

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

ii. Identify a Key Management Personnel, other than personnel specifically defined under the SECC Regulations;

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

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

v. Selecting the Managing Director;

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

vii. Recommend to the Board, the Performance Evaluation/Review Policy for effective evaluation of performance of the Board, its Committees as well as individual Directors, and to review the Policy atleast once in 3 years;

viii. Recommend to the Board, the extension or otherwise of the tenure of a Public Interest Director on the Governing Board, on the basis of his/her internal/external performance evaluation;

ix. Devise a policy on diversity of Board of Directors;

x. Administration and superintendence of the ESOP Schemes.

The Company's Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as **Annexure VII** to the Directors' Report and is also available at the website of the Company at https://www.mcxindia.com/investor-relations/corporate-governance.

II. **Composition, meetings and attendance during the year:**

During the FY 2019-20, 8 (eight) meetings of the Nomination and Remuneration Committee were held. The said meetings were held on April 25, 2019, May 06, 2019, July 13, 2019, August 22, 2019, October 15, 2019, December 02, 2019, January 31, 2020 and March 26, 2020. The constitution and the number of meetings attended by the members are as under:

Members *	Category	Meetings held#	Meetings attended
Mr. Shankar Aggarwal (Chairman)	Non-Executive, Independent	8	8
Mr. Saurabh Chandra	Non-Executive, Independent	8	8
Ms. Pravin Tripathi	Non-Executive, Independent	4	4
Mr. Prithvi Haldea	Non-Executive, Independent	4	4

**During the year, the Nomination and Remuneration Committee was reconstituted by the Board on September 24, 2019. The committee comprised of Mr. Shankar Aggarwal, Mr. Saurabh Chandra and Ms. Pravin Tripathi as at March 31, 2020.*

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

Mr. Shankar Aggarwal, Chairman of the Committee, attended the last Annual General Meeting of the Company held on September 20, 2019.

STAKEHOLDERS' RELATIONSHIP COMMITTEE:

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

I. **Terms of reference:**

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

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

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

iii. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Transfer Agent (RTA);

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

II. **Composition, meetings and attendance during the year:**

During the FY 2019-20, meeting of the Stakeholders' Relationship Committee was held on July 16, 2019. The constitution and the attendance of the members at the said meeting is as under:

Members	Category	Meetings held#	Meetings Attended
Dr. Deepali Pant Joshi (Chairperson)	Non-Executive, Independent	1	1
Ms. Padma Raghunathan	Non-Executive, Non- Independent	1	1
Mr. Amit Goela	Non-Executive, Non- Independent	1	1
Mr. Hemang Raja	Non-Executive, Non- Independent	1	1

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

Dr. Deepali Pant Joshi, Chairperson of the Committee, attended the last Annual General Meeting of the Company held on September 20, 2019.

Mr. Ajay Puri, Company Secretary and Compliance Officer of the Company, is the Secretary to the Committee. He can be reached out at the registered office address of the Company (email: ig-mcx@mcxindia.com, Tel: +91-22-6731 8888, Fax: +91-22-6649 4151).

Details of the number of complaints received from shareholders and attended during the financial year ended March 31, 2020 are given below:

Opening balance	Received	Attended	Closing balance
0	**18**	**18**	**0**

The complaints were attended to the satisfaction of shareholders by the Company and/or its RTA - KFin Technologies Private Limited (earlier Karvy Fintech Private Limited), and no complaints remained pending to be attended as at March 31, 2020.

Details of shares lying in the suspense account as at March 31, 2020 (Pursuant to Regulation 34(3) and Schedule V Part F of the SEBI Listing Regulations):

Sr. No.	Particulars	No. of shareholders	No. of shares
1.	Aggregate number of shareholders and the outstanding shares in the suspense account lying as at April 01, 2019	6	44
2.	Number of shareholders who approached the issuer for transfer of shares from suspense account during the year	0	0
3.	Number of shareholders to whom shares were transferred from suspense account during the year	0	0
4.	Aggregate number of shareholders and the outstanding shares in the suspense account lying as at March 31, 2020	0	0*

** Transferred to Investor Education and Protection Fund in accordance with the provisions of Section 124(6) of the Companies Act, 2013.*

The broad terms of reference & constitution as at March 31, 2020, of other Board Committees is as under:

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

Mr. Shankar Aggarwal (C)

Dr. Bhartendu Kumar Gairola

Ms. Pravin Tripathi

Mr. Chengalath Jayaram

Mr. P. S. Dhekene (Independent External Expert)

Prof. Rajat Moona (Independent External Expert)

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

Dr. Deepali Pant Joshi (C)

Mr. Basant Seth

Ms. Pravin Tripathi

Dr. Anil Kumar Sharma (Independent External Expert)

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

Dr. Deepali Pant Joshi (C)

Mr. Amit Goela

Ms. Padma Raghunathan

Ms. Madhu Vadera Jayakumar

Ms. Pravin Tripathi

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

Mr. Saurabh Chandra (C)

Mr. Basant Seth

Dr. Bhartendu Kumar Gairola

Dr. Deepali Pant Joshi

Ms. Pravin Tripathi

Mr. Shankar Aggarwal

v. **Member and Core Settlement Guarantee Fund Committee (erstwhile Member Selection Committee):** The Committee, *inter-alia*, looks into applications for admission of members and transfer as well as withdrawal of membership, formulates policy for regulatory actions including declaring a member as defaulter, imposes appropriate regulatory measures, makes recommendation to the MCX IPF Trust regarding payment of claims, oversees contribution towards Core Settlement Guarantee Fund (SGF) of the Clearing Corporation and performs such other functions as prescribed in the SECC Regulations and the circulars/guidelines etc. issued thereunder. The members of the Committee are given below:

Ms. Pravin Tripathi (C)

Mr. Saurabh Chandra

Mr. Suresh Gupta (Independent External Expert)

Mr. P.S. Reddy

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

Mr. Shankar Aggarwal (C)

Mr. Saurabh Chandra

Dr. Bhartendu Kumar Gairola

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

Mr. Suresh Gupta (Independent External Expert)

vii. **Advisory Committee:** The Committee advises the Governing Board on non-regulatory and operational matters including product design, technology, charges and levies. It comprises of trading members of the Stock Exchange, and the Chairperson of the Board is the head of the Committee. MD&CEO is a permanent invitee to the meetings.

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

Mr. Shankar Aggarwal (C)

Mr. Basant Seth

Dr. Deepali Pant Joshi

Mr. Ashok K. Dhere (Representative from Investor Association)

Mr. Sanjay Golecha (Chief Regulatory Officer)

ix. **Investment Committee:** The Investment Committee approves the overall investment policy of the Company as well as any subsequent changes therein, within the overall scope and framework of the policy, and oversees the implementation of the policy. The members of the Committee are given below:

Mr. Chengalath Jayaram (C)

Mr. Basant Seth

Dr. Deepali Pant Joshi

Mr. Hemang Raja

Ms. Madhu Vadera Jayakumar

4. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Venue of the meeting
2018-19 17th AGM	September 20, 2019	11.30 a.m.	Ravindra Natya Mandir, Ground Floor, PL Deshpande Auditorium, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai, Maharashtra - 400025
2017-18 16th AGM	August 31, 2018	11.30 a.m.	Yashwantrao Chavan Auditorium, General Jagannath Bhosale Marg, Opposite Mantralaya, Nariman Point, Mumbai - 400021
2016-17 15th AGM	August 22, 2017	11.30 a.m.	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai – 400018

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

Date	Particulars
September 20, 2019	Approval for increase in total limit of Foreign Investment in the Company upto the prescribed sectoral cap of 49%.
August 31, 2018	No Special Resolutions were passed.
August 22, 2017	No Special Resolutions were passed.

(C) Postal Ballot: During the FY 2019-20, no special resolution was passed through postal ballot. Also, no business required to be transacted through postal ballot is being proposed on or before the ensuing Annual General Meeting of the Company.

(D) Extra-ordinary General Meeting: No Extra-ordinary General Meeting was held during the FY 2019-20.

5. DISCLOSURES:

(A) Disclosures on materially significant related party transactions:

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

Further, in terms of the provisions of Regulation 23(9) of the SEBI Listing Regulations, disclosure of related party transactions on a consolidated basis, is made to the Stock Exchange (i.e. BSE Ltd.) where the securities of the Company are listed, on a half-yearly basis. The same is also uploaded on the website of the Company.

(B) Non-compliance by the Company, penalties or strictures imposed by Stock Exchanges, SEBI or any statutory authority, on any matter related to the capital markets during the last three years:

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

(C) Whistle Blower Policy:

Your Company has established a Vigil Mechanism/ Whistle Blower Policy to enable Directors, Stakeholders, including individual employees and their representative bodies to report, in good faith, unethical, unlawful or improper practices, acts or activities. The said mechanism ensures that the whistle blowers are protected against victimization/any adverse action and/ or discrimination as a result of such a reporting and provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no personnel of the Company have been denied access to the Audit Committee.

During the FY 2019-20, SEBI had forwarded a whistle blower complaint received by it against the Company, and had sought our comments and action taken in this regard. The complaint was deliberated upon by the Audit Committee and comments were furnished to SEBI. It may be noted that the allegations made in the complaint were baseless and devoid of any substance or facts.

The Whistle Blower Policy has been disclosed on the website of the Company at https://www.mcxindia.com/investor-relations/corporate-governance.

(D) Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

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

(E) Management's Discussion and Analysis:

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

(F) CEO/CFO Certification:

The certificate signed by the CEO and VP-F&A in terms of Regulation 17(8) of the SEBI Listing Regulations was placed before the Board of Directors at its meeting held on May 30, 2020. This certificate is covered elsewhere in this Annual Report.

(G) Certificates from Practicing Company Secretary:

A certificate has been received from M/s P. Naithani & Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company as on March 31, 2020, has been debarred or disqualified from being appointed or continuing as a director of companies, by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

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

(H) Statutory Auditors:

The particulars of fees paid by the Company to the Statutory Auditors, M/s. Shah Gupta & Co., Chartered Accountants (Firm Registration No. 109574W), during FY 2019-20 on a consolidated basis are as under:

Particulars	Amount in lacs (₹)
For audit	24
For taxation matters	3
For other services	1
Reimbursement of out of pocket expenses	1
Total	**29**

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

Mandatory Requirements

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

Non-Mandatory Requirements

- **The Board -** The Company maintains a Chairman's office at the Company's premises at its own expense.
- **Shareholder Rights -** The Quarterly financial results as well as all significant information/events disseminated to BSE Ltd. are uploaded on the website of the Company and is available to all the shareholders.
- **Modified opinion(s) in audit report** - The Auditors' Report on statutory financial statements of the Company is unmodified.
- **Separate posts of Chairman and CEO -** The Company has separate posts of Chairman and CEO.
- **Reporting of Internal Auditor** - The Internal Auditor makes quarterly presentations to the Audit Committee on their reports.

(J) Subsidiary:

The Audit Committee/Board periodically reviews significant developments, transactions and arrangements entered into with the Unlisted Subsidiary Company, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL). The Audit Committee/Board also reviews the Financial Statements of the Subsidiary Company, including investments made by the Company. The minutes of Board meetings of the Subsidiary Company are periodically placed before the Board of Directors of the Company.

The Company has formulated a Policy on Material Subsidiaries which has been disclosed on the website of the Company at https://www.mcxindia.com/investor-relations/corporate-governance. During the FY 2019-20, MCXCCL was not a material subsidiary of MCX.

6. MEANS OF COMMUNICATION:

The quarterly, half yearly and annual results of the Company are generally published in the newspapers, namely, Business Standard/Financial Express, English daily newspapers with circulation in the whole or substantially the whole of India and Loksatta/Navakal, Marathi daily newspapers. The financial results, shareholding pattern, press releases, stock information, annual reports, investor presentations etc. are uploaded on the website of the Company www.mcxindia.com. The same are also disseminated to the Stock Exchange (i.e. BSE Ltd.) where the securities of the Company are listed, as required/prescribed under the SEBI Listing Regulations.

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

Go Green Initiative:

As a part of its green initiative, the Company has taken necessary steps to send documents viz. notice of the general meeting, annual report, etc. at the registered email addresses of shareholders. Those who have not yet registered their email ids are requested to register the same with the RTA in case of physical holdings / Depository Participants in case of electronic holdings with Depositories, to enable the Company to send the documents by the electronic mode.

Physical copies of the said documents are sent to all those members whose email addresses are not registered with the Company/RTA/Depository and to those who have requested the Company that they wish to receive the documents in physical mode. However, in view of the relaxation provided by the Securities and Exchange Board of India due to COVID-19 pandemic, no physical copies of the annual report for FY 2019-20 will be issued by the Company. Members can access the documents at the website of the Company www.mcxindia.com, as well as, the website of BSE Ltd. www.bseindia.com.

7. GENERAL SHAREHOLDER INFORMATION:

1.	Day, Date, Time and Mode of Annual General Meeting (FY 2019-20)	Monday, August 31, 2020 at 11.30 a.m. (IST) through video conferencing (VC). For details, please refer to the Notice convening this AGM.
2.	Financial year	April 01, 2019 to March 31, 2020
3.	Book Closure date	The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, August 25, 2020 to Monday, August 31, 2020 (both days inclusive) for the purpose of payment of dividend for the Financial Year ended March 31, 2020 and the AGM of the Company.
4.	Dividend payment date	Dividend for the financial year ended March 31, 2020, as recommended by the Board of Directors of the Company, if approved at the AGM, will be paid to the Members on/after Thursday, September 10, 2020 as under: i) To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on Monday, August 24, 2020; ii) To all Members in respect of shares held in physical form after giving effect to valid transposition/transmission requests lodged with the Company on or before the close of business hours on Monday, August 24, 2020.
5.	Mode of payment of dividend	Dividend is remitted through electronic mode where the requisite details are available with the Company, and in all other cases, through account payee/ non-negotiable instruments. It may be noted that dividend for FY 2019-20 shall be electronically credited to Members whose bank account details are updated with the Depository Participants/RTA. Members who have not updated their bank account details, are requested to update the same with their respective Depository Participants/RTA in case of physical holdings. In cases where bank account details are incomplete/unavailable, account payee/non-negotiable instruments shall be issued upon normalization of postal services.
6.	Listing on Stock Exchanges	The equity shares of the Company are listed on BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The applicable annual listing fee has been paid to BSE Limited. Further, in pursuance of Regulation 3.1.1 of the National Stock Exchange (Capital Market) Trading Regulations Part A and other relevant provisions, National Stock Exchange of India Limited (NSE) vide its Circular Ref. No.: 202/2012 dated March 07, 2012 notified that, with effect from March 09, 2012, the Company's equity shares were permitted to be traded and admitted to dealings on NSE (Capital Market segment).

7.	Stock Market Code	BSE: 534091 Reuters: MCEI.BO Bloomberg: MCX:IN
8.	Registrar and Transfer Agent	KFin Technologies Private Limited Selenium Tower B, Plot Nos. 31-32, Financial District Nanakramguda, Serilingampally Mandal, Hyderabad, Telangana – 500 032. Ph: 040-67162222, Fax: 040-23001153 Toll Free no.: 1800-345-4001 Email:einward.ris@kfintech.com
9.	Share Transfer system	99.99% of the equity shares of the Company are in electronic form. Transfer of these shares is done through the Depositories with no involvement of the Company. Regulation 40 of the SEBI Listing Regulations provides that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a Depository. Further, as per Regulation 46 of the SECC Regulations, securities of a Recognised Stock Exchange shall be in dematerialised form. Therefore, shareholders holding shares in physical form are requested to dematerialise the same.
10.	Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	As at March 31, 2020, the Company did not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments.
11.	Commodity price risk or foreign exchange risk and hedging activities	The Company does not have any exposure in commodities nor any foreign exchange exposure and therefore no hedging activities are carried out. There is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/ CIR/P/2018/0000000141 dated November 15, 2018.
12.	Exchange operations are located at	The registered and corporate office is located at Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai - 400 093, India. The Disaster Recovery Site is situated at Gift City, Gandhinagar, Gujarat.
13.	Address for Correspondence	Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai - 400 093, India. Tel: +91-22-6731 8888 Fax: +91-22-6649 4151 Website: www.mcxindia.com
14.	Depository for Equity shares	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
15.	Demat International Securities Identification Number (ISIN) allotted to the equity shares of the Company under the Depository System	INE745G01035
16.	Corporate Identification Number (CIN) of the Company	L51909MH2002PLC135594

Unclaimed Dividend:

As per the provisions of Sections 124 and 125 the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, dividends which are unpaid/ unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Further, all shares (except when there is a specific order of Court, Tribunal or any Statutory Authority restraining any transfer of shares), in

respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the IEPF Authority.

Details of unpaid/unclaimed dividends transferred to IEPF during FY 2019-20, are as under:

Sr. No.	Transaction Type		Amount (₹)	Date of Transfer
1	Dividend for FY 2011-12	Interim	6,98,328	June 10, 2019
2	Dividend for FY 2011-12	Final	1,64,226	November 27, 2019
3	Dividend for FY 2012-13	Interim	3,33,264	December 27, 2019

Shares with respect to dividends lying unpaid/unclaimed for 7 consecutive years, were also transferred to the IEPF Authority. Details of the same are available on our website at https://www.mcxindia.com/investor-relations/details-of-transfer-of-shares-to-iepf.

Further, details of the unpaid/unclaimed amounts lying with the Company are also available on the website of the Company at https://www.mcxindia.com/investor-relations/iepf-unclaimed-unpaid-amount.

Shareholders whose dividend/shares are transferred to the IEPF Authority, may claim the same by making an application in prescribed form to the IEPF Authority in this regard, details of which are available on www.iepf.gov.in . No claims shall lie against the Company in respect of the dividend/shares so transferred. The Members/Claimants can file only one consolidated claim in a financial year as per the IEPF Rules.

Dematerialisation of Shares and Liquidity:

The shares of the Company are tradable compulsorily in dematerialised (electronic) form, and through KFin Technologies Private Limited, Registrars and Transfer Agent, we have established connectivity with both the depositories viz. NSDL and CDSL. The bifurcation of the category of shares in physical and electronic mode as on March 31, 2020 is given below:

Category	No. of shareholders	% of shareholders	Total Shares	% of Equity
Physical (A)	5	0.0043	133	0.0003
Demat				
- NSDL	74786	63.8117	40121808	78.6727
- CDSL	42407	36.1841	10876428	21.3270
Sub total (B)	**117193**	**99.9957**	**50998236**	**99.9997**
Total (A) + (B)	**117198**	**100.0000**	**50998369**	**100.0000**

Month-Wise Stock Market Data:

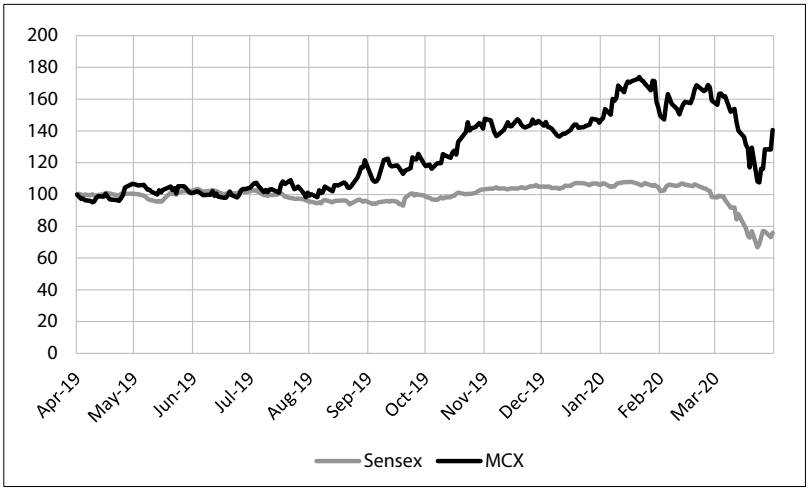
The monthly high and low quotations, as well as, the volume of shares traded at the BSE are given below:

Month	BSE Limited		
	High Price in ₹	Low Price in ₹	No. of shares traded during the month
April-19	866.15	761.70	735354
May-19	876.00	783.60	616569
June-19	840.00	784.65	278810
July-19	895.40	779.05	828694
August-19	980.70	780.30	814087
September-19	1030.50	834.80	2842728
October-19	1213.25	928.00	1476091
November-19	1219.90	1086.65	932639
December-19	1198.65	1090.55	822707
January-20	1442.00	1168.00	1205900
February-20	1398.40	1171.00	702661
March-20	1346.00	805.05	571352



Share Price Performance in Comparison to Broad Based Indices:

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



Distribution of Shareholding as on March 31, 2020:

Sr.No.	Category (No. of shares)	Shareholders		Shares held	
		No. of holders	% of Total	No. of shares	% of Total
1	1-5000	116758	99.62	7741128	15.18
2	5001-10000	155	0.13	1117650	2.19
3	10001-20000	80	0.07	1124439	2.20
4	20001-30000	30	0.03	752991	1.48
5	30001-40000	23	0.02	817965	1.60
6	40001-50000	23	0.02	1025744	2.01
7	50001-100000	123	0.11	23210109	45.51
8	100001& Above	6	0.01	15208343	29.82
	Total	**117198**	**100.00**	**50998369**	**100.00**

Shareholding pattern as on March 31, 2020:

Sr. No.	Category	No. of shares held	% of shareholding
1.	Foreign Portfolio Investors	16412923	32.18
2.	Mutual Funds	10913691	21.40
3.	Resident Individuals	10852512	21.28
4.	Financial Institutions /Banks	8604973	16.87
5.	Employee Benefit Trust (under SEBI (Share Based Employee Benefit) Regulations, 2014)	95551	0.19
6.	NBFC	3952	0.01
7.	Others	4114767	8.07
	Total	**50998369**	**100.00**

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

Reconciliation of Share Capital Audit:

Pursuant to Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and SEBI Circular No. D&CC/FITTC/CIR-16/2002 dated December 31, 2002, a qualified Practicing Company Secretary, carries out on a quarterly basis, a Share Capital Audit to reconcile the total admitted equity share capital with NSDL and CDSL, the total issued and listed capital and the report thereon is submitted to BSE Limited, where the Company's shares are listed. Based on the audit report, it is certified/confirmed that the total listed and issued /paid-up capital is in agreement with the aggregate of the total number of shares held in physical form and dematerialised form held with NSDL and CDSL.

For and on behalf of the Board of Directors

Saurabh Chandra
Chairman
(DIN: 02726077)

New Delhi
July 25, 2020

CEO /VP-F&A CERTIFICATION FOR THE FY 2019-20

The Board of Directors
Multi Commodity Exchange of India Limited
Exchange Square, CTS No. 255,
Suren Road, Andheri- East,
Mumbai -400 093.

We, P. S. Reddy, Chief Executive Officer and Satyajeet Bolar, VP-F&A of Multi Commodity Exchange of India Limited, certify that:

(a) We have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2020 and to the best of our knowledge and belief -

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

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

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in 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, read along with the notes to accounts in the financial statements.

For Multi Commodity Exchange of India Limited

P. S. Reddy	**Satyajeet Bolar**
MD & CEO	VP-F&A

Mumbai
May 30, 2020

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

This is to confirm that the members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of Multi Commodity Exchange of India Limited, as applicable to them, for the Financial Year ended March 31, 2020.

Mumbai
July 25, 2020

P. S. Reddy
MD & CEO

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of
Multi Commodity Exchange of India Limited

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

I have examined the compliance of conditions of Corporate Governance of Multi Commodity Exchange of India Limited, for the year ended on March 31, 2020 as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

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

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations. The Board of Directors of the Company are duly constituted with proper balance of Independent Directors and Woman Director as per the Listing Regulations. However, due to resignation by two Public Interest Directors (PIDs)/Independent Directors with effect from March 06, 2019 and September 03, 2019, the composition of Board of Directors was not in conformity with the provisions of Regulation 23 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations). With the appointment of two PIDs w.e.f. September 17, 2019, the composition was in accordance with SECC Regulations.

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

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

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

Place: Mumbai
Date: 25th July, 2020

UDIN:F003830B000502482

BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34(2)(f) of Securities and Exchange Board of India

(Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L51909MH2002PLC135594
Name of the Company	Multi Commodity Exchange of India Limited
Registered address	Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai – 400093, Maharashtra, India.
Website	www.mcxindia.com
E-mail id	info@mcxindia.com, ig-mcx@mcxindia.com
Financial Year reported	April 01, 2019 – March 31, 2020
Sector(s) that the Company is engaged in (industrial activity code-wise)	Multi Commodity Exchange of India Limited (MCX) is a Stock Exchange governed by the Securities Contracts (Regulation) Act, 1956 and the regulations made thereunder. Section K: Financial and Insurance Activities, Division 66: Other Financial Activities, Administration of Financial Markets, NIC Code – 6611
List three key products/services that the Company manufactures/provides (as in balance sheet)	MCX is a widely held commodity derivatives Exchange engaged in providing a platform to facilitate nationwide online trading of commodity derivatives.
Total number of locations where business activity is undertaken by the Company: (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	The Exchange operations are carried out from its Mumbai location. Additionally, the Company has Branch offices in other locations within India. (a) Nil (b) Ten
Markets served by the Company -Local/State/National/ International	National

SECTION B: FINANCIAL DETAILS OF THE COMPANY AS ON MARCH 31, 2020

1.	Paid up Capital (₹)	5,099.84 Lakh
2.	Total Revenue (₹)	48,177 Lakh
3.	Total profit after taxes (₹)	20,852 Lakh
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	333.18 Lakh (1.60% of PAT)
5.	List of activities in which expenditure in 4 above has been incurred	List of CSR activities in which expenditure has been incurred is covered in **Annexure III** of the Directors' Report.

SECTION C: OTHER DETAILS

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

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR:

(a)	**Details of the Director responsible for implementation of the BR policy/policies (F.Y. 2019-20)**	**Details**
	DIN Number	01064530
	Name	Mr. P. S. Reddy
	Designation	MD & CEO
(b)	**Details of BR head (F.Y. 2019-20)**	**Details**
	DIN Number (if applicable)	NA
	Name	Mr. Ajay Puri
	Designation	Company Secretary & Compliance Officer
	Telephone number	022- 67318888
	E-mail id	ajay.puri@mcxindia.com

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

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

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

Notes:

1. All the policies have been formulated in accordance with the legal stipulations governing them and/or in consultation with the Management of the Company.
2. Policies are formulated ensuring adherence to the applicable laws of the country. Further, MCX Environment Policy also conforms to ISO 14001:2015 and the Standard Operating Procedure conforms to ISO 9001, ISO 14001, ISO 27001.
3. The policy(ies) are approved by the Board of Directors/ Committee of the Board of Directors/ Senior Management of the Company.
4. The Board has appointed Mr. P. S. Reddy, MD & CEO, to oversee the implementation of various policy(ies) formulated by the Company.
5. These policies are either available on the website of the Company/ on the intranet (available to employees). The web links of the policies as available on the website of the Company are as follows:

MCX Code of Conduct for Board of Directors and Senior Management	https://www.mcxindia.com/investor-relations/corporate-governance.
Code of Ethics for Directors and Key Management Personnel of Stock Exchanges	https://www.mcxindia.com/investor-relations/corporate-governance.
Bye law 14 of Bye laws of the Company	https://www.mcxindia.com/about-us/legal-framework.
Policy relating to avoidance by Directors and Key Managerial Personnel of Conflict of Interest	https://www.mcxindia.com/investor-relations/corporate-governance.
Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://www.mcxindia.com/investor-relations/corporate-governance.
Code of Conduct for Prevention of Insider Trading	https://www.mcxindia.com/investor-relations/corporate-governance.
Whistle Blower Policy	https://www.mcxindia.com/investor-relations/corporate-governance.
Policy Disclosure of Material Events and Information	https://www.mcxindia.com/investor-relations/corporate-governance.
Criteria for Eligibility, Retention and re-introduction of derivative contracts on Commodities	https://www.mcxindia.com/docs/default-source/default-document-library/circular-024-2017.zip
Corporate Social Responsibility Policy	https://www.mcxindia.com/investor-relations/corporate-governance.
CSQ-Service Policy	https://www.mcxindia.com/docs/default-source/about-us/csq_service-policy.pdf?sfvrsn=fe9bc490_2.

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

3. Governance related to BR:

a.	Frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company.	The Board has assessed the BR performance of the Company for FY 2019-20 and proposes to assess the same annually.
b.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The BR report for FY 2019-20 can be accessed under the Annual Report heading through the link: https://www.mcxindia.com/investor-relations. It is published annually.

Principle wise Policies/Practices:

P 1 ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Policies:

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

P 2 PRODUCT LIFECYCLE SUSTAINABILITY

Procedure:

Standard Operating Procedure (SOP)

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

Practices:

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

P 3 EMPLOYEE WELLBEING

Policies:

Remuneration Policy for Key Managerial Personnel, Senior Management Team and other employees, Gratuity Policy, Leave Policy, Retirement Policy, Office Timing Policy, Maternity Benefits Policy, Crèche Policy, Affirmation Action Policy, Provident Fund Policy, Reward & Recognition, Annual Health Check-up, Training & Development, Educational Sponsorship, Performance Management System, Promotion Policy, Insurance Policy.

Practices:

Annual Offsite get together, Doctor available on call.

P 4 STAKEHOLDER ENGAGEMENT

Policies:

Affirmative Action Policy, Corporate Social Responsibility Policy.

P 5 HUMAN RIGHTS

Policies:

Equal Opportunity Policy, Affirmative Action Policy, Code of Ethics, Disciplinary Action Policy, Whistle Blower Policy, Prevention, Prohibition and Redressal of Sexual Harassment to Women at Workplace Policy.

P 6 ENVIRONMENTAL MANAGEMENT`

Policies:

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

Practices:

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

P 7 PUBLIC ADVOCACY

Policies:

Policy for Responsible Advocacy

Practices:

- Your Company aims to encourage enterprises and physical market participants to take advantage of price discovery and hedging mechanisms that the Exchange facilitates, and to make policy-makers, academia and think tanks aware of the policy issues that impact the growth of the commodity derivatives market and its ecosystem.

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

P 8 GROWTH AND EQUITABLE DEVELOPMENT

Policies:

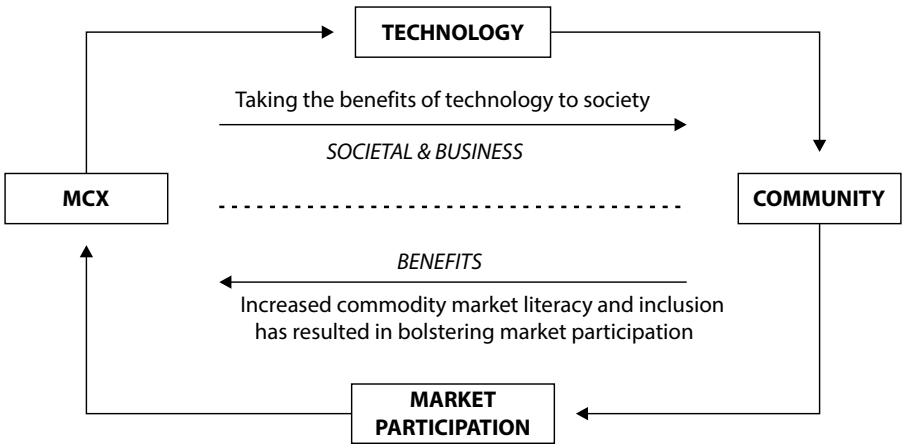
Corporate Social Responsibility Policy, Affirmative Action Policy

P 9 VALUE FOR CUSTOMERS AND CONSUMERS

Practices:

- Commodity derivatives contracts are the principal products of the Exchange. Apart from Futures contracts across Bullion, Base Metals, Energy and Agri, Options contracts in Gold, Crude Oil, Zinc, Copper and Silver are actively traded on the Exchange platform. Your Company continues to endeavour to engage with stakeholders of Indian commodity market for its further development.
- Your Company continues to actively engage with physical industry participants across commodities by soliciting their active participation in hedging their risks on the Exchange platform.
- Your Company regularly publishes relevant updates and notifications through its circulars, periodic publications, reports, Do's and Don'ts to all members/clients to spread awareness of products, benefits and risks to enable all stakeholders to trade responsibly.
- Your Company conducts product awareness seminars, conclaves, educational training and awareness sessions to educate the members/clients about risks of trading in the products, efficient usage of its products and services in line with the guidelines laid down by the regulator.
- Your Company being a Self-Regulatory Organisation (SRO), with no direct access to investors, regulates members who advertise products traded on the Exchange and deal with investors / clients. It inspects members and checks whether members have followed the code of advertisement issued to members vide its circular Schemes / Leagues / Competitions launched by registered Stock Brokers; Code of Advertisement and Compliance requirements.
- Your Company has a mechanism in place to handle grievances/complaints/queries raised by any of the customers through its Customer Service and Quality (CSQ) desk and/or Investor Service Centres. CSQ team plays an important role in providing voice support on dedicated landlines and giving email support to members and market participants. Additionally, the CSQ team provides support to all the members and market participants through Online Member Query Portal and Online Chat.
- Your Company gathers Annual Feedback from members on the services provided by it. The data collated becomes basis for changes in various operational processes related to members, to make them more efficient and member friendly.

SECTION E: PRINCIPLE-WISE PERFORMANCE



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

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

At MCX, the governance is grounded on the foundation of ethics, driven by robust mechanisms, policies, processes and practices, ensuring high standards of accountability and transparency. MCX is committed to act professionally, fairly and with integrity in all its dealings with the stakeholders that includes Members, Clients, Directors, Employees, Shareholders/Investors, Regulatory Authorities, Physical Market Participants, Suppliers/Vendors etc.

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

a. **Directors/Employees:** Your Company framed a *"Code of Conduct"* for Board of Directors and Senior Management and *"Code of Ethics"* for Directors, Key Management Personnel and Executives of the Company with an underlying philosophy of conducting the business in an ethical, transparent and responsible manner. Further, the Company also obtains declarations with respect to the 'fit & proper criteria' as defined under Regulation 20 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 from its Directors/Key Management Personnel.

b. **Members:** The Company also endeavours to ensure compliance of ethical standards by its Members through appropriate clauses in the undertakings which they are obligated to comply with like observing high standards of commercial honour of just and equitable principles of trade. The Code of Conduct for Members obligates them that they shall not guarantee any profits, returns or avoidance of loss to any client.

c. **Suppliers/Vendors:** The Company communicates to all vendors during the registration phase, in the Solicitation documents and in the Contract documents that in their dealings with the Company they shall adhere to the highest ethical standards at all times including during the bidding process and the execution of a contract.

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

d. **Shareholders/Investors:** The Company obtains declarations from certain specified shareholders, either annually (shareholder holding more than 2%) or otherwise, confirming compliance with 'fit & proper criteria' as defined under Regulation 20 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

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

Your Company generally receives complaints from the following stakeholders:

a. **Members:**

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

i. Networking related complaints include Leased Line, VSAT & Internet connectivity related issues, and

ii. System related problems/complaints include Exchange Problems such as Login Problems, or problems in placing orders and other System issues.

Under CSQ, your Company sorts queries/complaints/suggestions under following categories:

i. Queries: Calls/Emails, which does not hamper trading activities of MCX Member.

ii. Complaints: Calls/Emails pertaining to connectivity issues of the Members in MCX, System related issues, etc., which hamper trading activities of MCX Members.

iii. Suggestions: Calls/Emails pertaining to suggestion or improvement required in MCX Operations, Customer Service & Quality (CSQ), Systems & Networking, Membership, Inspection, Accounts processes, etc. which will improve customer responsiveness.

b. **Investors (Client):**

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

c. **Arbitration:**

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

d. **Appellate Arbitration:**

A party aggrieved by an Arbitral Award may appeal to the Appellate panel of Arbitrators of the Exchange against such Award.

e. **Shareholders:**

Shareholders generally approach the Company with their complaints either directly or through SCORES - online portal of SEBI /BSE - Exchange where the shares are listed /Kfin Technologies Pvt. Ltd., Company's RTA.

The status of complaints received/ disposed off and pending as on March 31, 2020 is given below:

Complaints from:	As at April 01, 2019	Received during the year	Disposed off	% Satisfactorily resolved	Pending as at March 31, 2020
Members	0	Calls: 1898 E-mails: 142	All closed	100%	0
Investor (Client)	15	1513	1450*	94.89%	78
Arbitration	4	35	29	74.36%	10
Appellate Arbitration	4	3	5	71.43%	2
Shareholders	0	18	18	100%	0

** Includes 123 complaints against the defaulter Member, Fairwealth Commodity Broking Pvt Ltd, and 1 complaint against defaulter Member, Guiness Commodities Pvt Ltd, whose complaints have been disposed off. However, the claims received from these investors against the defaulter Members are being dealt as per the default process of the Exchange.*

PRINCIPLE 2: BUSINESS SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The following are some of the initiatives undertaken by the Company to address social concerns and/or avail opportunities:

a. Agri Related:

i. Awareness programs with Farmers and Farmer Producer Organisations to make them understand price risk management, hedging and tie ups with associations to reach out to physical stakeholders at the farm level, remote areas to spread awareness about futures market.

ii. Involving all physical market stakeholders at every stage of product design and its review, to make the products relevant to the stakeholders. Product Advisory Committee is an institutional mechanism to gather stakeholders' feedback on the products.

b. Bullion Related:

i. Your Company has launched GOLD PETAL (1 gram) contract in October 2019 which is designed to cater to organized retail investor demand, by providing a Systematic Investment Plan (SIP) type of flexibility and has witnessed successful delivery of 8.27 kg (8274 coins) since it's launch. Each 999 purity coin comes with an individual assay certificate, which assures the quality, also the making charge of ₹ 100 per coin is being charged and is separate from the traded price. Same can be held and accumulated in the electronic holding format enabled via our COMRIS system. Being a global first, it is the only exchange-traded deliverable one gram Gold contract in the world.

ii. Similarly, Silver (1kg) Micro contract that became deliverable with Silver one kilogram bar as delivery lot from February series, has seen successful delivery of 454 kg in its first-ever delivery cycle targeting the retail segment.

iii. Aimed at further expanding the silver contracts' footprint in India, the Company in addition to Ahmedabad (basis centre) has added seven more locations to the list of additional delivery centres for Silver contracts at Delhi, Chennai, Mumbai, Agra, Salem, Rajkot and Jaipur. The aforesaid additional delivery centres and the revised delivery and settlement procedure as specified by Multi Commodity Exchange Clearing Corporation Limited (MCXCCL), applicable to all Silver contracts expiring from May 2020 and onwards.

iv. Continuously engaging with physical industry participants for creating awareness on futures and options, exchange-based delivery mechanism and risk management best practices, MCX bullion team has conducted 115 seminars with 85 apex and regional bullion and jewellery associations at 89 locations covering 10034 entities from physical industry during FY 2019-20.

c. Base Metals related:

i. Aluminium, Zinc, Nickel, Lead and Copper contracts were converted from cash settled to delivery settled. The redesign ensured that the trading units and delivery units are always matched to ensure sellers never had issues like odd lot treatment.

ii. The delivery-based mechanism for these contracts has given an opportunity to the base metals industry in India to not only manage their price risk, but, also use the Exchange platform to give and take deliveries as last resort. In all, delivery of various metals aggregating in excess of 74,000 million tonne changed hands during FY 2019-20 settlements.

iii. Delivery processes were amicably managed during COVID-19 shutdown phase allowing the holder of metals to delivery on MCX when there was no demand in physical market.

SEBI has initiated substantial reforms and transformation within the commodity derivatives market by allowing new institutional participants such as Banks, Bank Broking arms, Category III Alternative Investment Funds (AIFs), Eligible Foreign Entities (EFEs), Mutual Funds (MFs), Portfolio Managers etc. Pursuant to this your Company has been constantly reaching out to and engaging with these categories of participants. While your company continues to work with institutional participants for their active participation, a few Bank Broking arms as Members, Banks as Professional Clearing Members, Category III AIFs, Portfolio Managers and Mutual Funds have been linked to the exchange ecosystem. SEBI has also approved some Custodians for providing custodial services in the commodities market.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain.

(b) Reduction during usage by consumers (energy, water) achieved since the previous year.

Not applicable

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

In sourcing of vendors, your Company emphasizes that the suppliers are sourced locally without compromising on quality not only to reduce the cost on delivery, but, also to reduce the carbon footprint. We do take confirmation on Environmental & CSR policies, being pursued by existing vendors and give preferences to vendor having these policies. Further, the Greenhouse Gas Emission (GHG) due to energy savings have reduced from 1605 MT CO2 in 2018-19 to 1572 MT CO2 in 2019-20.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Maximum procurement is done from the local market for products and services. Your Company has an extensive database of local suppliers who can be approached for future requirements. During festive season, MCX organizes an in-house sale of products made by local tribes/communities through NGOs.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company strives to reuse or recycle its resources. All dry garbage including old cardboard, newspapers, plastic & packing materials are sent to the NGO who in turn direct such supplies to the recycling units. E-waste is disposed off through e-waste recycling agencies, who recycle the e-waste as per the applicable norms in an environment friendly manner. Approx. 10% of water is reused for cleaning of the premises.

PRINCIPLE 3: BUSINESS SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

1. Please indicate the Total number of employees:

As at March 31, 2020 - 346 (including Trainees & on Probation)

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis:

As at March 31, 2020 - N.A.

3. Please indicate the Number of permanent women employees:

As at March 31, 2020 – 80

4. Please indicate the Number of permanent employees with disabilities:

As at March 31, 2020 - 1

5. Do you have an employee association that is recognized by management?

No

6. What percentage of your permanent employees is members of this recognized employee association?

N.A.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:

Sr. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	0	0
2	Sexual harassment	0	0
3	Discriminatory employment	0	0

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

(a) Permanent Employees: 75%

(b) Permanent Women Employees: 81%

(c) Casual/Temporary/Contractual Employees: N.A.

(d) Employees with Disabilities: 100%

PRINCIPLE 4: BUSINESS SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALIZED.

1. Has the company mapped its internal and external stakeholders?

The Company engages with myriad stakeholders and has mapped its key stakeholders viz. Members, Employees, Physical Market Participants, Shareholders and Investors, Regulatory Authorities, Suppliers/Vendors etc.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Identification of the disadvantaged, vulnerable and marginalised stakeholders is an on-going process. Your Company is responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. It endeavours to enhance awareness and understanding of exchange-enabled trades in commodity derivatives amongst the stakeholders and strives to reach out to the disadvantaged, vulnerable and marginalised sections of society lying at the bottom of its pyramid. To this effect the Company conducts series of awareness programmes across the country and through its CSR initiatives engages disadvantaged, vulnerable and marginalised sections of society either directly or through various NGOs. Few examples of initiatives are provided below:

i. Support to the government to fight and tackle the crisis posed by COVID-19;

ii. Empowering underprivileged girls from economically weaker sections to pursue higher education or nursing course;

iii. Empowering the visually disabled to further their education by promoting basic aids and appliances;

iv. Support to physically disabled by providing of aids and appliances;

v. Improved availability and accessibility of healthcare services free or at subsidized rates to the weaker section.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Exchange engages with the disadvantaged, vulnerable and marginalised stakeholders through its CSR projects. Key initiatives include promoting higher education amongst women students, Education and other support to visually challenged children and differently-abled individuals, etc. The Company is also supporting towards providing improved healthcare services free or at subsidized rates to the weaker section and has supported the efforts of Government in its fight to contain COVID-19.

One of the objectives of the Company is to demonstrate the utility of the derivatives market to marginalised players in the commodities ecosystem by creating sustainable and viable models, whereby they could de-risk themselves from the vagaries of the price fluctuations. As a part of our commitment to the community we operate in, we make efforts to develop and demonstrate sustainable ways of getting the markets to work for the marginalized stakeholders. We take small, yet significant steps to do this through:

i. Creation of separate fund to be utilized exclusively for the benefit of and encourage participation by Farmers and FPOs in the agri-commodity derivatives market. Pursuant to SEBI's reduction of regulatory fee with respect to turnover in agricultural commodity derivatives, the Company has created a separate fund with the regulatory fee forgone by SEBI.

   The Exchange use the funds to reimburse the assaying charges to the FPOs for the Agri Commodities deposited by them with MCXCCL accredited warehouses.

ii. The Company has done tie ups with associations, institutions, FPOs and NGOs such as CIMAP (Central Institute of Medicinal & Aromatic Plants), IIPM (Indian Institute of Plantation Management), CII (Confederate of Indian Industry) South Gujarat Progressive Farmers Self Reliant Producer Co. Ltd, , Ajanta Self-reliant FPO, various APMCs, NABARD (National Bank for Agriculture and Rural Development), etc. to spread awareness amongst farmers and other physical participants about price risk management and hedging using futures market.

iii. Engaging in dissemination of prices through Push based SMS on Mobile & using Ticker boards, the details of which are as follows:

   a. Price Dissemination through Push based SMS on Mobile:

   Company has continued providing facility of push based SMS service on Mobile, which disseminates Exchange traded commodity futures contract price information on mobile of registered users without any charge. The said facility can be availed from the website of Company under section MyMCX.

b. Price Dissemination through Mobile App. :

MCX Mobile app disseminates near to real time Exchange traded commodity Futures & Option price information. The MCX Mobile can be installed on any smart mobile handset i.e. Android & iOS.

c. Price Dissemination through Ticker Boards:

MCX has installed 40 Price Ticker boards at various Associations, Producers, Krishi Vigyan Kendra (KVKs) & Institutions, to disseminate Exchange traded commodity price information including Agriculture commodity price information (both spot and futures).

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

Your Company complies and adheres to all the human rights laws and guidelines of the Constitution of India, National laws and policies. Your Company respects the rights of all its Members/Clients, Employees, Partners etc., and upholds the dignity of every individual. As mandated by the Fair Practice Code, the Company offers its products and services without any discrimination. All the employees are given the opportunity to address their issues, thereby, following the principles of natural justice. MD & CEO follows an open door policy and lends his ears to all. Further, the Company ensures that the minimum wages, payment of wages and other statutory compliances are complied with and are reviewed and monitored regularly. The Company does not employ, nor does it encourages employment of child labour.

Further, in its commitment to respect and promote human rights, the Company has extended similar practices in its wholly owned subsidiary, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL).

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

During the F.Y. 2019-20, no stakeholder complaints pertaining to Human Rights were received.

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

PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.

The Policy covers internal & external stakeholders.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

The Company is sensitive towards global environmental issues and contributes to address the same through its Environment Policy, E-waste Management Policy, Corporate Social Responsibility Policy (hyperlink: https://www.mcxindia.com/about-us/csr).

3. Does the company identify and assess potential environmental risks?

Yes.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The Company presently does not have any project related to Clean Development Mechanism.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.

The Company has not taken initiatives on clean technology and for renewable energy, however, for ensuring energy efficiency, following initiatives are undertaken:

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

ii. Maintaining adequate capacitor bank for non-linear electrical loads like air-conditioning plant, pumps and Heat Recovery System, thereby reducing the drawing of extra energy and improving power factor.

6. Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, the emissions/waste generated by your Company are within the permissible limits prescribed by CPCB/SPCB for F.Y. 2019-20.

7. Number of show cause/ legal notices received from CPCB/SPCB which is pending (i.e. not resolved to satisfaction) as on end of Financial Year.

There were no show cause/ legal notices received from CPCB/SPCB.

PRINCIPLE 7: BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Your Company is a member of the following trade and chamber or association:

a) International Organization of Securities Commissions (IOSCO)

b) Futures Industry Association (FIA)

c) World Federation of Exchanges (WFE)

d) Financial Information Service Association (FISA)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes. The Company has advocated through above organizations for Economic Reforms.

The Company engages with industry associations for advocating desired policy changes in the commodity market space with the objective of deepening the Indian commodity derivatives market through policy reforms.

PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

Your Company focusses mainly on community-centric interventions and thrust areas for such interventions are sustainable livelihood and empowerment – especially watershed programs, preservation of India's rural heritage, irrigation, agriculture and education. To achieve greater public good in a socially responsible manner, your Company supports more holistic proposals with long-term cognizant benefits and wider stakeholder perspective. Our community investment strategy focuses on health, education, livelihoods, and empowerment. Further, in order to assist the government's efforts in containment and relief against the COVID-19 pandemic, your Company has contributed funds to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES). Your Company has supplied the safety kits to the health workers engaged in taking care of COVID-19 patients.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The programmes/projects are undertaken directly through in-house CSR team, as well as, through collaboration with NGOs and other organizations in thematic areas of livelihoods, watersheds, education, etc. Your Company also endeavours to encourage employee engagement in CSR related activities.

3. Have you done any impact assessment of your initiative?

The interventions of your Company are spread across various areas and the Company intends to carry impact assessment of its initiatives.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Through various programs, your Company contributes to community development projects by enhancing livelihood opportunities through promoting education, educating and empowering women, Integrated Watershed Management Scheme which adds to economic well-being by progressively empowering farmers and communities. Various interventions by the Company resulted in income enhancement and sustainable development. The amount

of direct contribution and the details of the projects undertaken towards community development are, *inter-alia,* included in the Annual report on CSR Activities forming part of the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. Adequate measures are taken to ensure that the community development initiative is successfully adopted and are beneficial to the community. The major impact can be seen on community development, empowerment, livelihood opportunities and skill development. Most of our programmes emerge from a community needs assessment, such as promoting higher education for women, better healthcare, etc.

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

There were 5.11% investor (client) grievances, 25.64% Arbitration and 28.57% Appellate Arbitration references pending for redressal and disposal as on March 31, 2020, which are well within the time limits specified by SEBI (including extended timelines provided by SEBI due to COVID-19).

Further, there were no pending shareholder complaints/Members complaints under Customer Service & Quality as at March 31, 2020.

Further, as on date there are 16 (9.14%) Consumer complaints including appeals pending against the Company out of total 175 pending litigation cases.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

MCX is not a manufacturing company and hence display of product information on the product is not applicable. However, the details of products traded on MCX are published on the website.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No stakeholder has filed any complaint against MCX which relates to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Your Company believes that stakeholder engagement is an integral part of the business and constantly strives to reach out and interact at every stage in a structured manner with all the stakeholders, including members, physical market participants, employees, investors, farmers, industry associations and vendors, etc.

Members feedback

Your Company rolls out an Online Annual feedback survey through its Customer Service and Quality department (CSQ) to all its members, encompassing service standards of various departments of the Company. The feedback mechanism is used to derive a Customer Satisfaction Index both at an overall Exchange level along with a Department(s) Index. The CSQ department monitors trends and seeks an Action Taken Report from all the Head of departments based on the feedback, concerns and suggestions shared by Members. Basis the feedback, corrective actions are taken to better serve the members and information is shared with the senior management and incorporated in the FAQ's that are updated on the Company's website, as and when required. The Customer Satisfaction Index for Business department is 99%.

Your Company has formed an Advisory committee comprising of its members and President CPAI as an invitee to the Committee. The said committee is chaired by the Chairman of the Board. Meetings at the prescribed intervals were conducted to interact with and gather feedback from members on various issues related to non- regulatory functions as well as operational matters including product design, technology, charges and levies etc.

During the nationwide lockdown due to COVID-19 pandemic, your Company assisted Members by issuing of e-passes for ease of commute, relaxation in compliance requirements, etc.

Physical market participants, Investors & Farmers feedback

With regard to product design, several stakeholders in the value chain of the commodity are involved in the initial assessment which includes Farmers' and Traders' associations of the respective commodity, brokers and other stakeholders. They are approached to understand the market and its requirements. On the basis of such interactions

and information gathered, a draft contract is designed for soliciting feedback from a larger section of stakeholders. This draft contract specification is shared with them for their feedback on the contract parameters. Based on the comments / inputs, the contract specification undergoes revisions to suit stakeholder requirements. Thereafter, an application seeking regulatory permission to launch the contract is submitted to SEBI.

Employee's feedback

Organizations with a strong feedback culture let their employee's voices their concerns/ suggestions which leads to improvement in company's performance. It motivates employees to improve their job performance by enhancing ability, encouraging effort and acknowledging results.

To provide a platform for assessing employee's potential to manage next level responsibilities and setting the right work culture across the organization, HR initiated Assessment Centre across the organization for our senior team at AVP & above level. Further, employees were given avenues and opportunities to raise their concerns, share their suggestions and give their opinions, in the departmental meeting with MD across all level.

On the basis of the feedback received, Exchange has taken various employee welfare activities like Annual employee event, Birthday cake for the employees, fun at work, flexi timings, mandatory leaves, shift allowances for employees working in shifts. We have constituted Health, Safety Welfare Committee to primarily deal with and recommend staff welfare related activities like employee get-togethers & celebration of various festivals.

As a new initiative, Exchange has rewarded employee's children for their exceptional efforts in passing 10th and 12th standard examination with flying colors.

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of

MULTI COMMODITY EXCHANGE OF INDIA LIMITED

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **MULTI COMMODITY EXCHANGE OF INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

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

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing, as specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Adoption of Ind AS 116 Leases:** Refer note 2.2.N., 2(c) and note 37 of Standalone Financial Statements. The Company has adopted Ind AS 116, Leases (Ind AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit since the Company has a large number of leases with different contractual terms. Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Implementation of the standard involves review of contractual arrangements to determine those which fall under purview of the Standard. Judgement is also involved in determining the application of the Standard to the relevant contractual arrangements about whether an arrangement is scoped out of the purview of the Standard by virtue of it not involving	**Principal Audit Procedures:** Our audit procedures on adoption of Ind AS 116 include: • Assessed and tested new processes and controls in respect of Ind AS 116 - Leases • Assessed the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business; • Involvement of our internal subject matters experts, accounting standard specialists to review the judgements exercised by the management in determining the application of the Standard • Involved our internal subject matters experts to evaluate the reasonableness of the discount rates applied in determining the lease liabilities; • Upon transition as at 1 April 2019: - Evaluated the method of transition and related adjustments; - Tested completeness of the lease data by reconciling the Company's operating lease commitments to data used in computing ROU asset and the lease liabilities. • On a statistical sample, we performed the following procedures: - assessed the key terms and conditions of each lease with the underlying lease contracts;

Sr. No.	Key Audit Matter	Auditor's Response
	an identified asset, composite arrangements which involve both, an element of service and identified asset and variable leasing arrangements which do not require recognition of a right of use asset and a corresponding lease liability. This involves significant judgements and estimates including determination of the discount rates and the lease term. Additionally, the standard mandates detailed disclosures in respect of transition. Accordingly, implementation of Ind AS-116 has been reported as a key audit matter	- evaluated computation of lease liabilities, amortisation of Right of Use Assets (ROU), and corresponding finance cost and impact on taxation - challenged the key estimates such as, discount rates and the lease term. • Assessed and tested the presentation and disclosures relating to Ind AS 116 including, disclosures relating to transition.
2.	**Legal, Regulatory and Taxation Matters :** Refer note 2.3., note 2.2.O. and note 33 of Standalone Financial Statements. There are a number of legal, regulatory and tax cases against the Company and demand is raised against the Company. The Company has disputed such demands by litigating at relevant statutory forum. For various pending litigations against the Company, high level of management judgement is required to determine whether an obligation exists and a provision is required or disclosures, if any. The measurement of the provision is based on the best estimate of the expenditure required to settle the present obligation. Considering the judgement and estimate involved, matter is considered as a key audit matter.	**Principal Audit Procedures:** We used our specialists to gain an understanding of the current status of the cases and monitored changes in the disputes by reading external advice received by the Company, where relevant, to establish that the provisions had been appropriately adjusted to reflect the latest external developments. For legal, regulatory and tax matters our procedures included the following: • obtain list of legal, regulatory and tax cases against the Company and gained understanding thereof. • testing key controls surrounding litigation, regulatory and tax procedures; • performing substantive procedures on the underlying calculations supporting the provisions recorded; • where relevant, considering external legal opinions obtained by the management on possible outcome of litigation; • meeting with the management and reading subsequent Companies correspondence; • discussing open matters with the Companies litigation, regulatory, general counsel and tax teams; • assessing the management's conclusions through understanding precedents set in similar cases; and • circularization where appropriate of relevant third party legal representatives and direct discussion with them regarding certain material cases. Based on the evidence obtained, while noting the inherent uncertainty with such legal, regulatory and tax matters, we determined the level of provisioning at March 31, 2020 to be appropriate. We validated the completeness and appropriateness of the related disclosures through assessing that the disclosure of the uncertainties in note 33 of the standalone financial statements was sufficient.

Sr. No.	Key Audit Matter	Auditor's Response
3.	**Valuation of investments and its impairment :** Quoted investments and unquoted investments represent the most significant amount on the balance sheet. The total of these aggregating to ₹ 1,42,071 Lakh represented 80.42% of total assets of the Company as at March 31, 2020	**Our audit procedures included the following:** • We assessed the design and implementation of controls over valuation and existence of investments. • For the fair valuation models, we understood and assessed the methodology used. We tested the underlying data and assumptions used in the determination of the fair value. • We traced the quantity held from the independent confirmation provided by Custodian and Fund houses. • We tested the valuation of the quoted and unquoted investments to independent pricing sources. We assessed and tested the management procedures for performing impairment analysis of investments, including likely impact of COVID-19 on value of investments.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report, Report on Corporate governance and Business Responsibility report, but does not include the Standalone Financial Statements and our auditor's report thereon.

The Board's Report, Report on Corporate governance and Business Responsibility report is expected to be made available to us after the date of this auditor's report. Our opinion on the Standalone Financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report, Report on Corporate governance and Business Responsibility report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements:

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

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements

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

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

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

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the '**ANNEXURE A**' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian 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 and 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 over financial reporting of the Company with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate report in "**ANNEXURE B"**; Our report expresses an unmodified opinion on adequacy and operative effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V of the Act.

(h) 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 has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 33 to the Standalone Financial Statements.

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Vipul K. Choksi
Partner
Membership No.: 037606
UDIN: 20037606AAAAAT2982

Place: Mumbai
Date: May 30, 2020

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

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

b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year by the Management. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and on the basis of an examination of the records of the Company, the title deeds, of immovable properties are held in the name of the Company as at the balance sheet date.

ii. The Company's nature of business does not require holding of any inventories. Accordingly, the Clause 3(ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership and other parties covered in the register maintained under Section 189 of the Act. Accordingly, sub clause (a), (b) & (c) of the Clause 3(iii) are not applicable to the Company.

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

v. According to the information and explanations given to us, the Company has not accepted any deposit from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, clause 3 (v) of the Order is not applicable to the Company.

vi. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act, for the services rendered by the Company.

vii. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing undisputed statutory dues including provident fund, Income-Tax, Cess, Goods and Service Tax and other material statutory dues applicable to it to the appropriate authorities.

b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, Income-Tax, Cess, Goods and Service Tax and other material statutory dues, in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are dues of Income tax which have not been deposited as at March 31, 2020 on account of any disputes, are as follows:

Name of the statute	Nature of Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax	5,160	A.Y. 2010-2011	CIT (Appeals)
Income Tax Act, 1961	Tax	2,551	A.Y. 2013-2014	CIT (Appeals)
Income Tax Act, 1961	Tax	3,216 *	A.Y. 2014-2015	CIT (Appeals)
Income Tax Act, 1961	Tax	644	A.Y. 2015-2016	CIT (Appeals)
Income Tax Act, 1961	Tax	105	A.Y. 2016-2017	CIT (Appeals)
* Net of Deposit of ₹ 643 Lakhs				

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

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

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

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, Clause 3 (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

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

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them and hence provisions of section 192 of the Act are not applicable. Accordingly, clause 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Vipul K. Choksi
Partner
Membership No.: 037606
UDIN: 20037606AAAAAT2982

Place: Mumbai
Date: May 30, 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

The Annexure referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

We have audited the internal financial controls over financial reporting of **MULTI COMMODITY EXCHANGE OF INDIA LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to Standalone 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting with reference to Standalone 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 over financial reporting with reference to these Standalone 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 over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Standalone 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 over financial reporting with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to Standalone 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, to the best our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

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

Vipul K. Choksi
Partner
Membership No.: 037606
UDIN: 20037606AAAAAT2982

Place: Mumbai
Date: May 30, 2020

Standalone Balance Sheet as at March 31, 2020

₹ In Lakh

Particulars	Note No.	Standalone	
		As at March 31, 2020	As at March 31, 2019
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2A	14,117	14,125
(b) Capital work in progress	2B	47	3
(c) Right of Use Assets	2C	220	–
(d) Intangible assets	3A	1,410	1,561
(e) Intangible assets under development	3B	2,263	1,892
(f) Financial assets			
(i) Non-current investments	4	83,399	72,362
(ii) Other non-current financial assets	5	1,165	1,096
(g) Deferred tax assets (net)	34	938	389
(h) Income tax assets (net)	6	4,685	5,149
(i) Other non-current assets	7	860	565
Total Non-current assets		**109,104**	**97,142**
(2) Current assets			
(a) Financial assets			
(i) Current Investments	8	58,672	52,839
(ii) Trade receivables	9	693	908
(iii) Cash and cash equivalents	10	384	473
(iv) Bank balances (other than cash and cash equivalents (iii) above)	11	1,244	3,217
(v) Loans	12	20	21
(vi) Other current financial assets	13	5,499	4,872
(b) Other current assets	14	1,040	2,934
Total current assets		**67,552**	**65,264**
Total Assets		**176,656**	**162,406**
Equity and Liabilities			
(1) Equity			
(a) Equity Share Capital	15	5,100	5,100
(b) Other Equity	16	149,552	141,185
Total equity		**154,652**	**146,285**
(2) Settlement Guarantee Fund	17	–	–
Liabilities			
(3) Non-current liabilities			
(a) Financial Liabilities			
(i) Other non-current financial liabilities	18	5,208	4,005
(b) Non-current provisions	19	152	117
Total non-current liabilities		**5,360**	**4,122**
(4) Current liabilities			
(a) Financial Liabilities			
(i) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	20	9	3
Total outstanding dues of creditors other than micro enterprises and small enterprises	20	3,010	3,449
(ii) Other current financial liabilities	21	1,450	1,800
(b) Other current liabilities	22	10,395	3,732
(c) Current provisions	23	150	174
(d) Income tax liabilities (net)	24	1,630	2,841
Total current liabilities		**16,644**	**11,999**
Total liabilities		**22,004**	**16,121**
Total Equity and Liabilities		**176,656**	**162,406**
Significant accounting policies, key accounting estimates and judgements	1		

See accompanying notes to the Standalone Financial Statements.

As per our report of even date attached
For Shah Gupta & Co.
Chartered Accountants
Firm Registration Number : 109574W
Vipul K. Choksi
Partner
Membership No. 37606
Mumbai, May 30, 2020

For and on behalf of the Board of Directors
P.S.Reddy
Managing Director & CEO
DIN : 01064530
Saurabh Chandra
Chairman
DIN : 02726077
Shankar Aggarwal
Director
DIN : 02116442
Ajay Puri
Company Secretary
Place: Mumbai/Delhi
Date: May 30 ,2020
Satyajeet Bolar*
VP-Finance and Accounts

*subsequently redesignated as CFO

Standalone Statement of Profit and Loss for the year ended March 31, 2020

₹ In Lakh, except EPS

Particulars		Note No.	Standalone	
			Year ended March 31, 2020	Year ended March 31, 2019
I	**Income**			
	Revenue From Operations	25	37,044	29,835
	Other Income	26	11,133	8,637
	Total Income		**48,177**	**38,472**
II	**Expenses**			
	Employee benefits expense	27	6,588	6,517
	Clearing and Settlement charges	28	4,413	2,142
	Finance costs	29	20	3
	Depreciation and amortization expense	2A, 2C, 3A	1,784	1,529
	Software support charges and Product license Fees	30	5,180	5,252
	Computer Technology and Communication expenses	31	1,576	1,848
	Other expenses	32	4,757	4,816
	Total expenses		**24,318**	**22,107**
III	**Profit before exceptional items and tax**		**23,859**	**16,365**
IV	Exceptional items	44	–	2,380
V	**Profit before tax**		**23,859**	**13,985**
VI	**Tax expenses**			
	(1) Current tax	34	3,984	2,690
	(2) Minimum Alternate Tax (MAT) credit utilised/(entitlement)	34	182	(2,065)
	(3) Short MATcredit entitlement relating to previous year	34	(402)	–
	(4) Excess provision for tax relating to previous years	34	(479)	(382)
	(5) Deferred tax	34	(278)	92
	Total Tax expenses		**3,007**	**335**
VII	**Profit for the year**		**20,852**	**13,650**
VIII	**Other Comprehensive Income**			
	A) Items that will not be reclassified to profit or loss (net of tax)			
	i) Changes in fair value of Equity instruments		(146)	(183)
	ii) Remeasurement of Employee benefits obligations		(41)	(3)
IX	**Total Comprehensive Income for the year**		**20,665**	**13,464**
X	**Earnings per equity share (of ₹ 10/- each)**			
	(1) Basic	38	40.98	26.83
	(2) Diluted	38	40.98	26.83
Significant accounting policies, key accounting estimates and judgements		1		

See accompanying notes to the Standalone Financial Statements.

As per our report of even date attached

For Shah Gupta & Co.
Chartered Accountants
Firm Registration Number : 109574W
Vipul K. Choksi
Partner
Membership No. 37606

Mumbai, May 30, 2020

For and on behalf of the Board of Directors

P.S.Reddy
Managing Director & CEO
DIN : 01064530

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Satyajeet Bolar*
VP-Finance and Accounts

Place: Mumbai/Delhi
Date: May 30 ,2020

*subsequently redesignated as CFO

Standalone Statement of Changes in Equity for the year ended March 31, 2020

₹ In Lakh

Particulars	Equity Share Capital (A)	Other Equity				Other Comprehensive Income	Total other equity (B)
		Reserves and Surplus					
		Securities Premium	Retained Earnings	ESOP Compensation Reserve	General Reserve		
Balance as at April 01, 2018	**5,100**	**21,684**	**97,104**	**456**	**16,449**	**(3,166)**	**132,527**
Profit for the year	–	–	13,650	–	–	–	13,650
Dividend	–	–	(8,670)	–	–	–	(8,670)
Dividend distribution tax	–	–	(1,782)	–	–	–	(1,782)
Transfer from/(to) Settlement Guarantee Fund	–	–	5,634	–	–	–	5,634
Equity instruments through other comprehensive income	–	–	–	–	–	(183)	(183)
Reclassified to retained earning from ESOP Reserve	–	–	314	(314)	–	–	–
Reclassified to retained earning on disposal	–	–	98	–	–	(98)	–
ESOP Compensation Reserve	–	–	–	10	–	–	10
Re-measurement of employee benefits obligation and others	–	–	–	–	–	(3)	(3)
Balance as at March 31, 2019	**5,100**	**21,684**	**106,347**	**152**	**16,449**	**(3,450)**	**141,185**
Profit for the year	–	–	20,852	–	–	–	20,852
Dividend	–	–	(10,200)	–	–	–	(10,200)
Dividend distribution tax	–	–	(2,097)	–	–	–	(2,097)
Transfer from/(to) Settlement Guarantee Fund	–	–	–	–	–	–	–
Equity instruments through other comprehensive income	–	–	–		–	(146)	(146)
Reclassified to retained earning from ESOP Reserve(refer note 41)	–	–	152	(152)	–	–	–
Re-measurement of employee benefits obligation and others	–	–	–	–	–	(41)	(41)
Balance as at March 31, 2020	**5,100**	**21,684**	**115,055**	**–**	**16,449**	**(3,637)**	**149,552**

As per our report of even date attached

For Shah Gupta & Co.
Chartered Accountants
Firm Registration Number : 109574W
Vipul K. Choksi
Partner
Membership No. 37606

Mumbai, May 30, 2020

For and on behalf of the Board of Directors

P.S.Reddy
Managing Director & CEO
DIN : 01064530

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Director
DIN : 02116442

Ajay Puri
Company Secretary

Satyajeet Bolar*
VP-Finance and Accounts

Place: Mumbai/Delhi
Date: May 30 ,2020

*subsequently redesignated as CFO

Standalone Cash Flow Statement for the year ended March 31, 2020

₹ In Lakh

Particulars		for the year ended			
		March 31, 2020		March 31, 2019	
A	**Cash flow from operating activities**				
	Profit before taxes		**23,859**		**13,985**
	Adjustments for:				
	Depreciation and amortisation expense	1,784		1,529	
	Finance costs	20		3	
	Dividend income	(63)		(194)	
	(Gain)/loss on sale of Investments (net)	(1,955)		(4,307)	
	(Gain)/loss on fair valuation of Investments (net)	(5,623)		(500)	
	Provision for doubtful trade receivables	50		–	
	Provisions no longer required written back	–		(354)	
	(Gain)/Loss on fixed assets sold/scrapped (net)	(2)		4	
	Interest income	(2,288)		(2,735)	
	Shared based payment	–		10	
	Remeasurement of Employee benefit	(41)	**(8,118)**	(3)	**(6,547)**
	Operating profit before working capital changes		**15,741**		**7,438**
	Adjustments for (increase) / decrease in:				
	Other financial assets	(69)		20,296	
	Other non-current assets	(295)		281.47	
	Trade receivables	164		77	
	Loans	1		6	
	Other financial assets	(575)		(822)	
	Other current assets	1,894		(287)	
	Adjustments for increase/ (decrease) in:				
	Other non-current financial liabilities	1,049		3,675	
	Provisions	35		(32)	
	Trade payables	(433)		(688)	
	Other current financial liabilities	276		(28,810)	
	Other current liabilities	6,646		751	
	Provisions	(24)	**8,668**	84	**(5,468)**
	Adjustment for increase/(decrease) in Settlement Guarantee Fund (SGF)		–		(12,427)
	Cash generated from operations		**24,409**		**(10,456)**
	Net income tax paid (net of refunds)		(4,305)		(2,475)
	Net cash generated/ (used) from operating activities (A)		**20,104**		**(12,931)**

Particulars		for the year ended	
		March 31, 2020	March 31, 2019
B	**Cash flow from investing activities**		
	Capital expenditure on fixed assets including capital advances	(2,712)	(2,579)
	Proceeds from sale of fixed assets	32	(4)
	Proceeds/ (Purchase) of long-term investments-others (Net)	(3,604)	(14,900)
	Proceeds/(Purchase) of Current investments (Net)	(5,833)	35,936
	Bank Balances other than classified as cash	1,972	(1,970)
	Dividend received	63	194
	Interest received	2,236	2,454
	Net cash generated from investing activities (B)	**(7,846)**	**19,130**
C	**Cash flow from financing activities**		
	Dividend paid (including tax thereon)	(12,296)	(10,452)
	Finance costs	(4)	(3)
	Payment of lease liabilities	(64)	–
	Government Grants received	17	–
	Net cash (used) in financing activities (C)	**(12,347)**	**(10,455)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(89)	(4,255)
	Cash and cash equivalents at the beginning of the year	473	4,728
	Cash and cash equivalents at the end of the year (Refer Note 10)	**384**	**473**

Note to Cash Flow Statement:

1 The cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash Flows".

As per our report of even date attached

For Shah Gupta & Co.
Chartered Accountants
Firm Registration Number : 109574W
Vipul K. Choksi
Partner
Membership No. 37606

Mumbai, May 30, 2020

For and on behalf of the Board of Directors

P.S.Reddy
Managing Director & CEO
DIN : 01064530

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Satyajeet Bolar*
VP-Finance and Accounts

Place: Mumbai/Delhi
Date: May 30 ,2020

*subsequently redesignated as CFO

Notes forming part of the Standalone financial statements

1. Company Overview

Multi Commodity Exchange of India Limited (the "Company" or the "Exchange") is a deemed Stock Exchange recognised under the Securities Contracts (Regulation) Act, 1956. The Company is a demutualised Exchange and has permanent recognition from the Government of India to facilitate nationwide online trading operations of commodity derivatives. Pursuant to SEBI approval to the Company's wholly owned subsidiary, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) to act as the clearing corporation, the clearing and settlement division of the company has been transferred to MCXCCL with effect from September 01, 2018.

The Company is a public limited company incorporated and domiciled in India and has its registered office at 'Exchange Square', Suren Road, Chakala, Andheri (East), Mumbai 400093, India. Its shares are listed on the BSE Limited. Further, in pursuance of Regulation 3.1.1 of the National Stock Exchange (Capital Market) Trading Regulations Part A and other relevant provisions, National Stock Exchange of India Limited (NSE) vide its Circular Ref No. 202/201 dated March 7, 2012 notified that with effect from March 09, 2012 the Company's equity shares were permitted to be traded and admitted to dealings on NSE.

2. Significant Accounting Policies, Key accounting estimates and Judgements

2.1. Basis of Preparation of Financial Statements

A. 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 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 as mentioned in note (b) below 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.

B. Application of New Accounting pronouncement

Pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, Ind AS 116 – "Leases" (Ind AS 116) supersedes Ind AS 17 – "Leases". The Company has adopted Ind AS 116 using the modified retrospective approach with effect from 1st April, 2019.

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 the management.

Depreciation methods, estimated useful lives and residual value:

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

Asset Class	Useful Life
Buildings	60 years
Office equipment	5 years
Network equipment	3-6 years
Furniture and fixtures	10 years
Vehicles	5 years

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

Cost of assets not ready for intended use as on Balance Sheet date are disclosed under 'Capital work-in-progress'. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed under 'Other Non-Current Assets'.

B. Intangible assets

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible asset that meets the recognition criteria. Intangible assets are stated at cost of acquisition and are carried at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. Amortization methods and useful lives are reviewed at each financial year end.

At each balance sheet date consideration is given to determine whether there is any indication of impairment of the carrying amounts of the company's intangible assets. If indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized in the Statement of Profit and Loss Account whenever the carrying amount of an asset exceeds its recoverable amount.

C. Impairment of non-financial assets

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired, if such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

D. Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks, cheque on hand, short-term deposits with a maturity of three months or less from the date of acquisition, which are subject to an insignificant risk of changes in value.

E. Cash Flow Statement

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

F. Fair Value Measurement

The company measures financial instruments at fair value in accordance with accounting policies at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the company.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

G. Financial Instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets:

The company measures its financial assets at fair value at each balance sheet date. In this context, quoted investments are fair valued adopting the techniques defined in Level 1 of fair value hierarchy of Ind-AS 113 "Fair Value Measurement" and unquoted investments, where the observable input is not readily available, are fair valued adopting the techniques defined in Level 3 of fair value hierarchy of Ind-AS 113 and securing the valuation report from the certified valuer. However, trade receivables that do not contain a significant financing component are measured at transaction price.

The Company classifies a financial asset in accordance with the below criteria:

i. The Company's business model for managing the financial asset and

ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

iii. Financial assets measured at fair value through profit or loss (FVTPL)

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss and fair value changes are recognized in Other Comprehensive Income (OCI).

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

De-recognition

Financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;
  - (a) The company has transferred substantially all the risks and rewards of the asset, or
  - (b) The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

On De-recognition of a financial asset, (except for financial assets measured at FVTOCI) the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets

The company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measure at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

b) Financial Liabilities

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All non-current financial liabilities of the Company are measured at amortized cost using the effective interest method. Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

H. Investment in Associate Company

Investment in associates are shown at cost. Where the carrying amount of an investment in greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

I. Revenue Recognition

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

a) Transaction Charges – Revenue is recognized on transactions in accordance with the Company's fees scales as and when the transaction occurs.

b) Admission Fees (non refundable) collected from new members for joining the Exchange are recognized once the membership is approved.

c) Subscription and other fees – Revenue is recognized on straight line basis over the period to which fee relates.

d) Dividend income is recognised when the Company's right to receive dividend is established.

e) Interest income accrued on time proportion basis. The amounts disclosed as revenue are net of taxes and amounts collected on behalf of third parties.

J. Foreign currency translation

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency. Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

K. Current and Non-Current Classification

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

L. Employee Benefits Expenses

a) Post-employment benefits and other long term benefits

Payments to defined contribution schemes are recognized as an expense when employees have rendered the service entitling them to the contribution. The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The company recognizes re-measurement gains and losses arising on defined benefit gratuity plans in Other Comprehensive Income (OCI) as they will never be reclassified into profit or loss, they are immediately recorded in retained earnings.

b) Short term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year and performance incentives.

c) Stock based compensation

The company recognizes compensation expense relating to share-based payment in net profit using fair value in accordance with Ind AS 102 "Share-Based Payment". The company recognizes the same in ESOP Compensation Reserve

M. Taxes on Income (Current and Deferred)

Income tax expense comprises both current and deferred 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 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 carrying forward of unused tax credits and unused tax losses can be utilized. Deferred tax relating to items recognized outside the statement of profit and loss are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

N. Ind AS 116 "Leases"

a) As a lessee

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to the lease contract existing on April 1, 2019 using the modified retrospective approach. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The standard permits a choice on initial adoption, on a lease-by-lease basis, to measure the right-of-use (ROU) asset at either its carrying amount as if Ind AS 116 had been applied since the commencement of the lease, or an amount equal to the lease liability adjusted for accruals or prepayments. The Company has elected to measure the right-of-use asset equal to the lease liability, with the result of no net impact on retained earnings and no restatement of prior period comparatives.

The company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprise the initial amount of lease liability adjusted for any lease payments made before the commencement date. The right of use asset is subsequently depreciated using the straight-line method of the balance lease term. In addition, the right of use asset is periodically reduced by impairment loss, if any and adjusted for certain Remeasurements of lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the amounts expected to be payable over the period of lease. The lease liability is measured at amortized cost using effective interest rate method. It is remeasured when there is a change in future lease payments arising from change in the index or rate

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments (including interest) have been classified as financing cash flows.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-to-use assets and lease liabilities for short term lease that have a lease term of 12 months or less and leases of low-value assets. The Company recognize the lease payments associated with these leases as an expenses on a straight-line basis over the lease term.

b) Lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116.

O. Provisions, Contingent liabilities, Contingent assets and Commitments

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

Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events, when the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

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

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the company recognizes impairment on the assets with the contract.

P. Exceptional items

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

Q. Earnings per share

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

R. Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to it, and that the grant will be received. Government grants are recognised in the Statement of Profit or Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Profit or Loss over the expected useful lives of the assets concerned.

S. Rounding of amounts

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

T. Events after Reporting date

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

2.3. Key accounting estimates and Judgments

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Income taxes

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.

Property, Plant and Equipment

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

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

Impairment of financial assets

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

PROVISIONS

The timing of recognition and quantification of the liability (including litigations) requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

GLOBAL HEALTH PANDEMIC ON COVID-19

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. COVID-19 is significantly impacting business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lockdown of production facilities etc.

In assessing the recoverability of Company's assets such as Investments, Loans, intangible assets, Trade receivable etc. the Company has considered internal and external information. The Company has performed sensitivity analysis on the assumptions used basis the internal and external information/indicators of future economic conditions, the Company expects to recover the carrying amount of the assets.

2.4. New and amended standards effective from 1st April 2019 adopted by the Company

Amendment to Ind AS 12 – Income taxes

The amendment relating to income tax consequences of dividend clarify that an entity shall recognize 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. The adoption of the standard did not have any impact to the financial statements. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend in accordance with Ind AS 12.

Ind AS 12 – Income Taxes – Appendix C, Uncertainty over Income Tax Treatments:-

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to 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 amunt or the expected value of the tax treatment when determining taxable profit/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 recognised by adjusting equity on initial application, without adjusting comparatives. The standard became effective from April 01, 2019. The Company has adopted the standard on April 01, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 01, 2019 if any without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C is insignificant in the standalone financial statements.

Amendment to Ind AS 19 – Employee benefit – plan amendment, curtailment or settlement

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 recognize 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. The adoption of the standard did not have any material impact to the financial statements.

2.5. Recent Accounting Pronouncements

Standards are issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020

2A. PROPERTY, PLANT AND EQUIPMENT

₹ In Lakh

Particulars	Land-Freehold	Buildings	Office Equipments (Including Computer Hardware)	Networking Equipment	Furniture and fixtures	Vehicles	Total
Gross carrying amount							
Balance as at April 01, 2018	**5,061**	**6,268**	**5,318**	**46**	**567**	**205**	**17,465**
Additions	–	–	678	–	3	–	681
Disposals	–	–	10	1	–	88	99
Balance as at March 31, 2019	**5,061**	**6,268**	**5,987**	**44**	**570**	**117**	**18,047**
Additions	–	–	1,115	–	2	44	1,161
Disposals	–	–	1	(11)	–	76	66
Balance as at March 31, 2020	**5,061**	**6,268**	**7,101**	**33**	**572**	**85**	**19,120**
Accumulated Depreciation							
Balance as at April 01, 2018	**–**	**310**	**2,163**	**36**	**225**	**63**	**2,797**
Additions	–	115	968	5	58	26	1,171
Disposals	–	–	10	1	–	35	46
Balance as at March 31, 2019	**–**	**425**	**3,121**	**40**	**283**	**54**	**3,922**
Additions	–	115	962	2	38	21	1,138
Disposals	–	–	1	11	–	46	58
Balance as at March 31, 2020	**–**	**540**	**4,082**	**31**	**321**	**29**	**5,003**
Net carrying amount							
Balance as at March 31, 2019	**5,061**	**5,843**	**2,866**	**5**	**287**	**63**	**14,125**
Balance as at March 31, 2020	**5,061**	**5,728**	**3,019**	**2**	**251**	**56**	**14,117**

2B. CAPITAL WORK IN PROGRESS

Balance as at March 31, 2019	**–**	**–**	**3**	**–**	**–**	**–**	**3**
Balance as at March 31, 2020	**–**	**–**	**47**	**–**	**–**	**–**	**47**

2C. RIGHT OF USE ASSET

Particulars	Lease of office premises	Total
Recognition on Initial application of Ind AS 116 as at April 01, 2019 (refer note 37)	**99**	**99**
Addition on account of adoption of Ind AS 116 (refer note 37)	174	174
Disposals	–	–
Balance as at March 31, 2020	**273**	**273**
Accumulated Depreciation		
Balance as at April 01, 2019	**–**	**–**

Particulars	Lease of office premises	Total
Additions(Refer Note 37)	53	53
Disposals	–	–
Balance as at March 31, 2020	**53**	**53**
Net carrying amount		
Balance as at March 31, 2020	**220**	**220**

3A INTANGIBLE ASSETS

₹ In Lakh

Particulars	Computer Software	Trademark and Copyright	Total
Gross carrying amount			
Balance as at April 01, 2018	**4,092**	**–**	**4,092**
Additions	1,046	–	1,046
Disposals	95	–	95
Balance as at March 31, 2019	**5,043**	**–**	**5,043**
Additions	440	–	440
Disposals		–	–
Balance as at March 31, 2020	**5,483**	**–**	**5,483**
Accumulated Depreciation			
Balance as at April 01, 2018	**3,137**	**–**	**3,137**
Additions	357	–	357
Disposals	12	–	12
Balance as at March 31, 2019	**3,482**	**–**	**3,482**
Additions	592		592
Disposals			–
Balance as at March 31, 2020	**4,074**	**–**	**4,074**
Net carrying amount			
Balance as at March 31, 2019	**1,561**	**–**	**1,561**
Balance as at March 31, 2020	**1,410**	**–**	**1,410**

3B. INTANGIBLE ASSETS UNDER DEVELOPMENT

Balance as at March 31, 2019	**1,892**	**–**	**1,892**
Balance as at March 31, 2020 (refer note 51)	**2,263**	**–**	**2,263**

4. NON CURRENT INVESTMENTS

Particulars	Face Value	As at March 31, 2020		As at March 31, 2019	
	Per Share	No. of Shares	₹ In Lakh	No. of Shares	₹ In Lakh
A Investments in equity instruments: (unquoted fully paid up):					
(i) **of Subsidiary - FVTOCI**					
Multi Commodity Exchange Clearing Corporation Limited	₹ 10	**239,985,000**	**23,999**	**239,985,000**	**23,999**
(ii) **of Associate - Cost**					
CDSL Commodity Repository Limited	₹ 10	**12,000,000**	**1,200**	**12,000,000**	**1,200**
			25,199		**25,199**

Notes forming part of the Standalone financial statements *(Contd...)*

Particulars	Face Value	As at March 31, 2020		As at March 31, 2019	
	Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
B Investment in Mutual Funds - FVTPL (listed but not quoted)					
Aditya Birla Sun Life Fixed Term Plan - Series RA	₹ 10	5,000,000	578	5,000,000	530
Aditya Birla Sun Life Fixed Term Plan - Series RC	₹ 10	8,000,000	933	8,000,000	852
Aditya Birla Sunlife FMP Series OG 1146 days - Direct Growth	₹ 10	–	–	6,000,000	693
Aditya Birla Sunlife FMP Series OI- Direct Growth	₹ 10	–	–	5,000,000	579
Aditya Birla Sun Life Fixed Term Plan Series PU Direct Growth	₹ 10	5,000,000	601	5,000,000	547
DSP FMP Series 204 37M - Direct Growth	₹ 10	–	–	10,000,000	1,153
HDFC Fixed Maturity Plan Oct 2018 (43) 1 Direct Growth	₹ 10	7,000,000	819	7,000,000	745
HDFC Fixed Maturity Plan Sept 2018 (42) -1-1115 Direct Growth	₹ 10	5,000,000	584	5,000,000	534
HDFC Fixed Maturity Plan Sept 2018 (42) -1-1381 Direct Growth	₹ 10	8,000,000	947	8,000,000	859
ICICI Pru FMP Series 80 Growth Plan G - Direct Growth	₹ 10	–	–	10,000,000	1,156
ICICI Pru FMP Series 80 plan J -Direct Growth	₹ 10	–	–	10,000,000	1,160
ICICI Pru FMP Series 84 1293 days -Direct Growth	₹ 10	10,000,000	1,179	10,000,000	1,072
Invesco India Fixed Maturity Plan Series XXXII Direct Growth	₹ 10	5,000,000	587	5,000,000	538
Kotak FMP Series 200 - 1158 days - Direct Growth	₹ 10	–	–	10,000,000	1,155
Kotak FMP Series 245 - 1140 days - Direct Growth	₹ 10	8,000,000	928	8,000,000	848
Kotak FMP Series 247 - 1308 days - Direct Growth	₹ 10	10,000,000	1,177	10,000,000	1,071
Nippon India FHF XXXIII Series 1 FMP - Direct Growth	₹ 10	–	–	6,000,000	697
Nippon India FHF XXXIII Series 4 FMP - Direct Growth	₹ 10	–	–	5,000,000	579
Nippon India FHF 38 Series 6 FMP - Direct Growth	₹ 10	5,000,000	575	5,000,000	533
Nippon India FHF 39 Series 4 FMP - Direct Growth	₹ 10	7,000,000	829	7,000,000	753
Nippon India FHF 39 Series 6 FMP - Direct Growth	₹ 10	8,000,000	944	8,000,000	858
Nippon India FHF 39 Series 9 FMP - Direct Growth	₹ 10	8,000,000	936	8,000,000	851
SBI Magnum DFS C - 26 -1125 Days Direct Growth	₹ 10	10,000,000	1,164	10,000,000	1,064
UTI Fixed Term Income Fund Series XXX Plan 5	₹ 10	8,000,000	934	8,000,000	854
UTI FFTIF Series XXVI - VI - Direct Growth	₹ 10	–	–	5,000,000	577
			13,715		**20,258**
C. Investment in Tax Fee Bonds - FVTPL (quoted)					
7.19% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 31 July 2025)	₹ 1,000,000	400	4,259	400	4,161
7.11% National High Authority of India Tax free bonds (Maturity Date 18 September 2025)	₹ 1,000,000	500	5,313	500	5,182
7.07% Housing and Urban Development Corporation Ltd.Tax free bonds (Maturity Date 01 October 2025)	₹ 1,000,000	440	4,663	440	4,543
7.11% NTPC Ltd.Tax free bonds (Maturity Date 05 October 2025)	₹ 1,000	62,457	664	62,457	648
7.11% Power Housing Finance Corporation Ltd.Tax free bonds (Maturity Date 17 October 2025)	₹ 1,000	25,670	273	25,670	266

Notes forming part of the Standalone financial statements *(Contd...)*

Particulars	Face Value	As at March 31, 2020		As at March 31, 2019	
	Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
7.35% National High Authority of India Tax free bonds (Maturity Date 11 January 2031)	₹ 1,000	108,849	1,226	108,849	1,172
7.49% Indain Renewable Energy Development Agency Ltd. Tax free bonds (Maturity Date 21 January 2031)	₹ 1,000	136,241	1,544	136,241	1,483
7.39% Housing and Urban Development Corporation Ltd.Tax free bonds (Maturity Date 15 March 2031)	₹ 1,000	130,244	1,471	130,244	1,406
7.35% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 22 March 2031)	₹ 1,000	150,000	1,691	150,000	1,616
7.35% National Bank For Agriculture And Rural Development Tax free bonds (Maturity Date 23 March 2031)	₹ 1,000	495,649	5,597	495,649	5,342
7.38% India Infrastructure Finance Company Ltd. Tax free bonds (Maturity Date 15 Nov 2027)	₹ 1,000,000	50	548	50	531
8.20% Housing And Urban Development Corporation Ltd. Tax free bonds (Maturity Date 05 March 2027)	₹ 1,000	50,000	567	50,000	555
			27,817		**26,905**
D. Investment in PSU Bank Bonds - Amortised cost (quoted)					
Bank of Baroda 9.14% (Perpetual Series VII Basel III Tier I) C 22-Mar-2022	₹ 1,000,000	50	500	–	–
Bank of Baroda 08.60% (Perpetual Basel III Tier I ATI Series VIII) C 01-Aug-2022	₹ 1,000,000	150	1,502	–	–
State Bank Of India Perp AT 1 8.75% (Series 1) 30-Aug-24 (CALL)	₹ 1,000,000	150	1,515	–	–
Bank of Baroda 08.70% (Perpetual Basel III Tier I ATI Series X) C 28-Nov-2024	₹ 1,000,000	450	4,508	–	–
SBI 08.50% Series II Perpetual AT1 Bonds Basel- III 22-Nov-2024 (Call)	₹ 1,000,000	550	5,583	–	–
			13,608		**–**
E. Investment in ETF Bonds - FVTPL (quoted)					
BHARAT Bond FOF - April 2023 - Dir - Growth	₹ 1,000	300,000	3,060	–	–
			3,060		**–**
Total			**83,399**		**72,362**
Aggregate amount of listed and quoted investments at fair value			44,485		26,905
Aggregate amount of listed and quoted investments at cost			42,958		26,345
Aggregate amount of listed but not quoted investments at fair value			13,715		20,258
Aggregate amount of listed but not quoted investments at cost			11,700		18,400
Aggregate amount of unquoted investments at fair value			25,199		25,199
Aggregate amount of unquoted investments at cost			25,199		25,199

₹ In Lakh

Particulars		As at March 31, 2020	As at March 31, 2019
5. OTHER NON-CURRENT FINANCIAL ASSETS			
Security deposits		1,067	1,096
Bank deposits with more than 12 months maturity (Refer note 11)		94	–
Interest accrued but not due on fixed deposits		4	–
	Total	**1,165**	**1,096**
6. INCOME TAX ASSETS (NET)			
Advance income tax [net of provisions ₹ 76,525 lakh (as at March 31, 2019 ₹ 73,867 lakh)		4,685	5,149
	Total	**4,685**	**5,149**
7. OTHER NON-CURRENT ASSETS			
Capital advances		–	18
Advances other than capital advances			
Advances for supply of services		725	488
Others			
Prepaid expenses		135	59
	Total	**860**	**565**

8. CURRENT INVESTMENTS

Particulars	Face Value	As at March 31, 2020		As at March 31, 2019	
	Per Share	No. of Shares	₹ In Lakh	No. of Shares	₹ In Lakh
A Investments in equity instruments: (Unquoted fully paid-up)					
of other Entities - FVTOCI	₹ 10	**2,758,941**	**239**	**6,500,000**	**528**
Metropolitan Clearing corporation of India Limited (formerly Known as MCX SX Clearing Corporation Limited)					
Metropolitan Stock Exchange of India Limited (Formerly Known as MCX Stock Exchange Limited)	₹ 1	**331,777,008**	**1,692**	**331,777,008**	**1,957**
			1,931		**2,485**

Particulars	Face Value	As at March 31, 2020		As at March 31, 2019	
	Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
B Investment in Mutual Funds - FVTPL Listed but not quoted					
Aditya Birla Sunlife FMP Series OG 1146 days - Direct Growth	₹ 10	60,00,000	744	-	-
Aditya Birla Sunlife FMP Series OI- Direct Growth	₹ 10	50,00,000	622	-	-
DSP FMP Series 204 37M - Direct Growth	₹ 10	1,00,00,000	1,239	-	-
ICICI Pru FMP Series 80 Growth Plan G - Direct Growth	₹ 10	1,00,00,000	1,240	-	-
ICICI Pru FMP Series 80 plan J -Direct Growth	₹ 10	1,00,00,000	1,248	-	-
Kotak FMP Series 200 - 1158 days - Direct Growth	₹ 10	1,00,00,000	1,242	-	-
Nippon India FHF XXXIII Series 1 FMP - Direct Growth	₹ 10	60,00,000	752	-	-
Nippon India FHF XXXIII Series 4 FMP - Direct Growth	₹ 10	50,00,000	626	-	-
UTI FFTIF Series XXVI - VI - Direct Growth	₹ 10	50,00,000	621	-	-
SBI Debt Fund Series - B - 29 (1200 days) - Direct Growth	₹ 10	-	-	50,00,000	644

Notes forming part of the Standalone financial statements *(Contd...)*

Particulars	Face Value	As at March 31, 2020		As at March 31, 2019	
	Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
Unquoted					
Aditya Birla Sunlife Cash Plus Direct Growth	₹ 100	-	-	5,78,619	1,738
Aditya Birla Sun Life Liquid Fund - Direct - Growth*	₹ 100	19,468	62	-	-
Axis Short Term Fund Direct Growth	₹ 10	52,36,370	1,224	52,36,370	1,111
Axis Liquid Fund Direct Growth	₹ 1,000	54,665	1,205	-	-
Axis Liquid Fund Direct Growth*	₹ 1,000	2,297	51	-	-
Axis Banking & PSU Debt Fund Direct Growth	₹ 1,000	60,260	1,170	60,260	1,066
DSP Liquidity Fund Direct Growth	₹ 1,000	12,077	343	-	-
DSP Overnight Fund Direct Growth	₹ 1,000	1,40,415	1,501	-	-
DSP Short Term Fund - Direct - Growth	₹ 10	51,09,777	1,836	51,09,777	1,680
HDFC Corporate Bond Fund Direct Growth	₹ 10	-	-	59,65,110	1,249
HDFC Low Duration Fund Direct Growth	₹ 10	33,57,861	1,484	33,57,861	1,372
HDFC Medium Term Debt Fund Direct Growth	₹ 10	-	-	57,79,286	2,207
HDFC Short Term Debt Fund Direct Growth	₹ 10	50,21,996	1,149	50,21,996	1,046
ICICI Prudential Bond Fund Direct Growth	₹ 10	2,59,86,965	7,666	2,59,86,965	6,866
ICICI Prudential Short Term Direct Growth	₹ 10	26,15,792	1,161	26,15,792	1,055
ICICI Prudential Money Market Fund Direct Growth	₹ 100	-	-	1,54,695	402
ICICI Pru Banking & PSU Debt Fund Direct Growth	₹ 1,000	51,95,885	1,228	51,95,885	1,120
IDFC Corporate Bond Fund Direct Growth	₹ 10	5,44,90,469	7,608	5,44,90,469	7,008
Invesco India Short Term Fund - Direct - Growth	₹ 1,000	21,334	600	21,334	546
Kotak Bond Short Term Plan - Direct - Growth	₹ 10	90,82,190	3,643	90,82,190	3,313
Kotak Banking and PSU Debt Fund - Direct - Growth	₹ 10	39,27,851	1,871	39,27,851	1,688
Kotak Corporate Bond Fund - Direct - Growth	₹ 1,000	89,285	2,465	89,285	2,256
Kotak Dynamic Bond Fund Direct Growth	₹ 10	90,80,288	2,551	90,80,288	2,289
L&T Liquid Fund Direct Growth	₹ 1,000	1,16,288	3,165	-	-
L&T Triple Ace Bond Fund - Direct - Growth	₹ 10	23,22,638	1,284	23,22,638	1,125
LIC MF Bond Fund Direct Growth	₹ 10	-	-	65,62,527	3,310
Nippon India Banking & PSU Debt Fund Direct Growth	₹ 10	1,40,55,549	2,120	1,74,68,775	2,376
Nippon India Floating Rate Fund Direct Growth	₹ 10	-	-	37,91,410	1,142
Nippon India Prime Debt Fund Direct Growth	₹ 10	-	-	13,05,268	524
Nippon India Liquid Fund Direct Growth	₹ 1,000	-	-	14,263	651
Nippon India Overnight Fund Direct Growth	₹ 100	7,37,586	791	-	-
Tata Liquid Fund Direct Growth	₹ 1,000	59,338	1,858	-	-
UTI Ultra Short Term Fund Direct Dr	₹ 1,000	-	-	34,065	1,069
UTI Short Term Income Fund Direct Growth	₹ 10	-	-	23,45,601	544
UTI-Liquid Cash Plan -Direct- Growth	₹ 1,000	-	-	31,309	957
UTI-Liquid Cash Plan -Direct- Growth *	₹ 1,000	11,405	371	-	-
			56,741		**50,354**
Total			**58,672**		**52,839**

* Earmarked towards the Investor Service Fund - aggregrate value ₹ 484 lakh (as at 31 March 2019 : ₹ NIL)

Aggregate amount of listed but not quoted investments at fair value	8,334	644
Aggregate amount of listed but not quoted investments at cost	6,700	500
Aggregate amount of not listed not quoted investments at fair value	48,407	49,710
Aggregate amount of not listed not quoted investments at cost	40,462	44,521
Aggregate amount of unquoted investments at fair value	1,931	2,485
Aggregate amount of unquoted investments at cost	6,713	7,087

Notes forming part of the Standalone financial statements *(Contd...)*

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
9. TRADE RECEIVABLES		
Secured, considered good *	87	304
Unsecured, considered good	606	604
Doubtful	186	208
	879	1,116
Less: Provision for doubtful trade receivables	(186)	(208)
Total	**693**	**908**
* secured by bank guarantees / fixed deposit receipts from members.		
10. CASH AND CASH EQUIVALENTS		
Balances with banks		
– in current accounts	383	473
– in current accounts (earmarked)*	1	–
Total	**384**	**473**
* The above mentioned cash and bank balances are restricted cash and bank balances which are to be used for specified purposes. All other cash and bank balances are available for the operating activities.		
11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Bank deposits	1,274	3,152
Less :Bank deposits with more than 12 months maturity	(94)	–
Bank deposits with less than 12 months maturity	1,180	3,152
In earmarked accounts		
– unpaid dividend accounts	64	65
Total	**1,244**	**3,217**
12. LOANS		
Loans and advances to employees	20	21
Total	**20**	**21**
13. OTHER CURRENT FINANCIAL ASSETS		
Security deposits	–	300
Secured, considered good		
Unbilled revenue*	3,241	2,581
Unsecured, considered good		
Other Receivables	714	500
Interest accrued but not due on fixed deposits	57	475
Interest accrued but not due on Tax free Bonds	1,487	1,016
Total	**5,499**	**4,872**
* secured by bank guarantees / fixed deposit receipts from members.		
14. OTHER CURRENT ASSETS		
a) Unsecured, considered good (unless stated otherwise)		
Prepaid expenses	437	1,360
Balance with government authorities	132	815
Advances for supply of services other than capital advances	448	738
Other advances	23	21
	1,040	2,934

₹ In Lakh

	Particulars	As at March 31, 2020	As at March 31, 2019
b)	**Unsecured, considered doubtful**		
	Other advances	–	–
	Other recoverable	282	282
	Less : Provision	(282)	(282)
	Total	**1,040**	**2,934**

15. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ In Lakh	No. of shares	₹ In Lakh
Authorized				
Equity shares of ₹ 10/- each	70,000,000	7,000	70,000,000	7,000
Issued				
Equity shares of ₹ 10/- each	50,998,369	5,100	50,998,369	5,100
Subscribed and Paid-Up				
Equity shares of ₹ 10/- each	50,998,369	5,100	50,998,369	5,100
	50,998,369	**5,100**	**50,998,369**	**5,100**

a. Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting year :

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ In Lakh	No. of shares	₹ In Lakh
Opening Balance at the beginning of the year	50,998,369	5,100	50,998,369	5,100
Add: Shares issued during the year	–	–	–	–
Closing balance at the end of the year	**50,998,369**	**5,100**	**50,998,369**	**5,100**

b. Rights, preferences and restrictions attached to equity shares:

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the shareholders at the ensuing annual general meeting, except in the case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the proportion of equity shares held.

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

Name of Shareholders	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	% of holding	Number of Shares	% of holding
Kotak Mahindra Bank Limited	7,649,755	15%	7,649,755	15%

d. For particulars of options granted under Employee Stock Option Schemes, refer note no.41 on ESOP.

Notes forming part of the Standalone financial statements *(Contd...)*

16. OTHER EQUITY

₹ In Lakh

Particulars	Other Equity					Total other equity
	Reserves and Surplus				Other Comprehensive Income	
	Securities Premium	Retained Earnings	ESOP Compensation Reserve	General Reserve		
Balance as at April 01,2018	**21,684**	**97,104**	**456**	**16,449**	**(3,166)**	**132,527**
Profit for the year	–	13,650	–	–	–	13,650
Dividend	–	(8,670)	–	–	–	(8,670)
Dividend distribution tax	–	(1,782)	–	–	–	(1,782)
Transfer from/(to) Settlement Guarantee Fund	–	5,634	–	–	–	5,634
Equity instruments through other comprehensive income	–	–	–	–	(183)	(183)
Reclassified to retained earning from ESOP Reserve	–	314	(314)	–	–	–
Reclassified to retained earning on disposal	–	98	–	–	(98)	–
ESOP Compensation Reserve	–	–	10	–	–	10
Re-measurement of employee benefits obligation and others	–	–	–	–	(3)	(3)
Balance as at March 31, 2019	**21,684**	**106,347**	**152**	**16,449**	**(3,450)**	**141,185**
Profit for the year	–	20,852	–	–	–	20,852
Dividend	–	(10,200)	–	–	–	(10,200)
Dividend distribution tax	–	(2,097)	–	–	–	(2,097)
Transfer from/(to) Settlement Guarantee Fund	–	–	–	–	–	–
Equity instruments through other comprehensive income	–	–	–	–	(146)	(146)
Reclassified to retained earning from ESOP Reserve(refer note 41)	–	152	(152)	–	–	–
Reclassified to retained earning on disposal	–	–	–	–	–	–
ESOP Compensation Reserve	–	–	–	–	–	–
Re-measurement of employee benefits obligation and others	–	–	–	–	(41)	(41)
Balance as at March 31, 2020	**21,684**	**115,055**	**–**	**16,449**	**(3,637)**	**149,552**

Note:

i) Equity instruments through other comprehensive income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

ii) ESOP Compensation Reserve - Refer Note 41

Notes forming part of the Standalone financial statements *(Contd...)*

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
17. SETTLEMENT GUARANTEE FUND (SGF)		
Opening balance (cash component)	–	18,060
Add/(Less): Base minimum capital (BMC)	–	154
Add: Settlement related penalties (Net of Tax)	–	5
Add : Appropriation of dues of defaulting members	–	–
Add: Income from earmarked investments (Net of Tax)	–	120
On transfer of Clearing and settlement activity to MCXCCL:		
Less : Transfer of Base Minimum Capital to other Non Current Financial Liabilities	–	(3,541)
Less : Transferred to MCXCCL SGF	–	(9,164)
Less :Balance transfer to retained earnings	–	(5,634)
Total	**–**	**–**
18. OTHER NON CURRENT FINANCIAL LIABILITIES		
Trade / Security deposits from		
– Members*	4,442	4,005
Employee benefits payable	613	–
Lease Liability	153	–
Total	**5,208**	**4,005**

*includes Base Minimum Capital from members ; in addition to the cash component of Base Minimum Capital, the amount of bank guarantees/fixed deposits receipts (Non cash component) forming part of base minimum capital as on March 31, 2020 ₹ 6,127 lakhs on March 31, 2019 is ₹ 5,739 lakh

19. NON CURRENT PROVISIONS		
Provision for Compensated absences (Refer note 40)	152	117
Total	**152**	**117**
20. TRADE PAYABLES		
Total outstanding dues of micro enterprises and small enterprises (Refer note. 47)	9	3
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,010	3,449
Total	**3,019**	**3,452**
21. OTHER CURRENT FINANCIAL LIABILITIES		
Advance received from members and applicants towards		
– Member's Security Deposits	374	505
– Application Money (pending admission)	48	48
SEBI regulatory fund	6	5
Lease Liability	72	–
Employee benefits payable	769	373
Payable to employees	18	13
Payable for purchase of fixed assets	40	737
Unclaimed dividends *	64	65
Total	**1,450**	**1,800**

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
22. OTHER CURRENT LIABILITIES		
Statutory remittances	7,857	2,184
Payable to Multi Commodity Exchange Investor Protection Fund (IPF)	484	350
Investor Services Fund (ISF)#	578	333
Payable to Settlement Guarantee Fund	–	
Networking Equipment Deposits	2	4
Advance received from members and applicants	1,361	752
Income received in advance	113	109
Total	**10,395**	**3,732**

SEBI vide its circular CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13,2017 has mandated to set up Investor Service Fund (ISF) for providing basic minimum facilities at various Investor Service Centers. Accordingly, Contribution during the year ₹ 353 lakh and utilized ₹ 134 Lakh (previous year ended March 31, 2019 ₹ 405 lakh and ₹ 75 lakh respectively)

23. CURRENT PROVISIONS		
Provision for Compensated absences (Refer note.40)	25	21
Provision for Gratuity (Refer note. 40)	125	153
Total	**150**	**174**
24. INCOME TAX LIABILITIES (NET)		
Provision for tax [net of advance tax ₹ 2,354 lakh (as on March 31, 2019 ₹ 296 lakh)	1,630	2,841
Total	**1,630**	**2,841**

₹ In Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
25. REVENUE FROM OPERATIONS		
Sale of Services		
Transaction fees	35,303	28,331
Annual subscription fees	206	269
Membership admission fees	203	–
Terminal charges	39	48
	35,751	28,647
Other operating revenues		
Connectivity Income	662	650
Other recoveries from members		
– Others	180	135
Data feed Income	451	342
Warehouse Income	–	63
	1,293	1,188
Total	**37,044**	**29,835**

₹ In Lakh

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
26. OTHER INCOME			
Dividend income from mutual funds		63	194
Interest income:			
– on bank deposits		154	653
– on Tax Free Bonds/PSU Bonds		2,114	2,082
– from Others#		21	0
Net gain on sale of :			
– current investments		1,955	997
– Bonds		–	23
Gain/(loss) on fair valuation			
Gain/(loss) on fair valuation of Mutual Funds		4,651	4,453
Gain/(loss) on fair valuation of ETF		60	–
Gain/(loss) on fair valuation of Tax free Bonds		913	(666)
Rental income from operating lease		245	139
Provisions/Liability no longer required written back		–	354
Net gain on foreign currency transactions and translations		2	–
Income from sale of fixed assets		2	–
Miscellaneous income		955	407
	Total	**11,133**	**8,637**
#0 represents ₹ 0.25 lakh			
27. EMPLOYEE BENEFITS EXPENSE			
Salaries and wages		6,133	6,034
Contribution to provident and other funds		308	306
Staff welfare expenses		147	167
Share based payment to employee		–	10
	Total	**6,588**	**6,517**
28. CLEARING AND SETTLEMENT FEES			
– Clearing and Settlement Fees (Refer note 39)		4,413	2,142
	Total	**4,413**	**2,142**
29. FINANCE COSTS			
Interest expenses on :			
– Interest on Lease liabilities (Refer Note 37)		16	–
– Others		4	3
	Total	**20**	**3**
30. SOFTWARE SUPPORT CHARGES AND PRODUCT LICENSE FEES			
Software support charges		3,481	3,617
Product License fees		1,699	1,635
	Total	**5,180**	**5,252**
31. COMPUTER TECHNOLOGY AND COMMUNICATION EXPENSES			
Computer Technology expenses		1,218	1,454
Communication expenses		358	394
	Total	**1,576**	**1,848**

Notes forming part of the Standalone financial statements *(Contd...)*

₹ In Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
32. OTHER EXPENSES		
Advertisement	377	187
Electricity charges	315	295
Rent	70	140
Repairs and maintenance - others	258	210
Insurance	37	45
Rates and taxes	26	23
Travelling and conveyance	283	293
Printing and stationery	31	19
Business promotion	251	261
CSR related expenses (Note No. 43)	333	252
Legal and Professional Charges	539	839
Sponsorships and Seminar expenses	82	58
Membership fees and subscriptions	104	100
Security service charges	124	111
Provision for doubtful trade receivables	50	–
SEBI - Exchange regulatory fees	189	436
Payment to the auditors		
– For audit	24	20
– For taxation matters	3	3
– For other services	1	3
– Reimbursement of out of pocket expenses	1	–
	29	25
Contribution to Multi Commodity Exchange Investor Protection Fund (IPF)	372	465
Contribution to Investor Service Fund	353	405
Contribution to Settlement Gurantee Fund	406	65
Net loss on foreign currency transactions and translations	–	16
Loss on fixed assets sold/scrapped	–	4
Directors Sitting fees	161	159
Office expenses	254	255
Miscellaneous expenses	113	153
Total	**4,757**	**4,816**

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
33. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
Contingent liabilities :		
Claims against the Company not acknowledged as debts :		
– Income tax demands against which the Company is in appeals (including interest upto date of order) (Refer note 46) (Net of rectification order)	11,677	10,928
– Service tax (CENVAT credit)	–	26
– Others (excluding interest)	74	30
Bank guarantee given*	–	1,127
Capital Commitments:		
The estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	871	675

* Bank guarantee as on 31.03.2019 includes, Expired BG amounting to ₹ 762 Lakh (expired on 11-01-2019)

In addition to the matters as specified in contingent liabilities above, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business the impact of which is unascertainable. The Company's management does not expect that the legal actions, when ultimately concluded and determined, will have adverse effect on the Company's financial statements.

Other Commitments:

The Company has commitments to pay for the services related to (i) maintenance of core network equipment and (ii) technology support and managed services based on long-term agreements, the cancellation of which may entail monetary compensation.

34. TAXATION

The Major component of tax expenses for the year are as under :

₹ In Lakh

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Current income tax (MAT)	3,505	2308
Deferred Tax	(278)	92
Minimum Alternate Tax (MAT) credit entitlement	(402)	(2,065)
Minimum Alternate Tax (MAT) credit Utilised	182	–
Total Income Tax Expense	**3007**	**335**

Reconciliation:

₹ In Lakh (as otherwise stated)

Particulars	Year ended	
	March 31, 2020	**March 31, 2019**
Profit / (loss) before tax	23,859	13,985
Applicable tax rate	29.12%	34.944%
Computed expected tax expense	6,948	4,887
Add:		
Expenses disallowed	731	709
Income not considered in Profit & Loss Account	–	430
Long Term Capital gain on Tax Free Bond		876
Income from other Source	128	–
Less:		
IND AS Impact (Net)	(1,649)	(492)
Expenses allowed	(679)	(796)
Exempt income/Other income offered seperately	(1,254)	(1,807)
Contribution to SGF	–	(2,751)
Deduction Under Section 80G	(58)	–
Normal Income Tax Liability	4,166	1,055
MAT-Income Tax Liability	3,984	2,690
Excess provision for tax relating to prior year	(479)	(382)
Income tax expense per Profit & Loss Account	**3,505**	**2,308**
Effective Tax Rate	**14.69%**	**16.50%**

Deferred tax relates to the following:

₹ In Lakh

Particulars	Balance Sheet	
	As at March 31, 2020	**As at March 31, 2019**
Expenses allowable on payment basis	132	126
Other items giving rise to temporary differences (including impact on fair value of investments)	(285)	(486)
Difference between WDV of Property, Plant and Equipment as per books of accounts & Income Tax	(1,125)	(1,315)
Difference between WDV of Right of Use Assets as per books of accounts & Income Tax	(135)	–
Lease Liability	66	–
Minimum Alternate Tax (MAT) credit entitlement	220	2065
Minimum Alternate Tax (MAT) credit entitlement Reversed	2,065	–
Deferred tax asset / (liability)	**938**	**389**

Reconciliation of deferred tax assets / (liabilities) net:

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	389	(1,705)
Tax income / (expense) during the period recognized in profit & loss account	295	(92)
Differences on other comprehensive income	35	121
Minimum Alternate Tax (MAT) credit entitlement	220	2065
Minimum Alternate Tax (MAT) credit entitlement Reversed	–	–
Closing Balance	**938**	**389**

35. SEGMENT REPORTING

IND AS 108 establishes standards for the way that companies report information about operating segments and related disclosures about products and services, and geographical areas.Based on the risks and returns identified, organizational structure and the internal financial reporting system, the business segment is the primary segment for the Company and accordingly "business of facilitating trading in commodities and incidental activities thereto" is considered as the only Primary Reportable business segment. Further, since the Company renders services only in the domestic market in India and there is no geographical segment.

36. FOREIGN CURRENCY TRANSACTIONS

₹ In Lakh

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Expenditure in Foreign Currency		
– License Fees	1,702	1,635
– Membership and Subscription	57	27
– Professional Charges	7	5
– Computer Technology and Communication expenses	53	46
– Registration Fees	–	7
– Seminar & conference expenses	–	6
– Software License Fees Exp A/c.	6	3
– Loss from exchange rate fluctuation*	0	2
– Advertisement expenses-Sales	–	2
– Honorarium Charges	3	1
– Sponsorship Expenses	–	1
– Bank charges	2	2
– Courier charges#	–	0
Earnings in Foreign Exchange		
– Data feed income	146	91

* represents ₹ 0.01 Lakh in FY 2019-20
# represents ₹ 0.02 Lakh in FY 2018-19

37. 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 1st April 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 ass on March 31, 2019. There is no impact on retained earnings as on April 1, 2019

₹ In Lakh

	Particulars	Amount
a)	**The movement in lease liabilities during the year:**	
	Lease liabilities as on 01.04.2019 (on adoption of IND AS 116 - Leases)	**99**
	Additions during FY 2019-20	174
	Finance costs incurred during the year	16
	Payment of lease laibilities	(64)
	Lease liabilities as on 31.03.2020	**225**
b)	**The carrying value of the Right of use and depreciation charged during the year**	
	Recognition on Initial application of Ind AS 116 as at April 01, 2019	**99**
	Additions during FY 2019-20	174
	Depreciation charged during the year	53
	Right to use asset as on 31.03.2020	**220**
c)	**Amounts recognised in statement of profit or loss:**	
	Depreciation on Right of use asset	53
	Finance costs incurred during the year	16
	Rent expense	(64)
	Total amounts recognised in profit or loss	**5**
d)	**Maturity analysis of lease liabilities**	
	Maturity analysis of contractual undiscounted cash flows	
	Less than one year	91
	One to five years	158
	More than five years	28
	Total undiscounted lease liability	
	Non-current lease liability	153
	Current lease liability	72
	Total lease liability	**225**

38. EARNINGS PER SHARE

The following is a reconciliation of the equity shares used in the computation of Basic and Diluted Earnings per Equity Share:

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Weighted Average Shares Outstanding - Basic	50,883,335	50,867,930
Effect of dilutive securities on account of ESOP	3,693	(27,249)
Weighted Average Shares Outstanding - Diluted	50,887,028	50,840,681

Net Profit available to equity shareholders of the company used in the Basic and Diluted Earnings per Equity Share was determined as follows:

₹ In Lakh, except EPS

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Earnings available to equity shareholders	20,852	13,650
Earnings available for equity shareholders for diluted earnings per share	20,852	13,650
Basic Earnings per Share	40.98	26.83
Diluted Earning per Share	40.98	26.83

39. RELATED PARTY INFORMATION

Names of related parties and nature of relationship:

Nature of relationship	Name of Related Party
Subsidiary Company	Multi Commodity Exchange Clearing Corporation Limited (MCX CCL)
Associate Company	CDSL Commodity Repository Limited
Shareholders' Directors	Mr. Amit Goela (w.e.f. 04.02.2016)
	Ms. Madhu Vadera Jayakumar (w.e.f. 04.02.2016)
	Ms. Padma Raghunathan* (w.e.f. 04.02.2016)
	Mr. Hemang Raja (w.e.f. 30.06.2016)
	Mr. Chengalath Jayaram (w.e.f. 25.11.2016)
	* Sitting fees are paid directly to the nominee institutions
Independent Directors	Mr. Saurabh Chandra (w.e.f. 03.07.2016)
	Mr. Prithvi Haldea (upto 03.09.2019)
	Mr. Shankar Aggarwal (w.e.f. 01.10.2017)
	Ms. Pravin Tripathi (w.e.f 17.09.2019)
	Mr. Basant Seth (w.e.f 19.05.2018)
	Mr. Bhartendu Kumar Gairola (w.e.f 17.09.2019)
	Dr. Deepali Pant Joshi (w.e.f 08.08.2018)
	Mr. Arun Bhargava (upto 06.03.2019)
	Mr. Arun Kumar Nanda (upto 18.05.2018)
	Dr. Govinda Marapalli Rao (upto 07.08.2018)
	Mr. Subrata Kumar Mitra (upto 18.05.2018)
Key Managerial Personnel (KMP)	Mr. P.S. Reddy, MD & CEO (w.e.f. 10.05.2019)
	Mr. Mrugank Paranjape, MD & CEO (upto 09.05.2019)
	Mr. Ajay Puri, Company Secretary (w.e.f. 07.12.2018)
	Mr. Sanjay Wadhwa, Chief Financial Officer (upto 06.12.2019)
	Mr. Ashwin Patel, Company Secretary (upto 06.11.2018)
	Others:
	Mr. Pareshnath Paul Chief Information Officer, Technology (w.e.f. 11.02.2019)
	Mr. Rahi Racharla, Chief Information Officer, Technology (upto 17.08.2018)
	Mr. Sanjay Golecha, Chief Regulatory Officer (W.e.f.18.09.2019)
	Mr. Girish Dev, Chief Regulatory Officer (upto 17.09.2019)
	Mr. Praveen Dalvani Ganapathi#
	Mr. Chittaranjan Rege#
	Mr. Shivanshu Mehta#
	Mr. Rishi Nathany#
	Mr. Venkatachalam Shunmugam (upto 31.03.2020)

Nature of relationship	Name of Related Party
	Mr. Rajendra Gogate# (upto 29.02.2020)
	Mr. Deepak Mehta (upto 10.01.2020)
	Mr. Sudeendra Venkatesh Nadager(upto 16.11.2018)
	Mr. Himanshu Ashar#
	Mr. Sanjay Gakhar#
	Mrs. Neetu Juneja#
	Mr. Arvind Sharma#
	Mr. Chandrakant Upadhyay#
	Mr. Sunil Kurup#
	Mr. Pravin Gade##(w.e.f 01.04.2019)
	Mr. Radheshyam Yadav## (w.e.f 01.04.2019)
	Mr. Satyajeet Bolar##*(w.e.f 09.04.2019)
	Mr. Jayaprakash Menon (upto 06.02.2020)
Others	–
Relatives of KMPs or company in which KMP is interested and where transaction exists	
Company in which Director is interested and where transaction exists	Prime Database Company Private Limited (Mr. Prithvi Haldea is a director in the company)
	Hotel Queen Road Private Limited (Mr.Shankar Aggrawal is a director in the company)
Employee Welfare Trust	MCX ESOP Trust

@ CDSL Commodity Repository Limited is considered as an Associate w.e.f. 26.10.2018 being date of appointment of MCX director Mr. Hemang Raja on it's board.
# Identified as KMP's under SECC Regulations, 2018 by the Nomination and Remuneration Committee, in its meeting held on November 16, 2018, hence transactions with them considered from Oct-Dec'18 quarter onwards.
Identified as KMP's under SECC Regulations, 2018 from their date of Joining
* was given interim charge of the Finance function, now appointed as CFO w.e.f. May 30, 2020.

Transactions with related parties:

The details of transactions with related parties for year ended March 31, 2020 are as follows:

₹ In Lakh

	As at March 31, 2020							
Particulars	**Subsidiary**	**Associate**	**Others**					**Total**
	MCX CCL	**CDSL Commodity Repository Limited**	**MCX ESOP Trust**	**Shareholder's Directors**	**Independent Directors**	**Company in which Director is interested and where transaction exists**	**KMPs**	
Transactions								
Re-imbursements charged to the company	0	–	–	–	5	–	13	17
MCX contibution towards SGF transfer	406	–	–	–	–	–	–	406
Recoveries charged by the company	67	–	6	–	–	–	–	74
Clearing & settlement fees	4,413	–	–	–	–	–	–	4,413
Annual Subsription fees	1	–	–	–	–	–	–	1
Rent Deposit	2	–	–	–	–	–	–	2
Rent Income	240	–	–	–	–	–	–	240
IT and other infrastructure Income	2,471	–	–	–	–	–	–	2,471
Status report-processing charges Recovery	1	–	–	–	–	–	–	1
Membership Transfer Fees shared	1	–	–	–	–	–	–	1
Regulatory Fees,Transactions charges,Fines & penalties and other collections by MCXCCL on behalf of MCX	125,048	–	–	–	–	–	–	125,048

Notes forming part of the Standalone financial statements *(Contd...)*

₹ In Lakh

Particulars	As at March 31, 2020							
	Subsidiary	Associate	Others					Total
	MCX CCL	CDSL Commodity Repository Limited	MCX ESOP Trust	Shareholder's Directors	Independent Directors	Company in which Director is interested and where transaction exists	KMPs	
Other deposits given for appointment of shareholder director	1	–	–	–	–	–	–	1
Sitting Fees Paid	–	–	–	54	107	–	–	161
Trustee Sitting Fees Paid	–	–	–	–	1	–	–	1
Dividend paid	–	–	26	–	–	–	4	30
Plough back money to IPF for Co-Sponsorship fees Prime Database	–	–	–	–	–	19	–	19
Seminar Expenses*	–	–	–	–	–	0	–	0
Balances as at March 31, 2020								
Outstanding Balance receivable / (payable)	814	–	–	–	–		–	814

* Represents ₹ 0.38 lakhs

The details of transactions with related parties for year ended March 31, 2019 are as follows:

₹ In Lakh

Particulars	Subsidiary	Associate	Others					Total
	MCX CCL	CDSL Commodity Repository Limited	MCX ESOP Trust	Shareholder's Directors	Independent Directors	Company in which Director is interested and where transaction exists	KMPs	
Transactions								
Re-imbursements charged to the company	-	–	–	–	6	–	21	27
Purchase consideration under Business Transfer Agreement	33,132	–	–	–	–	–	–	33,132
MCX contibution towards SGF transfer	7,938	–	–	–	–	–	–	7,938
Recoveries charged by the company	19	–	1	–	–	–	–	20
Clearing & settlement fees	2,142	–	–	–	–	–	–	2,142
Annual Subsription fees	60	–	–	–	–	–	–	60
Rent Deposit	59	–	–	–	–	–	–	59
Rent Income	137	–	–	–	–	–	–	137
IT and other infrastructure Income	1,273	–	–	–	–	–	–	1,273
Sitting Fees Paid	–	–	–	48	110	–	–	159
Dividend paid	–	–	22	–	–	–	–	22
Loans	1,685	–	–	–	–	–	–	1,685
Interest receivable on loans & advances	10	–	–	–	–	–	–	10
Balances as at March 31, 2019								
Investments	23,999	1,200	–	–	–	–	–	25,199
Outstanding Balance receivable / (payable)	821	–	–	–	–	–	–	821

For FY 2018-19, Reimbursement of expenses are as per the omnibus approval obtained in board meeting dated April 28,2018 and same does not include Regulatory Fees,Transactions charges,Fines & penalties and other tax collections by MCX CCL on behalf of MCX.

Terms and conditions of transactions with related parties

The services provided to and received from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured, interest free and will be settled in cash. There have been no guarantees received or provided for any related party receivables or payable.

Compensation of key managerial personnel of the company

(₹ In Lakh)

Particulars	2019-20	2018-19
Short-term employment benefits	1,479	946
Post-employment benefits	20	33
Termination benefits		–
Share-based payments	–	–

Transactions with Key Managerial Personnel :

(₹ In Lakh except as otherwise stated)

Nature of Transactions	Year ended	
	March 31, 2020	March 31, 2019
1. Salary and Allowances Paid/payable to KMPs*:		
Mr. P.S. Reddy	205	–
Mr. Mrugank Paranjape	30	229
Mr. Ajay Puri	71	21
Mr. Sanjay Wadhwa	61	82
Mr. Ashwin Patel	–	19
Others	1,112	594
2. Dividend paid to KMPs:		
Others	4	–
3. Employee Stock Options (ESOP Scheme 2008):	**In Numbers**	**In Numbers**
Opening Balance at the beginning of year		–
ESOPs held by KMPs identified as per SECC	–	3,640
Add: Options granted during the year	–	–
Less: Options Cancelled/ forfeited	–	(3,640)
Less : Exercised during the year	–	–
Closing Balance at the end of the year	–	–

* Excludes gratuity and long term compensated absences which are actuarially valued at Company level and where separate amounts are not identifiable.

Notes :

1. There are no amounts written off or written back during the year in respect of debts due from or to related parties.
2. KMPs as on the respective dates are considered.
3. Amount paid to Ex-employee who were erstwhile KMP's are not included above.

40. EMPLOYEE BENEFIT PLANS:

1. a) Post employment defined benefit plans :

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

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Group's financial statements as at March 31, 2020 and March 31, 2019.

₹ 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 year	590	628
Interest Cost	46	49
Current Service Cost	80	93
Liability transferred in/Acquisitions	7	–
Liability transferred out/Disinvestment	(2)	(121)
Benefits paid from the Fund	(55)	(58)
Actuarial (Gains)/Losses on obligations - due to change in financial assumptions	77	(1)
Actuarial (Gains)/Losses on obligations - due to experience*	(25)	(0)
Present Value of Benefit obligations at the end of the year	**717**	**590**

₹ In Lakh

Particulars	Year ended	
	March 31, 2020	**March 31, 2019**
Change in plan assets		
Fair value of plan assets at the beginning of the year	437	565
Interest Income	34	44
Assets Transferred in/ acquisitions	7	–
Assets Transferred out/ disinvestment	(2)	(121)
Return on plan assets excluding interest income	(6)	(6)
Contributions by the employer	178	12
Benefits paid from the fund	(55)	(58)
Fair value of plan assets at the end of the year	**592**	**437**
Net (liability)/ asset recognised in the Balance Sheet	**(125)**	**(153)**

*0 represents ₹ -0.16 lakh in FY 2018-19

Amount for the year ended March 31, 2020 and March 31, 2019 recognized in the Statement of Profit and Loss under employee benefits expenses.

₹ In Lakh

Recognized in Profit and Loss	Year ended	
	March 31, 2020	**March 31, 2019**
Current Service Cost	80	93
Net Interest Cost	12	5
Expenses Recognized	**92**	**98**

Amount for the year ended March 31, 2020 and March 31, 2019 recognized in statement of other comprehensive income:

₹ In Lakh

Recognized in Other Comprehensive Income	**Year ended**	
	March 31, 2020	**March 31, 2019**
Actuarial (gains) / losses on obligation for the year	52	(1)
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	6	6
Net (Income)/Expense for the year recognized in OCI	**58**	**5**

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	**As at March 31, 2020**	**As at March 31, 2019**
Discount rate	6.89%	7.79%
Weighted average rate of increase in compensation levels	7.50%	7.50%
Weighted average duration of defined projected benefit obligation	15	15

Sensitivity Analysis	**As at March 31, 2020**	**As at March 31, 2019**
Projected Benefit Obligation on Current Assumptions	717	590
Delta Effect of +1% change in rate of Discounting	(84)	(68)
Delta Effect of -1% change in rate of Discounting	101	81
Delta Effect of +1% change in rate of Salary Increase	99	80
Delta Effect of -1% change in rate of Salary Increase	(85)	(69)
Delta Effect of +1% change in rate of Employee Turnover*	(6)	0
Delta Effect of -1% change in rate of Employee Turnover#	7	(0)

*represents ₹ 0.16 lakh for FY 2018-19

#represents ₹ -0.40 lakh for FY 2018-19

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.125 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: ₹ In Lakh

Projected Benefits Payable in Future Years from the Date of Reporting	March 31, 2020	March 31, 2019
Within 1 year	20	30
1-2 year	15	13
2-3 year	20	18
3-4 year	35	18
4-5 year	25	32
5-10 years	191	128
11 years and above	1,705	1,669

1. b) Defined Contribution Plans :

Amounts recognised as expenses towards contributions to Provident and Family Pension Fund, Employee State Insurance Corporation and other funds by the Company are ₹ 216 Lakhs (Previous Year ₹ 224 Lakh) Refer Note No. 27

₹ In Lakh

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Contribution to Provident and Family Pension Fund	214	206
Contribution to Employees State Insurance Scheme (ESIC)*	0	0
Contribution to Labour Welfare Fund#	0	16
Contribution to Employees Deposit Linked Insurance (EDLI)	2	2

*represents Rs.0.001 lakh for FY 2019-20 and Rs.0.39 lakh for FY 2018-19
#represents Rs.0.12 lakh for FY 2019-20

2) Other Long term employee benefits

Privilege Leave and Sick Leave assumptions

The liability towards compensated absences (Privilege leave and Sick leave) for the year ended March 31, 2020 based on actuarial valuation carried out by using Projected Accrual Benefit method resulted in increase in liability by ₹ 38 lakh. (Previous year - decreased by ₹ 38 lakh)

a) Financial assumptions

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	6.89 % p.a.	7.79 % p.a.
Salary escalation rate	7.50 % p.a.	7.50 % p.a.

b) Demographic assumptions

Particulars	As at March 31, 2020	As at March 31, 2019
Employee turnover		
For service 4 years and below	10.00 % p.a.	10.00 % p.a.
For service 5 years and above	2.00 % p.a.	2.00 % p.a.
Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	

41. EMPLOYEE STOCK OPTION PLAN (ESOP):

During the year ended 31 March 2009, the shareholders of the Company approved the 'Employee Stock Options Plan 2008 ('ESOP – 2008'). Under the said scheme, 1,625,000 Equity Shares of ₹ 10 each have been allotted to ESOP Trust who will administer the ESOP Scheme on behalf of the Company. Out of which ESOP Trust has granted (a) 1,313,250 number of options convertible into 1,313,250 equity shares of ₹ 10 each to eligible employees on 2 July 2008 and 23 August 2008 in aggregate; (b) 331,750 (including the lapsed options available for reissuance) numbers of options convertible into 331,750 equity shares of ₹ 10 each to eligible employees on 24 October 2011; (c) 10,000 numbers of options convertible into 10,000 equity shares of ₹ 10 each to an eligible employee on 3 October 2012;(d) 25,300 numbers of options convertible into 25,300 equity shares of ₹ 10 each to eligible employees on 19 April 2013 ; (e) 10,000 numbers of options convertible into 10,000 equity shares of ₹ 10 each to an eligible employee on 19 February 2014 and (f) 172,600 numbers of options convertible into 172,600 equity shares of ₹ 10 each to eligible employees on November 11, 2014.

Details of the Options granted by the ESOP Trust is as under :

Vesting period	No. of Options granted	Exercise Price	Grant Date
2 July 2008 to 2 July 2009	391,725	₹ 144.00	2-Jul-08
2 July 2008 to 2 July 2010	391,725	₹ 144.00	
2 July 2008 to 2 July 2011	522,300	₹ 144.00	
23 August 2008 to 23 August 2009	2,250	₹ 144.00	23-Aug-08
23 August 2008 to 23 August 2010	2,250	₹ 144.00	
23 August 2008 to 23 August 2011	3,000	₹ 144.00	
24 October 2011 to 24 October 2012	99,525	₹ 390.00	24-Oct-11
24 October 2011 to 24 October 2013	99,525	₹ 390.00	
24 October 2011 to 24 October 2014	132,700	₹ 390.00	
3 October 2012 to 3 October 2013	3,000	₹ 1,282.75	03-Oct-12
3 October 2012 to 3 October 2014	3,000	₹ 1,282.75	
3 October 2012 to 3 October 2015	4,000	₹ 1,282.75	
19 April 2013 to 19 April 2014	7,590	₹ 855.70	19-Apr-13
19 April 2013 to 19 April 2015	7,590	₹ 855.70	
19 April 2013 to 19 April 2016	10,120	₹ 855.70	
19 Feb 2014 to 19 Feb 2015	1,000	₹ 516.50	19-Feb-14
19 Feb 2014 to 19 Feb 2016	2,000	₹ 516.50	
19 Feb 2014 to 19 Feb 2017	3,000	₹ 516.50	
19 Feb 2014 to 19 Feb 2018	4,000	₹ 516.50	
11 Nov 2014 to 11 Nov 2015	17,260	₹ 851.10	11-Nov-14
11 Nov 2014 to 11 Nov 2016	34,520	₹ 851.10	
11 Nov 2014 to 11 Nov 2017	51,780	₹ 851.10	
11 Nov 2014 to 11 Nov 2018	69,040	₹ 851.10	

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Rs. 10 each. Exercise period for each option granted on 2 July 2008 and 23 August 2008 is three years from the date of their respective vesting. Exercise period for each option granted on 24 October 2011, 3 October 2012, 19 April 2013 and 19 February 2014 and 11 November 2014 is one year from the date of their respective vesting.

The following table exhibits the net compensation expenses arising from share based payment transaction:

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Expense arising from equity settled share based payment transactions	–	10

The activity in the 2008 Plan for equity-settled share based payment transactions during the year ended March 31, 2020 is set out below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
2008 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning of year	41,028	851.10	76,785	851.10
Granted during the year				
Forfeited and lapsed during the year	6,140	851.10	35,757	851.10
Exercised during the year	34,888	851.10	–	
Outstanding at the end of year	**–**		**41,028**	**851.10**
Exercisable at the end of year			**41,028**	

'During the year FY 2018-19, Parent company (MCX) had transferred 61 employees to its subsidiary company (MCXCCL) on September 01, 2018. Outstanding ESOP pertaining to transferred employees were 3690 on the date of transfer. Subsequently, 6660 ESOP got vested on November 11, 2018 (4th Tranche), out of which 1760 Esop's of identified KMP's of MCXCCL were cancelled/forfeited. Outstanding ESOP as on March 31, 2019 of MCXCCL employees were 4900.

There were no such transfer during the current financial year.

Lapsed options available for reissuance are 95,551 (As at March 31, 2019: 89,411) shares.

Since the options were lapsed, the unutilised balance lying in the ESOP Compensation Reserve has been transferred to Retained Earnings.

The following table summarizes information about options exercised and granted during the year and about options outstanding and their remaining contractual life as at March 31, 2020:

Particulars	Options outstanding			Options Exercised	
	Number of share options	Weighted average remaining contractual life (in years-)	Weighted average exercise price	Number of share options	Weighted average fair value
2-Jul-08	–	–	–	–	–
23-Aug-08	–	–	–	–	–
24-Oct-11	–	–	–	–	–
03-Oct-12	–	–	–	–	–
19-Apr-13	–	–	–	–	–
19-Feb-14	–	–	–	–	–
11-Nov-14	–	–	–	34,888	851.10

For options granted on 2 July 2008 and 23 August 2008 under ESOP 2008 Scheme; the intrinsic value of each option is Nil. The estimated fair value of each option is ₹ 15.64 and ₹ 16.62 for options granted on 2 July 2008 and 23 August 2008 respectively. The weighted average fair values have been determined using the Binomial Option Pricing Model considering the following parameters:

Particulars	For options granted in	
Grant date	2-Jul-08	23-Aug-08
Weighted average share price on the date of grant	₹ 90	₹ 90
Weighted average Exercise price on the date of grant	₹ 90	₹ 90
Expected volatility (%)	1%	1%
Expected life of the option (years)	3.5 years	3.5 years
Expected dividends (%)	25%	25%
Risk-free interest rate (%)	9.14%	9.13%
Weighted average fair value as on grant date	₹ 85	₹ 85

Each option granted represents a right to the option grantee but not an obligation to apply for 1 fully paid up Equity Share of ₹ 10 each of the Company at duly adjusted exercise price after consolidation of share and bonus issue i.e. ₹144 pursuant to the corporate action during the year ended March 31, 2011.

For options granted on October 24, 2011, October 3, 2012, April 19, 2013, February 19, 2014 and November 11, 2014 under ESOP 2008 Schemes; the intrinsic value of each option is Nil. The estimated fair value of each option is ₹ 324.99, ₹ 342.64, ₹ Rs. 202.34, ₹ 181.47 and ₹ 363.18 for options granted on October 24, 2011, October 3, 2012, April 19, 2013, February 19, 2014 and November 11, 2014 respectively. The weighted average fair values have been determined using the Black Schole Formula considering the following parameters:

Particulars	For options granted in				
	24-Oct-11	03-Oct-12	19-Apr-13	19-Feb-14	11-Nov-14
Weighted average share price on the date of grant	₹ 390	₹ 1282.75	₹ 855.70	₹ 516.50	₹ 851.10
Weighted average Exercise price on the date of grant	₹ 390	₹ 1282.75	₹ 855.70	₹ 516.50	₹ 851.10

Particulars	For options granted in				
	24-Oct-11	03-Oct-12	19-Apr-13	19-Feb-14	11-Nov-14
Expected volatility (%)	2.26%	34.35%	32.75%	52.37%	52.22%
Expected life of the option (years)	1.5 Years	2.6 Years	2.6 Years	3.5 Years	3.5 Years
Expected dividends (%)	Not Considered	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant
Dividend yield (%)	–	1.87%	2.80%	4.65%	1.17%
Risk-free interest rate (%)	8.60%	8.12%	7.49%	8.86%	8.26%
Weighted average fair value as on grant date	₹ 385	₹ 1282.75	₹ 855.70	₹ 516.50	₹ 851.10

42. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The carrying value and fair value of financial instruments by categories as at March 31, 2020 were as follows:

₹ In Lakh

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Financial Assets at amortized cost:				
Cash and cash equivalents (Refer Note No 10)	384	384	473	473
Bank Balances (Refer Note No. 11)	1,244	1,244	3,217	3,217
Bank deposits with original maturity of more than twelve months (Refer Note No 5)	94	94	–	–
Unbilled Revenue (Refer Note No 13)	3,242	3,242	2,581	2,581
Trade receivables (Refer Note No 9)	693	693	908	908
Loans (Refer Note No 12)	20	20	21	21
Other financial assets (Refer Note No 5 & 13)	3,329	3,329	1,455	1,455
Investment in PSU Bank Bonds	13,608	13,608	–	–
Financial Liabilities at amortized cost:				
Trade payables (Refer Note No 20)	3,019	3,019	3,452	3,452
Other financial liabilities (Refer Note No 18 & 21)	6,658	6,658	5,726	5,726
Fair value through profit or loss:				
Investments (Refer Note No 4 & 8)				
Tax free bonds	27,818	27,818	26,905	26,905
Mutual Funds	70,456	70,456	70,612	70,612
ETF Bond	3,060	3,060	–	–

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Fair value through OCI:				
Investments in unquoted equity shares of subsidiary	23,999	23,999	23,999	23,999
Investments in unquoted equity shares of other entities	1,931	1,931	2,485	2,485

Notes :

1. Investment in equity instrument are not held for trading. The Company has chosen to measure these at FVTOCI irrevocably as the management believes that presently fair value gains and/or losses relating to these investments in the Statement of Profit and Loss may not be indicative of the performance of the Company.
2. The fair value of mutual funds is based on quoted price. The fair value of tax free bonds is based on quoted prices and market observable inputs.
3. The fair value of warrants & equity securities is based on the valuation provided by the certified valuers.

(b) Fair Value Measurement

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2020:

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019	Level	Hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Financial Assets				
Investments in Mutual Funds (FVTPL)	70,456	70,612	1 & 2	1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Investments in tax free bonds (FVTPL)	27,818	26,905	1 & 2	1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Investments in equity instruments (FVTOCI)	25,929	26,484	3	Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)
Investments in ETF (FVTPL)	3,060	-	1	1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

* The carrying amount of financial asset measured at FVTOCI in the financial statements are a reasonable approximation of their fair values since the company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

(c) Financial risk management

1. Financial risk factors

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

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the company's management.

2. Market risk

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

3. Interest rate risk

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

Since the Company has no borrowings, exposure to risk of change in market interest rate is nil.

4. Foreign currency risk

The company periodically transacts internationally and few of the transactions are conducted in different currencies. As the volume of the transactions are few, the company has not entered in foreign exchange forward exchange contracts.

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

₹ In Lakh

Particulars	As at March 31, 2020		As at March 31, 2019	
	₹ In Lakh	Amount in Foreign Currency	₹ In Lakh	Amount in Foreign Currency
Trade receivables				
In USD	8	11,421	17	23,971
Trade Payables				
In USD	517	687,513	3	4,553
In GBP	0	192	130	144,112

5. Sensitivity Analysis

A Change of 5% in Foreign currency would have following impact on Profit before tax ₹ In Lakh

Particulars	2019-20		2018-19	
	5% Increase	5% decrease	5% Increase	5% decrease
Trade receivables				
USD	0	(0)	1	(1)
Trade Payables				
USD	26	(26)	0	(0)
GBP	(0)	0	(7)	7

6. Derivative financial instruments

The company has not entered into any forward exchange contract being derivative instruments.

7. Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 879 lakhs and ₹ 1,116 lakhs as at March 31, 2020 and March 31, 2019 respectively and unbilled revenue amounting to ₹.3,242 lakhs and ₹ 2,581 lakhs as at March 31, 2020 and March 31, 2019 respectively.

Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

The Company measures the expected credit loss of trade receivables from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

Investment in mutual fund & bonds is with financial institutions with high credit rating assigned by the international credit rating agencies.

Ageing of Account receivables ₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Less than 6 months	733	908
More than 6 months	146	208
Total	**879**	**1,116**

Movement in provisions of doubtful debts ₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Opening provision	208	421
Add: Additional provision made	–	11
Less: Provision reversed	13	80
Less: Bad debt written off	9	144
Closing provision	**186**	**208**

8. Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(i) Financial Arrangements

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

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Expiring within one year (bank overdraft)	–	935

(ii) Maturity patterns of other Financial liabilities ₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payable		
Less than 6 months	3,014	3,445
More than 6 months	5	7
Total	**3,019**	**3,452**

9. Capital Risk Management

(a) Risk Management

The Company aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

10. Regulatory risk

The Company requires a number of regulatory approvals, licenses, registrations and permissions to operate our business For example, the Company have licenses from SEBI in relation to, among others, introducing derivatives contracts on various commodities The Company's operations are subject to continued review and the governing regulations changes. The Company's regulatory team constantly monitors the compliance with these rules and regulations. The Company's regulatory team keeps a track regarding the amendments in SEBI circulars/regulations pertaining to the functioning of the Company.

43. CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

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.

₹ 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	273	270
Amount spent during the year on:		
(i) Construction / acquisition of an asset	–	–
(ii) On purpose other than (i) above	333	252
Total	**333**	**252**

44. Exceptional items

During the financial year FY 2018-19, the Company had a portfolio of tax free bonds, with a cost base of ₹ 30,836 Lakh. The Company had valued the said portfolio of tax free bonds on Security Level Valuation (SLV) approach which seeks to capture the fair valuation on daily basis by computing the present value of all future cash flows instead of valuation approach prescribed by FIMMDA hitherto followed by the Company. The present value under SLV approach was calculated by discounting the future cash flows, factoring yield from the specific yield curve as applicable for the respective tenor of each security. The SLV approach was widely accepted by Market Participants such as Mutual funds, Insurance Companies, FII's and Corporates. Fair value loss during for financial year 2018-19, amounting to ₹ 2,380 Lakh attributable to change in approach was disclosed as an exceptional item.

45. In accordance with the guidance note issued by the Institute of Chartered Accountants of India on "Accounting for credit available in respect of MAT under the Income Tax Act, 1961", the Company can recognize MAT credit as an asset only when and to the extent there is convincing evidence that the Company will be liable to pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recongnised as an asset, the said assets is created by way of a credit to the statement of profit and loss. The company reviews the same at each balance sheet date and write down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income-tax during the specified period.

Accordingly, the Company had recognized MAT credit entitlement of ₹ 2,065 Lakh in Financial year 18-19 and in current year 19-20 short MAT Credit entitlement relating to previous year of ₹ 402 lakhs has been recognized.

46. During the year, Hon'ble Supreme Court has stayed assessment proceedings on the request of the Company for AY 2010-11,AY 2011-12 and AY 2014-15 and the Hon'ble High Court Mumbai had earlier admitted the matter for AY 2012-13 and AY 2013-14. Further during the year, on the basis of Special Audit Report, Assessing officer has passed assessment order u/s 143(3) r.w.s. 142(2A) and 144C(3) of the Income Tax Act, 1961 for AY 2015-16 determining demand of ₹ 644 lakh (including interest of ₹ 242 lakh). The Company is contesting the above demands, in addition to demands raised in previous years for AY 2010-11 – ₹ 5,160 lakh (Interest ₹ 2,731 lakh), for AY 2014-15 - ₹ 3,331 lakh (Interest ₹ 1,314 lakh) and for 2013-14 - ₹ 2,774 lakh (interest ₹ 868 lakh). In the opinion the legal counsel the Company has strong case on merit, accordingly management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operation. Accordingly, no provision has been made as on 31st March 2020 and the above amounts are shown under contingent liabilities.

47. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2019-20, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

₹ In Lakh

Particulars		As at 31.03.2020	As at 31.03.2019
(i)	Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
	Principal amount due to micro and small enterprise	9	3
	Interest due on above	–	–
(ii)	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	–	–
(iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	–	–
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year	–	–
(v)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors

48. (A) Disclosure as per Regulation 53(f) of SEBI(Listing Obligation and Disclosure Requirements) Regulations:

Loans and Advances in the nature of loans given to subsidiaries, associates and others and investments in shares of the Company by such parties:

₹ In Lakh

Name of Party and Relationship	Amount outstanding at March 31, 2020	Amount outstanding at March 31, 2019	Maximum balance outstanding during the year March 31, 2020	Maximum balance outstanding during the year March 31, 2019
Multi Commodity Exchange Clearing Corporation of India Limited (MCXCCL)	–	–	–	1,250
– Wholly Owned Subsidiary Company				

The above loans was given to the subsidiary for its business activities.

(B) Disclosure as per Section 186 of the Companies Act, 2013

The details of loans, guarantees and investments under section 186 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 are as follows:

(i) Details of Investments made are given in Note 4.

(ii) During the financial year 2018-19 amount of ₹ 1,685 Lakh has been given as loans to Multi Commodity Exchange Clearing Corporation of India Limited (MCXCCL) a Wholly Owned Subsidiary Company with interest rate of 7.5%.

(iii) There are no loans or guarantees issued in accordance with Section 186 of the Companies Act, 2013 read with rules issued thereunder.

49. During the financial year 2018-19, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL), a wholly owned subsidiary for the Company, had been granted approval by SEBI to act as a Clearing Corporation vide letter no. SEBI/HO/CDMRD/DEA/OW/P/2018/21541/1 dated August 01, 2018. Therefore, the clearing and settlement division of the Multi Commodity Exchange of India Ltd (MCX) was transferred to MCXCCL by executing a Business Transfer Agreement with MCX. The said transfer; on a Slump Sale basis, was effective September 01, 2018. Post this transfer, MCXCCL commenced clearing and settlement operations.

Further pursuant to the agreement following assets & liabilities had been transferred to MCXCCL by MCX:

₹ In Lakh

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

50. EVENT OCCURRING AFTER BALANCE SHEET DATE

The Board of Directors has recommended Equity dividend of ₹ 30/- per share (Previous year ₹ 20/-) for the financial year 2019-20.

₹ In Lakh except equity shares

Particulars	As at March 31, 2020	As at March 31, 2019
Equity shares	50,998,369	50,998,369
Final dividend for the year ended March 31, 2020 of ₹ 30/-	15,300	10,200
(March 31, 2019 - ₹ 20/-) per fully paid share		
Dividends not recognized at the end of the reporting period	15,300	10,200

51. The Company had entered into an agreement in August 2018 with a software vendor to develop a trading system for the spot market. As per the milestones, payments were made to the said software vendor from time to time. The Company has incurred amount of ₹1880 lakhs on the said project. On account of non-fulfillment of the scope of the Project within the time lines, the Board constituted an empowered Committee to evaluate the financial and technical aspects of the said System developed by the said vendors. Appropriate decisions would be taken by the Company after evaluating report of the empowered Committee. Pending technical evaluation no impact has been considered in the financial statements.

52. 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.am to 5.p.m. There- after from April 23, 2020, the normal market hours .i.e. from 9 am to 11.30 p.m. have been restored. The management has assessed the potential impact of the COVID-19 on the Company. 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.

53. Previous year figures have been regrouped/reclassified wherever necessary to conform to current year figures.

54. The Financial Statements were approved by the Audit Committee and Board of Directors on May 30, 2020.

For and on behalf of the Board of Directors

P.S.Reddy
Managing Director & CEO
DIN : 01064530

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Satyajeet Bolar*
VP-Finance and Accounts

Place: Mumbai/Delhi
Date: May 30 ,2020

*subsequently redesignated as CFO

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of

MULTI COMMODITY EXCHANGE OF INDIA LIMITED

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of **MULTI COMMODITY EXCHANGE OF INDIA LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") which includes the Group's share of profit in its associate, which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements of the subsidiary and associate referred to below in the Other Matter section below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Adoption of Ind AS 116 Leases:** Refer note 2.3.N., 2(c) and note 36 of Consolidated Financial Statements. The Holding Company has adopted Ind AS 116 Leases (Ind AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit since the Holding Company has a large number of leases with different contractual terms. Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement.	**Principal Audit Procedures:** Holding Company's auditor audit procedures on adoption of Ind AS 116 include: • Assessed and tested new processes and controls in respect of Ind AS 116 Leases: • Assessed the Holding Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business; • Involvement of our internal subject matters expert, accounting standard specialists to review the judgements exercised by the management in determining the application of the Standard. • Involved our subject matters expert to evaluate the reasonableness of the discount rates applied in determining the lease liabilities; • Upon transition as at 1 April 2019:

	Implementation of the standard review of contractual arrangements to determine those which fall under purview of the Standard. Judgement is also involved in determining the application of the Standard to the relevant contractual arrangements about whether an arrangement is scoped out of the purview of the Standard by virtue of it not involving an identified asset, composite arrangements which involve both, an element of service and identified asset and variable leasing arrangements which do not require recognition of a right of use asset and a corresponding lease liability This involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the Standard mandates detailed disclosures in respect of transition Accordingly, implementation of Ind AS-116 has been reported as a key audit matter.	Evaluated the method of transition and related adjustments; - Tested completeness of the lease data by reconciling the Holding Company's operating lease commitments to data used in computing ROU asset and the lease liabilities. • On a statistical sample, we performed the following procedures: - assessed the key terms and conditions of each lease with the underlying lease contracts; and - evaluated computation of lease liabilities, amortisation of Right of Use Assets (ROU), and corresponding finance cost and impact on taxation - challenged the key estimates such as, discount rates and the lease term. • Assessed and tested the presentation and disclosures relating to Ind AS 116 including, disclosures relating to transition.
2	**Legal, Regulatory and Taxation and matter:** Refer note 2.4., note 2.3.O. and note 32 of Consolidated Financial Statements. There are a number of legal, regulatory and tax cases against the Holding Company and demand is raised against the Holding Company. The Holding Company has disputed such demands by litigating at relevant statutory forum. For various pending litigations against the Holding Company high level of management judgement is required to determine whether an obligation exists and a provision required or disclosures, if any.	**Principal Audit Procedures:** Holding Company's auditors used their specialists to gain an understanding of the current status of the cases and monitored changes in the disputes by reading external advice received by the Holding Company, where relevant, to establish that the provisions had been appropriately adjusted to reflect the latest external developments. For legal, regulatory and tax matters our procedures included the following: • Obtain list of legal, regulatory and tax cases against the Holding Company and gained understanding thereof. • testing key controls surrounding litigation, regulatory and tax procedures; • performing substantive procedures on the underlying calculations supporting the provisions recorded; • where relevant, considering external legal opinions obtained by the management on possible outcome of litigation; • meeting with the management and reading subsequent Companies correspondence; • discussing open matters with the Holding Companies litigation, regulatory, general counsel and tax teams; • assessing the management's conclusions through understanding precedents set in similar cases; and • Circularization where appropriate of relevant third party legal representatives and direct discussion with them regarding certain material cases. Based on the evidence obtained, while noting the inherent uncertainty with such legal, regulatory and tax matters, we determined the level of provisioning at March 31, 2020 to be appropriate. We validated the completeness and appropriateness of the related disclosures through assessing that the disclosure of the uncertainties in note 32 of the Consolidated Financial Statements was sufficient.

3	**Valuation of investments and its impairment :** Quoted investments and unquoted investments of Holding Company represent the most significant amount on the balance sheet. The total of these aggregating to ₹ 1,42,071 Lakhs represented 80.42% of total assets of the Company as at March 31, 2020	**Principal Audit Procedures:** Holding Company auditors audit procedures included the following: • We assessed the design and implementation of controls over valuation and existence of investments. • For the fair valuation models, we understood and assessed the methodology used. We tested the underlying data and assumptions used in the determination of the fair value. • We traced the quantity held from the independent confirmation provided by Custodian and Fund houses. • We tested the valuation of the quoted and unquoted investments to independent pricing sources. We assessed and tested the management procedures for performing impairment analysis of investments, including likely impact of COVID-19 on value of investments.
4	**Key Audit Matter of the Subsidiary** **Computation of Core Settlement Guarantee Fund ("Core SGF")**: Computation of 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 judgment in the computation of price of underlying commodities, future contracts etc and is clarified by Securities and Exchange Board of India ("SEBI") through various Circulars. As per SEBI regulations, maintenance of SGF is a regulatory requirement for the clearing corporation to guarantee the settlement of trades executed on the stock exchange, non-compliance with which may attract penalty from SEBI. In the event of a clearing member failing to 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.	**Principal Audit Procedures:** Audit procedures of subsidiary auditor, in respect of this area included: • Obtained an understanding of the regulatory framework to be complied by the subsidiary for the maintenance of Core SGF; • Understood, evaluated and validated the design of the process adopted by the subsidiary over the computation of Core SGF; • Compared the computation method applied by the management with the computation method prescribed by the SEBI; • Tested the Core SGF computation under various scenarios keeping in view the assumption made by the management; and • Recomputed the stress test results on sample basis to check the Core SGF is recognised as on March 31, 2020.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report, Report on Corporate governance and Business Responsibility report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

The Board's Report, Report on Corporate governance and Business Responsibility report is expected to be made available to us after the date of this auditor's report. Our opinion on the Consolidated Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report, Report on Corporate governance and Business Responsibility report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations

Management Responsibilities for the Consolidated Financial Statements

The Holding 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 Consolidated Financial Statements that give a true and fair view of the consolidated financial

position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate in accordance with Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company's, as aforesaid. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group and of its associate is also responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the Consolidated Financial Statements.

We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities or business activities included in the Consolidated Financial Statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements/financial information of a subsidiary, whose financial statements reflect total assets of ₹ 1,22,148 lakh as at March 31, 2020, total revenues of ₹ 7,157 lakh and net cash inflows amounting to ₹ 29,945 lakh for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor. Our opinion above on the Consolidated Financial Statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

The Consolidated Financial Statements also include the Group's share of net profit of ₹ 4 lakh for the year ended March 31, 2020, as considered in the Consolidated Financial Statements, in respect of an associate, whose Financial Statements have not been audited by us. These financial information are unaudited and have been furnished to us by the management and our opinion on the Consolidated Financial Statements, and matters identified and disclosed under key audit matters section above and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group. Our opinion above on the Consolidated Financial Statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

Report on other legal and regulatory requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditor on separate financial statements of subsidiary and its associate incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;

(d) In our opinion, the aforesaid Consolidated 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 of the Holding Company as on March 31, 2020 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its

subsidiary company incorporated in India, none of the directors of the Holding Company and its subsidiary company incorporated in India 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 over financial reporting of the Group and associate covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion, and to the best of our information and according to the explanations given to us, and based on the reports of the statutory auditors of such subsidiary company incorporated in India which were not audited by us the remuneration paid / provided by the Holding Company and Subsidiary company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V of the Act.

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

i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate- Refer Note 32 to the Consolidated Financial Statements;

ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.; and

iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund.

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

Vipul K. Choksi
Partner
Membership No.: 037606
UDIN: 20037606AAAAAU5560

Place: Mumbai
Date: May 30, 2020

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **MULTI COMMODITY EXCHANGE OF INDIA LIMITED** ("the Company" or "the Holding Company") and its subsidiary and its associate, which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to Consolidated 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 and the audit evidence obtained by the other auditor of the subsidiary incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary and its associate which are companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting with reference to Consolidated 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 over financial reporting with reference to Consolidated 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of other auditors referred to in the Other Matters paragraph below, the Holding Company , its subsidiary, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary which is company incorporated in India, is based on the report of the auditors of such company incorporated in India. We do not comment on the adequacy and operating effectiveness of the Internal Financial Controls over Financial Reporting of its associate incorporated in India, whose financial statements are unaudited and have been furnished to us by the Management.

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

Vipul K. Choksi
Partner
Membership No.: 037606
UDIN: 20037606AAAAAU5560

Place: Mumbai
Date: May 30, 2020

Consolidated Balance Sheet as at March 31, 2020

₹ In Lakh

Particulars	Note No.	Consolidated	
		As at March 31, 2020	As at March 31, 2019
Assets			
(1) Non–current assets			
(a) Property, plant and equipment	2A	14,128	14,141
(b) Capital work in progress	2B	50	3
(c) Right of Use Assets	2C	220	–
(d) Intangible assets	3A	1,486	1,660
(e) Intangible assets under development	3B	2,317	1,892
(f) Investment in associate	4	1,233	1,229
(g) Financial assets			
(i) Non–current Investments in others	4	58,200	47,163
(ii) Other non–current financial assets	5	38,473	13,572
(h) Deferred tax assets (net)	33	939	387
(i) Income tax assets (net)	6	5,274	5,180
(j) Other non–current assets	7	862	570
Total non–current assets		**123,182**	**85,797**
(2) Current assets			
(a) Financial assets			
(i) Current Investments	8	66,181	58,235
(ii) Trade receivables	9	646	601
(iii) Cash and cash equivalents	10	40,691	10,836
(iv) Bank balances (other than cash and cash equivalents (iii) above)	11	35,235	42,623
(v) Loans	12	22	21
(vi) Other current financial assets	13	6,410	6,477
(b) Other current assets	14	1,095	2,956
Total current assets		**150,280**	**121,749**
Total Assets		**273,462**	**207,546**
Equity and Liabilities			
(1) Equity			
(a) Equity Share Capital	15	5,100	5,100
(b) Other Equity	16	130,838	119,990
Total equity		**135,938**	**125,090**
(2) Settlement Guarantee Fund	17	40,977	32,980
Liabilities			
(3) Non–current liabilities			
(a) Financial Liabilities			
(i) Other non–current financial liabilities	18	5,278	4,005
(b) Non–current provisions	19	179	137
Total non–current liabilities		**5,457**	**4,142**
(4) Current liabilities			
(a) Financial Liabilities			
(i) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	20	9	3
Total outstanding dues of creditors other than micro enterprises and small enterprises	20	3,094	3,320
(ii) Other current financial liabilities	21	75,986	35,177
(b) Other current liabilities	22	10,679	3,813
(c) Current provisions	23	174	180
(d) Income tax liabilities (net)	24	1,148	2,841
Total current liabilities		**91,090**	**45,334**
Total liabilities		**137,524**	**82,456**
Total Equity and Liabilities		**273,462**	**207,546**
Significant accounting policies, key accounting estimates and judgements	1		

See accompanying notes to the Consolidated Financial Statements.

As per our report of even date attached
For Shah Gupta & Co.
Chartered Accountants
Firm Registration Number : 109574W

Vipul K. Choksi
Partner
Membership No. 37606
Mumbai, May 30, 2020

For and on behalf of the Board of Directors

P.S.Reddy
Managing Director & CEO
DIN : 01064530

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary
Place: Mumbai/Delhi
Date: May 30 ,2020

Satyajeet Bolar*
VP-Finance and Accounts

*subsequently redesignated as CFO

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

₹ In Lakh, except EPS

Particulars	Note No.	Consolidated	
		Year ended March 31, 2020	Year ended March 31, 2019
I Income			
Revenue From Operations	25	37,415	30,003
Other Income	26	12,896	9,856
Total Income		**50,311**	**39,859**
II Expenses			
Employee benefits expense	27	7,733	7,246
Finance costs	28	16	1
Depreciation and amortization expense	2A, 2C, 3A	1,814	1,545
Software support charges and Product license Fees	29	6,895	6,134
Computer Technology and Communication expenses	30	2,059	2,055
Other expenses	31	5,261	5,172
Total expenses		**23,778**	**22,153**
III Profit before exceptional items, tax and Share of Profit of Associate		26,533	17,706
IV Exceptional items	44	–	2,380
V Profit before tax and Share of Profit of Associate		**26,533**	**15,326**
VI Add: Share of Profit of Associate	42	4	43
VII Profit before tax		**26,537**	**15,369**
VIII Tax expenses			
(1) Current tax	33	3,984	3,116
(2) Minimum Alternate Tax (MAT) credit utilised/(entitlement)	33	182	(2,065)
(3) Short MATcredit entitlement relating to previous year	33	(402)	–
(4) Excess provision for tax relating to previous years	33	(598)	(382)
(5) Deferred tax	33	(279)	76
IX Total Tax expenses		**2,887**	**745**
X Profit for the year		**23,650**	**14,624**
XI Other Comprehensive Income			
A) Items that will not be reclassified to profit or loss (net of tax)			
i) Changes in fair value of equity instruments		(146)	(184)
ii) Remeasurement of employee benefits obligations	39	(53)	13
iii) Share of profit in associate#	42	(0)	0
XII Total Comprehensive Income for the year		**23,451**	**14,453**
Net Profit attributable to :			
a) Owners of the Company		23,650	14,624
b) Non–controlling Interest		–	–
Other Comprehensive Income attributable to :			
a) Owners of the Company		(199)	(171)
b) Non–controlling Interest		–	–
Total Comprehensive Income attributable to :			
a) Owners of the Company		23,451	14,453
b) Non–controlling Interest			–
XIII Earnings per equity share (of ₹ 10/– each)			
(1) Basic	37	46.48	28.75
(2) Diluted	37	46.48	28.75
#0 represents ₹ 0.01 lakh			
Significant accounting policies, key accounting estimates and judgements	1		

See accompanying notes to the Consolidated Financial Statements.

As per our report of even date attached
For Shah Gupta & Co.
Chartered Accountants
Firm Registration Number : 109574W
Vipul K. Choksi
Partner
Membership No. 37606
Mumbai, May 30, 2020

For and on behalf of the Board of Directors
P.S.Reddy
Managing Director & CEO
DIN : 01064530
Saurabh Chandra
Chairman
DIN : 02726077
Shankar Aggarwal
Director
DIN : 02116442
Ajay Puri
Company Secretary
Place: Mumbai/Delhi
Date: May 30 ,2020
Satyajeet Bolar*
VP-Finance and Accounts

*subsequently redesignated as CFO

Consolidated Statement of Changes in Equity for the year ended March 31, 2020

₹ In Lakh

Particulars	Equity Share Capital (A)	Other Equity						Total other equity (B)
		Reserves and Surplus				Other Comprehensive Income		
		Securities Premium	Retained Earnings	ESOP Compen–sation Reserve	General Reserve	Other Comprehensive income	Share of profit in Associate	
As at April 1 ,2018	**5,100**	**21,684**	**97,577**	**455**	**16,449**	**(3,217)**	**–**	**132,948**
Profit for the year	–	–	14,624	–	–	–	–	14,624
Transfer to Settlement Guarantee Fund	–	–	(16,973)	–	–	–	–	(16,973)
Dividend	–	–	(8,670)	–	–	–	–	(8,670)
Dividend distribution tax	–	–	(1,782)	–	–	–	–	(1,782)
Equity instruments through other comprehensive income#	–	–	–	–	–	(184)	0	(184)
Reclassified to retained earning from ESOP Reserve	–	–	314	(314)	–	–	–	–
Reclassified to retained earning on disposal	–	–	98	–	–	(98)	–	–
ESOP Compensation Reserve	–	–	–	10	–	–	–	10
Re–measurement of employee benefits obligation and others	–	–	–	–	–	13	–	13
As at March 31, 2019	**5,100**	**21,684**	**85,188**	**151**	**16,449**	**(3,486)**	**0**	**119,990**
Profit for the year	–	–	23,650	–	–	–	–	23,650
Transfer to Settlement Guarantee Fund	–	–	(307)	–	–	–	–	(307)
Dividend	–	–	(10,200)	–	–	–	–	(10,200)
Dividend distribution tax	–	–	(2,097)	–	–	–	–	(2,097)
Equity instruments through other comprehensive income#	–	–	–	–	–	(146)	(0)	(146)
Reclassified to retained earning from ESOP Reserve (refer note 40)	–	–	151	(151)	–	–	–	–
Reclassified to retained earning on disposal	–	–	–	–	–	–	–	–
ESOP Compensation Reserve	–	–	–	–	–	–	–	–
Re–measurement of employee benefits obligation and others	–	–	–	–	–	(53)	–	(53)
As at March 31, 2020	**5,100**	**21,684**	**96,386**	**–**	**16,449**	**(3,685)**	**(0)**	**130,838**

#0 represents ₹ 0.01 lakh

As per our report of even date attached

For Shah Gupta & Co.
Chartered Accountants
Firm Registration Number : 109574W
Vipul K. Choksi
Partner
Membership No. 37606

Mumbai, May 30, 2020

For and on behalf of the Board of Directors

P.S.Reddy
Managing Director & CEO
DIN : 01064530

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Satyajeet Bolar*
VP-Finance and Accounts

Place: Mumbai/Delhi
Date: May 30 ,2020

*subsequently redesignated as CFO

Consolidated Cash Flow Statement for the year ended March 31, 2020

₹ In Lakh

Particulars		for the year ended			
		March 31, 2020		March 31, 2019	
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit before tax		**26,537**		**15,369**
	Adjustments for:				
	Depreciation and amortisation expense	1,814		1,545	
	Finance costs	16		1	
	Dividend income	(63)		(194)	
	(Gain)/loss on sale of Investments (net)	(2,119)		(4,435)	
	(Gain)/loss on fair valuation of Investments (net)	(5,569)		(506)	
	Provision for doubtful trade receivables	50		–	
	Provisions no longer required written back	–		(354)	
	(Gain)/Loss on fixed assets sold/scrapped (net)	(2)		4	
	Interest income	(4,488)		(4,166)	
	Share of profit of Associate	(4)		(43)	
	Shared based payment	–		10	
	Remeasurement of Employee benefit	(53)	**(10,419)**	13	**(8,125)**
	Operating profit before working capital changes		**16,118**		**7,244**
	Adjustments for (increase) / decrease in:				
	Other financial assets	(23,525)		15,259	
	Other non–current assets	(290)		276	
	Trade receivables	(95)		384	
	Loans	(1)		6	
	Other financial assets	(830)		(334)	
	Other current assets	1,862		(309)	
	Adjustments for increase/ (decrease) in:				
	Other non–current financial liabilities	1,120		3,675	
	Provisions	41		(12)	
	Trade payables	(220)		(840)	
	Other current financial liabilities	41,430		4,564	
	Other current liabilities	6,849		829	
	Provisions	(7)	**26,334**	84	**23,582**
	Adjustment for increase/(decrease) in Settlement Guarantee Fund (SGF)		7,690		(2,053)
	Cash generated from operations		**50,142**		**28,773**
	Income tax paid (net of refunds)		(5,227)		(2,952)
	Net cash generated from operating activities (A)		**44,915**		**25,821**

Particulars		for the year ended	
		March 31, 2020	March 31, 2019
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital expenditure on fixed assets including capital advances	(2,770)	(2,711)
	Proceeds from sale of fixed assets	32	(4)
	Purchase of Non current investments–others	(3,494)	(5,124)
	Proceeds/(Purchase) of Current investments	(7,945)	35,502
	Other Bank balances	7,387	(41,376)
	Dividend received	63	194
	Interest received	4,009	4,253
	Net cash flow (used)/generated from investing activities (B)	**(2,717)**	**(9,266)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Dividend paid (including tax thereon)	(12,296)	(10,452)
	Finance costs paid	(0)	(1)
	Payment of Lease liabilities (including interest)	(64)	–
	Government Grants received	18	–
	Net cash flow used in financing activities (C)	**(12,343)**	**(10,453)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	29,855	6,102
	Cash and cash equivalents at the beginning of the year	10,836	4,734
	Cash and cash equivalents at the end of the year (Refer Note 10)	**40,691**	**10,836**

Note to Cash Flow Statement:

1 The cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash Flows".

As per our report of even date attached

For Shah Gupta & Co.
Chartered Accountants
Firm Registration Number : 109574W
Vipul K. Choksi
Partner
Membership No. 37606

Mumbai, May 30, 2020

For and on behalf of the Board of Directors

P.S.Reddy
Managing Director & CEO
DIN : 01064530

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Satyajeet Bolar*
VP-Finance and Accounts

Place: Mumbai/Delhi
Date: May 30 ,2020

*subsequently redesignated as CFO

Notes forming part of the Consolidated financial statements

1. OVERVIEW

The consolidated financial statements comprise financial statements of the Multi Commodity Exchange of India Limited (the "Company" or the "Exchange"), a deemed Stock Exchange recognised under the Securities Contracts (Regulation) Act, 1956, and its subsidiary (collectively, the Group), and includes the share of profit of associate for the year ended March 31, 2020. The Company is a demutualised Exchange and has permanent recognition from the Government of India to facilitate nationwide online trading, clearing and settlement operations of commodity derivatives. Pursuant to SEBI approval to the Company's wholly owned subsidiary, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) to act as the clearing corporation, the clearing and settlement division of the company has been transferred to MCXCCL with effect from September 01, 2018.

The Company is a public limited company incorporated and domiciled in India and has its registered office at 'Exchange Square', Suren Road, Chakala, Andheri (East), Mumbai 400093, India. Its shares are listed on the BSE Limited. Further, in pursuance of Regulation 3.1.1 of the National Stock Exchange (Capital Market) Trading Regulations Part A and other relevant provisions, National Stock Exchange of India Limited (NSE) vide its Circular Ref No. 202/201 dated March 7, 2012 notified that with effect from March 09, 2012 the Company's equity shares were permitted to be traded and admitted to dealings on NSE.

2. Significant Accounting Policies, Key accounting estimates and Judgements

2.1. Basis of Preparation of Financial Statements

a) These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules,2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy as mentioned in note (b) below hitherto in use.

These consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below.

b) Application of New Accounting pronouncement

Pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, Ind AS 116 – "Leases" (Ind AS 116) supersedes Ind AS 17 – "Leases". The Company has adopted Ind AS 116 using the modified retrospective approach with effect from 1st April, 2019.

2.2. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

Control is achieved when the company has majority of voting rights.

The Company re–assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent company, i.e., year ended on 31st March. When the end of the reporting period of the Parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent to enable the Parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non–controlling interests, even if this results in the non–controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra–group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investment in Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. In addition, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If Group's share of losses of an associate exceeds its interest in that associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2.3. Significant Accounting Policies

A. Property, plant and equipment

Property, plant and equipment are stated at original cost, less accumulated depreciation and accumulated impairment losses, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

Depreciation methods, estimated useful lives and residual value:

Depreciation is calculated using the straight–line method to allocate their cost over their estimated useful lives as follows:

Asset Class	Useful Life
Buildings	60 years
Office equipment	5 years
Network equipment	3–6 years
Furniture and fixtures	10 years
Vehicles	5 years

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

Cost of assets not ready for intended use as on Balance Sheet date are disclosed under 'Capital work–in–progress'. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed under 'Other Non–Current Assets'.

B. Intangible assets

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible asset that meets the recognition criteria. Intangible assets are stated at cost of acquisition and are carried at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized over their respective individual estimated useful lives on a straight–line basis, from the date that they are available for use. Amortization methods and useful lives are reviewed at each financial year end.

At each balance sheet date consideration is given to determine whether there is any indication of impairment of the carrying amounts of the group's intangible assets. If indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized in the Statement of Profit and Loss Account whenever the carrying amount of an asset exceeds its recoverable amount.

C. Impairment of non–financial assets

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired, if such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

D. Cash and cash equivalents

Cash and short–term deposits in the balance sheet comprise cash at banks, cheque on hand, short–term deposits with a maturity of three months or less from the date of acquisition, which are subject to an insignificant risk of changes in value.

E. Cash Flow Statement

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

F. 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.

G. Fair Value Measurement

The Group measures financial instruments at fair value in accordance with accounting policies at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the group.

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re–assessing categorization at the end of each reporting period.

H. Financial Instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets:

The Group measures its financial assets at fair value at each balance sheet date. In this context, quoted investments are fair valued adopting the techniques defined in Level 1 of fair value hierarchy of Ind–AS 113 and unquoted investments, where the observable input is not readily available, are fair valued adopting the techniques defined in Level 3 of fair value hierarchy of Ind–AS 113 and securing the valuation report from the certified valuer. However, trade receivables that do not contain a significant financing component are measured at transaction price.

The Group classifies a financial asset in accordance with the below criteria:

i. The Group's business model for managing the financial asset and

ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Group classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

iii. Financial assets measured at fair value through profit or loss (FVTPL)

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Group's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Group's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss and fair value changes are recognized in Other Comprehensive Income (OCI).

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Group. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

De–recognition

Financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement and either;

(a) The group has transferred substantially all the risks and rewards of the asset, or

(b) The group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognize the transferred asset to the extent of the group's continuing involvement. In that case, the group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

On De–recognition of a financial asset (except for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets

The Group assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measure at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12–months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For recognition of impairment loss on other financial assets and risk exposure, the group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12–months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the group reverts to recognizing impairment loss allowance based on 12–months ECL.

For assessing increase in credit risk and impairment loss, the group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

b) Financial Liabilities

The Group recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All non–current financial liabilities of the Group are measured at amortized cost using the effective interest method. Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

De–recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially

different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de–recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

I. Revenue Recognition

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

a) Transaction Charges – Revenue is recognized on transactions in accordance with Company's fees scales as and when the transaction occurs.

b) Admission Fees (nonrefundable) collected from new members for joining the Exchange are recognized once the membership is approved.

c) Subscription and other fees – Revenue is recognized on straight line basis over the period to which fee relates.

d) Dividend income is recognized when the Company's right to receive dividend is established.

e) Warehouse income is recognized on accrual basis.

f) Interest income accrued on time proportion basis. The amounts disclosed as revenue are net of taxes and amounts collected on behalf of third parties.

J. Foreign currency translation

The financial statements are presented in Indian rupee (INR), which is Group's functional and presentation currency. Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year–end are translated at the year–end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

K. Current and Non–Current Classification

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

L. Employee Benefits Expenses

a) Post–employment benefits and other long term benefits

Payments to defined contribution schemes are recognized as an expense when employees have rendered the service entitling them to the contribution. The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The group recognizes re–measurement gains and losses arising on defined benefit gratuity plans in Other Comprehensive Income (OCI) as they will never be reclassified into profit or loss, they are immediately recorded in retained earnings.

b) Short term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year and performance incentives.

c) Stock based compensation

The group recognizes compensation expense relating to share–based payment in net profit using fair value in accordance with Ind AS 102 Share–Based Payment. The group has chosen to recognize the credit in ESOP Compensation Reserve.

M. Taxes on Income (Current and Deferred)

Income tax expense comprises both current and deferred 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 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 carrying forward of unused tax credits and unused tax losses can be utilized. Deferred tax relating to items recognized outside the statement of profit and loss are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future. The group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

N. Ind AS 116 "Leases"

a) As a lessee

The Group, as a lessee, recognizes a right–of–use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset.

Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to the lease contract existing on April 1, 2019 using the modified retrospective approach. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The standard permits a choice on initial adoption, on a lease–by–lease basis, to measure the right–of–use (ROU) asset at either its carrying amount as if Ind AS 116 had been applied since the commencement of the lease, or an amount equal to the lease liability adjusted for accruals or prepayments. The Group has elected to measure the right–of–use asset equal to the lease liability, with the result of no net impact on retained earnings and no restatement of prior period comparatives.

The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprise the initial amount of lease liability adjusted for any lease payments made before the commencement date. The right of use asset is subsequently depreciated using the straight line method of the balance lease term. In addition, the right of use asset is periodically reduced by impairment loss, if any and adjusted for certain Remeasurements of lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the Group uses its incremental borrowing

rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the amounts expected to be payable over the period of lease. The lease liability is measured at amortized cost using effective interest rate method. It is remeasured when there is a change in future lease payments arising from change in the index or rate

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments (including interest) have been classified as financing cash flows.

Short–term leases and leases of low–value assets

The Group has elected not to recognize right–to–use assets and lease liabilities for short term lease that have a lease term of 12 months or less and leases of low–value assets. The Group recognize the lease payments associated with these leases as an expenses on a straight–line basis over the lease term.

b) Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight–line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116.

O. Provisions, Contingent liabilities, Contingent assets and Commitments

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

Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre–tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events, when the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

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

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the group recognizes impairment on the assets with the contract.

P. Exceptional items

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Group, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

Q. Earnings per share

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

R. Government Grants:

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to it, and that the grant will be received. Government grants are recognised in the Statement of Profit or Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Profit or Loss over the expected useful lives of the assets concerned.

S. Rounding of amounts

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

T. Events after Reporting date

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

2.4. Key accounting estimates and Judgments

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Income taxes

The Group's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

Property, Plant and Equipment

Property, Plant and Equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Defined benefit plans

The cost of the defined benefit plan and other post–employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ

from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long–term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

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

Impairment of financial assets

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

Provisions

The timing of recognition and quantification of the liability (including litigations) requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Global Health Pandemic on COVID–19

The outbreak of Coronavirus (COVID–19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non–essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. COVID-19 is significantly impacting business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lockdown of production facilities etc.

In assessing the recoverability of the Group's assets such as Investments, Loans, intangible assets, Trade receivable, etc. the Group has considered internal and external information. The Group has performed sensitivity analysis on the assumptions used basis the internal and external information/indicators of future economic conditions, the Group expects to recover the carrying amount of the assets.

2.5. New and amended standards effective from 1st April 2019 adopted by the Group

Amendment to Ind AS 12 – Income taxes

The amendment relating to income tax consequences of dividend, clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The adoption of the standard did not have any impact to the financial statements. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend in accordance with Ind AS 12.

Ind AS 12 – Income Taxes – Appendix C, Uncertainty over Income Tax Treatments:–

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to 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/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 standard became effective from April 01, 2019. The Group has adopted the standard on April 01, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 01, 2019 if any without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C is insignificant in the financial statements.

Amendment to Ind AS 19 – Employee benefit – plan amendment, curtailment or settlement

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 recognize 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 recognized because of the impact of the asset ceiling. The adoption of the standard did not have any material impact to the financial statements.

2.6. Recent Accounting Pronouncements

Standards are issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020

2A. PROPERTY, PLANT AND EQUIPMENT

₹ In Lakh

Particulars	Land–Freehold	Buildings	Office Equipments (Including Computer Hardware)	Networking Equipment	Furniture and fixtures	Vehicles	Total
Gross carrying amount							
Balance as at April 01, 2018	**5,061**	**6,268**	**5,318**	**46**	**567**	**205**	**17,464**
Additions	–	–	678	–	3	29	710
Disposals	–	–	10	1	–	87	98
Balance as at March 31, 2019	**5,061**	**6,268**	**5,986**	**45**	**570**	**147**	**18,076**
Additions	–	–	1,115	–	3	44	1,161
Disposals	–	–	1	–	–	76	77
Balance as at March 31, 2020	**5,061**	**6,268**	**7,100**	**45**	**572**	**115**	**19,161**
Accumulated Depreciation							
Balance as at April 01, 2018	**–**	**310**	**2,163**	**36**	**225**	**63**	**2,797**
Additions	–	115	968	5	58	38	1,183
Disposals	–	–	10	1	–	34	45
Balance as at March 31, 2019	**–**	**425**	**3,121**	**40**	**283**	**67**	**3,936**
Additions	–	115	962	2	38	27	1,143
Disposals	–	–	1	–	–	46	47
Balance as at March 31, 2020	**–**	**540**	**4,082**	**42**	**321**	**48**	**5,032**
Net carrying amount							
Balance as at March 31, 2019	**5,061**	**5,843**	**2,866**	**5**	**287**	**79**	**14,141**
Balance as at March 31, 2020	**5,061**	**5,728**	**3,018**	**3**	**252**	**67**	**14,128**

2B. CAPITAL WORK IN PROGRESS

Balance as at March 31, 2019	**–**	**–**	**3**	**–**	**–**	**–**	**3**
Balance as at March 31, 2020	**–**	**–**	**50**	**–**	**–**	**–**	**50**

Notes forming part of the Consolidated financial statements *(Contd...)*

2C. RIGHT OF USE ASSET

₹ In Lakh

Particulars	Lease of office premises	Total
Recognition on Initial application of Ind AS 116 as at April 01, 2019 (refer note 36)	**99**	**99**
Addition on account of adoption of Ind AS 116 (refer note 36)	174	174
Disposals	–	**–**
Balance as at March 31, 2020	**273**	**273**
Accumulated Depreciation		
Balance as at April 01, 2019	**–**	**–**
Additions (Refer Note 36)	53	53
Disposals	**–**	**–**
Balance as at March 31, 2020	**53**	**53**
Net carrying amount		
Balance as at March 31, 2020	**220**	**220**

3A INTANGIBLE ASSETS

₹ In Lakh

Particulars	Computer Software	Trademark and Copyright	Total
Gross carrying amount			
Balance as at April 01, 2018	**4,092**	**–**	**4,092**
Additions	1,168	–	1,168
Disposals	95	–	95
Balance as at March 31, 2019	**5,165**	**–**	**5,165**
Additions	442	–	442
Disposals		–	–
Balance as at March 31, 2020	**5,608**	**–**	**5,608**
Accumulated Depreciation			
Balance as at April 01, 2018	**3,137**	**–**	**3,137**
Additions	380	–	380
Disposals	12	–	12
Balance as at March 31, 2019	**3,505**	**–**	**3,505**
Additions	616		616
Disposals			–
Balance as at March 31, 2020	**4,121**	**–**	**4,121**
Net carrying amount			
Balance as at March 31, 2019	**1,660**	**–**	**1,660**
Balance as at March 31, 2020	**1,486**	**–**	**1,486**

3B. INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ In Lakh

Particulars	Computer Software	Trademark and Copyright	Total
Balance as at March 31, 2019	**1,892**	**–**	**1,892**
Balance as at March 31, 2020*	**2,317**	**–**	**2,317**

*Refer Note 50

4. NON CURRENT INVESTMENTS

Particulars	Face Value	As at March 31, 2020		As at March 31, 2019	
	Per Share	No. of shares	₹ In Lakh	No. of shares	₹ In Lakh
A Investments in equity instruments: (Unquoted fully paid up):					
(i) of Associate – Cost					
CDSL Commodity Repository Limited, fully paid up	₹ 10	12,000,000	1,200	12,000,000	1,200
Add : Share of profit of associate (Net of Tax)			33		29
			1,233		**1,229**
	Face Value	**As at March 31, 2020**		**As at March 31, 2019**	
	Per Unit	**Units**	**₹ In Lakh**	**Units**	**₹ In Lakh**
B Investment in Mutual Funds – FVTPL (Listed but not quoted)					
Aditya Birla Sun Life Fixed Term Plan – Series RA	₹ 10	5,000,000	578	5,000,000	530
Aditya Birla Sun Life Fixed Term Plan – Series RC	₹ 10	8,000,000	933	8,000,000	852
Aditya Birla Sunlife FMP Series OG 1146 days – Direct Growth	₹ 10	–	–	6,000,000	693
Aditya Birla Sunlife FMP Series OI– Direct Growth	₹ 10	–	–	5,000,000	579
Aditya Birla Sun Life Fixed Term Plan Series PU Direct Growth	₹ 10	5,000,000	601	5,000,000	547
DSP FMP Series 204 37M – Direct Growth	₹ 10	–	–	10,000,000	1,153
HDFC Fixed Maturity Plan Oct 2018 (43) 1 Direct Growth	₹ 10	7,000,000	819	7,000,000	745
HDFC Fixed Maturity Plan Sept 2018 (42) –1–1115 Direct Growth	₹ 10	5,000,000	584	5,000,000	534
HDFC Fixed Maturity Plan Sept 2018 (42) –1–1381 Direct Growth	₹ 10	8,000,000	947	8,000,000	859
ICICI Pru FMP Series 80 Growth Plan G – Direct Growth	₹ 10	–	–	10,000,000	1,156
ICICI Pru FMP Series 80 plan J –Direct Growth	₹ 10	–	–	10,000,000	1,160
ICICI Pru FMP Series 84 1293 days –Direct Growth	₹ 10	10,000,000	1,179	10,000,000	1,072
Invesco India Fixed Maturity Plan Series XXXII Direct Growth	₹ 10	5,000,000	587	5,000,000	538
Kotak FMP Series 200 – 1158 days – Direct Growth	₹ 10	–	–	10,000,000	1,155
Kotak FMP Series 245 – 1140 days – Direct Growth	₹ 10	8,000,000	928	8,000,000	848
Kotak FMP Series 247 – 1308 days – Direct Growth	₹ 10	10,000,000	1,177	10,000,000	1,071
Nippon India FHF XXXIII Series 1 FMP – Direct Growth	₹ 10	–	–	6,000,000	697
Nippon India FHF XXXIII Series 4 FMP – Direct Growth	₹ 10	–	–	5,000,000	579
Nippon India FHF 38 Series 6 FMP – Direct Growth	₹ 10	5,000,000	575	5,000,000	533
Nippon India FHF 39 Series 4 FMP – Direct Growth	₹ 10	7,000,000	829	7,000,000	753
Nippon India FHF 39 Series 6 FMP – Direct Growth	₹ 10	8,000,000	944	8,000,000	858
Nippon India FHF 39 Series 9 FMP – Direct Growth	₹ 10	8,000,000	936	8,000,000	851
SBI Magnum DFS C – 26 –1125 Days Direct Growth	₹ 10	10,000,000	1,164	10,000,000	1,064
UTI Fixed Term Income Fund Series XXX Plan 5	₹ 10	8,000,000	934	8,000,000	854
UTI FFTIF Series XXVI – VI – Direct Growth	₹ 10	–	–	5,000,000	577
			13,715		**20,258**

Notes forming part of the Consolidated financial statements *(Contd...)*

	Face Value	As at March 31, 2020		As at March 31, 2019	
	Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
C. Investment in Tax Fee Bonds – FVTPL (quoted)					
7.19% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 31 July 2025)	₹ 1,000,000	400	4,259	400	4,161
7.11% National High Authority of India Tax free bonds (Maturity Date 18 September 2025)	₹ 1,000,000	500	5,313	500	5,182
7.07% Housing and Urban Development Corporation Ltd.Tax free bonds (Maturity Date 01 October 2025)	₹ 1,000,000	440	4,663	440	4,543
7.11% NTPC Ltd.Tax free bonds (Maturity Date 05 October 2025)	₹ 1,000	62,457	664	62,457	648
7.11% Power Housing Finance Corporation Ltd.Tax free bonds (Maturity Date 17 October 2025)	₹ 1,000	25,670	273	25,670	266
7.35% National High Authority of India Tax free bonds (Maturity Date 11 January 2031)	₹ 1,000	108,849	1,226	108,849	1,172
7.49% Indain Renewable Energy Development Agency Ltd. Tax free bonds (Maturity Date 21 January 2031)	₹ 1,000	136,241	1,544	136,241	1,483
7.39% Housing and Urban Development Corporation Ltd.Tax free bonds (Maturity Date 15 March 2031)	₹ 1,000	130,244	1,471	130,244	1,406
7.35% Indian Railway Finance Corporation Ltd. Tax free bonds (Maturity Date 22 March 2031)	₹ 1,000	150,000	1,691	150,000	1,616
7.35% National Bank For Agriculture And Rural Development Tax free bonds (Maturity Date 23 March 2031)	₹ 1,000	495,649	5,597	495,649	5,342
7.38% India Infrastructure Finance Company Ltd. Tax free bonds (Maturity Date 15 Nov 2027)	₹ 1,000,000	50	548	50	531
8.20% Housing And Urban Development Corporation Ltd. Tax free bonds (Maturity Date 05 March 2027)	₹ 1,000	50,000	569	50,000	555
			27,818		**26,905**
D. Investment in PSU Bank Bonds – Amortised cost (quoted)					
Bank of Baroda 9.14% (Perpetual Series VII Basel III Tier I) C 22–Mar–2022	₹ 1,000,000	50	500	–	–
Bank of Baroda 08.60% (Perpetual Basel III Tier I ATI Series VIII) C 01–Aug–2022	₹ 1,000,000	150	1,502	–	–
State Bank Of India Perp AT 1 8.75% (Series 1) 30–Aug–24 (CALL)	₹ 1,000,000	150	1,515	–	–
Bank of Baroda 08.70% (Perpetual Basel III Tier I ATI Series X) C 28–Nov–2024	₹ 1,000,000	450	4,508	–	–
SBI 08.50% Series II Perpetual AT1 Bonds Basel– III 22–Nov–2024 (Call)	₹ 1,000,000	550	5,583	–	–
			13,608	–	–

Notes forming part of the Consolidated financial statements *(Contd...)*

	Face Value	As at March 31, 2020		As at March 31, 2019	
	Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
E. Investment in ETF Bonds – FVTPL (quoted)					
BHARAT Bond FOF – April 2023 – Dir – Growth	₹ 1,000	300,000	3,060	–	–
			3,060		**–**
Total			**59,434**		**48,392**
Aggregate amount of listed and quoted investments at fair value			44,486		26,905
Aggregate amount of listed and quoted investments at cost			42,958		26,345
Aggregate amount of listed but not quoted investments at fair value			13,715		20,258
Aggregate amount of listed but not quoted investments at cost			11,700		18,400
Aggregate amount of unquoted investments at fair value			1,233		1,229
Aggregate amount of unquoted investments at cost			1,233		1,229

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
5. OTHER NON–CURRENT FINANCIAL ASSETS		
Unsecured, considered good:		
Security deposits	1,068	1,150
Bank deposits with more than 12 months maturity (Refer note 11)*	36,029	12,422
Interest accrued but not due on fixed deposits**	1,376	–
Total	**38,473**	**13,572**
* Bank deposits include Deposits which are earmarked for Settlement Guarantee Fund ₹ 23,162 lakh.		
** Interest accrued on Fixed deposits which are earmarked for Settlement Guarantee Fund ₹ 973 lakh (as at March 31 2019: 144 lakh).		
6. INCOME TAX ASSETS (NET)		
Advance income tax [net of provisions ₹ 76,928 lakh (as at March 31, 2019 ₹ 74,389 lakh)	5,274	5,180
Total	**5,274**	**5,180**
7. OTHER NON–CURRENT ASSETS		
Capital advances	–	18
Advances other than capital advances		
Advances for supply of services	727	488
Others		
Prepaid expenses	135	64
Total	**862**	**570**

Notes forming part of the Consolidated financial statements *(Contd...)*

8. CURRENT INVESTMENTS

Particulars	Face Value	As at March 31, 2020		As at March 31, 2019	
	Per Share	No. of shares	₹ In Lakh	No. of shares	₹ In Lakh
A Investment in equity instruments of other Entities – FVTOCI (Unquoted fully paid-up)					
Metropolitan Clearing corporation of India Limited (formerly Known as MCX SX Clearing Corporation Limited)	₹ 10	2,758,941	239	6,500,000	528
Metropolitan Stock Exchange of India Limited (Formerly Known as MCX Stock Exchange Limited)	₹ 1	331,777,008	1,692	331,777,008	1,957
			1,931		**2,485**

	Face Value	As at March 31, 2020		As at March 31, 2019	
	Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
B Investment in Mutual Funds - FVTPL					
Listed but not quoted					
Aditya Birla Sunlife FMP Series OG 1146 days - Direct Growth	₹ 10	60,00,000	744	-	-
Aditya Birla Sunlife FMP Series OI- Direct Growth	₹ 10	50,00,000	622	-	-
DSP FMP Series 204 37M - Direct Growth	₹ 10	1,00,00,000	1,239	-	-
ICICI Pru FMP Series 80 Growth Plan G - Direct Growth	₹ 10	1,00,00,000	1,240	-	-
ICICI Pru FMP Series 80 plan J -Direct Growth	₹ 10	1,00,00,000	1,248	-	-
Kotak FMP Series 200 - 1158 days - Direct Growth	₹ 10	1,00,00,000	1,242	-	-
Nippon India FHF XXXIII Series 1 FMP - Direct Growth	₹ 10	60,00,000	752	-	-
Nippon India FHF XXXIII Series 4 FMP - Direct Growth	₹ 10	50,00,000	626	-	-
SBI Debt Fund Series - B - 29 (1200 days) - Direct Growth	₹ 10	-	-	50,00,000	644
UTI FFTIF Series XXVI - VI - Direct Growth	₹ 10	50,00,000	621	-	-
Unquoted					
Aditya Birla Sun Life Liquid Fund - Direct - Growth	₹ 100	-	-	5,78,619	1,738
Aditya Birla Sun Life Liquid Fund - Direct - Growth*	₹ 100	19,468	62	-	-
Aditya Birla Sunlife Overnight Direct Growth	₹ 10	4,62,865	5,000	-	-
Axis Short Term Fund Direct Growth	₹ 10	52,36,370	1,224	52,36,370	1,111
Axis Liquid Fund Direct Growth	₹ 1,000	1,68,484	3,714	-	-
Axis Liquid Fund Direct Growth*	₹ 1,000	2,297	51	-	-
Axis Liquid Fund Direct Growth **	₹ 1,000	-	-	32,514	674
Axis Banking & PSU Debt Fund Direct Growth	₹ 1,000	60,260	1,170	60,260	1,066
DSP Liquidity Fund Direct Growth	₹ 1,000	12,077	343	-	-
DSP Overnight Fund Direct Growth	₹ 1,000	1,40,415	1,501	-	-
DSP Short Term Fund - Direct - Growth	₹ 10	51,09,777	1,836	51,09,777	1,680
HDFC Corporate Bond Fund Direct Growth	₹ 10	-	-	59,65,110	1,249
HDFC Low Duration Fund Direct Growth	₹ 10	33,57,861	1,484	33,57,861	1,372
HDFC Medium Term Debt Fund Direct Growth	₹ 10	-	-	57,79,286	2,207
HDFC Short Term Debt Fund Direct Growth	₹ 10	50,21,996	1,149	50,21,996	1,046
HDFC Liquid Fund - Direct - Growth *	₹ 1,000	-	-	19,489	717
ICICI Prudential Bond Fund Direct Growth	₹ 10	2,59,86,965	7,666	2,59,86,965	6,866
ICICI Prudential Short Term Direct Growth	₹ 10	26,15,792	1,161	26,15,792	1,055
ICICI Prudential Money Market Fund Direct Growth	₹ 100	-	-	1,54,695	402

Particulars	Face Value	As at March 31, 2020		As at March 31, 2019	
	Per Unit	Units	₹ In Lakh	Units	₹ In Lakh
ICICI Pru Banking & PSU Debt Fund Direct Growth	₹ 1,000	51,95,885	1,228	51,95,885	1,120
ICICI Pru Liquid Fund Direct Growth *	₹ 100	-	-	2,53,848	702
IDFC Corporate Bond Fund Direct Growth	₹ 10	5,44,90,469	7,608	5,44,90,469	7,008
Invesco India Short Term Fund - Direct - Growth	₹ 1,000	21,334	600	21,334	546
Kotak Bond Short Term Plan - Direct - Growth	₹ 10	90,82,190	3,643	90,82,190	3,313
Kotak Banking and PSU Debt Fund - Direct - Growth	₹ 10	39,27,851	1,871	39,27,851	1,688
Kotak Corporate Bond Fund - Direct - Growth	₹ 1,000	89,285	2,465	89,285	2,256
Kotak Dynamic Bond Fund Direct Growth	₹ 10	90,80,288	2,551	90,80,288	2,289
L&T Liquid Fund Direct Growth	₹ 1,000	1,16,288	3,165	-	-
L&T Triple Ace Bond Fund - Direct - Growth	₹ 10	23,22,638	1,284	23,22,638	1,125
LIC MF Bond Fund Direct Growth	₹ 10	-	-	65,62,527	3,310
Nippon India Banking & PSU Debt Fund Direct Growth	₹ 10	1,40,55,549	2,120	1,74,68,775	2,376
Nippon India Floating Rate Fund Direct Growth	₹ 10	-	-	37,91,410	1,142
Nippon India Prime Debt Fund Direct Growth	₹ 10	-	-	13,05,268	524
Nippon India Liquid Fund Direct Growth	₹ 1,000	-	-	86,677	3,954
Nippon India Overnight Fund Direct Growth	₹ 100	7,37,586	791	-	-
Tata Liquid Fund Direct Growth	₹ 1,000	59,338	1,858	-	-
UTI Ultra Short Term Fund Direct Dr	₹ 1,000	-	-	34,065	1,069
UTI Short Term Income Fund Direct Growth	₹ 10	-	-	23,45,601	543
UTI-Liquid Cash Plan -Direct- Growth	₹ 1,000	31,309	958		
UTI-Liquid Cash Plan -Direct- Growth *	₹ 1,000	11,405	371	-	-
			64,250		**55,750**
Total			**66,181**		**58,235**

* Earmarked towards the Investor Service Fund – aggregrate value ₹ 484 lakh (as at 31 March 2019 : ₹ NIL)

**Mutual Funds which are earmarked for Settlement Guarantee Fund ₹ NIL (as at March 31 2019: ₹ 2,093 Lakh)

Aggregate amount of listed but not quoted investments at fair value	8,334	644
Aggregate amount of listed but not quoted investments at cost	6,700	500
Aggregate amount of not listed not quoted investments at fair value	55,917	55,106
Aggregate amount of not listed not quoted investments at cost	47,962	49,835
Aggregate amount of unquoted investments at fair value	1,931	2,485
Aggregate amount of unquoted investments at cost	6,713	7,087

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
9. TRADE RECEIVABLES		
Secured, considered good *	122	328
Unsecured, considered good	524	273
Doubtful	186	208
	832	810
Less: Provision for doubtful trade receivables	(186)	(208)
Total	**646**	**601**

* secured by bank guarantees / fixed deposit receipts from members.

Notes forming part of the Consolidated financial statements *(Contd...)*

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
10. CASH AND CASH EQUIVALENTS		
Balances with banks		
– in current accounts*	40,690	10,836
– in current accounts (earmarked)**	1	
Total	**40,691**	**10,836**
*Includes balance Rs.11 lakh (₹ 30 lakh as on Marh 31, 2019) in SGF earmarked bank accounts		
**The above mentioned cash and bank balances are restricted cash and bank balances which are to be used for specified purposes. All other cash and bank balances are available for the operating activities.		
11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Bank deposits	71,201	54,980
Less :Bank deposits with more than 12 months maturity	(36,029)	(12,422)
Bank deposits with less than 12 months maturity*	35,171	42,558
In earmarked accounts		
– unpaid dividend accounts	64	65
Total	**35,235**	**42,623**
*Bank deposits include:		
(a) Deposits which are earmarked for Settlement Guarantee Fund ₹ 15,809 lakh (as at March 31 2019: ₹ 29,827 lakh)		
(b) Deposits other than note (a) which are under lien with banks for overdraft facilities and bank guarantee – ₹ 9,682 (as at March 31, 2019: ₹ 13,385 lakh)		
12. LOANS		
Loans and advances to employees	22	21
Total	**22**	**21**
13. OTHER CURRENT FINANCIAL ASSETS		
a) Secured, considered good		
Security deposits	–	300
Unbilled revenue*	3,653	2,581
b) Unsecured, considered good (unless stated otherwise)		
Other Receivables	70	13
Interest accrued but not due on fixed deposits**	1,200	2,567
Interest accrued but not due on Tax free Bonds	1,487	1,016
Total	**6,410**	**6,477**
* secured by bank guarantees / fixed deposit receipts from members.		
** Includes interest of ₹ 1,143 lakh (as at March 31, 2019: ₹ 784 lakh) on fixed deposits which are earmarked for Settlement Guarantee Fund.		
14. OTHER CURRENT ASSETS		
a) Unsecured, considered good (unless stated otherwise)		
Prepaid expenses	486	1,366
Balance with government authorities	140	526
Advances for supply of services other than capital advances	452	1,044
Other advances	17	20
	1,095	**2,956**

₹ In Lakh

	Particulars	As at March 31, 2020	As at March 31, 2019
b)	Unsecured, considered doubtful		
	Other advances	–	–
	Other recoverable	282	282
	Less : Provision	(282)	(282)
	Total	**1,095**	**2,956**

15. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ In Lakh	No. of shares	₹ In Lakh
Authorized				
Equity shares of ₹ 10/– each	70,000,000	7,000	70,000,000	7,000
Issued				
Equity shares of ₹ 10/– each	50,998,369	5,100	50,998,369	5,100
Subscribed and Paid–Up				
Equity shares of ₹ 10/– each	50,998,369	5,100	50,998,369	5,100
	50,998,369	**5,100**	**50,998,369**	**5,100**

a. Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ In Lakh	No. of shares	₹ In Lakh
Opening Balance at the beginning of the year	50,998,369	5,100	50,998,369	5,100
Add: Shares issued during the year	–	–	–	–
Closing balance at the end of the year	**50,998,369**	**5,100**	**50,998,369**	**5,100**

b. Rights, preferences and restrictions attached to equity shares:

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/– per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the shareholders at the ensuing annual general meeting, except in the case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the proportion of equity shares held.

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

Name of Shareholders	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	% of holding	Number of Shares	% of holding
Kotak Mahindra Bank Limited	7,649,755	15%	7,649,755	15%

d. For particulars of options granted under Employee Stock Option Schemes, refer note no. 40 on ESOP.

Notes forming part of the Consolidated financial statements *(Contd...)*

16. OTHER EQUITY

₹ In Lakh

Particulars	Reserves and Surplus				Other Comprehensive Income		Total other equity
	Securities Premium	Retained Earnings	ESOP Compensation Reserve	General Reserve	Other Comprehensive income	Share of profit in Associate	
As at April 1, 2018	**21,684**	**97,577**	**455**	**16,449**	**(3,217)**	**–**	**132,948**
Profit for the year	–	14,624	–	–	–	–	14,624
Transfer to Settlement Guarantee Fund	–	(16,973)	–	–	–	–	(16,973)
Dividend	–	(8,670)	–	–	–	–	(8,670)
Dividend distribution tax	–	(1,782)	–	–	–	–	(1,782)
Equity instruments through other comprehensive income#	–	–	–	–	(184)	0	(184)
Reclassified to retained earning from ESOP Reserve	–	314	(314)	–	–	–	–
Reclassified to retained earning on disposal	–	98	–	–	(98)	–	–
ESOP Compensation Reserve	–	–	10	–	–	–	10
Re–measurement of employee benefits obligation and others	–	–	–	–	13	–	13
As at March 31, 2019	**21,684**	**85,188**	**151**	**16,449**	**(3,486)**	**0**	**119,990**
Profit for the year	–	23,650	–	–	–	–	23,650
Transfer to Settlement Guarantee Fund	–	(307)	–	–	–	–	(307)
Dividend	–	(10,200)	–	–	–	–	(10,200)
Dividend distribution tax	–	(2,097)	–	–	–	–	(2,097)
Equity instruments through other comprehensive income#	–	–	–	–	(146)	(0)	(146)
Reclassified to retained earning from ESOP Reserve(refer note 40)	–	151	(151)	–	–	–	–
Reclassified to retained earning on disposal	–	–	–	–	–	–	–
ESOP Compensation Reserve	–	–	–	–	–	–	–
Re–measurement of employee benefits obligation and others	–	–	–	–	(53)	–	(53)
As at March 31, 2020	**21,684**	**96,386**	**–**	**16,449**	**(3,685)**	**(0)**	**130,838**

#0 represents Rs. 0.01 lakh

Note:

i) Equity instruments through other comprehensive income – This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

ii) ESOP Compensation Reserve – Refer Note no. 40

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
17. SETTLEMENT GUARANTEE FUND (SGF)		
Opening balance (cash component)	32,980	18,060
Add/(Less): Base minimum capital (BMC)	–	154
Add: Settlement related penalties (Net of Tax)	–	5
Add : Appropriation of dues of defaulting members	–	–
Add: Income from earmarked investments (Net of Tax)	–	120
On transfer of Clearing and settlement activity to MCXCCL:	**–**	
Less : Transfer of Base Minimum Capital to other Non Current Financial Liabilities	–	(3,541)
Less : Transferred to MCXCCL SGF	–	(9,164)
Less : Balance transfer to retained earnings	–	(5,634)
Add: Exchange –MCX contribution to core SGF during the year	1,003	8,259
Add/(Less): CCL Contribution to core SGF during the year	1,991	23,370
Add: Settlement related penalties	4,743	320
Add: Income from earmarked investments	260	1,031
Total	**40,977**	**32,980**
18. OTHER NON–CURRENT FINANCIAL LIABILITIES		
Trade / Security deposits from		
– Members*	4,442	4,005
Employee benefits payable	683	
Lease Liability	153	
Total	**5,278**	**4,005**

*includes Base Minimum Capital from members ; in addition to the cash component of Base Minimum Capital, the amount of bank guarantees/fixed deposits receipts (Non cash component) forming part of base minimum capital as on March 31, 2020 ₹ 6,127 lakh as on March 31, 2019 is ₹ 5,739 lakh

19. NON CURRENT PROVISIONS		
Provision for Compensated absences (Refer note 39)	179	137
Total	**179**	**137**
20. TRADE PAYABLES		
Total outstanding dues of micro enterprises and small enterprises	9	3
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,094	3,320
Total	**3,103**	**3,323**
21. OTHER CURRENT FINANCIAL LIABILITIES		
Advance received from members and applicants towards		
– Trading Margin from Members (Refer note 45)	69,699	28,679
– Members' Security Deposits	2,886	3,060
– Application Money (pending admission)	48	48
Lease Liability	72	–

Notes forming part of the Consolidated financial statements *(Contd...)*

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Employee benefits payable	873	482
SEBI regulatory fund	6	5
Payable to employees	20	17
Unclaimed dividends *	64	65
Members Obligation for transaction fees, Warehouse deposits and others	374	185
– Trade / Security deposits from Settlement bankers (Refer note 45)	1,900	1,900
Payable for purchase of fixed assets	44	737
Total	**75,986**	**35,177**

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

22. OTHER CURRENT LIABILITIES

Statutory remittances	8,113	2,269
Payable to Multi Commodity Exchange Investor (Client) Protection Fund (IPF)	484	350
Investor Services Fund (ISF) #	578	333
Payable to Settlement Guarantee Fund	29	
– Networking Equipment Deposits	2	4
Amount received from members and applicants	1,363	753
Income received in advance	110	104
Total	**10,679**	**3,813**

SEBI vide its circular CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13, 2017 has mandated to set up Investor Service Fund (ISF) for providing basic minimum facilities at various Investor Service Centers. Accordingly, Contribution during the year ₹ 353 lakh and utilized ₹ 134 Lakh (previous year ended March 31,2019 ₹ 405 lakh and ₹ 75 lakh respectively)

23. CURRENT PROVISIONS

Provision for Compensated absences (Refer Note 39)	28	26
Provision for Gratuity (Refer Note 39)	146	154
Total	**174**	**180**

24. INCOME TAX LIABILITIES (NET)

Provision for tax [net of advance tax ₹ 2,836 lakh (as on March 31, 2019 ₹ 296 lakh)]	1,148	2,841
Total	**1,148**	**2,841**

₹ In Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
25. REVENUE FROM OPERATIONS		
Sale of Services		
Transaction fees	35,303	28,331
Annual subscription fees	312	331
Membership admission fees	280	5
Terminal charges	40	47
	35,935	28,713

₹ In Lakh

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
Other operating revenues			
Connectivity Income		662	650
Other recoveries from members			
– Others		196	137
Data feed Income		452	342
Warehouse Income		170	161
		1,480	1,290
	Total	**37,415**	**30,003**
26. OTHER INCOME			
Dividend income:			
Dividend income from mutual funds		63	194
Interest income:			
– on bank deposits		2,354	2,084
– on Tax Free Bonds		2,114	2,082
– from Others#		21	0
Net gain on sale of :			
– current investments		2,119	1,188
– Bonds		–	23
Gain/(loss) on fair valuation			
Gain/(loss) on fair valuation of Mutual Funds		4,656	4,395
Gain/(loss) on fair valuation of ETF		60	–
Gain/(loss) on fair valuation of Tax free Bonds		913	(666)
Rental income from operating lease		1	–
Provisions/Liability no longer required written back		–	354
Net gain on foreign currency transactions and translations		1	–
Income on fixed assets sold/scrapped		2	–
Miscellaneous income		593	202
	Total	**12,896**	**9,856**
#0 represents ₹ 0.25 lakh			
27. EMPLOYEE BENEFITS EXPENSE			
Salaries and wages		7,207	6,699
Contribution to provident and other funds		367	362
Staff welfare expenses		159	174
Share based payment to employee		–	11
	Total	**7,733**	**7,246**
28. FINANCE COSTS			
Interest expenses on :			
– Interest on Lease liabilities (refer note 36)		16	–
– Others		–	1
	Total	**16**	**1**
29. SOFTWARE SUPPORT CHARGES & PRODUCT LICENSE FEES			
Software support charges		5,196	4,499
Product License fees		1,699	1,635
	Total	**6,895**	**6,134**

Notes forming part of the Consolidated financial statements *(Contd...)*

₹ In Lakh

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
30. COMPUTER TECHNOLOGY AND COMMUNICATION EXPENSES		
Computer Technology expenses	1,646	1,593
Communication expenses	413	462
Total	**2,059**	**2,055**
31. OTHER EXPENSES		
Advertisement	382	200
Electricity charges	333	295
Rent	132	178
Repairs and maintenance – others	258	210
Insurance	99	66
Rates and taxes	26	23
Travelling and conveyance	326	325
Printing and stationery	32	20
Business promotion	251	271
CSR expenses	344	252
Legal and Professional Charges	734	1,019
Sponsorships and Seminar expenses	82	58
Membership fees and subscriptions	118	111
Security service charges	124	111
Provision for doubtful trade receivables	50	–
SEBI – Exchange regulatory fees	189	436
Payment to the auditors		
– For audit	28	20
– For taxation matters	3	3
– For other services	1	3
– Reimbursement of out of pocket expenses	1	–
Payment to the auditors	33	25
Contribution to Multi Commodity Exchange Investor (Client) Protection Fund (IPF)	372	465
Contribution to Settlement Gurantee Fund	406	65
Contribution to Investor Service Fund	353	405
Net loss on foreign currency transactions and translations	–	16
Loss on fixed assets sold/scrapped	–	4
Directors sitting fees	241	201
Office expenses	257	256
Miscellaneous expenses	119	160
Total	**5,261**	**5,172**

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
32. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR):		
Contingent liabilities :		
Claims against the Group not acknowledged as debts:		
– Income tax demands against which the Group is in appeals (including interest upto date of order) (Refer note 48) (Net of rectification order)	11,677	10,928
– Service tax (CENVAT credit)	–	26
– Others (excluding interest)	74	30
Bank guarantee given*	–	1,127
Capital Commitments:		
The estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	871	675

* Bank guarantee as on 31.03.2019 includes, Expired BG amounting to ₹ 762 Lakh (expired on 11–01–2019)

In addition to the matters as specified in contingent liabilities above, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business the impact of which is unascertainable. The Group's management does not expect that the legal actions, when ultimately concluded and determined, will have adverse effect on the Group's financial statements.

Other Commitments:

The Group has commitments to pay for the services related to (i) maintenance of core network equipment and (ii) technology support and managed services based on long–term agreements, the cancellation of which may entail monetary compensation.

33. TAXATION – CONSOLIDATED

The Major component of tax expenses for the year are as under :

₹ In Lakh

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Current income tax	3,386	2,734
Deferred Tax	(279)	76
Minimum Alternate Tax (MAT) credit entitlement	(402)	(2,065)
Minimum Alternate Tax (MAT) credit Utilised	182	–
Total Income Tax Expense	**2,887**	**745**

Reconciliation of tax expense and the accounting profit for the year is as under:

₹ In Lakh (as otherwise stated)

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Profit for the year before Share of Profit in Asscociate:	26,533	15,326
Applicable tax rate for respective companies	29.12%	34.944%
Computed expected tax expense	7,726	5,356
Add:		
Expenses disallowed	817	752
Income not considered in Profit & Loss Account	–	430
Share of Profit of Associate	1	15
Income from other Source	128	–

₹ In Lakh (as otherwise stated)

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Less:		
Ind AS Impact (Net)	(1,649)	(493)
Expenses allowed	(748)	(808)
Exempt income	(1,254)	(1,352)
Capital Loss		411
Contribution to SGF (Refer note 46)	(77)	(2,751)
Set off of Business loss	(613)	–
Effect of differential tax rate	(106)	(78)
Deduction Under Section 80G	(58)	–
Normal Income Tax Liability	**4,167**	**1,482**
MAT–Income Tax Liability	3,984	2,690
Excess provision for tax relating to previous years	(598)	(382)
Income tax expense as per Profit & Loss Account	**3,386**	**2,734**
Effective Tax Rate	**12.76%**	**17.84%**

Deferred tax relates to the following:

₹ In Lakh

Particulars	Balance Sheet	
	As at March 31, 2020	As at March 31, 2019
Expenses allowable on payment basis	132	133
Other items giving rise to temporary differences (including impact on fair value of investments)	(283)	(488)
Difference between WDV of Property, Plant and Equipment as per books of accounts & Income Tax	(1,125)	(1,322)
Difference between WDV of Right of Use Assets as per books of accounts & Income Tax	(135)	–
Lease Liability	66	–
Minimum Alternate Tax (MAT) credit entitlement (Refer note 46)	220	2,065
Minimum Alternate Tax (MAT) credit entitlement Reversed	2,065	–
Deferred tax asset / (liability)	**939**	**387**

Reconciliation of deferred tax assets / (liabilities) net:

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	387	(1,721)
Tax income / (expense) during the year recognized in profit & loss account	295	(76)
Differences on other comprehensive income	37	119
Minimum Alternate Tax (MAT) credit entitlement	220	2,065
Minimum Alternate Tax (MAT) credit entitlement Reversed	–	–
Closing Balance	**939**	**387**

34. SEGMENT REPORTING

Ind AS 108 establishes standards for the way that companies report information about operating segments and related disclosures about products and services, and geographical areas. Based on the risks and returns identified, organizational structure and the internal financial reporting system, the business segment is the primary segment for the Group and accordingly "business of facilitating trading in commodities and incidental activities thereto" is considered as the only Primary Reportable business segment. Further, since the Group renders services only in the domestic market in India and there is no geographical segment.

35. FOREIGN CURRENCY TRANSACTIONS

₹ In Lakh

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Expenditure in Foreign Currency		
– License Fees	1,702	1,635
– Membership and Subscription	57	27
– Professional Charges	7	5
– Computer Technology and Communication expenses	53	46
– Registration Fees	–	7
– Seminar and conference expenses	–	6
– Software License Fees expenses	6	3
– Loss from exchange rate fluctuation*	0	2
– Advertisement expenses–Sales	–	2
– Honorarium Charges	3	1
– Sponsorship Expenses	–	1
– Bank charges	2	2
– Courier charges#	–	0
Earnings in Foreign Currency		
– Data feed income	146	91

* 0 represents ₹ 0.01 lakhs in FY 2019–20
# 0 represents ₹ 0.02 lakhs in FY 2018–19

36. OPERATING 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 1st April 2019, the Group has adopted IND AS 116 – 'Leases' and applied the Standards to all lease contracts existing on April 1, 2019 using the modified retrospective method. The Group 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.

₹ In Lakh

Particulars		Amount
a)	**The movement in lease liabilities during the year:**	
	Lease liabilities as at 01.04.2019 (on adoption of IND AS 116 – Leases)	**99**
	Additions during FY 2019–20	174
	Finance costs incurred during the year	16
	Payment of lease liabilities	(64)
	Lease liabilities as at 31.03.2020	**225**
b)	**The carrying value of the Right of use asset and depreciation charged during the year**	
	Recognition on Initial application of Ind AS 116 as at 01.04.2019	**99**
	Additions during FY 2019–20	174
	Depreciation charged during the year	53
	Right of use asset as at 31.03.2020	**220**
c)	**Amounts recognized in statement of profit or loss**	
	Depreciation on Right of use asset	53
	Finance costs incurred during the year	16
	Rent expense	(64)
	Total amounts recognized in profit or loss	**5**

₹ In Lakh

Particulars	Amount
d) Maturity analysis of lease liabilities	
Maturity Analysis of contractual undiscounted cash flows	
Less than one year	91
One to five years	158
More than five years	28
Total undiscounted lease liability:	
Non–current lease liability	153
Current lease liability	72
Total lease liability	**225**

37. EARNINGS PER SHARE

The following is a reconciliation of the equity shares used in the computation of Basic and Diluted Earnings per Equity Share:

Particulars	Year ended	
	March 31, 2020	**March 31, 2019**
Weighted Average Shares Outstanding – Basic	50,883,335	50,867,930
Effect of dilutive securities on account of ESOP	3,693	(27,249)
Weighted Average Shares Outstanding – Diluted	**50,887,028**	**50,840,681**

Net Profit available to equity shareholders of the company used in the Basic and Diluted Earnings per Equity Share was determined as follows: ₹ In Lakh, except EPS

Particulars	Year ended	
	March 31, 2020	**March 31, 2019**
Earnings available to equity shareholders	23,650	14,624
Earnings available for equity shareholders for diluted earnings per share	23,650	14,624
Basic Earnings per Share	46.48	28.75
Diluted Earning per Share	46.48	28.75

38. RELATED PARTY INFORMATION

Names of related parties and nature of relationship:

Nature of relationship	Name of Related Party
Associate Company	CDSL Commodity Repository Limited
Shareholders' Directors	Mr. Amit Goela (w.e.f. 04.02.2016)
	Ms. Madhu Vadera Jayakumar (w.e.f. 04.02.2016)
	Ms. Padma Raghunathan* (w.e.f. 04.02.2016)
	Mr. Hemang Raja (w.e.f. 30.06.2016)@
	Mr. Chengalath Jayaram (w.e.f. 25.11.2016)
	* Sitting fees are paid directly to the nominee institutions
Independent Directors	Mr. Saurabh Chandra (w.e.f. 03.07.2016)
	Mr. Arun Bhargava (upto 06.03.2019)
	Mr. Prithvi Haldea (upto 03.09.2019)
	Mr. Shankar Aggarwal (w.e.f. 01.10.2017)
	Ms. Pravin Tripathi (w.e.f 17.09.2019)
	Mr. Basant Seth (w.e.f 19.05.2018)
	Mr. Bhartendu Kumar Gairola (w.e.f 17.09.2019)

Nature of relationship	Name of Related Party
	Dr. Deepali Pant Joshi (w.e.f 08.08.2018)
	Mr. Arun Kumar Nanda (upto 18.05.2018)
	Dr. Govinda Marapalli Rao (upto 07.08.2018)
	Mr. Subrata Kumar Mitra (upto 18.05.2018)
Key Managerial Personnel (KMP)	Mr. P.S. Reddy, MD & CEO (w.e.f. 10.05.2019)
	Mr. Mrugank Paranjape, MD & CEO (w.e.f. 09.05.2016)
	Mr. Ajay Puri, Company Secretary (w.e.f. 07.12.2018)
	Mr. Sanjay Wadhwa, Chief Financial Officer (upto 06.12.2019)
	Mr. Ashwin Patel, Company Secretary (upto 06.11.2018)
	Others:
	Mr. Pareshnath Paul Chief Information Officer, Technology (w.e.f. 11.02.2019)
	Mr. Rahi Racharla, Chief Information Officer Technology (upto 17.08.2018)
	Mr. Sanjay Golecha, Chief Regulatory Officer (w.e.f.18.09.2019)
	Mr. Girish Dev, Chief Regulatory Officer (w.e.f. 01.04.2018)
	Mr. Praveen Dalvani Ganapathi#
	Mr. Chittaranjan Rege#
	Mr. Shivanshu Mehta#
	Mr. Rishi Nathany#
	Mr. Venkatachalam Shunmugam (upto 31.03.2020)
	Mr. Rajendra Gogate (upto 29.02.2020)
	Mr. Deepak Mehta (upto 10.01.2020)
	Mr. Sudeendra Venkatesh Nadager (upto 16.11.2018)
	Mr. Himanshu Ashar#
	Mr. Sanjay Gakhar#
	Mrs. Neetu Juneja#
	Mr. Arvind Sharma#
	Mr. Chandrakant Upadhyay#
	Mr. Sunil Kurup#
	Mr. Pravin Gade##(w.e.f 01.04.2019)
	Mr. Radheshyam Yadav##(w.e.f 01.04.2019)
	Mr. Satyajeet Bolar##* (w.e.f 09.04.2019)
	Mr. Jayaprakash Menon (upto 06.02.2020)
Others	
Relatives of KMPs or company in which KMP is interested and where transaction exists	–
Company in which Director is interested and where transaction exists	Prime Database Company Private Limited (Mr. Prithvi Haldea is a director in the company). Hotel Queen Road Private Limited (Mr.Shankar Aggrawal is a director in the company).
Employee Welfare Trust	MCX ESOP Trust

@ CDSL Commodity Repository Limited is considered as an Associate w.e.f. 26.10.2018 being date of appointment of MCX director Mr. Hemang Raja on the board of CDSL Commodity Repository Limited.

Identified as KMP's under SECC Regulations, 2018 by the Nomination and Remuneration Committee, in its meeting held on November 16, 2018, hence transactions with them considered from Oct–Dec'18 quarter onwards.

Identified as KMP's under SECC Regulations, 2018 from their date of Joining

* was given interim charge of the Finance function, now appointed as CFO w.e.f. May 30, 2020.

Transactions with related parties:

The details of transactions with related parties for year ended March 31, 2020 are as follows:

₹ In Lakh

Particulars	As at March 31, 2020						
	Associate	Others					Total
	CDSL Commodity Repository Limited	MCX ESOP Trust	Shareholder's Directors	Independent Directors	Company in which Director is interested and where transaction exists	KMPs	
Transactions							
Re–imbursements charged to the company	–	–	–	5	–	13	17
Recoveries charged by the company	–	6	–	–	–	–	6
Sitting Fees Paid	–	–	54	107	–	–	161
Trustee Sitting Fees paid	–	–	–	1	–	–	1
Dividend paid	–	26	–	–	–	4	30
Plough back money to IPF for Co–Sponsorship fees Prime Database	–	–	–	–	19	–	19
Seminar Expenses*	–	–	–	–	0	–	0
Balances as at March 31, 2020							
Outstanding Balance receivable / (payable)	–	–	–	–		–	–

*Represents ₹ 0.38 lakh

The details of transactions with related parties for year ended March 31, 2019 are as follows:

₹ In Lakh

Particulars	As at March 31, 2019						
	Associate	Others					Total
	CDSL Commodity Repository Limited	MCX ESOP Trust	Shareholder's Directors	Independent Directors	Company in which Director is interested and where transaction exists	KMPs	
Transactions							
Re–imbursements charged to the company	–	–	–	6	–	21	27
Recoveries charged by the company	–	1	–	–	–	–	1
Sitting Fees Paid	–	–	48	110	–	–	159
Dividend paid	–	22	–	–	–	–	22
Investment in shares	1,200	–	–	–	–	–	1,200
Balances as at March 31, 2019							
Investments	1,200	–	–	–		–	1,200
Outstanding Balance receivable / (payable)	–	–	–	–		–	–

Terms and conditions of transactions with related parties

The services provided to and received from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured, interest free and will be settled in cash. There have been no guarantees received or provided for any related party receivables or payable.

Compensation of key managerial personnel of the Parent Company

₹ In Lakh

Particulars	2019–20	2018–19
Short–term employment benefits	1,479	946
Post–employment benefits	20	33
Termination benefits	–	–
Share–based payments	–	–

Transactions with Key Managerial Personnel :

(₹ In Lakh except as otherwise stated)

Nature of Transactions	Year ended	
	March 31, 2020	March 31, 2019
1. Salary and Allowances Paid/payable to KMPs*:		
Mr. P.S. Reddy	205	–
Mr. Mrugank Paranjape	30	229
Mr. Ajay Puri	71	21
Mr. Sanjay Wadhwa	61	82
Mr. Ashwin Patel	–	19
Others	1,112	594
2. Dividend paid to KMPs:		
Others	4	–
3. Employee Stock Options (ESOP Scheme 2008):	**In Numbers**	**In Numbers**
Opening Balance at the beginning of year	–	3,640
ESOPs held by KMPs identified as per SECC	–	(3,640)
Less : Cancelled/forfeited during the year	–	–
Add: Options granted during the year	–	–
Less : Exercised during the year	–	–
Closing Balance at the end of the year	**–**	**–**

* Excludes gratuity and long term compensated absences which are actuarially valued at Group level and where separate amounts are not identifiable.

Notes :

1. There are no amounts written off or written back during the year in respect of debts due from or to related parties.
2. KMPs as on the respective dates are considered.
3. Amount paid to Ex–employee who were erstwhile KMP's are not included above.

39. EMPLOYEE BENEFIT PLANS:

1) a. Post employment defined benefit plans :

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

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Group's financial statements as at March 31, 2020 and March 31, 2019.

₹ In Lakh

Particulars	As at	
	March 31, 2020	March 31, 2019
Change in benefit obligations		
Present Value of Benefit obligation at the beginning of the year	716	634
Interest Cost	56	49
Current Service Cost	96	106
Liability transferred in/Acquisitions	2	94
Liability transferred out/Disinvestment	(2)	(121)
Benefits paid from the Fund	(80)	(58)
Actuarial (Gains)/Losses on obligations – due to change in financial assumptions	90	(1)
Actuarial (Gains)/Losses on obligations – due to experience	(28)	14
Present Value of Benefit obligations at the end of the year	**850**	**716**
Change in plan assets		
Fair value of plan assets at the beginning of the year	561	565
Interest Income	44	44
Assets Transferred in/ acquisitions	9	121
Assets Transferred out/ disinvestment	(9)	(121)
Return on plan assets excluding interest income	(9)	(3)
Contributions by the employer	189	12
Benefits paid from the fund	(80)	(58)
Fair value of plan assets at the end of the year	**704**	**561**
Net (liability)/ asset recognized in the Balance Sheet	**(146)**	**(155)**

Amount for the year ended March 31, 2020 and March 31, 2019 recognized in the Statement of Profit and Loss under employee benefits expenses.

₹ In Lakh

Recognized in Profit and Loss	Year ended	
	March 31, 2020	March 31, 2019
Current Service Cost	96	106
Net Interest Cost	12	5
Expenses Recognized	**108**	**111**

Amount for the year ended March 31, 2020 and March 31, 2019 recognized in statement of other comprehensive income:

₹ In Lakh

Recognized in Other Comprehensive Income	Year ended	
	March 31, 2020	March 31, 2019
Actuarial (gains) / losses on obligation for the year	62	(14)
Return on plan assets excluding interest income	9	3
Net (Income)/Expense for the year recognized in OCI	**71**	**(11)**

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	As at March 31, 2020	As at March 31, 2019
Discount rate#	6.89%	7.79%
Weighted average rate of increase in compensation levels	7.50%	7.50%
Weighted average duration of defined projected benefit obligation*	15	15

MCXCCL Discount rate 6.84%
* MCXCCL – 13 years

Sensitivity Analysis	As at March 31, 2020	As at March 31, 2019
Projected Benefit Obligation on Current Assumptions	850	716
Delta Effect of +1% change in rate of Discounting	(98)	(81)
Delta Effect of –1% change in rate of Discounting	117	96
Delta Effect of +1% change in rate of Salary Increase	115	96
Delta Effect of –1% change in rate of Salary Increase	(99)	(82)
Delta Effect of +1% change in rate of Employee Turnover*	(7)	0
Delta Effect of –1% change in rate of Employee Turnover	8	(1)

*0 represents ₹ 0.10 lakh for FY 2018–19

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 ₹146 lakh to the plan assets during financial year 2020–21.

Actuarial Gains/Losses are recognized in the year of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation

Maturity profile of projected benefit obligation: ₹ In Lakh

Projected Benefits Payable in Future Years from the Date of Reporting	March 31, 2020	March 31, 2019
Within 1 year	23	32
1–2 year	18	16
2–3 year	35	21
3–4 year	39	32
4–5 year	28	43
5–10 years	496	461
11 years and above	1,705	1,669

b. Defined Contribution Plans :

Amounts recognized as expenses towards contributions to Provident and Family Pension Fund, Employee State Insurance Corporation and other funds by the Company are ₹ 257 Lakhs (Previous Year ₹ 251 Lakh) Refer Note No. 27

₹ In Lakh

Particulars	As at	
	March 31, 2020	March 31, 2019
Contribution to Provident and Family Pension Fund	254	232
Contribution to Employees State Insurance Scheme (ESIC)*	0	0
Contribution to Labour Welfare Fund**	0	16
Contribution to Employees Deposit Linked Insurance (EDLI)	3	3

* 0 represents ₹ 0.001 Lakh for FY 2019–20 and ₹ 0.39 Lakh for FY 2018–19

** 0 represents ₹ 0.14 Lakh for FY 2019–20

2) Other Long term employee benefits

Privilege Leave and Sick Leave assumptions

The liability towards compensated absences (Privilege leave and Sick leave) for the year ended March 31, 2020 based on actuarial valuation carried out by using Projected Accrual Benefit method resulted in increase in liability by ₹ 44 lakh. (Previous year – decreased by ₹ 16 lakh)

a) Financial assumptions

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate#	6.89 % p.a.	7.79 % p.a.
Salary escalation rate	7.50 % p.a.	7.50 % p.a.

MCXCCL Discount rate 6.84%

b) Demographic assumptions

Particulars	As at March 31, 2020	As at March 31, 2019
Employee turnover		
For service 4 years and below	10.00 % p.a.	10.00 % p.a.
For service 5 years and above	2.00 % p.a.	2.00 % p.a.
Mortality rate	Indian Assured Lives Mortality (2006–08) Ultimate	

40. EMPLOYEE STOCK OPTION PLAN (ESOP):

During the year ended 31 March 2009, the shareholders of the Company approved the 'Employee Stock Options Plan 2008 ('ESOP – 2008'). Under the said scheme, 1,625,000 Equity Shares of ₹ 10 each have been allotted to ESOP Trust who will administer the ESOP Scheme on behalf of the Company. Out of which ESOP Trust has granted (a) 1,313,250 number of options convertible into 1,313,250 equity shares of ₹ 10 each to eligible employees on 2 July 2008 and 23 August 2008 in aggregate; (b) 331,750 (including the lapsed options available for reissuance) numbers of options convertible into 331,750 equity shares of ₹ 10 each to eligible employees on 24 October 2011; (c) 10,000 numbers of options convertible into 10,000 equity shares of ₹ 10 each to an eligible employee on 3 October 2012;(d) 25,300 numbers of options convertible into 25,300 equity shares of ₹ 10 each to eligible employees on 19 April 2013 ; (e) 10,000 numbers of options convertible into 10,000 equity shares of ₹ 10 each to an eligible employee on 19 February 2014 and (f) 172,600 numbers of options convertible into 172,600 equity shares of ₹ 10 each to eligible employees on November 11, 2014.

Details of the Options granted by the ESOP Trust is as under :

Vesting period	No. of Options granted	Exercise Price	Grant Date
2 July 2008 to 2 July 2009	391,725	₹ 144.00	2–Jul–08
2 July 2008 to 2 July 2010	391,725	₹ 144.00	
2 July 2008 to 2 July 2011	522,300	₹ 144.00	
23 August 2008 to 23 August 2009	2,250	₹ 144.00	23–Aug–08
23 August 2008 to 23 August 2010	2,250	₹ 144.00	
23 August 2008 to 23 August 2011	3,000	₹ 144.00	
24 October 2011 to 24 October 2012	99,525	₹ 390.00	24–Oct–11
24 October 2011 to 24 October 2013	99,525	₹ 390.00	
24 October 2011 to 24 October 2014	132,700	₹ 390.00	
3 October 2012 to 3 October 2013	3,000	₹ 1,282.75	03–Oct–12
3 October 2012 to 3 October 2014	3,000	₹ 1,282.75	
3 October 2012 to 3 October 2015	4,000	₹ 1,282.75	
19 April 2013 to 19 April 2014	7,590	₹ 855.70	19–Apr–13
19 April 2013 to 19 April 2015	7,590	₹ 855.70	
19 April 2013 to 19 April 2016	10,120	₹ 855.70	
19 Feb 2014 to 19 Feb 2015	1,000	₹ 516.50	19–Feb–14
19 Feb 2014 to 19 Feb 2016	2,000	₹ 516.50	
19 Feb 2014 to 19 Feb 2017	3,000	₹ 516.50	
19 Feb 2014 to 19 Feb 2018	4,000	₹ 516.50	
11 Nov 2014 to 11 Nov 2015	17,260	₹ 851.10	11–Nov–14
11 Nov 2014 to 11 Nov 2016	34,520	₹ 851.10	
11 Nov 2014 to 11 Nov 2017	51,780	₹ 851.10	
11 Nov 2014 to 11 Nov 2018	69,040	₹ 851.10	

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of ₹ 10 each. Exercise period for each option granted on 2 July 2008 and 23 August 2008 is three years from the date of their respective vesting. Exercise period for each option granted on 24 October 2011, 3 October 2012, 19 April 2013 and 19 February 2014 and 11 November 2014 is one year from the date of their respective vesting.

The following table exhibits the net compensation expenses arising from share based payment transaction:

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Expense arising from equity settled share based payment transactions	–	10

The activity in the 2008 Plan for equity–settled share based payment transactions during the year ended March 31, 2020 is set out below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
2008 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning of year	41,028	851.10	76,785	851.10
Granted during the year			–	–
Forfeited and lapsed during the year	6,140	851.10	35,757	851.10
Exercised during the year	34,888	851.10	–	–

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the end of year	–		41,028	851.10
Exercisable at the end of year			41,028	

During the year FY 2018–19, Parent company (MCX) had transferred 61 employees to its subsidiary company (MCXCCL) on September 01, 2018. Outstanding ESOP pertaining to transferred employees were 3690 on the date of transfer. Subsequently, 6660 ESOP got vested on November 11, 2018 (4th Tranche), out of which 1760 Esop's of identified KMP's of MCXCCL were cancelled/forfeited. Outstanding ESOP as on March 31, 2019 of MCXCCL employees were 4900.

There were no such transfer during the current financial year.

Lapsed options available for reissuance are 95,551 (As at March 31, 2019: 89,411) shares.

Since the options are lapsed, the unutilised balance lying in the ESOP Compensation Reserve has been transferred to retained earnings.

The following table summarizes information about options exercised and granted during the year and about options outstanding and their remaining contractual life as at March 31, 2020:

Particulars	Options outstanding			Options Exercised	
	Number of share options	Weighted average remaining contractual life (in years)	Weighted average exercise price	Number of share options	Weighted average fair value
2–Jul–08	–	–	–	–	–
23–Aug–08	–	–	–	–	–
24–Oct–11	–	–	–	–	–
03–Oct–12	–	–	–	–	–
19–Apr–13	–	–	–	–	–
19–Feb–14	–	–	–	–	–
11–Nov–14	–	–	–	34,888	851.10

For options granted on 2 July 2008 and 23 August 2008 under ESOP 2008 Scheme; the intrinsic value of each option is Nil. The estimated fair value of each option is ₹ 15.64 and ₹ 16.62 for options granted on 2 July 2008 and 23 August 2008 respectively. The weighted average fair values have been determined using the Binomial Option Pricing Model considering the following parameters:

Particulars	For options granted in	
Grant date	2–Jul–08	23–Aug–08
Weighted average share price on the date of grant	₹ 90	₹ 90
Weighted average Exercise price on the date of grant	₹ 90	₹ 90
Expected volatility (%)	1%	1%
Expected life of the option (years)	3.5 years	3.5 years
Expected dividends (%)	25%	25%
Risk–free interest rate (%)	9.14%	9.13%
Weighted average fair value as on grant date	₹ 85	₹ 85

Each option granted represents a right to the option grantee but not an obligation to apply for 1 fully paid up Equity Share of ₹ 10 each of the Company at duly adjusted exercise price after consolidation of share and bonus issue i.e. ₹ 144 pursuant to the corporate action during the year ended March 31, 2011.

For options granted on October 24, 2011, October 3, 2012, April 19, 2013, February 19, 2014 and November 11, 2014 under ESOP 2008 Schemes; the intrinsic value of each option is Nil. The estimated fair value of each option is ₹ 324.99, ₹ 342.64, ₹ 202.34, ₹ 181.47 and ₹ 363.18 for options granted on October 24, 2011, October 3, 2012, April 19, 2013, February 19, 2014 and November 11, 2014 respectively. The weighted average fair values have been determined using the Black Schole Formula considering the following parameters:

Particulars	For options granted in				
	24–Oct–11	03–Oct–12	19–Apr–13	19–Feb–14	11–Nov–14
Weighted average share price on the date of grant	₹ 390	₹ 1282.75	₹ 855.70	₹ 516.50	₹ 851.10
Weighted average Exercise price on the date of grant	₹ 390	₹ 1282.75	₹ 855.70	₹ 516.50	₹ 851.10
Expected volatility (%)	2.26%	34.35%	32.75%	52.37%	52.22%
Expected life of the option (years)	1.5 Years	2.6 Years	2.6 Years	3.5 Years	3.5 Years
Expected dividends (%)	Not Considered	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant
Dividend yield (%)	–	1.87%	2.80%	4.65%	1.17%
Risk–free interest rate (%)	8.60%	8.12%	7.49%	8.86%	8.26%
Weighted average fair value as on grant date	₹ 385	₹ 1282.75	₹ 855.70	₹ 516.50	₹ 851.10

41. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short–term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short–term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

₹ In Lakh

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Amortized cost:				
Financial Assets at amortized cost:				
Cash and cash equivalents (Refer Note No 10)	40,691	40,691	10,836	10,836
Bank Balances (Refer Note No. 11)	35,235	35,235	42,623	42,623
Bank deposits with original maturity of more than twelve months (Refer Note No 5)	36,029	36,029	12,422	12,422
Unbilled Revenue (Refer Note No 13)	3,653	3,653	2,581	2,581
Trade receivables (Refer Note No 9)	646	646	601	601
Loans (Refer Note No 12)	22	22	21	21
Other financial assets (Refer Note No 5 & 13)	5,200	5,200	17,468	17,468
Investment in PSU Bank Bonds	13,608	13,608	–	–
Financial Liabilities at amortized cost:				
Trade payables (Refer Note No 20)	3,103	3,103	3,323	3,323
Other financial liabilities (Refer Note No 18 & 21)	81,264	81,264	39,100	39,100

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Fair value through profit or loss:				
Investments (Refer Note No 8)				
Tax free bonds	27,818	27,818	26,905	26,905
Mutual Funds	77,965	77,965	76,008	76,008
ETF Bonds	3,060	3,060	–	–
Fair value through OCI:				
Investments in other entities (Refer Note No 8)	1,931	1,931	3,714	3,714

Note : Investment in equity instrument & warrants are not held for trading. The Group has chosen to measure these at FVTOCI irrevocably as the management believes that presently fair value gains and losses relating to these investments in P & L may not be indicative of the performance of the company.

The fair value of mutual funds is based on quoted price. The fair value of tax free bonds is based on quoted prices and market observable inputs.

The fair value of warrants and equity securities is based on the valuation provided by the certified values.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2020:

(b) Fair Value Measurement

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019	Level	Hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Financial Assets				
Investments in Mutual Funds (FVTPL)	77,965	76,008	1 & 2	1– Quoted prices (unadjusted) in active markets for identical assets or liabilities. 2– Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Investments in Tax free bonds (FVTPL)	27,818	26,905	1 & 2	1– Quoted prices (unadjusted) in active markets for identical assets or liabilities 2– Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Investments in equity instruments (FVTOCI)*	1,931	3,714	3	Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
Investments in ETF Bonds	3,060	–	1	1– Quoted prices (unadjusted) in active markets for identical assets or liabilities

* The carrying amount of financial asset measured at FVTOCI in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

(c) Financial risk management

1. Financial risk factors

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

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by the Group's management.

2. Market risk

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

3. Interest rate risk

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

Since the Group has no borrowings, exposure to risk of change in market interest rate is nil.

4. Foreign currency risk

The Group transacts internationally periodically and few of the transactions are conducted in different currencies. As the volume of the transactions are few, the company has not entered in foreign exchange forward exchange contracts.

The year–end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

₹ In Lakh

Particulars	As at March 31, 2020		As at March 31, 2019	
	₹ In Lakh	Amount in Foreign Currency	₹ In Lakh	Amount in Foreign Currency
Trade receivables				
In USD	8	11,421	17	23,971
Trade Payables				
In USD	517	687,513	3	4,553
In GBP	0	192	130	144,112

5. Sensitivity Analysis

A Change of 5% in Foreign currency would have following impact on Profit before tax

₹ In Lakh

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
	5% Increase	5% decrease	5% Increase	5% decrease
Trade Receivables				
USD	0	(0)	1	(1)
Trade Payables				
USD	(26)	26	(0)	0
GBP	(0)	0	(7)	7

6. Derivative financial instruments

The Group has not entered into any forward exchange contract being derivative instruments.

7. Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. To manage this, the Group periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 832 lakh and ₹ 810 lakh as at March 31, 2020 and March 31, 2019 respectively and unbilled revenue amounting to ₹ 3,653 lakh and ₹ 2,581 lakh as at March 31, 2020 and March 31, 2019 respectively.

Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

The Group measures the expected credit loss of trade receivables from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

Investment in mutual fund is with financial institutions with high credit rating assigned by the international credit rating agencies.

Ageing of Account receivables

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Less than 6 months	673	807
More than 6 months	159	3
Total	**832**	**810**

Movement in provisions of doubtful debts

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Opening provision	208	421
Add:– Additional provision made	–	11
Less:– Provision reversed	13	80
Less:– Bad debts written off	9	144
Closing provision	**186**	**208**

8. Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(i) Financial Arrangements

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

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Expiring within one year (bank overdraft)	10,085	11,133

(ii) Maturity patterns of other Financial liabilities

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payable		
Less than 6 months	3,098	3,316
More than 6 months	5	7
Total	**3,103**	**3,323**

9. Capital Risk Management

The Group aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day–to–day needs.

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

10. Regulatory risk

The Group requires a number of regulatory approvals, licenses, registrations and permissions to operate our business For example, the Group have licenses from SEBI in relation to, among others, introducing derivatives contracts on various commodities. The Group operations are subject to continued review and the governing regulations changes. The Group regulatory team constantly monitors the compliance with these rules and regulations. There have been several changes to the form and manner in which deemed recognized stock exchanges must make contributions to a Settlement Guarantee Fund. Should SEBI in the future vary the required contribution amounts to the Settlement Guarantee Fund, the Group may have to contribute more of funds to the Settlement Guarantee Fund which could materially and adversely affect the Group financial ability. The Group regulatory team keeps a track regarding the amendments in SEBI circulars/regulations pertaining to such settlement guarantee fund.

11. Clearing and Settlement Risk

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

42. INVESTMENT IN AN ASSOCIATE

The Group has a 24% interest in CDSL Commodity Repository Limited (CCRL), which is involved in the business of repository for Electronic Warehousing Negotiable Receipts or any other instrument related to commodities related to warehouse repository, to service eNWR market.(CCRL) is a public entity that is not listed on any public Exchange. The Group's interest in CCRL is accounted for using the Equity method in the Consolidated Financials statements. The following table illustrates the summarized financial information of the Group's investment in CCRL

₹ In Lakh

Particulars	As at March 31, 2020^	As at March 31, 2019
Current assets	4,148	4,100
Non–current assets	1,180	1,093
Current liabilities	(145)	(40)
Non–current liabilities	(32)	(20)
Equity	**5,151**	**5,134**
Proportion of the group's ownership interest	24%	24%
Carrying amount of the group's interest	1,233	1,229

^unaudited

₹ In Lakh

Particulars	Year ended	
	March 31, 2020^	March 31, 2019
Revenue	505	456
Employee benefits expense	(256)	(161)
Depreciation and amortization expense	(40)	(55)
Administration and Other expenses	(180)	(145)
Profit before tax	**30**	**95**
Tax expense	(13)	17

Particulars	Year ended	
	March 31, 2020^	March 31, 2019
Profit for the year	**18**	**112**
Other Comprehensive Income*	(1)	0
Total Comprehensive Income for the year	17	112
Group's share of Profit for the year (Net of Tax)	4	29
Group's share of Other Comprehensive Income for the year #	(0)	–
Group's share of Total Comprehensive Income for the year	4	29

*0 represents ₹ 0.04 lakh in FY 2018–19
#0 represents ₹ (0.16) lakh in FY 2019–20
^unaudited

The Associate had the following contingent liabilities and capital commitments ₹ In Lakh

Particulars	As at March 31, 2020^	As at March 31, 2019
Contingent liabilities	–	–
Commitment:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	–	10

43. i) Subsidiaries/Associates considered for consolidation

The financial statements of the following subsidiaries/associates have been consolidated as per Indian Accounting Standards (Ind AS) 110 "Consolidated Financial Statements":

Name of Subsidiary/Associate	Country of incorporation	Proportion of Ownership Interest (Current year)	Proportion of Ownership Interest (Previous year)
Multi Commodity Exchange Clearing Corporation Limited (MCXCCL)	India	100%	100%
CDSL Commodity Repository Limited (CCRL)	India	24%	24%

ii) Additional Information, as required under Schedule III to the Companies Act, 2013, of entities consolidated as Subsidiaries and Associate

₹ In Lakh

Name of the Entities	2019–20							
	Net Assets i.e. total assets minus total liabilities		Share in profit /(loss)		Share in Other Comprehensive Income (OCI)		Share in total Comprehensive Income (TCI)	
	As a % of consolidated net assets	Amount	As a % of consolidated Profit	Amount	As a % of consolidated OCI	Amount	As a % of consolidated TCI	Amount
Parent								
Multi Commodity Exchange of India Limited	95%	129,457	88%	20,853	94%	(187)	88%	20,666
Subsidiary (Indian)								
MCXCCL	4%	5,248	12%	2,792	6%	(12)	12%	2,780
Associate (Indian)								
CDSL Repository Limited	1%	1,233	0%	4	0%	(0)	0%	4
Total	**100%**	**135,938**	**100%**	**23,650**	**100%**	**(199)**	**100%**	**23,451**

2018–19								
Name of the Entities	**Net Assets i.e. total assets minus total liabilities**		**Share in profit /(loss)**		**Share in Other Comprehensive Income (OCI)**		**Share in total Comprehensive Income (TCI)**	
	As a % of consolidated net assets	**Amount**	**As a % of consolidated Profit**	**Amount**	**As a % of consolidated OCI**	**Amount**	**As a % of consolidated TCI**	**Amount**
Parent								
Multi Commodity Exchange of India Limited	97%	121,086	93%	13,637	109%	(187)	93%	13,464
Subsidiary (Indian)								
MCXCCL	2%	2,774	6%	943	–9%	16	7%	960
Associate (Indian)								
CDSL Repository Limited	1%	1,229	0%	43	0%	0	0%	29
Total	**100%**	**125,089**	**100%**	**14,624**	**100%**	**(171)**	**100%**	**14,453**

44. EXCEPTIONAL ITEMS:

During for financial year 2018–19, the Group had a portfolio of tax free bonds, with a cost base of ₹ 30,836 lakh. The Group had valued the said portfolio of tax free bonds on Security Level Valuation (SLV) approach which seeks to capture the fair valuation on daily basis by computing the present value of all future cash flows instead of valuation approach prescribed by FIMMDA hitherto followed by the Group. The present value under SLV approach was calculated by discounting the future cash flows, factoring yield from the specific yield curve as applicable for the respective tenor of each security. The SLV approach was widely accepted by Market Participants such as Mutual funds, Insurance Companies, FII's and Corporates. Fair value loss during for financial year 2018–19, amounting to ₹ 2,380 lakh attributable to change in approach was disclosed as an exceptional item.

45. During the financial year 2018–19, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL), a wholly owned subsidiary for the Company, had been granted approval by SEBI to act as a Clearing Corporation vide letter no. SEBI/HO/CDMRD/DEA/OW/P/2018/21541/1 dated August 01, 2018. Therefore, the clearing and settlement division of the Multi Commodity Exchange of India Ltd (MCX) was transferred to MCXCCL by executing a Business Transfer Agreement with MCX. The said transfer; on a Slump Sale basis, was effective September 01, 2018. Post this transfer, MCXCCL commenced clearing and settlement operations.

Further pursuant to the agreement following assets & liabilities had been transferred to MCXCCL by MCX:

₹ In Lakh

Particulars	**Assets**	**Liabilities**
Clearing Banks Deposit	–	1,900
WSP Deposit	–	116
Initial Margin	–	26,645
Member's obligation for transaction fees	–	77
Trading Member Cash Deposit	–	239
Margin shortfall block amount	–	2
Leave Encashment	–	33
Motor Cars	21	–
E–warehousing Software	82	–
Total	**103**	**29,011**

46. Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, inter alia, had 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 had been contributed by Clearing Corporation (MCX CCL) from its own fund and Stock exchange (MCX) as prescribed by SEBI guidelines.

Accordingly, below mentioned amounts are transferred to SGF from reserves of MCXCCL to ensure compliance with said circular :

Month	**₹ in lakh**
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 at March 31, 2020 is ₹ 40,977 lakhs comprising of:

MCXCCL contribution	**MCX Contribution**	**Penalties/ Interest**	**₹ in lakh**
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 ₹ 4,746 lakh SGF penalties and ₹ 2,442 lakh relating to SGF fixed deposits fixed deposit interest respectively for Financial year ended March 31, 2020.

47. In accordance with the guidance note issued by the Institute of Chartered Accountants of India on "Accounting for credit available in respect of MAT under the Income Tax Act, 1961", the Group can recognize MAT credit as an asset only when and to the extent there is convincing evidence that the Group will be liable to pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said assets is created by way of a credit to the statement of profit and loss. The Group reviews the same at each balance sheet date and write down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal income–tax during the specified period.

Accordingly, the Group had recognized MAT credit entitlement of ₹ 2,065 Lakh in Financial year 18–19 and in current year 19–20 short MAT Credit entitlement relating to previous year of ₹ 402 lakhs has been recognized.

48. During the year, Hon'ble Supreme Court has stayed assessment proceedings on the request of the Company for AY 2010–11, AY 2011–12 and AY 2014–15 and the Hon'ble High Court Mumbai had earlier admitted the matter for AY 2012–13 and AY 2013–14. Further during the year, on the basis of Special Audit Report, Assessing officer has passed assessment order u/s 143(3) r.w.s. 142(2A) and 144C(3) of the Income Tax Act, 1961 for AY 2015–16 determining demand of ₹ 644 lakh (including interest of ₹ 242 lakh). The Company is contesting the above demands, in addition to demands raised in previous years for AY 2010–11 – ₹ 5,160 lakh (Interest ₹ 2,731 lakh), for AY 2014–15 – ₹ 3,331 lakh (Interest ₹ 1,314 lakh) and for 2013–14 – ₹ 2,774 lakh (interest ₹ 868 lakh). In the opinion the legal counsel the Company has strong case on merit, accordingly management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operation. Accordingly, no provision has been made as on 31st March 2020 and the above amounts are shown under contingent liabilities.

49. Event occurring after balance sheet date

The Board of Directors has recommended Equity dividend of ₹ 30/– per share (Previous year ₹ 20/–) for the financial year 2019–20.

Dividend by the Parent ₹ In Lakh except equity shares

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Equity shares	50,998,369	50,998,369
Final dividend for the year ended March 31, 2020 of ₹ 30/–	15,300	10,200
(March 31, 2019 – ₹ 20/–) per fully paid share		
Dividends not recognized at the end of the reporting period	15,300	10,200

50. The Holding Company had entered into an agreement in August 2018 with a software vendor to develop a trading system for the spot market. As per the milestones, payments were made to the said software vendor from time to time. The Holding Company has incurred amount of ₹1,880 lakhs on the said project. On account of non-fulfillment of the scope of the Project within the timelines, the Board constituted an empowered Committee to evaluate the financial and technical aspects of the said System developed by the said vendor. Appropriate decisions would be taken by the

Holding Company after evaluating report of the empowered Committee. Pending technical evaluation no impact has been considered in the financial statements.

51. 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.am to 5.p.m. There– after from April 23, 2020, the normal market hours .i.e. from 9am to 11.30 p.m. have been restored. The management has assessed the potential impact of the COVID- 19 on the Group. Based on the assessment, the management is of the view that impact of the COVID- 19 on the operations of the Group and the carrying value of its assets and liabilities is not material.

52. Previous year figures have been regrouped/reclassified wherever necessary to conform to current year figures.

53. The Consolidated Financial Statements were approved by the Audit Committee and Board of Directors on May 30, 2020.

For and on behalf of the Board of Directors

P.S.Reddy
Managing Director & CEO
DIN : 01064530

Saurabh Chandra
Chairman
DIN : 02726077

Shankar Aggarwal
Director
DIN : 02116442

Ajay Puri
Company Secretary

Satyajeet Bolar*
VP-Finance and Accounts

Place: Mumbai/Delhi
Date: May 30 ,2020

*subsequently redesignated as CFO

NOTES

CORPORATE ADDRESS

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