



Metropolitan Clearing Corporation of India Ltd.

ANNUAL
REPORT → **2018-19**

Table of Contents

Contents	Page No
Corporate Information	3
Directors' Report	4
- Management Discussion and Analysis Report	23
- Annexures to Directors Report	30
- Corporate Governance Report	42
- Auditors' Certificate regarding Corporate Governance	61
- Affirmations on compliance with Code of Conduct	63
- MD and CFO Certification	64
Independent Auditors' Report	65
Financial Statements	72

Corporate Information

Name of the Company

Metropolitan Clearing Corporation of India Limited (MCCIL)

CIN: U67120MH2008PLC188032

LEI number: 335800QRNLKAHGA1BL68

Website: www.mclear.in

Board of Directors

Mr. Vijay Ranjan – Public Interest Director

Ms. Rita Menon – Public Interest Director

Mr. Alok Kumar Mittal – Public Interest Director

Mr. Kunal Sanghavi – Shareholder Director

Mr. Balu Nair – Managing Director & CEO

Key Managerial Personnel

Dr. A. Sebastin – Chief Operating Officer

Mr. Krishna Wagle – Chief Financial Officer

Ms. Avni Patel – Company Secretary

Mr. Devidas Gholap – Chief Information Security Officer

Ms. Geeta Bhandarkar – Compliance Officer

Ms. Rachna Prajapati - Head, Human Resource

Statutory Auditor

M/s. Kirtane & Pandit LLP, Chartered Accountants

Internal Auditor

M/s. M. M. Nissim & Co., Chartered Accountants

Secretarial Auditor

Mr. A. Sekar, Practicing Company Secretary

Registered Office

4th Floor, Vibgyor Towers, Bandra Kurla Complex,
Bandra (East), Mumbai – 400098

Registrar and Share Transfer Agents

Karvy Fintech Private Limited

(Formerly known as KCPL Advisory Services P Ltd)

Karvy Selenium Tower B, Plot Nos. 31 & 32

Financial District, Nanakramguda,

Serilingampally Mandal, Hyderabad – 500032

www.karvyfintech.com

DIRECTORS' REPORT

To

The Members

Metropolitan Clearing Corporation of India Limited (MCCIL)

Your Directors are pleased to present their Eleventh Report on the business and operations of your Company together with the Audited Statements of Accounts and the Auditors' Report for the financial year ended March 31, 2019.

FINANCIAL MARKET SCENERIO

During the year 2018-19, the economic and business landscape has undergone substantial changes, some of which are still gradually unfolding. According to the World Bank Report on Global Economic Prospects, India's growth accelerated to an estimated 7.3% in FY 2018 - 2019 and GDP is forecast to grow 7.5% after 2019. However, strong domestic demand is envisioned to widen the current account deficit to 2.6% of GDP next year. Inflation is projected to rise somewhat above the midpoint of the Reserve Bank of India's target range of 2 to 6%, mainly owing to energy and food prices. However, the microstructure of the Indian economy continues to evolve with noticeable and transformational changes, in some cases. The IBC (Insolvency and Bankruptcy Code) and the GST (Goods and Services tax) have started to transform the 'way of doing business' in India by altering the incentive structures and bringing about a paradigm shift in commercial and economic behaviour of all key stakeholders. While challenges exist, we believe that the growth opportunity for financial services remains most compelling.

1. FINANCIAL RESULTS FOR 2018-19

Table 1: Summary of Financials

(INR in lakhs)

Items	As on March 31, 2019	As on March 31, 2018
Total Income	2,547.51	1,492.03
Less: Expenditure	1,657.34	1,404.79
Profit Before Tax	890.17	87.25
Add/Less: Tax Expenses/(Income)	(205.83)	1.45
Profit After Tax	684.34	88.70
Add: Other Comprehensive Income (Net)	(1.76)	0.57
Balance carried to Balance Sheet	682.58	89.27

Note: During the financial year 2018-19, the Company earned total income of INR 2547.51 lacs as against INR 1492.03 lacs in the previous year. The profit after tax of the company for the year under review amounted to INR 682.58 lacs as compared to INR 89.27 lacs for the previous year. Increase in Profit before tax was due to Increase in Interest Income.

The components of expenditure and its quantum in comparison with the total income are presented in Table 2 below.

Table 2: Expenditure as % of total income

Particulars	FY 2018-19	FY 2017-18
Technology cost	37.66%	51.54%
Employees benefits expense	12.18%	17.70%
Depreciation and amortization expense	0.19%	0.11%
Other expenses	15.03%	24.81%
Total expenses	65.06%	94.15%

It may be observed that technology cost is the highest cost incurred by the Company forming 37.66% of the Total Income in the FY 2018-19 (Table 2). Employees benefit expenses stood at 12.18% and other expenses at 15.03%. However, the technology cost decreased from 51.54% of the total income in the FY 2017-18 to 37.66% of the total income in the FY 2018-19. Employee cost has decreased to 12.18% of the total income in the FY 2018-19 from 17.70% in the FY 2017-18. The other expenses have decreased to 15.03% of the total income in the FY 2018-19 from 24.81% in the FY 2017-18. The Total expenses have decreased to 65.06% of the total income in the FY 2018-19 from 94.15% in the FY 2017-18. The Company is on course of reducing its expenses to economize on the operations cost. The net profit for the current year under reference stood at 26.77% of the total income for the FY 2018-19.

2. REVIEW OF OPERATIONS

Your Company is a subsidiary of the Metropolitan Stock Exchange of India Limited (MSE). The MCCIL was incorporated in November, 2008 with the main objective to act as central counterparty to provide novation and clearing & settlement services to various Exchanges. At present your Company is providing clearing and settlement services to MSE and Indian Commodity Exchange Limited (ICEX).

On September 29, 2014, the SEBI granted recognition to MCCIL to act as a Clearing Corporation under the Regulation 4 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012. The MCCIL is also designated as a Qualified Central Counter Party (QCCP) by the SEBI. The Company is registered with both the depositories (i.e. NSDL & CDSL) as a Clearing Corporation as well as a SEBI registered Depository Participant. The MCCIL is also authorized by the RBI and the SEBI to settle OTC deals in Corporate Bonds, Structured Debt Instruments, CPs and CDs reported in RBI approved reporting platforms. The MCCIL is also authorized by the RBI under section 10 of FEMA to carry out Clearing & Settlement activities for currency derivatives contracts. MCCIL received recognition from ESMA as a third country CCP under EMIR on September 27, 2017. MCCIL is also listed as one of the third-country CCPs that will offer clearing services and activities in the UK under the Temporary Recognition Regime (TRR) of the Central Counterparties (Amendments, etc., and Transitional Provision) (EU Exit) Regulations 2018.

The MCCIL has adopted best practices in the industry to make sure transactions are managed efficiently and completed seamlessly which include transparency in its functions, capital adequacy norms for membership and dedicated settlement guarantee funds. The company has been using globally accepted strategies for margining the assets, online monitoring of members' position by applying prudential limit norms, automatic trading restriction on breach of prudential limits, multilateral netting for obligation computation and periodic back testing of margins.

A. Clearing and Settlement Operations:

The MCCIL is providing the clearing and settlement services to the MSE in respect of all the four segments namely; Currency Derivatives, Equity Derivatives, Equity Cash Market & Debt Segment and settlement of OTC deals on corporate bonds, certificate of deposits, commercial paper and structured debt instruments and to ICEX in Commodity Derivatives segment

On the strength of its state of art risk management techniques and competent management, all settlements undertaken by the Clearing Corporation during the financial year 2018-19 were completed without defaults and delay. Thus, the Clearing Corporation maintained its impeccable track record of having completed all settlements from the date of commencement of its operations (i.e. from February 16, 2009) to the end of the financial year 2018-19, in a timely manner without defaults.

The settlement volumes in various segments during the financial year 2018-19 were as follows:

a. Currency Derivatives Segment:

Monthly settlement statistics in the currency derivatives segment for the financial year 2018-19 are as provided in Table 3.

Table 3 - Currency Derivatives Segment (CDS)

Amount in INR crore

Month	Futures Daily Settlement	Futures Final Settlement	Premium Settlement	Options Exercise Settlement	Total
-1	-2	-3	-4	-5	(6)= (2)+(3)+(4)+(5)
Apr-18	20.03	1.98	0.11	0.31	22.43
May-18	32.93	2.64	0.07	0.13	35.77
Jun-18	10.84	0.46	0.04	0.03	11.37
Jul-18	8.86	0.25	0.06	0.00	9.17
Aug-18	7.57	1.07	0.10	0.08	8.82
Sep-18	15.02	0.04	0.05	0.09	15.20
Oct-18	5.69	0.01	0.05	0.01	5.76
Nov-18	7.40	0.02	0.03	0.03	7.48
Dec-18	6.28	0.20	0.00	0.00	6.48
Jan-19	3.74	0.02	0.04	0.00	3.80
Feb-19	2.93	0.07	0.00	0.00	3.00
Mar-19	4.09	0.08	0.00	0.00	4.17

During the financial year 2018-19, the MCCIL successfully carried out all settlements in the currency derivatives segment without reporting any members' default and delay in settlements. However, the aggregate value of settlements declined from INR 372.53 crores in FY 2017-18 to INR 133.45 crores in FY 2018-19. The decline was mainly on account of the reduction in the open interest and trading volumes in MSE in the currency derivatives segment.

b. Equity Cash Market:

Monthly settlement statistics in the equity cash market for the financial year 2018-19 are as provided in Table 4.

Table 4 - Equity Cash Market (ECM)

Month	Quantity in Lakhs			Value in INR Crores		
	Traded	Deliverable	Delivery %	Traded	Deliverable	Delivery %
(1)	(2)	(3)	(4) = (3)/(2)	(5)	(6)	(7) = (6)/(5)
Apr-18	0.40	0.40	100.00	1.29	1.29	100
May-18	0.91	0.91	100.00	1.89	1.89	100
Jun-18	0.12	0.12	100.00	0.39	0.39	100
Jul-18	0.16	0.16	100.00	0.40	0.40	100
Aug-18	0.31	0.31	100.00	0.92	0.92	100
Sep-18	0.54	0.54	100.00	1.20	1.20	100
Oct-18	0.39	0.39	100.00	0.99	0.99	100
Nov-18	0.88	0.88	100.00	1.72	1.72	100
Dec-18	0.45	0.45	100.00	1.24	1.24	100
Jan-19	4.67	4.67	100.00	9.24	9.24	100

Feb-19	2.59	2.59	100.00	5.22	5.22	100
Mar-19	2.75	2.75	100.00	5.78	5.78	100

During the financial year 2018-19, the MCCIL successfully carried out all settlements in the equity cash market without reporting any default and delay. However, the aggregate value of securities traded and delivered decreased from INR 192.77 crores and INR 43.62 crores in FY 2017-18 to INR 30.29 crores and INR 30.29 crores respectively in FY 2018-19. One of the main reasons for the abovementioned decrease of traded value was the low trading volumes in MSE in the capital market segment.

c. Clearing and Settlement – Equity Derivatives Segment:

During the financial year 2018-19, there was no settlement in the Equity Derivatives Segments as there was no trade in this segment of the MSE.

d. Clearing and Settlement – Debt Market Segment:

During the financial year 2018-19, the Clearing Corporation did not receive any trade for settlement in Debt Market Segment.

e. Clearing and Settlement – Commodity Derivatives Segment:

Monthly settlement statistics in the commodity derivatives market for the period from October 01, 2018 to March 31, 2019.

Month	Settlement Value in Crores
Oct-18	1.83
Nov-18	2.70
Dec-18	5.28
Jan-19	8.78
Feb-19	8.36
Mar-19	10.45

From October 01, 2018 to March 31, 2019, the Company has completed all settlements without any defaults and delay.

B. Core Settlement Guarantee Fund & Liquid Assets Deposited by Clearing Members

a. Core Settlement Guarantee Fund (Core SGF)

In line with the SEBI guidelines, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, the Company constituted Core SGF, for each segment of the exchange with effect from December 1, 2014 against which no exposure is given and which is readily and unconditionally available to meet settlement obligations of clearing corporation in case of clearing member(s) failure to honor settlement obligation. In the event of a clearing member(s) failing to honor settlement commitments, the Core SGF will be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process.

Securities & Exchange Board of India had issued norms related to the computation and contribution to the Core Settlement Guarantee Fund (Core SGF) as part of the SEBI circular CIR/CMD/DRMNP/25/2014 dated August 27, 2014. Based on said guidelines clearing corporation and

stock exchange are required to respectively contribute at least 50% and 25% of the minimum required corpus (MRC) of the core SGF whereas up to 25% of the MRC of the core SGF contribution can be collected from clearing members. The Core SGF also includes penalties levied by the Clearing Corporation and accruals from investment of the Core SGF. Minimum required corpus (MRC) of the core SGF is determined every month based on stress tests.

Accordingly, an amount of Rs. 41.65 crore was computed as the Minimum Required Corpus (MRC) of Core SGF in Currency Derivatives Segment. Contributions (including interest income) to the Core SGF in Currency Derivatives Segment comprise of Rs. 30.53 crore contributed by the MCCIL, Rs. 14.32 crore contributed by MSE and Rs. 0.33 crore contributed by the Clearing Members (interest income only). In view of adequacy of corpus of Core SGF taking into consideration of the contribution made by the MCCIL and the MSE (including interest income), the Clearing Corporation has decided to discontinue obtaining contributions from the Clearing Members w.e.f. July 1, 2017. Further, in accordance with the directions received from the SEBI, the MCCIL contributed an amount of Rs. 25 lakh each in Equity Derivative Segment, Equity Cash Market and Debt Market Segment as the minimum corpus of Core SGF with effect from February 2, 2015.

Minimum Required Corpus (MRC) of Core SGF for MSE Segments (INR in Lacs)

Segment	MRC	Contribution Required from MCCIL	Contribution Required from MSE	Contribution required from Members
(a)	(b)	(c)=50%*b	(d)=25%*b	(e)=25%*b
CDS	4165.40	2082.70	1041.35	1041.35
ECM	0.00	0.00	0.00	0.00
EDS	0.00	0.00	0.00	0.00
DMS	0.00	0.00	0.00	0.00
Total	4165.40	2082.70	1041.35	1041.35

Corpus of Core SGF as on March 31, 2019 (MSE segments) (INR in Lacs)

Segment	Total Corpus	MCCIL	MSE	Clearing Members		Penalties
		Cash	Cash	Cash	Non-Cash	Cash
(a)	(b)=(c)+(d)+(e)+(f)+(g)	(c)	(d)	(e)	(f)	(g)
CDS	5006.75	3053.17	1432.84	33.06	-	487.68
ECM	34.61	34.51	-	-	-	0.10
EDS	37.67	34.51	-	-	-	3.17
DMS	34.51	34.51	-	-	-	-
Total	5113.54	3154.70	1432.84	33.06	-	490.95

Corpus of Core SGF as on March 31, 2019 (ICEX segments) (INR in Lacs)

Segment	Total Corpus	MCCIL	ICEX	Clearing Members		Penalties
		Cash	Cash	Cash	Non-Cash	Cash
(a)	(b)=(c)+(d)+(e)+(f)+(g)	(c)	(d)	(e)	(f)	(g)
Commodity Derivative Segment	4,182.20	519.90	3,658.93	-	-	3.37
Total	4,182.20	519.90	3,658.93	-	-	3.37

Out of the core SGF of INR 4182.20 Lakhs, the MRC amount is Rs 1000 lakhs.

Further, Clearing Members are required to maintain liquid assets in the prescribed forms with the Clearing Corporation to meet their minimum liquid net worth requirement, core settlement

guarantee fund (Core SGF) contribution requirement, membership requirement and margin requirements.

b. Liquid Assets Deposited by the Clearing Members

The Clearing members are required to maintain liquid assets in the prescribed forms with the Clearing Corporation to meet their base minimum capital requirement, minimum liquid net worth requirement, core settlement guarantee fund (Core SGF) contribution requirement, membership requirement and margin requirements. The total value of liquid assets (cash and non-cash) maintained by the Clearing Members including their Core SGF Contribution as on March 31, 2019 are presented in Table 6:

Table 6: Liquid Assets Maintained by the Clearing Members as on March 31, 2019 (INR in crore)

Sr. N o.	Segment	Liquid Assets	MCCIL Contribution		MSE /ICEX Contribution	Member Deposits						Penalti es	Interest
						Cash		Non-Cash Deposits (MCCIL)					
						Cash	For Surrender ed Members	Cash	MSE / ICEX	MCCIL	BG		
1	Equity Cash Market	4.88	0.00	0.00	0.00	0.00	4.04	0.58	0.21	0.00	0.05	0.00	0.00
2	Equity Derivatives Segment	13.46	0.00	0.00	0.00	0.00	7.31	1.25	4.90	0.00	0.00	0.00	0.00
3	Debt market Segment	0.30	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.00	0.00
4	Currency Derivative Segment	240.22	0.00	0.00	0.00	0.00	20.91	36.74	29.01	147.18	6.37	0.00	0.00
5	Commodity Derivatives Segment	33.63	0.00	0.00	0.00	0.00	6.72	9.31	17.22	0.00	0.37	0.00	0.00
	Total	292.49	0.00	0.00	0.00	0.00	39.28	47.88	51.35	147.18	6.79	0.00	0.00

The total value of liquid assets (cash and non-cash) maintained by the Clearing Members with MCCIL as on March 31, 2019 amounts to Rs. 292.49 crore (previous year: Rs. 340.01crore).

C. Warehousing

Since Metropolitan Clearing Corporation of India Limited (MCCIL) is providing clearing and settlement and risk management services to Indian Commodity Exchange Limited (ICEX) for commodity derivatives segment with effect from October 01, 2018, it needs to cater to the storage requirements of various members and their respective constituents/depositors, who are willing to store goods and give delivery on the ICEX platform. Accordingly, your Company has made necessary warehousing and logistics arrangements with Warehouse Service Providers (WSP)/Vault Service Providers (VSP). Your Company co-ordinates with WSPs/VSPs and undertakes accreditation of the warehouses/vaults, audit and inspection of warehouses/vaults for safe storage and preservation of goods deposited by various business participants for delivery on its platform.

From October 01, 2018 till date your company operated through Malca-Amit JK Logistics Pvt. Ltd. (VSP) and SLCM & CWC as WSPs. Your Company is presently availing the services of Malca-Amit JK Logistics Pvt. Ltd. as vault service providers for facilitating physical deliveries in diamond. The vaults of these agencies are located at various locations, however we are using only Surat location. Further, as on March 31, 2019, your Company operates through two WSPs for facilitating physical deliveries in agricultural/Non-agri commodities i.e.

Rubber and Steel. All our Warehouses are WDRA accredited warehouses. These warehouses are located at Ghaziabad and Kerala. During the period from October 01, 2018 to March 31, 2019, the highest deliverable quantity for agricultural commodities in the warehouses were 361 MTs (Rubber) and Non-agricultural commodities in the vault were 84.99 Carats (Diamond) and 1230 MTs Steel long.

The total delivery handled at MCCIL till 31st March, 2019 is mentioned under

Delivery Month	Total Delivery Qty. Diamond (in Carats)	Total Delivery Qty. STEEL (in MTs)	Total Delivery Qty RUBBER (in MTs)
Oct-18	52.3	-	-
Nov-18	84.99	10	-
Dec-18	32.1	591.39	221
Jan-19	31.34	1230	292
Feb-19	38.76	1040	325
Mar-19	72.23	1010	361

List of approved WH and its capacity, utilized and un-utilized details

WSP Name	Sr. No	Warehouse name	Warehouse Address	Commodity	Available Stock details	Unit
CWC	1	Kakkanad	KINFRA, EPIP, Kakkanad, Kochi-682030	Rubber	0	MT
	2	Kadavanthra/Ernakulam (Basis Center)	Gandhinagar, Kadavnthra, Kochi-682020	Rubber	40	MT
	3	Trichur	Kuriachira - Trichur - 680 006	Rubber	257	MT
	4	Kanjikode	Kinfra wise park, Kanjikode, Palakkad- 678 621	Rubber	100	MT
	5	Kunnamthanam	SIDCO Industrial Park, Thottapadi, Kunnamthanam P.O, Thiruvalla-689 581	Rubber	0	MT
	6	Trivandrum	KINFRA Appara Park, St.Xaviers College P.O, Pallithura, Thumba-695586	Rubber	427	MT
	7	Nagercoil* (Tamilnadu)	Pallivillai Road, Vetturinimadam P.O, Nagercoil-629 003	Rubber	0	MT
SLCM	9	Ghaziabad	Khasra No.358-359,Village Morda,Jalalbad Pragna,Ghaziabad,UP-201001	Steel Long	529.3	MT

D. New Initiatives and Developments

a. Interoperability among Clearing Corporations

In terms of SEBI circular ref. no. CIR/MRD/DRMNP/CIR/P/2018/145 dated November 27, 2018 on "Interoperability among Clearing Corporations", MCCIL is among the first Clearing Corporations to facilitate interoperability among Clearing Corporations with effect from June 03, 2019.

b. Offering Clearing and Settlement services to Indian Commodity Exchange Limited (ICEX)

MCCIL and ICEX having entered into an agreement pursuant to which MCCIL shall offer clearing and settlement services to ICEX in commodity derivatives segment with effect from October 01, 2018. MCCIL is the first clearing corporation in India to offer clearing and settlement services to two Exchanges. .

c. Reduction in equity share capital of the company

Your company has filed a capital reduction petition with Hon'ble NCLT on November 30, 2018 seeking reduction of 170,000,000 (Seventeen Crore) Equity Shares of INR 10/- each (Indian Rupees Ten only) held by the shareholders as on the record date on proportionate basis, at a price of INR 10 per share, out of the total existing paid up Equity Share Capital of the Company of INR 295,37,09,910 /- (Indian Rupees Two Ninety Five Crores Thirty Seven Lakhs Nine Thousand Nine Hundred and Ten only)

divided into 29,53,70,991 (Twenty Nine Crores Fifty Three Lakhs Seventy Thousand Nine Hundred and Ninety One) Equity Shares of INR 10/- each (Indian Rupees Ten only) fully paid up, and that such reduction is effected by returning capital to the shareholders, of an aggregate amount of INR 1,700,000,000 (Indian Rupees One Hundred and Seventy Crore only) and the share capital of the Company would reduce to the extent of shares so cancelled. The petition was admitted by Hon'ble NCLT on January 28, 2019. The next date of hearing the aforesaid petition has been fixed on August 13, 2019.

Post reduction the Equity share capital of company will be INR 125,37,09,910/- (Indian Rupees One Twenty Five crores Thirty Seven Lakhs Nine Thousand Nine Hundred and Ten only) constituting of 125,370,991 shares of Rs.10 each.

d. Renewal of the Recognition

The SEBI vide letter dated October 01, 2018 renewed recognition of the Company as Clearing Corporation for a period of one year commencing from October 03, 2018 and ending on October 02, 2019.

e. Live Operations from Disaster Recovery site:

The Clearing Corporation carried out all intraday and post trade live operations including settlements in all the segments from the DR site in Delhi on August 23, 2018 and August 24, 2018 and February 14, 2019 and February 15 2019. The operations were switched over from the primary site to DR site without prior intimation to members to demonstrate the capability and readiness of the DR site setup. The operations were carried out from the DR site smoothly and no issue was reported related to connectivity, performance and availability of systems. The switch over from live site to DR site and vice versa was also conducted faultless.

f. Renewal of ISO certification

The MCCIL follows well defined operating procedures and clearly defined service standards to provide qualitative and timely services to members. Considering the sensitive nature of its business, the company adheres to stringent information security standards. The MCCIL has obtained ISO certifications for quality management system (ISO 9001-2015) and information security management system (ISO/IEC 27001:2013). The above certification was renewed in the month of September 2018 and is valid for a period of three years subject to satisfactory surveillance audit on a yearly basis.

g. Special Contingency Insurance Cover for default risk

The Clearing Corporation has renewed the special contingency insurance cover for risks arising out of default of clearing member resulting in pecuniary loss to the Settlement Guarantee Fund. The annual limit of the insurance cover for FY 2018-19 is Rs. 40 crore.

The abovementioned insurance cover forms part of the default waterfall mechanism adopted by the Company. On account of the sound risk management framework, there was no default in settlements and therefore the insurance cover was never put to use.

h. Recognition from Bank of England

Metropolitan Corporation of India Limited (MCCIL) is listed as one of the third-country CCPs that will offer clearing services and activities in the UK under the Temporary Recognition Regime (TRR) of the Central Counterparties (Amendments, etc., and Transitional Provision) (EU Exit) Regulations 2018. Bank of England has granted recognition to MCCIL for routing trades from the UK to India's Stock Exchange.

i. New Products & Services

Introduction of uniform membership Structure across segments

SEBI vide circular no. SEBI/HO/MIRSD/DO/P/CIR/P/2019/14 dated January 11, 2019 mandated unification of membership structure across equity cash and derivatives segments of stock exchange to facilitate ease of doing business. Accordingly, the MCCIL has implemented the membership structure in Equity Cash Market on April 01, 2019, in terms of the SEBI circular.

Introduction of Exercise functionality for in-the money cash settled equity options contracts.

SEBI vide letter SEBI/HO/MRD/DP/OW/P/2017/16436/1 dated July 14, 2017 mandated introduction of exercise functionality for in-the money cash settled equity options contracts. MCCIL has developed and introduced the mechanism for the same with effect from January 2019.

Introduction of Cross Currency futures and option contracts

SEBI vide circular SEBI/HO/MRD/CP/CIR/P/2016/38 dated March 9, 2016 laid down the detailed framework for introduction of cross-currency futures and option contracts in the EUR-USD, GBP-USD and USD-JPY currency pairs and introduction of currency option contracts in EUR-INR, GBP-INR and JPY-INR currency pairs. MCCIL has developed and introduced the clearing & settlement mechanism for the same with effect from 5th December 2018.

3. REGULATORY UPDATES

a. Interoperability among Clearing Corporations

The SEBI vide circular no. CIR/MRD/DRMNP/CIR/P/2018/145 dated November 27, 2018 had provided broad guidelines for operationalizing the interoperable framework among Clearing Corporations. The SEBI vide its circular had directed the Clearing Corporations to adhere to the said guidelines by June 01, 2019.

Your company adhered to the deadline imposed by the SEBI. Interoperability was made live at MCCIL on June 03, 2019.

b. Committees at Market Infrastructure Institutions(MIIs)

The SEBI vide circular no. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/13 dated January 10, 2019 and circular no. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/26 dated February 5, 2019 had rationalized the constitution of regulatory committees at MIIs.

Your company has complied with the aforesaid circular by reconstituting the various committees and implementing the modifications in terms of reference of various committees by passing resolution at Board Meeting held on February 01, 2019.

c. Performance review of Public Interest Directors (PIDs)

SEBI has vide circular no. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/26 dated February 5, 2019 specified the framework for performance review of Public Interest Directors (PID) through the existing internal process as well as through external evaluation. Accordingly modifications were carried out in the performance evaluation policy of the Company. The same was approved by the Nomination and Remuneration Committee on May 29, 2019 and subsequently by the Board of Directors on May 31, 2019.

d. Risk based capital and net worth requirements for Clearing Corporations under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018

The SEBI vide circular SEBI/HO/MRD/DRMNP/CIR/P/2019 /55 dated April 10, 2019 has issued granular norms with regard to computation of risk based capital and net worth requirements for clearing corporations. In terms of the said circular, the total risk-based net worth requirement for CCPs shall be computed as the aggregate of capital requirements for counterparty credit risk, business risk, orderly winding down or recovery of operations and legal and operational risks. Thus, the CCPs shall be required to maintain, at all times, in the form of liquid assets, a net worth of either INR 100 crore or risk based capital as specified above, whichever is higher.

Your company is in compliance with the net worth requirements as specified in the aforesaid circular.

e. Uniform membership structure across segments

SEBI issued circular no. SEBI/HO/MIRSD/DOP/CIR/P/2019/14 dated January 11, 2019 on 'Uniform Membership structure across segments'. In the Equity Cash segment, all the Stock Brokers are trading cum self-clearing members whereas in derivatives segment, membership structure is that of Trading Member (TM) and / or Clearing Member (CM). After the introduction of derivatives in the year 2001, most of the Stock Brokers in cash segment had also become TM / CM in derivatives segment. Unification of membership structure across equity cash and derivatives segments of Stock Exchanges is vital to facilitate ease of doing business.

SEBI Board in its meeting held on June 21, 2018 decided that sub-brokers as an intermediary shall cease to exist with effect from April 01, 2019. All existing sub-brokers would migrate to become Authorised Persons (APs) or Trading Members if the sub-brokers meet the eligibility criteria prescribed under Stock Exchange bye-laws and SEBI Regulations and by complying with these Regulations.

SEBI has implemented the mechanism of single registration, whereby a registered TM / CM can operate in any segment of the recognised Stock Exchange / Clearing Corporation under the single registration number granted by SEBI.

MCCIL has implemented the provisions of the aforesaid SEBI circular w.e.f. April 1, 2019.

4. DIVIDEND AND RESERVES

Your Company has not declared dividend during the Financial Year 2018-19.

5. SHARE CAPITAL

The paid up Share Capital of the Company as on March 31, 2019 was Rs. 2,95,37,09,910 /- divided into 29,53,70,991 Equity shares of Rs.10/- each. The shareholding pattern as on March 31, 2019 is provided in Table 7:

Sr. No.	Name of Shareholder	No. of shares of Rs. 10/- each	Percentage
1.	Metropolitan Stock Exchange of India Ltd.	283,120,991	95.85%
2.	Multi Commodity Exchange of India Ltd.	65,00,000	2.20%
3.	63 moons technologies limited (formerly known as Financial Technologies (India) Ltd.)	57,50,000	1.95%
	Total	29,53,70,991	100%

Vide order dated March 19, 2014 SEBI has directed 63 moons technologies limited (formerly known as Financial Technologies (India) Ltd.) (FTIL) inter-alia to divest equity shares held in the MCCIL directly or indirectly within 90 days of order. Further, vide same order the SEBI stated that the 63 moons technologies limited (formerly known as Financial Technologies (India) Ltd.) (FTIL) and entities through whom it indirectly holds equity shares or any instrument entitling voting rights in the MCCIL shall cease to be entitled to exercise voting rights in respect of those shares or instrument with immediate effect. The Securities Appellate Tribunal (SAT) has since its order dated July 09, 2014 upheld the decision of SEBI. Further, SEBI has vide letter no. SEBI/MRD/DRMNP/2019/15963 dated June 25, 2019 advised to freeze the voting rights and corporate benefits of 63 moons technologies limited.

In the Extra Ordinary General Meeting (EGM) held on June 16, 2015, shareholders of the Metropolitan Clearing Corporation of India Limited (MCCIL) passed a special resolution unanimously to amend the Articles of Association of the Company to include provisions for certain restrictions on shareholding and divestment of shareholding, of such persons held to be 'not fit and proper persons' by any competent court or regulatory authorities and/ or holding shares in excess of the percentage that they are entitled to hold as per the SECC Regulations, by insertion of new articles.

This amendment has been carried out with the objective to transfer entire shareholding of 63 moons technologies Ltd (formerly known as Financial Technologies (India) Limited) (FTIL) to demat escrow account to be operated by the Board of Directors of the MCCIL, to ensure compliance with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

These amendments have been published in Central and State Gazette and, thereafter, the same has been submitted to the SEBI for approval. The amendments are under consideration of SEBI.

MCCIL has filed a capital reduction petition with Hon'ble NCLT on November 30, 2018 seeking reduction of 170,000,000 (Seventeen Crore) Equity Shares of INR 10/- each (Indian Rupees Ten only) held by the shareholders as on the record date on proportionate basis, at a price of INR 10 per share, out of the total existing paid up Equity Share Capital of the Company of INR 295,37,09,910 /- (Indian Rupees Two Ninety Five Crores Thirty Seven Lakhs Nine Thousand Nine Hundred and Ten only) divided into 29,53,70,991 (Twenty Nine Crores Fifty Three Lakhs Seventy Thousand Nine Hundred and Ninety One) Equity Shares of INR 10/- each (Indian Rupees Ten only) fully paid up, and that such reduction is effected by returning capital to the shareholders, of an aggregate amount of INR 1,700,000,000 (Indian Rupees One Hundred and Seventy Crore only) and the share capital of the Company would reduce to the extent of shares so cancelled. The petition was admitted by Hon'ble NCLT on January 28, 2019. The next date of hearing the aforesaid petition has been fixed on August 13, 2019. Post reduction the Equity share capital of company will be INR 125,37,09,910/- (Indian Rupees One Twenty Five crores Thirty Seven Lakhs Nine Thousand Nine Hundred and Ten only) constituting of 125,370,991 shares of Rs.10 each.

6. DIRECTORS

As per the SECC Regulations, the Governing Board of a clearing corporation comprises (i) public interest directors (PIDs), (ii) shareholder directors and (iii) managing director. Further the number of public interest directors of a recognized clearing corporation shall not be less than the number of shareholder directors on the governing board. The managing director shall be included in the category of the shareholder directors.

As on March 31, 2019, the Company's Governing Board consists of three Public Interest Directors, one Shareholder Director and the Managing Director.

A. Public Interest Directors

As on March 31, 2019, the following were the Public Interest Directors of the Company:

- Mr. Vijay Ranjan (DIN: 02346190)
- Ms. Rita Menon (DIN: 00064714)
- Mr. Alok Kumar Mittal (DIN: 00008577)

During the Financial Year 2018-19, Mr. Vijay Bhaskar Pedamallu, Chairman and Public Interest Director of the Company vacated his office on account of death on May 04, 2018. The Board wishes to place on record its

sincere appreciation and gratitude for his valuable contribution made during his tenure as Public Interest Directors of the Company.

Your company appointed Ms. Rita Menon and Mr. Vijay Ranjan as Public Interest Directors w.e.f. on August 10, 2018 and August 24, 2018 respectively. Mr. Vijay Ranjan was appointed as Chairman of the Company pursuant to SEBI letter no SEBI/HO/MRD/DOP1/2018/29329/1 dated October 22, 2018.

The abovementioned PIDs are independent directors in terms of provisions of Companies Act, 2013 and have given declarations that they meet the criteria of independence as laid down u/s 149(6) of the Companies Act, 2013. The Shareholders have approved appointment of Mr. Vijay Ranjan and Ms. Rita Menon as independent directors of the Company in terms of provisions of Companies Act, 2013 at its annual general meeting held on September 25, 2018.

B. Shareholder Director

Mr. Udai Kumar (DIN: 06750460) ceased to be a Shareholder Director of the Company with effect from January 25, 2019 due to vacation of office under section 167 of the Companies Act, 2013.

The Nomination and Remuneration Committee at its meeting held on December 18, 2018 had recommended Mr. Kunal Sanghavi (DIN: 08100891) to the Board of Directors of the Company. The Governing Board vide circular resolution passed on December 27, 2018 approved appointment of Mr. Kunal Sanghavi as Shareholder Director of the Company subject to approval of Shareholders and SEBI.

The shareholders at the Extra ordinary General Meeting held on January 08, 2019 approved appointment of Mr. Kunal Sanghavi as Shareholder Director of the Company subject to approval of the SEBI. The SEBI vide its letter no. MRD/DRMNP/OW/3542/2019/1 dated February 04, 2019 approved his appointment as Shareholder Director of the Company and the same was later approved by the Board on February 19, 2019.

Mr. Kunal Sanghavi retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment subject to compliance with applicable regulations. The Board recommends the re-appointment of Mr. Kunal Sanghavi as Director of the Company to the shareholders at the forthcoming annual general meeting of the company subject to applicable regulations.

C. Managing Director

According to the recommendation of the Selection Committee and Nomination and Remuneration cum Compensation Committee, the Board at its meeting held on March 23, 2016 approved the appointment of Mr. Balu Nair (DIN: 07027100) as the Managing Director of the Company and his remuneration subject to the approval of the SEBI and shareholders. The SEBI approved the appointment of Mr. Balu Nair as the Managing Director of the company for a period of three years and his remuneration on June 14, 2016. Mr. Balu Nair was appointed as the Managing Director of the Company w.e.f. June 20, 2016. The shareholders approved the appointment of Mr. Balu Nair as Managing Director of the Company at the Annual General Meeting held on August 18, 2016. The term of Mr. Balu Nair as Managing Director expired on June 19, 2019. Your Company had made the necessary application to SEBI for appointment of Managing Director & CEO. SEBI vide its letter no. SEBI/HO/MRD/DRMNP/OW/P/2019/15485 dated June 19, 2019 approved appointment of Mr. Balu Nair as Managing Director and Chief Executive Officer from the date of his joining. The Board of Directors in its meeting held on June 20, 2019 approved appointment of Mr. Balu Nair as Managing Director & Chief

Executive Officer of the Company for a period of three years with effect from June 20, 2019, subject to approval of shareholders of the Company.

7. KEY MANAGERIAL PERSONNEL

As per Companies Act, 2013

Mr. Balu Nair was appointed as the Managing Director of the Company w.e.f. June 20, 2016 for a period of three years. The tenure of Mr. Balu Nair ended on June 19, 2019. Mr. Balu Nair was re-appointed as Managing Director and Chief Executive Officer of the Company with effect from June 20, 2019 pursuant to SEBI approval vide its letter no. SEBI/HO/MRD/DRMNP/OW/P/2019/15485 dated June 19, 2019. The Company appointed Mr. Krishna Wagle as Chief Financial Officer with effect from July 10, 2015 and Ms. Avni Patel as Company Secretary with effect from July 1, 2016.

As per SECC Regulations 2018

In terms of SECC Regulations, 2018 your company appointed the following Key Managerial Personnel:

Mr. Devidas Gholap as the Chief Information Security Officer of the Company with effect from May 22, 2019.

Dr. A. Sebastin as Chief Operating Officer of the Company with effect from June 10, 2019.

Mr. Sageer A. Khan, Compliance officer resigned with effect from April 03, 2019 and Ms. Geeta Bhandarkar was appointed as Compliance Officer of the Company with effect from June 24, 2019.

Ms. Rachna Prajapati, Head Human Resource with effect from August 08, 2019.

8. DISCLOSURE OF RESOURCES COMMITTED TOWARDS STRENGTHENING REGULATORY FUNCTIONS AND TOWARDS ENSURING COMPLIANCE WITH REGULATORY REQUIREMENTS PURSUANT TO REGULATION 33(3) OF SEBI SECC REGULATIONS 2018.

As per Schedule II, Part – C of SECC Regulations 2018, departments handling the following functions shall be considered as Regulatory departments in a Clearing Corporation:

- Risk management,
- Member Compliance,
- Member Inspection
- Compliance

All the regulatory departments are adequately staffed and being assisted by qualified officials of the Company.

Moreover, Public Interest Directors in their separate meeting held twice in a financial year, review the functioning of the regulatory departments including the adequacy of resources dedicated to regulatory functions.

8. HUMAN RESOURCES

During the financial year 2018-19, emphasis was given to Human Resource Planning with the objective of optimum use of human resources and to have the correct number and types of employees needed to meet organizational goals. The total strength of employees as on March 31, 2019 was 35.

9. AUDITORS

M/s Kirtane & Pandit LLP, Statutory Auditors of the Company were appointed as Statutory Auditors of your Company at the 6th Annual General Meeting held on September 30, 2014 for a term of five consecutive years, until the conclusion of the AGM to be held for the financial year 2018-19. The first term of the Statutory Auditors expires at the ensuing Annual General Meeting. The Board of Directors at their Meeting held on May 03, 2019 approved re-appointment of M/s. Kirtane Pandit LLP FRN: 105215W/W100057), Chartered Accountants, Mumbai for another term of 5 years beginning from financial year 2019-20 to 2023-24 As per the provisions of Section 139 of the Companies Act, 2013, the re -appointment of Auditors is required to be approved by the Members at Annual General Meeting.

The Board of Directors recommends the re -appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants, Mumbai for another term of 5 years beginning from financial year 2019-20 to 2023-24 at the ensuing Annual General Meeting.

10. AUDIT COMMITTEE

As per the section 292A of the Companies Act, 1956, the Company constituted an Audit Committee of the Board on April 17, 2009 and the scope of the Committee was revised from time to time in line with the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

At the beginning of the year of 2018-19 the members of the Audit Committee were:

- Mr. Alok Kumar Mittal, Public Interest Director – Chairman
- Mr. Vijay Bhaskar Pedamallu, Public Interest Director – Member
- Mr. Udai Kumar, Shareholder Director – Member

Due to vacation of office by Mr. Vijay Bhaskar Pedamallu, Public Interest Director and Mr. Udai Kumar, Shareholder Director and subsequent appointment of Ms. Rita Menon, Public Interest Director and Mr. Kunal Sanghavi, Shareholder Director the Audit Committee was reconstituted by the Board of Directors vide circular resolution passed on August 10, 2018, December 07, 2018, February 01, 2019 and March 20, 2019 and accordingly following were the members of the Audit Committee as on March 31, 2019 .

- Mr. Alok Kumar Mittal, Public Interest Director – Chairman
- Ms. Rita Menon, Public Interest Director – Member
- Mr. Kunal Sanghavi, Shareholder Director – Member

During the financial year 2018-19, the Audit Committee met 6 (six) times on May 04, 2018, August 14, 2018, August 31, 2018, November 03, 2018, November 15, 2018 and February 01, 2019.

All the recommendations of the audit committee were accepted by the Board during 2018-19.

11. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board met 7 (seven) times during the year i.e. on May 04, 2018, August 10, 2018, August 31, 2018, November 03, 2018, November 15, 2018, February 01, 2019 and March 27, 2019.

Details of the meetings of the Stakeholders Relationship Committee and the Nomination and Remuneration Committee have been given in the Corporate Governance Report.

12. DEPOSITS

The Company did not accept any public deposits during the financial year 2018-19.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Conservation of Energy, Technology Absorption

In view of the nature of activities which are being carried out by the Company, Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 concerning conservation of energy and technology absorption are not applicable to the Company. At MCCIL, a conscious effort is made to minimize the negative effects of its footprint on the environment. The Company strives to optimize energy usage and reduces its wastage.

B. Foreign Exchange earnings and outgo during the year under review

There were no foreign exchange earnings nor expenditure during the year under review. The Company does not directly export. However, by offering clearing and settlement services in currency futures contracts, it facilitates corporates, exporters and importers to hedge their currency risk.

14. CORPORATE SOCIAL RESPONSIBILITY

As mentioned in Section 135 of the Companies Act, 2013, every company having net worth of Rupees five hundred crores or more, or turnover of Rupees one thousand crores or more or a net profit of Rupees five crores or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an Independent Director.

Your Company has for the first time made a net profit of INR 682.58 lacs during the Financial Year 2018-19. Hence, your Company shall be required to comply with the provisions of Section 135 of the Companies Act, 2013 during the Financial Year 2019-20.

15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the financial year 2018-19, Metropolitan Stock Exchange of India Limited (MSE) has taken overdraft facility from DCB Bank by pledging fixed deposit receipts of the Company amounting to INR 4604.00 lacs with due approval from SEBI. As on March 31, 2019, MSE has utilized the overdraft facility up to INR 2414.77 lacs.

16. RISK AND INTERNAL ADEQUACY OF CONTROLS

A. Risks and Concerns

Macro-economic conditions do affect the Company's operations. Low demand, economic slowdown, political instability, higher inflation, natural calamities may affect the business. Business therefore cannot be accepted as a risk free profession. What is therefore important is to correctly assess the area-wise risk to take steps to mitigate it before it becomes a potential threat. The general risk areas for the MCCIL are statutory compliances, changes in the economy, financial, government regulations and policies, market related, operational, products and technology, intellectual property etc.

The Company has implemented an Enterprise Risk Management Policy with the aid of its internal auditors which would cover all aspects of our business. This policy would enable us to mitigate risks identified by internal auditors. The implementation and reporting of this policy is under the supervision of the Audit Committee and the Board.

B. Internal Control Systems and their Adequacy

The Company has implemented effective control systems to ensure that all its assets, interests and information are safeguarded with proper checks and balances. The Company has appointed Internal Auditors and System Auditors to ensure that the financial transactions, operational mechanism and technological infrastructure are error free. The Statutory Auditors are appointed by the Company as per the extant regulatory guidelines. The Company has carried out an evaluation of internal control mechanism and prepared the Risk Control Matrices with the help of external experts. Statutory Auditors have ascertained the adequacy of the internal financial controls system in place and the operating effectiveness of such controls based on the Risk Control Matrices.

The Audit Committee is in overall supervision of the internal controls and reports are being made to the Board in a periodic manner.

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

No such material change nor commitment affecting financial position of the company occurred between the end of the financial year of the company and the date of the report.

18. EXPLANATIONS OR COMMENTS ON THE QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITORS IN THEIR REPORT

There is no qualification, reservation, adverse remarks and disclaimer made by the statutory Auditors and Secretarial Auditor in their reports.

19. PETITION FOR REDUCTION IN EQUITY SHARE CAPITAL OF THE COMPANY

MCCIL has filed a capital reduction petition with Hon'ble NCLT on November 30, 2018 seeking reduction of 17,00,00,000 (Seventeen Crore) Equity Shares of INR 10/- each (Indian Rupees Ten only) held by the shareholders as on the record date on proportionate basis, at a price of INR 10 per share, out of the total existing paid up Equity Share Capital of the Company of INR 295,37,09,910 /- (Indian Rupees Two Ninety Five Crores Thirty Seven Lakhs Nine Thousand Nine Hundred and Ten only) divided into 29,53,70,991 (Twenty Nine Crores Fifty Three Lakhs Seventy Thousand Nine Hundred and Ninety One) Equity Shares of INR 10/- each (Indian Rupees Ten only) fully paid up, and that such reduction is effected by returning capital to the shareholders, of an aggregate amount of INR 17,00,00,000 (Indian Rupees One Hundred and Seventy Crore only) and the share capital of the Company would reduce to the extent of shares so cancelled. Post receipt of necessary approval from Hon'ble NCLT, the Equity share capital of the Company will be INR 125,37,09,910/- (Indian Rupees One Twenty Five crores Thirty Seven Lakhs Nine Thousand Nine Hundred and Ten only) comprising 125,370,991 shares of Rs.10 each.

20. EMPLOYEES STOCK OPTION PLAN

The Company has not issued any Employee Stock Options. However, the Parent Exchange, MSE had granted stock options to the employees of the MCCIL to subscribe to MSE equity shares under its Employees Stock Options, 2009.

20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC 2 is set out in the Annexure I to the Directors' Report.

21. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company has to comply with the SEBI Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 for appointment of directors on the governing board. Further the remuneration payable to the Directors is also governed by the SECC Regulations. The Board periodically evaluates the need for change in its composition and size taking into account financial strength of the company.

The Company has a policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Directors and also remuneration for key managerial personnel and other employees. The same is placed on the website of the Company www.mclear.in

22. DECLARATION BY INDEPENDENT DIRECTORS

Every independent Director, at the first meeting of the Board in every financial year and whenever there is a change in the circumstances which may affect his status as an independent director, has to give a declaration that he meets the criteria of Independence. The Company has received necessary declaration from each independent director under section 149 (7) that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

23. EVALUATION OF DIRECTORS AND THE BOARD

The Board has put in place a policy for evaluation of its own performance, its committees, the Individual Directors and External Experts.

The following process has been adopted by the Company for performance evaluation:

- (a) Independent Directors review the performance of the Chairperson, the Non-Independent Directors, the Board and External Experts;
- (b) The Nomination and Remuneration Committee ("NRC") carries out the evaluation of every Director's performance. The NRC, while doing so, also takes into account the inputs of review by Independent Directors;
- (c) The Board evaluates the performance of the Board, its Committees and each Director and while doing so, takes into account the inputs received from the NRC and the review by Independent Directors.

The performance evaluation by Independent Directors, the NRC and the Board respectively, is carried out on the basis of criteria laid down in the policy for evaluation of performance of the board of directors and external persons, which, inter-alia, includes the abovementioned parameters.

A meeting of independent directors was conducted on March 27, 2019 wherein all the independent directors were present to evaluate the performance of the non-independent directors, board of directors as a whole & the chairperson, and effectiveness of the mechanism for obtaining the desired information from the management of the Company.

24. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The details of training and familiarization program are provided in Corporate Governance report. Further, at the time of appointment of an independent director, the Company issues a formal letter of appointment outlining his/her role, functions, duties and responsibilities.

25. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies' Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed Mr. A. Sekar, Practicing Company

Secretary to undertake the secretarial audit of the Company. The Secretarial Audit Report is annexed as Annexure II to this report. There are no adverse observations reported by the Secretarial Auditor in his report.

Further the Secretarial Auditor confirms that the Company complies with applicable secretarial standards issued by the Institute of Company Secretaries of India (ICSI).

26. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion & Analysis Report is annexed separately to this report.

27. VIGIL MECHANISM

Your Company has a well-established vigil mechanism in place which is managed by the compliance and ethics team.

28. LITIGATIONS

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

29. PARTICULARS OF EMPLOYEES

In compliance with the requirements of Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Securities Contracts(Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2018, a statement containing details of employees is enclosed as Annexure III.

30. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed as Annexure IV. Further, in compliance with section 134(3)(a) of the Act, MGT 9 is uploaded on the Company's website and can be accessed at: <http://www.mclear.in/mcxsxccl/Disclosures/financials.aspx>

31. CORPORATE GOVERNANCE REPORT

In terms of Regulation 17(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Corporate Governance Report along with certificate issued by M/s. Kirtane & Pandit LLP, Chartered Accountants is attached and forms part of this report.

32. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief, make following statements:-

- (i) The applicable Accounting Standards have been followed in the preparation of the annual accounts along with the proper explanation relating to material departure, if any.
- (ii) Such accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company in the Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss for the said financial year ended March 31, 2019.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.
- (v) The proper internal financial controls are in place and such internal financial controls are adequate and operating effectively.

- (vi) The systems to ensure compliance with the provisions of all applicable laws are in place and such systems are adequate and operating effectively.

33. BUY-BACK OF SHARES

During the last financial year your Company did not have any scheme of buyback of shares, as specified in the Companies Act, 2013.

34. POLICY TO DEAL WITH SEXUAL HARASSMENT OF WOMEN AT WORK PLACE

The Company has implemented a sexual harassment policy in line with the requirement of Sexual Harassments of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment, and on-going training is provided to employees. During the financial year 2018-19 the Company has not received any complaints regarding sexual harassment.

35. ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to the Company's employees for their enormous efforts as well as their collective contribution to enable the Company to meet the challenges set before it. The Directors would also like to place on record their gratitude for the valuable guidance and support received from the Securities and Exchange Board of India and Reserve Bank of India and confidence reposed by shareholders, clearing members, banks, clearing banks, technology providers and all other business associates in your Company's Management.

For and on behalf of the Board of Directors

Date: August 08, 2019
Place: Mumbai

Sd/-
Vijay Ranjan
Chairman & Public Interest Director
DIN: 02346190

Sd/-
Balu Nair
Managing Director & CEO
DIN: 07027100

Management Discussion and Analysis Report

1. Global Economic Scenario

The global economic growth is expected to slow down in 2019. In its latest forecast, the International Monetary Fund (IMF) forecasted global growth for 2019 to 3.3 per cent. Global economic growth is likely to recover in the second half of this year and is projected to be at 3.6 per cent for 2020. Growth in emerging market and developing economies (EMDEs) is expected to moderate from 4.5 per cent in 2018 to 4.4 per cent in 2019 before picking up to 4.8 per cent in 2020.

In many developed countries, growth rates have risen close to their potential, while unemployment rates have dropped to historical lows. Among the developing economies, the East and South Asia regions remain on a relatively strong growth trajectory, amid robust domestic demand conditions. Despite an improvement in growth prospects at the global level, several large developing countries saw a decline in per capita income in 2018. Even among the economies that are experiencing strong per capita income growth, economic activity is often driven by core industrial and urban regions, leaving peripheral and rural areas behind. While economic activity in the commodity-exporting countries, notably fuel exporters, is gradually recovering, growth remains susceptible to volatile commodity prices.

Major central banks reacted to a deteriorating outlook and tighter financial conditions by easing their stance. The People's Bank of China moved first by cutting reserve requirements several times as of mid-2018 and introducing measures to help banks refinance and support small and medium-sized enterprises (SMEs). After hiking the policy rate three times from March 2018 and having its balance sheet run off at a predetermined pace, the Federal Reserve eventually moved late in the year 2018, signaling that its tightening cycle was nearer the end than previously expected. Several other economies also adopted a more accommodative stance. As external conditions weakened, central banks in advanced small open economies and EMEs put planned policy rate increases on hold or even cut rates.

The global financial markets remained significantly volatile in 2018. The global stock market capitalization stood at USD 74,432 billion as at end 2018. 2018 marked the first year since 2014 when the global stock market capitalization registered an annual decline (a fall of 14.9 per cent compared to USD 87,446 billion as at end-2017) on account of declines across all the regions – the Americas (6.3 per cent), the Asia-Pacific (23.8 per cent) and the EMEA (16.5 per cent) regions. The turnover on the stock exchanges (equity cash segment) registered robust growth in 2018. The volume of trades grew by 11.5 per cent to 22 billion in 2018 and the value of trades by 15.4 per cent to USD 97,319 billion. While volume of trades rose in all the three regions, the value of trades increased in regions except Asia-Pacific, which saw volume traded go down by 3.6 per cent.

2. Domestic Economic Scenario

As per GDP data for Q4 FY2019 the GDP growth was a five-year low of 5.8 percent year over year. Annual growth for FY2019 was 6.8 percent year over year compared to 7.2 percent year over year in FY2018. Private domestic demand performed even poorly at 6.4 percent year over year, indicating government spending helped boost growth last year.

Private final consumption expenditure, which has been the sole engine of growth, declined. One of the primary reasons for the drop was rural distress and tightening lending conditions, which were, in turn, a result of ailing

health of the financial institutions, specifically the nonbank financial companies. At the same time, growth in gross fixed capital formation dipped to 3.6 percent in Q4 FY2019 because of political uncertainty.

On the industry side, construction and manufacturing registered better growth than in FY2018, but growth in agriculture and allied activities as well as in mining declined significantly, resulting in poor rural income. Services, the biggest contributor to GDP, grew by 7.5 percent, half a percentage point slower than last year.

According to the data released by the Ministry of Labour and Employment, the unemployment rate was 6.1 percent in 2017–18, with the youth unemployment rates in urban and rural India being 7.8 percent and 5.3 percent, respectively. While it is being claimed as the highest joblessness rate in 45 years, it is worth noting that there has been a change in the measurement design and matrix this year.

India's general deficit, or the combined fiscal deficit of the center and states, was 5.9 percent in FY2018 and is likely to increase in FY2019 due to higher spending by the states ahead of elections. For the center, the government has pegged its FY2019 fiscal deficit target at 3.4 percent.

In its June 2019 meeting, the monetary policy committee (MPC) of the Reserve Bank of India (RBI) cut policy rates for the third straight time by 25 bps and changed its stance from "neutral" to "accommodative."

This year's monsoon is predicted to be lower than average, which will likely have implications for both inflation and growth. Besides, if global uncertainties (such as the global trade crisis) intensify, there could be pressure on the currency and trade balance.

The mid-term budget was presented on July 5—the first budget of the Modi government's second term—by India's first woman full-time finance minister, Nirmala Sitharaman. The finance minister announced a forward-looking budget that addressed all the pressing issues, be it reviving private and foreign investments and jobs, building infrastructure, fixing farm policies, or promoting ease of living and doing business

3. Industry Developments

In 2018 also, India continued its rally among the global community of stock exchanges as is evident from various global rankings and a growing share in the global activities. India's stock market capitalization as at end March, 2019 stood at Rs. 1,51,087 billion or USD 2,184 billion. As on December 31, 2018, India's stock market capitalization amounted to 2.8 per cent of the total global stock market capitalization and 8.7 per cent of the stock market capitalization of the Asia Pacific region.

The recognized stock exchanges clocked a turnover of Rs. 87,246 billion or USD 1,248 billion during 2018–19. The turnover in the equity cash segments of the domestic bourses during 2018 amounted to 1.3 per cent of the global stock market turnover and 4.4 per cent of the stock market turnover in the Asia-Pacific region.

The resources mobilized from the primary market in India amounted to Rs. 549 billion or nearly USD eight billion. India accounted for 6.0 per cent of the total number of IPOs made globally during 2018 and 9.9 per cent of the total number of IPOs made in the Asia-Pacific region. The capital raised through IPOs in India during 2018 amounted to 2.7 per cent of the resources raised through IPOs globally during 2018 and 5.2 per cent of the resources raised through IPOs in the Asia-Pacific region.

The AUM of the registered mutual funds in India amounted to Rs. 23,796 billion or USD 344 billion as at end-March, 2019. The number of regulated open-end funds from India as at end-2018 accounted for 0.7 per cent of the regulated open-end funds worldwide and 2.5 per cent of the regulated openend funds in the Asia-Pacific region. The AUM of the regulated open-end funds from India as at end-2018 amounted to 0.6 per cent of the AUM of the

regulated open-end funds worldwide and 4.6 per cent of the AUM of the regulated open-end funds in the Asia Pacific region.

4. Highlights of the Clearing Corporation

Metropolitan Clearing Corporation of India Limited (MCCIL) is qualifying central counterparty (QCCP) recognised by the SEBI. The QCCP status requires ongoing conformance of domestic rules and regulations with the Principles for Financial Market Infrastructures (PFMIs) framed by the Committee on Payments and Settlement Systems (CPSS) and the International Organization of Securities Commissions (IOSCO). PFMIs are internationally accepted benchmarks for capital requirements, risk management, governance arrangements and disclosure requirements applicable for systemically important financial market infrastructures. PFMI provides guidelines for identification and estimation of various risk involved in the CCP business and assessment of adequacy of financial resources and liquid assets required to effectively mitigate these risks.

The MCCIL has benchmarked its policies and procedures with PFMIs. The MCCIL monitors adequacy of its financial resources based on the PFMI. The MCCIL maintains a Core Settlement Guarantee Fund (SGF) for each segment to guarantee the settlement of trades executed in respective segment. The MCCIL maintains sufficient financial resources to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their associates that would potentially cause the largest aggregate credit exposure to the clearing corporation in extreme but plausible market conditions (Cover 2 loss). The corpus of the core SGF is always maintained at adequate level to ensure that the Clearing Corporation will be able to fulfill the settlement obligations and complete the settlement without affecting the normal settlement process even in the event of simultaneous failure of two clearing members to honour settlement commitments.

The corpus of the core SGF maintained by the MCCIL is significantly higher than the latest estimated cover 2 losses. Further, the MCCIL maintains a default fund insurance cover of INR 40 crore to ensure larger immunity to clearing members from default losses. Apart from the core SGF and default fund insurance, the MCCIL maintains network funded by own liquid assets which is well above the risk based capital requirements specified by the Regulator.

The robustness of the systems, procedures and policies of the MCCIL to pre-empt default risk is evidenced by the fact that since inspection there has been no case of defaults in the MCCIL. In fact, the MCCIL is the only SEBI recognised QCCP with a history of nil clearing member defaults.

With effect from October 1, 2018, MCCIL stated clearing trades executed in the Commodity Derivatives Segment of the ICEX, thereby becoming the first SEBI recognised clearing corporation to clear for multiple Exchanges.

MCCIL is one of the SEBI recognised clearing corporations, which had entered into the interoperability arrangements with the other clearing corporations viz. NCL & ICCL thereby providing clearing services to NSE and BSE in addition to MSE. In fact, MCCIL was one of the first Indian Clearing Corporations which could successfully launch its services under interoperability as per the timelines stipulated by the SEBI, i.e. on June 3, 2019.

Systems used by the MCCIL for clearing, settlement, collateral management and risk management are closely integrated with the trading systems of the stock exchanges and other business partners. The MCCIL has adopted a Business Continuity Plan and a Disaster Recovery Plan. The Quality Management System of the MCCIL is certified with ISO 9001:2015 and the Information Security Management System is certified with ISO/IEC 27001:2013.

5. Risks & Concerns and Adequacy of Internal Control Systems

Macro-economic conditions do affect the Company's operations. Low demand, economic slowdown, political instability, higher inflation, natural calamities may affect the business. Business therefore cannot be risk free. What is therefore important is to correctly assess the risk area wise and to take steps to mitigate the risk before it becomes a potential threat. The general risk areas are statutory compliances, economy, financial, government regulations and policies, market related, operational, products and technology, intellectual property etc.

The Company has implemented an Enterprise Risk Management Policy with the aid of its internal auditors which would cover all aspects of our business. This policy would enable us to mitigate risks identified by us. The implementation and reporting of this policy is under the supervision of the Audit Committee and the Board.

Clearing Corporation may incur a loss if one more member defaults on its settlement obligations and the liquid assets/margin deposits of such defaulting members are insufficient to meet their settlement obligations.

Considering the nature of its business, the Clearing Corporation has adopted a comprehensive risk management policy to identify various risks in the business of central counterparty services and to assess the adequacy of existing controls and financial resources to mitigate such risks. The Risk Management policy of the Clearing Corporation is periodically updated based on the change in market scenario, regulatory requirements and other relevant environmental variables. The Risk Management Committee of the Clearing Corporation reviews the changes in the Risk Management Policy and the policy is duly approved by the Governing Board of the Clearing Corporation.

The Company operates in a very competitive environment and faces competition from two other CCPs which are larger in terms of size and business volumes, in rendering clearing and settlement services in various products /segments. There could also be newer clearing corporations starting operations in these segments. With the introduction of interoperability, MCCIL's ability to maintain and increase business will depend upon the number of clearing members who choose MCCIL as a designated clearing corporation and their level of business at various exchanges. Interoperability significantly increases the competition and the risk of losing business to other larger clearing corporations.

Unresponsiveness or interruption in trade execution, clearing or settlement may result due to power or telecommunications failure, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses/malwares, acts of vandalism or similar events. The MCCIL has an approved business continuity plan and a disaster recovery plan in effect, to mitigate business interruptions from the aforesaid risks. We have improved latency and backup of our communication systems. Regular system audits are conducted for identifying risks and compliance. All necessary software and hardware enhancements are undertaken on time. Annual maintenance contracts are maintained for all critical communication functions and systems.

Clearing Corporations in India are highly regulated. Any change in the regulatory environment may affect the Company's business. The Company is required to obtain statutory and regulatory permits, licenses and approvals for our operations from SEBI from time to time. Any failure to obtain, renew and maintain the same may adversely affect our business.

The SECC Regulations, which was enacted in 2012 stipulated shareholding and ownership norms for clearing corporations, wherein entities other than stock exchanges and financial institutions were not allowed to hold more than 5% in CCs. However CCs were required to have at least 51% shareholding by stock exchange(s) while financial institutions were allowed to hold up to 15%. Further, the SECC regulations do not allow CC (i) to distribute dividend until it achieves the regulatory net worth requirements and (ii) to list its shares.

The Company has implemented effective control systems to ensure that all its assets, interests and information are safeguarded with proper checks and balances. The Company has appointed Internal Auditors and System Auditors to ensure that the financial transactions, operational mechanism and technological infrastructure are error free. The Statutory Auditors are appointed by the Company as per the extant regulatory guidelines. The Company has carried out an evaluation internal control mechanism and prepared the Risk Control Matrices with the help of external experts. Statutory Auditors have ascertained the adequacy of the internal financial controls system in place and the operating effectiveness of such controls based on the Risk Control Matrices.

The Audit Committee is in overall command of supervision of the internal controls and reports are being made to the Board in a periodic manner.

6. Financial performance

a) Financial performance with respect to operational performance

Amount in INR Lacs

Financial Highlights	2018-19	2017-18
Revenue from operations	593.57	464.05
Profit before Interest, Depreciation, Tax and Exceptional Items	893.25	89.47
Profit before tax	890.17	88.70
Cash profit	687.42	90.92
Net profit	682.58	89.27

b) Revenue and operating expenses

The Company earned total revenues of INR 593.57 Lacs from operations during the year ended March, 2019 as against INR 464.05 Lacs in the year ended March, 2018. The Increase/decrease in revenue was mainly due to company has started the clearing and settlement service to ICEX from 1.10.2018.

c) Operating profit before depreciation and amortization and exceptional items

The Company earned EBITDA of INR 893.25 Lacs for the year ended March, 2019 as compared to INR 89.47 Lacs during the previous year ended March, 2018. The EBITDA margin for the year 2018 - 2019 is 150.49% as against 19.28% for the year 2017-18.

d) Depreciation and Amortization

The depreciation and amortization charges were INR 4.84 Lacs for the year ended March, 2019 as against INR 1.66 Lacs for the year ended March, 2018.

e) Profit after tax

The profit after tax stood at INR 682.58 Lacs for the year 2018 - 2019 as compared to a profit of INR 89.27 Lacs for the year 2017 - 2018.

f) Balance Sheet

As on March 31, 2019, the Company had total assets of INR 44074.74 Lacs and shareholders' funds at INR 31000.06 Lacs. The Company is debt-free as on March 31, 2019.

g) Key Financial Ratios

In accordance with SEBI (Listing Obligations and Disclosure Requirements 2018) (Amendment) Regulations, 2018, the Company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in key sector-specific financial ratios.

Sr. No	Particulars	2018-19	2017-18
1	Debtors Turnover	1:28	NA
2	Inventory Turnover	NA	NA
3	Interest Coverage Ratio	NA	NA
4	Current Ratio	1:11	1:4
5	Debt Equity Ratio	NA	NA
6	Operating Profit Margin (%)	34.87%	5.89%
7	Net Profit Margin (%)	34.87%	5.89%
8	Return on Networth(%)	2.87%	0.29%

7. Material Developments in Human Resources

The Company is in the process of strengthening its manpower and projecting present resources into the future. In this direction the company has already appointed Chief Operating Officer and Chief Information Security Officer. The manpower planning helps to determine the quantitative and qualitative adequacy of manpower in future. The no of employees as March 31, 2019 stood at 35 as against 29 employees as on March 31, 2018.

8. Future Business Outlook

Clearing corporation plays a critical role in the growth of capital market. Over the last few years, the SEBI has announced several far-reaching reforms to promote the capital market and protect the investors' interest. The merger of the FMC with SEBI will increase economies of scope and economies of scale for the government, exchanges, financial firms and stakeholders. New regulations enable launch of commodity options and regulations are underway to enable participation of banks and foreign portfolio investors in commodities market. Pursuant to the merger of the FMC with the SEBI, recognised associations under FCRA are deemed to be recognised stock exchanges under SCRA w.e.f. September 28, 2015. Such exchanges are required to carry out the clearing and settlement of trades executed at their platform through recognized CCs within three years from the date of recognition. MCCIL was able to tap this opportunity by tying up with ICEX for clearing and settlement services for its Commodity Derivatives Segment.

The MCCIL is designated as a Qualified Central Counter Party (QCCP) by the SEBI and it has already benchmarked its policies and procedures with PFMI. The MCCIL is recognised as a third country CCP by the European Securities Market Authority (ESMA) and the Bank of England. These recognitions will enable to MCCIL to attract business from entities of European and UK origin.

The aforesaid regulatory changes and credentials of MCCIL as a QCCP open up opportunities for MCCIL to offer its services for the commodities markets.

Due to changes in regulatory environment post financial crisis in 2008, more and more listed and OTC market products are expected to be mandatorily cleared through a QCCP. This presents immense opportunities for the Company to offer not only clearing and settlement services for the products listed on its holding stock exchange, but offer such services for listed products of member exchanges and OTC products.

The SEBI Board in its meeting held on June 21, 2018 took a decision to permit eligible domestic and foreign entities, to hold upto 15% shareholding in case of Depository and Clearing Corporation, as is the case for Stock Exchanges. Additionally, multilateral and bilateral financial institutions, as notified by the Government, were also recommended to hold upto 15% in an MII.

Further, in order to adequately capture the risks faced by a Clearing Corporation, the SEBI decided to adopt a risk based approach towards computation of Networth of a Clearing Corporation. Instead of a higher minimum net worth of INR 300 crores, the Clearing Corporations are now required to maintain a net worth at all times of either INR 100 crores or such other amount to cover the various risks (operational, market, credit, etc.) as notified by SEBI from time to time.

The aforesaid decisions of the SEBI would enable the Clearing Corporation to enter into strategic partnership with both domestic and foreign entities with expertise in the field of post trade activities with larger shareholding limits. Further, the proposed reduction in networth requirement of clearing corporation will allow the clearing corporation to maintain equity at optimum levels taking into consideration of various aspects such as shareholder value, risk, exposure and expenditure.

Most importantly, the interoperability of clearing corporations introduced w.e.f. June 3, 2019 allows the MCCIL to clear trades executed by trading members in NSE & BSE in addition to the MSE which are clearing through clearing members who have chosen MCCIL as the Designated Clearing Corporation. While this change opens up large competition in the post trade space in India, it's a big opportunity of MCCIL to enhance its business and revenue with appropriate business strategies.

Based on the recent changes in the regulatory regime as mentioned above, the MCCIL can reasonably anticipate the market's future needs and respond with the solutions that lower costs, improve efficiency, reduce risk and increase transparency for the segments of markets it serves.

For and on behalf of the Board of Directors

Date: August 08, 2019
Place: Mumbai

Sd/-
Vijay Ranjan
Chairman & Public Interest Director
DIN: 02346190

Sd/-
Balu Nair
Managing Director & CEO
DIN: 07027100

Disclaimer

Certain statements made in the 'Management Discussion and Analysis Report' relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include and economic conditions affecting demand and supply, government regulations and taxation, international scenario, macroeconomic developments, natural calamities and so on over which the Company does not have any direct control. There are certain provisional statistics used in the report.

Form No. AOC – 2

Pursuant to clause (h) sub-section (3) of section 134 of the Act 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 transactions under third proviso thereto

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

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts arrangements transactions	Duration of contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contract or arrangements or transactions	Date of the approval of the Board	Amount paid as advance if any	Date on which special resolution was passed in general meeting as required u/s. 188
NIL								

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

Name of related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangement /transactions	Salient terms of the contracts or arrangements or transactions including the value for the year	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Metropolitan Stock Exchange of India Limited (hereinafter referred to MSE) (Holding Company)	Agreement for providing Clearing & Settlement Services	Ongoing since October 1, 2012	Clearing and settlement income aggregating Rs.9.37/- Lacs earned by the MCCIL from the MSE for clearing and settling of trades done on the Exchange.	February 10, 2017	Nil
	Agreement for sharing resources entered between MCCIL and MSE	Ongoing since January 2, 2013 and April 01, 2018	Installation, maintenance and support of Software and networking infrastructure aggregating Rs. 362.27/- lacs to the MSE, including balance payable at the end of the year Rs. 14.78/- Lacs.	February 10, 2017 and August 31, 2018.	Nil

	MOU for sharing office premises entered alongwith addendum dated July 11, 2018 between MSE & MCCIL	From April 01, 2018 to August 18, 2021	To occupy and use office premises a rent of Rs. 179.26/- Lacs was paid	11-Nov-16 and August 14, 2018	Nil
	Tripartite Agreement between MSE, MCCIL and 63 Moons Technologies Limited (formerly known as Financial Technologies (India) Ltd.) (FTIL)	Ongoing since April 15, 2010	Agreement to call upon the MCCIL to pay amounts under the agreements dated 25th August 2008 and 15th September 2008, in case of default by MSE	February 10, 2017	Nil
Key Management Personnel	Remuneration paid to Key Management Personnel	Ongoing	Salary and allowances (excludes gratuity and long term compensated absences which are actuarially valued for the Company as a whole) Rs. 90.76/- lacs	10-May-17	Nil

For and on behalf of the Board of Directors

Sd/-

Vijay Ranjan

Chairman & Public Interest Director
DIN: 02346190

Sd/-

Balu Nair

Managing Director & CEO
DIN: 07027100

Date: August 08, 2019
Place: Mumbai

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March, 2019

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

To,

The Members of

Metropolitan Clearing Corporation of India Limited

CIN: U67120MH2008PLC188032

4th Floor, Vibgyor Towers, Plot no. C-62,

G. Block, Bandra Kurla Complex, Bandra (East),

Mumbai – 400098

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Metropolitan Clearing Corporation of India Limited** (CIN: U67120MH2008PLC188032) (hereinafter referred as "The Company"). I have conducted Secretarial Audit in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in our opinion, the Company has, during the audit period covered for the financial year ended 31st March, 2019 ("Audit Period") 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 period covering for the financial year ended 31st March, 2019, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
- (iii) The Securities Contracts (Regulation)(Stock Exchanges and Clearing Corporations) Regulations, 2018, Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and Circulars dated December 13, 2012 (CIR/MRD/DSA/33/2012) and January 10, 2019 (SEBI/HO/MRD/ DOP2DSA2/ CIR/P/2019/13) and other Circulars;
- (iv) The Depositories Act, 1996 and the regulations and bye laws framed there under;
- (v) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act);
 - a) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;to the extent applicable
 - b) SEBI (Prohibition of Insider Trading) Regulations, 2015;

For the year under review, the provisions of the following Acts / Regulations were not applicable to the company:-

- a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- b) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
- c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- f) The Securities and Exchange Board of India (Share Based Employee Payments Regulations), 2014.

I have also examined compliance with the applicable clause of:

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

Based on the aforesaid information provided by the Company, I report that during the financial year under review, the Company has complied with the provisions of the above mentioned Act/s, Rules, Regulations, Guidelines, Standards, etc. to the extent applicable.

The company has formulated a Compliance Management System to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, which in my opinion are prima facie commensurate with the size and operations of the company. The systems and processes in the company for compliance management are continuously reviewed by the Management so as to ensure that they are at any point of time commensurate with the size and operations of the company with respect to monitoring the compliance with applicable laws, rules, regulations and guidelines.

I further report that

The Board of Directors of the Company consists of sufficient number of Public Interest Directors, Shareholder Directors Managing Director etc. as required under the Act and Regulations. Woman Director required to be appointed pursuant to the provisions of Section 149 was appointed with effect from 10th August, 2018. 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.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board and committees were unanimous and dissenting views were also recorded.

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) Mr. Udai Kumar was nominated by MSE as the Shareholder Director of MCCIL. He retired by rotation at the Annual General Meeting held on September 25, 2018 and being eligible was reappointed as Shareholder Director. Thereafter, pursuant to SEBI letter no. MRD/DRMNP/OW/31199/2018/1 dated November 12, 2018 and the end of tenure of Mr. Udai Kumar in Parent Exchange i.e. Metropolitan Stock Exchange of India Ltd. (MSE) Mr. Udai Kumar ceased to be a Director with effect from January 25, 2019.
- (ii) In accordance with section 149 of the Companies Act, 2013 Woman Public Interest Director, Ms. Rita Menon was appointment with effect from August 10, 2019.
- (iii) SEBI in its order dated March 19, 2014 stated that 63 moons technologies limited (63 moons) (Formerly known as Financial Technologies (India) Limited) is not a 'fit and proper person' to acquire or hold any equity share or any instrument that provides for entitlement for equity shares or rights over equity shares at any future date, in a recognized stock exchange or clearing corporation, either directly or indirectly and directed them to divest equity shares held in MCCIL, directly or indirectly. 63 moons holds 1.95 % shares in the company. Further the Company sent multiple letters to 63 moons regarding divestment of their stake wherein they have replied that they are in

search of a suitable buyer. In view of the same, 63 moons has been barred by MCCIL from exercising its rights at general meetings and their rights in corporate benefits have been kept in abeyance.

- (iv) MCCIL has received approval from SEBI vide letter No SEBI/HO/CDMRD/DEA/OW/P/2018/27063/1 dated September 27, 2018 for clearing & settling the trades carried on the platform of Indian Commodity Exchange Limited (ICEX). Accordingly, with effect from October 01, 2018, MCCIL has started clearing & settlement activities in Commodity Derivative Segment of ICEX.
- (v) As the Company has achieved the Net Profit criteria as specified u/s 135 of the Companies Act 2013, hence provisions of Corporate Social Responsibility would be applicable to the Company from the next Financial year (2019-20)
- (vi) The Board has approved availing Overdraft facility from Banks up to a limit of Rs.125 crore, which is within the limits specified under section 179(3)d of the Companies Act, 2013.
- (vii) Pursuant to notification of SECC Regulations, 2018 on October 3, 2018, the Clearing Corporations are required to maintain minimum capital of INR 100 crore or risk based capital whichever is higher. In view of the reduction in net worth requirement the following has been approved by the Board of Directors of the Company:
 - (a) Reduction in Equity share capital by INR 170 crore subject to approval of Shareholders, SEBI and Hon'ble National Company Law Tribunal (NCLT). The shareholders in its meeting held on November 22, 2018 approved reduction in equity share capital by INR 170 crores. The Hon'ble NCLT in its hearing held on January 28, 2019 admitted the matter and the next date of hearing is scheduled on August 13, 2019. Post reduction the Equity share capital of company will be INR 125,37,09,910/- (Indian Rupees One Twenty Five crores Thirty Seven Lakhs Nine Thousand Nine Hundred and Ten only) constituting of 125,370,991 shares of Rs.10 each.
 - (b) Metropolitan Stock Exchange of India Limited (MSE) Parent Exchange has taken overdraft facility from DCB Bank by pledging fixed deposit receipts of the Company amounting to INR 4604.00 lacs with due approval from SEBI. As on March 31, 2019, MSE has utilized the overdraft facility upto INR 2414.77 lacs.

This report is to be read with our letters of even date which is annexed as Annexure I

Place: Mumbai

Date: August 08, 2019

Sd/-

A SEKAR

Company Secretary

ACS 8649 CP 2450

Annexure – 1

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices followed provide a reasonable basis for our opinion.
3. I have not verified the correctness, appropriateness of financial records and books of accounts of the Company and records pertaining to direct and indirect taxation of the company, which I believe are the domain of other professionals on whom the responsibility is entrusted by the provisions of the Companies Act, 2013.
4. Where ever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test check basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai

Date: August 08, 2019

Sd/-

A SEKAR

Company Secretary

ACS 8649 CP 2450

Annexure – III

Statement pursuant to Regulation 27(5) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the period from April 1, 2018 to March 31, 2019

Sl. No	Name	Age (Yrs.)	Designation	Remuneration received (Gross Rs.)	Ratio of compensation paid to each KMP, vis-à-vis median of compensation paid to all employees of the Company (Approx)	Qualification	Experience no. of Yrs	Date of commencement of employment	Last employment held before joining the company
1	Mr. Balu Nair	42	Managing Director	5030385	1:10	BBM / BBA, MBA	18.4 Yrs	18 Feb 2009	National Stock Exchange of India Ltd.
2	Mr. Krishna J. Wagle	45	Chief Financial Officer	2251212	1:5	MBA, B.Com	23.3 Yrs	10 Jul 2015	Inter Connected Stock Exchange India Ltd.
3	Ms. Avni Patel	35	Company Secretary	1634412	1:3	CS, LLB, B.Com	10.8	01 Jul 2016	CD Equisearch Pvt Ltd
4	Mr. Sageer Khan*	47	Compliance officer	875074	1:2	BA, LLB, Executive MBA	17.8	23 Jul 2015	Inter Connected Stock Exchange India Ltd.

Notes:

- *Mr. Sageer Khan resigned as Compliance Officer of the Company with effect from April 03, 2019.
- All employees listed above are/were in employment of the Company in accordance with terms and conditions of employment agreed with them and the service rules of the company.
- The above remuneration excludes gratuity and long term compensated absences which are actuarially valued for the Company as a whole.
- None of the employees are holding any equity shares in the Company within the meaning of clause (iii) of sub-rule 2 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- None of the above employees were related to any Director of the Company.

For and on behalf of the Board of Directors

Date: August 08, 2019
Place: Mumbai

Sd/-
Vijay Ranjan
Chairman & Public Interest Director
DIN: 02346190

Sd/-
Balu Nair
Managing Director & CEO
DIN: 07027100

Form No. MGT-9

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

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

I. REGISTRATION AND OTHER DETAILS

CIN	U67120MH2008PLC188032
Registration Date	November 7, 2008
Name of the Company	Metropolitan Clearing Corporation of India Limited
Category / Sub-Category of the Company	Public Company/ Limited by shares
Address of the Registered office and contact details	4 th Floor, Vibgyor Towers, Opp. Trident Hotel, Plot No. C-62, Bandra Kurla Complex, Bandra (East), Mumbai – 400098 Tel- 022-61129000
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Private Limited Corporate Registry Karvy Selenium, Tower- B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad-500032

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
Processing & Clearing services of Securities Transactions	6619	35.27%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable section
Metropolitan Stock Exchange of India Limited	U65999MH2008PLC185856	Holding	95.85	2(87(ii) of the Companies Act, 2013

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change in shareholding during the year
	Demat	Physical	Total	%	Demat	Physical	Total	%	
Promoter									
Indian	--	--	--	--	--	--	--	--	--
Individual/ HUF	--	--	--	--	--	--	--	--	--
Central Govt	--	--	--	--	--	--	--	--	--
State Govt(s)	--	--	--	--	--	--	--	--	--
Bodies Corp	283120989	2	283120991	95.85	283120989	2	283120991	95.85	--
Banks / FI	--	--	--	--	--	--	--	--	--
Any Other	--	--	--	--	--	--	--	--	--
Sub-total(A)(1)	283120989	2	283120991	95.85	283120989	2	283120991	95.85	--

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change in shareholding during the year
	Demat	Physical	Total	%	Demat	Physical	Total	%	
Foreign	--	--	--	--	--	--	--	--	--
NRIs-Individuals	--	--	--	--	--	--	--	--	--
Other-Individuals	--	--	--	--	--	--	--	--	--
Bodies Corp.	--	--	--	--	--	--	--	--	--
Banks / FI	--	--	--	--	--	--	--	--	--
Any Other....	--	--	--	--	--	--	--	--	--
Sub-total (A)(2):-	--	--	--	--	--	--	--	--	--
Public Shareholding	--	--	--	--	--	--	--	--	--
Institutions	--	--	--	--	--	--	--	--	--
Mutual Funds	--	--	--	--	--	--	--	--	--
Banks / FI	--	--	--	--	--	--	--	--	--
Central Govt	--	--	--	--	--	--	--	--	--
State Govt(s)	--	--	--	--	--	--	--	--	--
Venture Capital Funds	--	--	--	--	--	--	--	--	--
Insurance Companies	--	--	--	--	--	--	--	--	--
FIs	--	--	--	--	--	--	--	--	--
Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(1)	--	--	--	--	--	--	--	--	--
2. Non Institutions	--	--	--	--	--	--	--	--	--
Bodies Corp. (i) Indian (ii) Overseas	1,22,49,998	2	1,22,50,000	4.15	1,22,49,998	2	1,22,50,000	4.15	--
Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	--	--	--	--	--	--	--	--	--
Others(Specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(2)	1,22,49,998	2	1,22,50,000	4.15	1,22,49,998	2	1,22,50,000	4.15	--
Total Public Shareholding (B)=(B)(1)+(B)(2)	1,22,49,998	2	1,22,50,000	4.15	1,22,49,998	2	1,22,50,000	4.15	--
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	295370987	4	295370991	100	295370987	4	295370991	100	--

ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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	
Metropolitan Stock Exchange of India Limited	283120991	95.85	-	283120991	95.85	-	--
Total	283120987	95.85	-	283120987	95.85	-	--

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Metropolitan Stock Exchange of India Limited				
	At the beginning of the year	28,31,20,991	95.85	28,31,20,991	95.85
	Date wise Increase/Decrease in shareholding during the year specifying the reason for increase /decrease (eg. Allotment/ transfer/ bonus/sweat equity shares, etc)	--	--	--	--
	At the End of the year	28,31,20,991	95.85	28,31,20,991	95.85

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

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Multi Commodity Exchange of India Limited				
	At the beginning of the year	65,00,000	2.20	65,00,000	2.20
	Date wise Increase/Decrease in shareholding during the year specifying the reason for increase /decrease (eg. Allotment/ transfer/ bonus/sweat equity shares, etc)	-	-	-	-
	At the End of the year	65,00,000	2.20	65,00,000	2.20
2.	63 moons technologies limited(formerly known as Financial Technologies (I) Limited)				
	At the beginning of the year	57,50,000	1.95	57,50,000	1.95
	Date wise Increase/Decrease in shareholding during the year specifying the reason for increase /decrease (eg. Allotment/ transfer/ bonus/sweat equity shares, etc)	-	-	-	-
	At the End of the year	57,50,000	1.95	57,50,000	1.95

v) Shareholding of Directors and Key Managerial Personnel:

Sr.No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in shareholding during the year specifying the reason for increase /decrease (eg. Allotment/transfer/ bonus/sweat equity shares, etc)	-	-	-	-
	At the End of the year	-	-	-	-

V. INDEBTEDNESS*

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

Particulars	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				
Total (i+ii+iii)	--	--	--	--
Change in Indebtedness during the financial year	--	--	--	--
- Addition				
- Reduction				
Net Change	--	--	--	--
Indebtedness at the end of the financial year	--	--	--	--
i) Principal Amount				
ii) Interest due but not paid iii) Interest accrued but not due				
Total (i+ii+iii)	--	--	--	--

* The Company has never borrowed.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager Amount in rupees

Particulars of Remuneration	Mr. Balu Nair* MD	Total Amount
Gross salary		
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	50,30,385	50,30,385
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--
(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
Stock Option		
Sweat Equity		
Commission	--	--
- as % of profit		
- others, specify...		
Others, please specify	--	--
Total (A)	50,30,385	50,30,385

B. Remuneration to other directors: Amount in rupees

Particulars of Remuneration	Name of the Directors				
	*Mr. Vijay Bhaskar Pedamallu	Mr. Vijay Ranjan	Ms. Rita Menon	Mr. Alok Mittal	Total Amount
Independent Directors					
· Fee for attending board committee meetings	75,000	5,40,000	6,30,000	8,30,000	20,75,000
· Commission	-	-	-	-	-
· Others, please specify	-	-	-	-	-
Total (1)	75,000	5,40,000	6,30,000	8,30,000	20,75,000
Other Non-Executive Directors					
· Fee for attending board committee meetings	-	-	-	-	-
· Commission	-	-	-	-	-
· Others, please specify	-	-	-	-	-
Total (2)	-	-	-	-	-
Total (B)=(1+2)	75,000	5,40,000	6,30,000	8,30,000	20,75,000
Total Managerial Remuneration	75,000	5,40,000	6,30,000	8,30,000	20,75,000
Overall Ceiling as per the Act	Rs.1,00,000 (per Director/per meeting)				

*Mr. Vijay Bhaskar Pedamallu vacated his office as Chairman & Public Interest Director of the Company with effect from May 04, 2018 due to death.

C. Remuneration to Key Managerial Personnel Other Than MD /Manager (Amount in rupees)

Particulars of Remuneration	Key Management Personnel		
	Mr. Krishna J. Wagle CFO	Ms. Avni Patel CS	Total
Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22,51,212	16,34,412	38,85,624
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
Stock Option	--	--	--
Sweat Equity	--	--	--
Commission	--	--	--
- as % of profit			
- others, specify...			
Others, please specify	--	--	--
Total	22,51,212	16,34,412	38,85,624

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief description	Details of Penalty/Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
B. Directors					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
C. Other Officers In Default					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

For and on behalf of the Board of Directors

Date: August 08, 2019
Place: Mumbai

Sd/-
Vijay Ranjan
Chairman & Public Interest Director
DIN: 02346190

Sd/-
Balu Nair
Managing Director & CEO
DIN: 07027100

Corporate Governance Report

1. Company's Philosophy on Corporate Governance:

The Company's philosophy on Corporate Governance procedures is founded upon a legacy of fair, ethical and transparent governance practices inherited from internationally recognized standards.

The Company has been guided by universal business principles of transparency, integrity, professionalism, comprehensive disclosures and structured accountability. These principles coupled with fair & transparent disclosures and governance practices & procedures guide your Company's management to serve and protect long-term interests of all its stakeholders and help in sustaining its stakeholders' confidence including shareholders, employees, corporations/companies and the communities among which it operates.

The Corporate Governance is an ongoing process which is being discharged by the Metropolitan Clearing Corporation of India Limited to the best of its strength. To keep pace with an evolving global environment, your Company continuously and persistently adapts to the best governance practices for carrying its business in the highest ethical and transparent manners.

Your Company always endeavors to ensure that the highest corporate manners and behavior are extended not only to its shareholders but also to its domestic as well foreign clients, thereby evidencing that your Company's management is the trustee of its shareholders' capital and not the owners.

2. Board of Directors:

A. Composition of the Board:

Your Company being a Clearing Corporation is regulated by the SEBI and is required to comply with the Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and circulars and instructions issued by the SEBI from time to time ("SECC Regulations"), Securities Contracts (Regulation) Act, 1956 ("SCRA") and Securities Contracts (Regulations) Rules, 1957 ("SCRR") (collectively hereinafter referred to as "SEBI Regulations") besides the Companies Act, 1956 (including amended Companies Act, 2013) and the rules made thereunder ("the Act").

The present Board of the Company comprises of 5 Directors viz. three Public Interest Directors, one shareholder Director and one Managing Director. The SECC Regulations require the Public Interest Directors to constitute a minimum of two-third of the total Board strength and number of Shareholder Directors not to exceed one-third of the Board's strength.

SIZE AND COMPOSITION OF BOARD

Mr. Vijay Ranjan	• Chairman & Public Interest Director
Ms. Rita Menon	• Public Interest Director
Mr. Alok Mittal	• Public Interest Director
Mr. Kunal Sanghavi	• Shareholder Director
Mr. Balu Nair	• Managing Director & CEO

Your Company has adequately complied with the provisions with regard to constitution of the Board during the financial year 2018-19.

Profile of Directors:

Mr. Vijay Ranjan – Chairman & Public Interest Director

Mr. Vijay Ranjan has Bachelor's Degree with Hons. in English Literature, Master's Degree in English Literature, Bachelor's Degree in Law and Diploma in Fiscal Studies from University of Bath [U.K.]. He is an Indian Revenue Service (Retired) of 1972 batch. He has served as an Executive Director of Securities and Exchange Board of India (SEBI) from 1994 to 1999 handling Investigation, Administration and Primary Market. He held substantive rank of Chief Commissioner of Income-Tax on the date of superannuation. He was also a Visiting Faculty at Gujarat National Law University (GNLU), Gandhinagar, delivering lectures on SEBI (Issue of Capital and Disclosure Requirements) Regulations for 5th/6th Semester – (2008 – 2011). Presently, he is member of Bar Council specializing in Income-tax and Securities Laws.

Ms. Rita Menon – Public Interest Director

Ms. Rita Menon holds M A (Economics) from Delhi School of Economics. She is a retired IAS officer of 1975 batch. In her career as IAS officer she has held a number of senior positions in Government of India and Government of Uttar Pradesh. In Government of India she has held senior positions such as Chairman and Managing Director of Indian Trade Promotion Organisation, Secretary - Ministry of Textile, Special Secretary/ Additional Secretary-Department of Expenditure, Joint Secretary in Department of Defence Production in Ministry of Defence, Joint Secretary and Director in Ministry of Health & Family Welfare. In the Government of Uttar Pradesh she worked served as a Managing Director of UP Finance Corporation, Additional Chief Executive Officer of Greater Noida Development Authority, Commissioner and Director of Industries and Vice Chairperson of Ghaziabad Development Authority apart from field level and secretariat posts.

Mr. Alok Mittal – Public Interest Director

Mr. Alok Mittal is a commerce graduate and a Chartered Accountant. He is a senior level professional Chartered Accountant with more than 30 years of experience of running his own CA firm. His areas of expertise include Tax Management, tax compliance and litigation, statutory audit, Business advisory, Risk advisory, financial advisory, cost controls, restructuring of business and developing internal control system.

Mr. Kunal Sanghavi – Shareholder Director

Mr. Kunal Sanghavi is a Chartered Accountant. He has bachelor's degree in Commerce from Mithibali College, Mumbai. Mr. Kunal has completed his Information Systems Auditing CA Post Qualification Course from ICAI. He has done his CISA, Certified Information Systems Auditing from ISACA, USA. He also has membership from PGPMAX - GLOBAL MBA Equivalent from Indian School of Business. Mr. Kunal was associated with Angel Broking Private Ltd and Motilal Oswal Securities Ltd. from September 2016 to February 2018 and from November 2006 to August 2016 respectively. Currently Mr. Kunal Sanghavi is the Chief Financial Officer in the parent exchange i.e. Metropolitan Stock Exchange of India Limited and Director in MCX-SX KYC Registration Agency Limited.

Mr. Balu Nair – Managing Director & CEO

Mr. Balu Nair holds a Master's Degree in Business Administration. He has more than 16 years of experience in capital market with profound knowledge of risk management, collateral management and clearing & settlement functions of central counter parties (CCPs). He has been associated with the Organisation since 2009 and has held various positions such as Deputy Managing Director and Chief Operating Officer. He was previously associated with National Securities Clearing Corporation Limited for around eight years wherein he handled risk management, settlement and collateral operations.

During the Financial Year 2018-19, Mr. Vijay Bhaskar Pedamallu, Chairman and Public Interest Director of the Company vacated his office on account of death on May 04, 2018.

Ms. Rita Menon and Mr. Vijay Ranjan were appointed as Public Interest Director w.e.f. on August 10, 2018 and August 24, 2018 respectively.

The Board confirms that the Independent Directors fulfill the conditions specified in Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations and are independent of the management.

Key Board qualification, expertise and attributes

The MCCIL Board comprises of professional and qualified members who are experts in their field and have the necessary competence and skills which allows them to make effective contributions to the Board and its committees and enables informative and guided decision making. The Board of Directors understand the Company's business, policies, and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities) and knowledge of the industry in which the Company operates. They possess the required attributes and competencies to use their knowledge and skills to function well as team members and to interact with key stakeholders,

The Board of Directors is collectively responsible for selection of a member on the Board. The Nomination and Remuneration Committee of the Company follows a defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board. The criteria for appointment to the Board include:

- Composition of the Board, which is commensurate with the size of the Company and its business.
- Diversity on the Board;
- Size of the Board with optimal balance of skills and experience
- Professional qualifications, expertise and experience in specific area of business;
- Balance of skills and expertise in view of the objectives and activities of the Company;

- Avoidance of any present or potential conflict of interest;
- Personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

Certification from Company Secretary in Practice

Ms. Manisha Thakur, Practicing Company Secretary has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this section as **Annexure A**.

B. Meetings of the Board

As mentioned earlier, your Company is required to adhere to the SEBI Regulations and the Companies Act. All strategic issues, of policy nature and those involving the public interest are required to be placed before the Board in compliance of the SEBI Regulations, the Companies Act and Listing Regulations (to the extent applicable) and the same are necessarily discussed at every Board meeting. The Board also considers matters which in their consideration and opinion are necessary to be discussed at the meeting.

During the Financial Year 2018-19, the Board of Directors met Seven (7) times i.e. on May 04, 2018, August 14, 2018, August 31, 2018, November 03, 2018, November 15, 2018, February 01, 2019 and March 27, 2019..

The Company Secretary prepares the agenda and the explanatory notes in consultation with the Managing Director and circulates the same in advance to the Directors. Every Director is free to suggest inclusion of items in the agenda. The Board meets at least once every quarter inter alia to review the quarterly results and other items on the agenda. Additional Meetings are held, as and when necessary. The Minutes of the proceedings of the Meetings of the Board of Directors are noted and the draft Minutes are circulated amongst the members of the Board for their perusal. The comments, if any, received from them are incorporated in the minutes in consultation with the Chairman. The minutes are confirmed by the members of the Board in the next Meeting. The Senior Management Personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when necessary. The important decisions arrived at the Board/Committee meetings are communicated to the concerned departments promptly for action.

The Board of Directors has complete access to the information within the Company subject to protection of trading data and other confidential information in terms of SEBI guidelines. The details of Board's composition and in respect of each director, the nature of directorship, the number of meetings attended, directorship in other companies, chairmanship and membership of committees of the Board of other companies for the financial year 2018-19 is given in Table A:

Table A: Details of Board's composition for the Financial Year 2018-19

Name of the Director	Nature of Directorship	Board Meetings		Attendance at the last AGM	Directorship in other companies (^)	Chairmanship and membership of committees of Board of the other companies (**)	
		Held [#]	Attended			Chairman	Member
Mr. Vijay Bhaskar Pedamallu ¹ (DIN: 06629884)	Chairman & Public Interest Director	1	1	NA	8	2	-
Mr. Vijay Ranjan ² (DIN 02346190)	Chairman & Public Interest Director	5	5	Present	2	1	-
Ms. Rita Menon ³ (DIN: 00064714)	Public Interest Director	6	6	Present	2	-	-
Mr. Alok Kumar Mittal (DIN: 00008577)	Public Interest Director	7	7	Present @@@	3	-	--
Mr. Udai Kumar ⁴ (DIN: 06750460)	Shareholder Director	6	6	Absent	2	-	1
Mr. Kunal Sanghavi ⁵ (DIN: 08100891)	Shareholder Director	1	1	-	1	-	-
Mr. Balu Nair (DIN: 07027100)	Managing Director	7	7	Present	-	-	-
[#] No. of meetings held during the tenure of the Director. [^] Excludes directorship(s) in Indian Private Companies, Foreign Companies, Section 25 Companies and Alternate Directorships ^{**} Only Audit Committee and Shareholders' Grievance Committee of Indian Public Limited companies have been considered. ¹ Vacated office due to death on May 04, 2018. ² Appointed with effect from August 24, 2018. ³ Appointed with effect from August 10, 2018. ⁴ Vacated his office with effect from January 25, 2019. ⁵ Appointed with effect from February 19, 2019 @@@ Chairman of the Audit Committee.							

Notes to table A:

1. None of the Directors listed above is related inter-se.
2. None of the Directors holds the office of Director in more than the permissible number of companies under the Companies Act, 2013.
3. Mr. Kunal Sanghavi (DIN: 08100891) holds one share as nominee shareholder of Metropolitan Stock Exchange of India Limited.

C. Familiarization programs imparted to Public Interest Directors (PID):

The Company has formulated a familiarization program for independent Directors (PIDs) in order to assist them understand details about the Company, their role, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. All PID's are introduced to our company's culture through orientation sessions. Senior management personnel provide an overview of operations to familiarize the new PIDs. They are also introduced to our organization structure, our services and Board procedures, matters reserved for the Board, and our major risks and risk management strategy. The details of familiarization program imparted to Independent Directors are given on the Company's website at the following location <http://www.mclear.in/mcxsxccl/about-mcx-sx-ccl/default.aspx>

D. Board evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board works with the Nomination and Remuneration committee to lay down the evaluation criteria for performance of the Chairman, the Board, the Committees and individual directors excluding the Director being evaluated. The Board has adopted a framework on Board evaluation. As per the framework, the Company will carry out an evaluation of the Board as a whole, Board Committees and Directors on an annual basis. For the financial year 2018-19, Board evaluation was done in terms of the framework adopted.

E. Separate meeting of Independent Directors

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule IV of the Companies Act, 2013 and Rules framed thereunder, Independent Directors shall hold at least one meeting in a year, without the presence of non-independent directors and members of the management in order to (a) review the performance of non-independent directors and the board of directors as a whole; (b) review the performance of the chairperson, taking into account the views of executive directors and non-executive directors; (c) assess the quality, quantity and timeliness of flow of information between the management and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

Accordingly, a meeting of Independent Directors was conducted on March 27, 2019 wherein all the Independent Directors were present.

3. Board Committees

A. Audit Committee:

The Audit Committee plays a vital role in ensuring high level of governing standards by overseeing, monitoring and advising the Company's management and auditors in conducting audits and preparation of financial statements. The audit committee helps the Board monitor the Management's financial reporting process and ensure that the disclosures are not only accurate and timely, but follow the highest level of transparency, integrity and quality of financial reporting.

Terms of Reference

The terms of reference of the Audit Committee are as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The role of the Audit Committee includes the following:

1. To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. To recommend the appointment and removal of external auditors, fixation of audit fee and approval for payment to any other services;
3. To review with the management, the annual financial statements and auditors report thereon before submission to the Board, focusing primarily on:
 - a. Any changes in accounting policies and practices and reasons for the same;
 - b. Major accounting entries involving estimates based on exercise of judgment by the management;

- c. Significant adjustments made in financial statements arising out of audit findings;
 - d. The going concern assumption;
 - e. Compliance with accounting standards;
 - f. Compliance with legal requirements concerning financial statements;
 - g. Matters required to be included in the directors responsibility statement to be included in the board's report in terms of clause (c) of sub section (3) of section 134 of the Companies Act, 2013
 - h. Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of Company at large.
 - i. Modified opinion (s) in the draft audit report;
4. To review with the management, performance of statutory and internal auditors, the adequacy of internal control systems;
 5. To review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the Department, reporting structure coverage and frequency of internal audit.
 6. To discuss with internal auditors any significant findings and follow up thereon;
 7. To review the findings of internal investigations into matters where there is suspected fraud or irregularity or failure of internal control system of a material nature and report to Board;
 8. To discuss with the external auditors before the audit commences, nature and the scope of audit as well as have post-audit discussion to ascertain any area of concern;
 9. To review financial statements before submissions to the Board;
 10. To evaluate Company's internal financial controls and risk management systems.
 11. To recommend for appointment, remuneration and terms of appointment of auditors of the Company
 12. To review and monitor the auditors independence and performance and effectiveness of audit process.
 13. To examine financial statement and the auditor's report thereon.
 14. To approve entering into or any subsequent modification of transactions of the Company with related parties.
 15. To scrutinise inter corporate loans and investments.
 16. To undertake valuation of undertakings or assets of the Company wherever it is necessary.
 17. To review with the management the statement of uses/ application of funds raised through an issue(public issue, rights issue, preferential issue, etc) and monitor end use of funds raised through public offers and related matters.
 18. To approve or provide approval for subsequent modification of related party transactions
 19. To look into the reasons of substantial defaults in payment to the depositors, debenture holders, shareholders, (in case of non-payment of declared dividend) and creditors;

In addition to the above, the Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Composition, meetings and attendance during the F.Y. 2018-19:

At the beginning of the F. Y. 2018-19 the members of the Audit Committee consisted of:

- Mr. Alok Kumar Mittal, Public Interest Director – Chairman
- Mr. Vijay Bhaskar Pedomallu, Public Interest Director – Member
- Mr. Udai Kumar, Shareholder Director – Member

Due to vacation of office by Mr. Vijay Bhaskar Pedomallu, Public Interest Director and Mr. Udai Kumar, Shareholder Director as well as appointment of Ms. Rita Menon, Public Interest Director and Mr. Kunal Sanghavi, Shareholder Director the Audit Committee was reconstituted by the Board of Directors vide circular resolution passed on August 10, 2018, December 07, 2018, February 01, 2019 and March 20, 2019 . The following were the members of Audit committee as on March 31, 2019:

- Mr. Alok Kumar Mittal, Public Interest Director – Chairman
- Ms. Rita Menon, Public Interest Director – Member
- Mr. Kunal Sanghavi, Shareholder Director – Member

During the financial year 2018-19, the Audit Committee met 6 (six) times on May 04, 2018, August 14, 2018, August 31, 2018, November 03, 2018, November 15, 2018 and February 01, 2019.

Member	Category	Meetings Held	Meetings Attended
Mr. Alok Kumar Mittal	Public Interest Director	6	6
Mr. Vijay Bhaskar Pedomallu*	Public Interest Director	1	1
Mr. Udai Kumar**	Shareholder Director	5	1
Ms. Rita Menon@	Public Interest Director	5	5
Mr. Kunal Sanghavi^	Shareholder Director	NIL	NIL

* Ceased as member of the Committee with effect from May 04, 2018.

**Ceased as member of the Committee with effect from January 25, 2019.

@Appointed as Member of the Committee with effect from August 10, 2018.

^Appointed as Member of the Committee with effect from March 20, 2019.

#Appointed as member of committee on February 01, 2019 and ceased to be member of the committee on March 20, 2019.

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

The Chief Financial Officer, the representatives of the statutory auditors and internal auditors are regularly invited to the Audit Committee meetings. The Company Secretary is the Secretary to the Committee. Mr. Alok Kumar Mittal, Chairman of the Audit Committee attended the Annual General Meeting held on September 25, 2018 to answer shareholders queries.

B. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) laid down the policy for compensation of employees including Key Management Personnel in terms of the compensation norms prescribed by the SEBI. The NRC also laid down performance evaluation criteria for the Board of Directors, individual directors (including independent directors) and Committees of the Board of Directors. As per SEBI Circular no. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/13 dated January 10, 2019, the Nomination and Remuneration Committee shall include only public interest directors and shall be chaired by a Public Interest Director. Further, as per requirements of the Companies Act, 2013, the Company is required to constitute a Nomination and Remuneration Committee (NRC) consisting of three or more non-executive directors out of which not less than one-half shall be independent directors. The Chairman of NRC shall be different from Chairman of the Board. The NRC was constituted by the Board for the purpose of discharging its functions required under both the Companies Act, 2013 and under SEBI requirements.

The Committee is delegated powers to decide/recommend remuneration of Directors and KMPs in compliance with the Act and SECC Regulations besides formulating the compensation policy for KMPs.

The committee identifies and recommends to Board person who are qualified to be become director and who may be appointed in senior management in accordance with the criteria laid down. The committee also determines the employment terms and compensation payable to Key Managerial Personnel. The committee formulates the compensation policy and reviews the same on a periodic basis. It coordinates and oversees the annual evaluation of the Board and the individual directors.

Composition, meetings and attendance during the F.Y. 2018-19:

At the beginning of the year, the members of the Committee were:

1. Mr. Alok Kumar Mittal, Public Interest Director – Chairman
2. Mr. Vijay Bhaskar Pedamallu, Public Interest Director – Member
3. Mr. Udai Kumar, Shareholder Director – Member

Due to vacation of office of Mr. Vijay Bhaskar Pedamallu, Public Interest Director and Mr. Udai Kumar, Shareholder Director and appointment of Ms. Rita Menon & Mr. Vijay Ranjan as Public Interest Directors, the committee was reconstituted by the Board of Directors on August 27, 2018, December 07, 2018 and February 01, 2019 and the composition of the committee as on March 31, 2019 was as follows:

During the financial year 2018-19, the Committee met 3 (three) times on September 24, 2018, December 18, 2018 and March 26, 2019.

Member	Category	Meetings held	Meetings Attended
Mr. Alok Kumar Mittal	Public Interest Director	3	3
Mr. Vijay Bhaskar Pedamallu*	Public Interest Director	-	-
Mr. Udai Kumar ^{&}	Shareholder Director	2	-
Mr. Vijay Ranjan [@]	Public interest Director	3	3
Ms. Rita Menon [^]	Public Interest Director	1	1
<p>* Ceased as member of the Committee with effect from May 04, 2018 ^{&} Ceased as member of the Committee with effect from January 25, 2019 [@]Appointed as member of the committee on August 27, 2018. [^]Appointed as Member of the Committee on February 01, 2019.</p>			

The Company Secretary is the Secretary to the Committee.

Details of remuneration to Directors:

i. Remuneration of the Managing Director and his Shareholding

Mr. Balu Nair was appointed as the Managing Director of the Company w.e.f. June 20, 2016 pursuant to the SEBI approval received on June 14, 2016. The Nomination and Remuneration cum Compensation committee at its meeting March 23, 2016 approved the remuneration of Rs. 55 lacs per annum to be paid to Mr. Balu Nair (on Cost to company basis). The said remuneration was approved by the Board of Directors in its meeting held on March 23, 2016, the SEBI vide letter dated June 14, 2016 and the shareholders of the Company in its Annual General Meeting held on August 18, 2016.

The details of remuneration paid to Mr. Balu Nair for the financial year 2018-19 is as follows:

Components of the Salary Package	Amount(p.a.)
Fixed Pay	
Basic Salary	2,310,000
HRA	1,155,000
Conveyance Allowance	-
Provident Fund (Employer Contribution) / Other Allowances	277,200
Special Allowance	1,033,289
Sub Total (A)	4,775,489
Fringe Benefits	
Food Coupons	30,000
Medical Reimbursement	15,000
LTA Reimbursement	192,500
Other Entitlements/Reimbursement	99,600
Sub Total (B)	337,100
Total of A+B (Gross Salary)	5,112,589
Other Benefits Costed	
Car Entitlement*	240,000
Insurance Benefits (Group Term life Insurance + Accident Insurance+ Medclaim)	36,353
Gratuity	111,058
Sub Total (C)	387,411
Total Remuneration (Gross Salary + Other Benefits)	5,500,000

The Board of Directors in its meeting held on May 10, 2017 and the shareholders in the Annual General meeting held on September 12, 2017 approved revision in remuneration of Mr. Balu Nair, Managing Director of the Company from Rs. 55 Lakhs per annum to Rs. 65 Lakhs per annum (all inclusive on a cost to company basis) for a period of one year with effect from July 01, 2017 subject to the approval of SEBI. However, SEBI vide its letter no. MRD/DRMNP/OW/001673/2018/1 dated January 17, 2018 informed us that the revision in remuneration of Mr. Balu Nair, Managing Director of the Company has not been acceded. Further, in December 2018 the Chairman of the Nomination and Remuneration committee had sought approval from the SEBI for increase in remuneration of Mr. Balu Nair and later on the same was withdrawn by the Company in the Month of March 2019. Subsequently in April 2019 your company sought approval from the SEBI for payment of onetime special Ex-gratia of INR 20 lakhs to Mr. Balu Nair, Managing Director of the Company for the financial year 2018-19 subject to approval of shareholders. Any communication with regard to same is yet to be received from the SEBI.

Remuneration of the Non-Executive Directors and their shareholding as on 31.03.2019 is as below:

Name of the Director	Sitting Fees (Amount in INR)		Shareholding in the Company as on 31.03.2019
	Board Meetings	Committee Meetings	
Mr. Vijay Bhaskar Pedomallu	30,000/-	45,000/-	NIL
Mr. Alok Kumar Mittal	2,50,000/-	5,80,000/-	NIL
Mr. Vijay Ranjan	1,90,000/-	3,50,000/-	NIL
Ms. Rita Menon	2,20,000/-	4,10,000/-	NIL
Mr. Udai Kumar*	NIL	NIL	NIL
Mr. Kunal Sanghavi &	NIL	NIL	1

* Sitting fees had been waived off by Mr. Udai Kumar.

& Sitting fees has been waived off by Mr. Kunal Sanghavi.

C. Stakeholders Relationship Committee

The Board had constituted Shareholders Grievance Committee on March 15, 2013 primarily with the objective of redressing shareholders' and investors' grievances. The name of the Committee was changed from Shareholders Grievance Committee to Stakeholders Relationship Committee on May 19, 2015 pursuant to regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the terms of reference with regards to objectives of the Committee were also modified to a certain extent.

Terms of reference

- Resolving the grievances of the security holders 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.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent .
- Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

Composition, meetings and attendance during the F.Y. 2018-19:

At the beginning of the year the members of the Committee were:

- Mr. Alok Kumar Mittal, Public Interest Director – Chairman
- Mr. Vijay Bhaskar Pedomallu, Public Interest Director – Member
- Mr. Balu Nair, Managing Director – Member

Due to vacation of office of Mr. Vijay Bhaskar Pedomallu, Public Interest Director and appointment of Ms. Rita Menon Public Interest Directors , the committee was reconstituted by the Board of Directors on August 27, 2018 , The committee was again re-constituted on February 01, 2019 and the composition of the committee as on March 31, 2019 was as follows :

- Mr. Alok Kumar Mittal, Public Interest Director – Chairman

2. Mr. Vijay Ranjan, Public Interest Director – Member
3. Mr. Balu Nair, Managing Director - Member

During the financial year 2018-19, the Committee met 2 (two) times on May 04, 2018 and December 19, 2018.

Member	Category	Meetings held	Meetings Attended
Mr. Alok Kumar Mittal	Public Interest Director	2	2
Mr. Vijay Bhaskar Pedamallu*	Public Interest Director	1	1
Mr. Vijay Ranjan#	Public Interest Director	Nil	Nil
Ms. Rita Menon ^	Public Interest Director	1	1
Mr. Balu Nair	Managing Director	2	2
<i>* Ceased as member of the Committee with effect from May 04, 2018 due to vacation of office on account of death</i> <i>#Appointed as member of the Committee with effect from February 01, 2019.</i> <i>^Appointed as Member of committee on August 27, 2018 and ceased to be a member of the committee on February 01, 2019</i>			

The Company Secretary is the Secretary to the Committee. During the financial year 2018-19, the Company has not received any complaint from its shareholders and there are no unresolved complaints at the end of the period. Nature of requests /complaints received and redressed during the year 2018-19 are as follows:

Sr. No.	Particulars	Opening	Additions	Resolved	Pending
1.	Shareholders Complaints	NIL	NIL	NIL	NIL
2.	Demat Requests received	NIL	NIL	NIL	NIL
3.	Remat Requests received	NIL	NIL	NIL	NIL
1.	Transfer Requests received	NIL	2	2	NIL
2.	Transmission Requests received	NIL	NIL	NIL	NIL
3.	Requests received for Duplicate Share Certificate(s)	NIL	NIL	NIL	NIL
4.	Any other request from the shareholder	NIL	NIL	NIL	NIL

No complaints were pending as on March 31, 2019.

A. Other Board Committees

Your Company is regulated by the SEBI and is required to comply with the requirements of the SEBI Regulations. Other than the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee constituted by the Company under the provisions of the Companies Act, 2013 and the Listing Regulations, your Company is additionally required to constitute Committees which are mandated by the SEBI for clearing corporations. The Board has also constituted certain other Committees for operational convenience.

Pursuant to the SEBI Regulations, the Company has constituted various other committees with the terms of reference defined by the SEBI:

Sr. No.	Name of the Committee
1.	Advisory Committee
2.	Audit Committee
3.	Executive Committee
4.	Management & Investment Committee
5.	Membership Selection Committee
6.	Nomination and Remuneration Committee
7.	Public Interest Directors Committee
8.	Risk Management Committee
9.	Selection Committee
10.	Stakeholders Relationship Committee
11.	Standing Committee on Technology
12.	Independent Directors Committee
13.	Regulatory Oversight Committee
14.	Investor Grievance Redressal Committee

B. Compliance reports of applicable laws:

The Board periodically reviews compliance reports of all the laws applicable to the Company, prepared by the Company as well as the steps taken by it to rectify the instances of non-compliances, if any, and define process to avoid future non-compliances.

C. General Body Meetings

- 2 (two) Extra Ordinary General Meetings of the Company were held on November 22, 2018 at 11.30 AM and January 08, 2019 at 11:30 AM at 4th floor, Vibgyor Towers, Plot no. C-62, G Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (East), Mumbai- 400098. The special resolution with regard to reduction of equity share capital of the company was passed at the meeting held on November 22, 2018. The special resolution with regard to appointment of Mr. Kunal Sanghavi (DIN: 08100891) as shareholders director of the company, subject to approval of the SEBI was passed at the meeting held on January 08, 2019.
- Annual General meeting of the Company was held on September 25, 2018 at 11.30 AM at 4th floor, Vibgyor Towers, Plot no. C-62, G Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (East), Mumbai- 400098. The special resolution with regard to Ratification of Addendum to Memorandum of Understanding for utilizing office premises dated January 30, 2017. was passed at the said meeting.
- Details of the General Body Meetings and special resolutions passed therein during previous three financial years:

Date	Time	Category	Venue of the meeting	Particulars of special business/ resolution passed
June 16, 2015	11.30 AM	EGM	Vibgyor Towers, 4th floor, Plot No C 62, G Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (E), Mumbai – 400098	Alteration of Articles of Association of the Company
July 01, 2015	10.30 AM	EGM		<ol style="list-style-type: none"> Increase in Authorised share capital of the Company and alteration of Capital clause of the Memorandum of Association of the Company Alter name clause of the Memorandum of Association of

Date	Time	Category	Venue of the meeting	Particulars of special business/ resolution passed
				the Company 3. to raise funds by issuing equity shares through offer of further shares
September 22, 2015	11.30 AM	AGM		Appoint & fix remuneration of Mr. Udai Kumar as Managing Director of the Company.
March 03, 2016	2.00 PM	EGM		Appointment of Mr. Udai Kumar as Shareholder Director
February 23, 2017	11:30 AM	EGM		1. Appointment of Mr. Vijay Bhaskar Pedamallu as an Independent Director. 2. Appointment of Mr. Alok Mittal as an Independent Director.
August 04, 2017	11:30 AM	EGM		1. To Increase the Authorised Share Capital of the Company and Alteration of the Capital Clause of the Memorandum Of Association of the Company. 2. To raise funds by Issuing Equity Shares through Offer of Further Shares.
September 12, 2017	11:30 AM	AGM		1. Revision in remuneration of Mr. Balu Nair, Managing Director of the Company with effect from July 01, 2017 2. Ratification and approval of transactions with Metropolitan Stock Exchange of India Limited (MSE) under Regulation 23(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (i) Ratification of Agreement for providing Clearing & Settlement Services dated October 1, 2012 (ii) Ratification of Agreement for sharing resources dated January 2, 2013 (iii) Ratification of Agreement for Sub-License of Office Premises dated April 15, 2015 (iv) Ratification of Memorandum of Understanding for utilizing office premises dated January 30, 2017. (v) Ratification of Tripartite Agreement between MSE, MCCIL and Software Vendor (63 moons technologies limited) ("FTIL") dated April 15, 2010. 3. Increase in Authorised Share Capital of the Capital of the Company and alteration of the capital clause of the Memorandum of Association of the Company.

D. Postal Ballot:

The Company has not passed any resolution by way of postal ballot.

E. Means of Communication:

For easy reference of the Shareholders, data related to:

- Quarterly and annual financial results;
- Shareholding pattern;
- Intimation and outcome of General meetings;
- Intimation and outcome of every Board Meetings;
- Annual Report etc.

are available on website of the Company www.mclear.in

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

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

1.	Number of complaints of sexual harassment received in the year	Nil
2.	Number of complaints disposed of during the year	Not applicable
3.	Number of cases pending as on end of the financial year	Not applicable

F. General Shareholder Information:

1.	Annual General Meeting (F.Y. 2017-18) Day, Date, Time and Venue	September 13, 2019 at 11:00 am 4th Floor, Vibgyor Towers, Opp. Trident Hotel, Bandra Kurla Complex (BKC), Mumbai - 400 098
2.	Financial year	April 01, 2018- March 31, 2019
3.	Dividend payment date	Not Applicable
4.	Listing on Stock Exchanges	Your Company is not listed.
5.	Market Price data in last financial year	Not applicable
6.	Performance in comparison to broad based indices such as BSE sensex, CRISIL Index, etc.	Not applicable
7.	Registrars & Transfer Agents (RTA)	Karvy Fintech Private Limited Corporate Registry (formerly known as Karvy Computershare Private Limited) Karvy Selenium, Tower- B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad-500032 .
8.	Share Transfer system	Authority has been delegated to the Management Committee of the Board to approve share transfers and the Shareholders Grievance Committee reviews disposal of transfer requests if any from time to time. The Company has also appointed Karvy Computershare Private Limited as its RTA who periodically receives from the Depositories, the beneficial holdings of the Company.
9.	Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	Your Company do not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments

10.	Commodity Price Risk or foreign exchange risk and hedging activities	Not applicable
11.	Name and Designation of Compliance Officer	Ms. Geeta Bhandarkar, Compliance Officer
12.	Address for Correspondence	Metropolitan Clearing Corporation of India Limited 4th Floor, Vibgyor Towers, Opp. Trident Hotel, Bandra Kurla Complex, Mumbai - 400 098 Tel:61129000 Website: www.mclear.in
13.	Email	shareholdergrievance@mclear.in

Dematerialization of Shares: Most of the shares of the Company are under dematerialized (electronic) form as required under the SECC regulations except for four equity shares of INR 10 each which are held by individuals as nominees of the Metropolitan Stock Exchange of India Limited and 63 moons technologies limited (formerly known as Financial Technologies (India) Limited). The securities of the Company are admitted for dematerialization with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The ISIN of the Company's equity shares is INE831N01013. As on March 31, 2019, a total of 29,53,70,987 equity shares of the Company were in dematerialized form.

Stock Market data: Not Applicable as the Company is not listed on any Stock Exchange.

Share price performance to broad based indices: Not Applicable as the Company is not listed on any Stock Exchange.

A. Distribution of Shareholding & Shareholding pattern (As on March 31, 2019):

Sr. No	Category (Amount)	Shareholders		Shares held	
		No. of holders	% of Total	No. of shares	% of Total
1	up to 5000	-	-	-	-
2	5001 - 10000	-	-	-	-
3	10001 - 20000	-	-	-	-
4	20001 - 30000	-	-	-	-
5	30001 - 40000	-	-	-	-
6	40001 - 50000	-	-	-	-
7	50001 - 100000	-	-	-	-
8	100001 & above	3	100	29,53,70,991	100
	Total	3	100	29,53,70,991	100

Shareholding Pattern as on March 31, 2019

Sr. No	Category	No. of shareholders	No. of shares held	% of shareholding
(A)	PROMOTER AND PROMOTER GROUP			
(1)	INDIAN			
	Bodies Corporate	1	28,31,20,991	95.85
	Sub-Total A(1)	1	28,31,20,991	95.85
(2)	FOREIGN	0	0	0.00
	Sub-Total A(2)	0	0	0.00
	Total A=A(1)+A(2)	1	28,31,20,991	95.85
(B)	PUBLIC SHAREHOLDING			
(1)	INSTITUTIONS			

(a)	Mutual Funds /UTI	0	0	0.00
(b)	Financial Institutions /Banks	0	0	0.00
(c)	Venture Capital Funds	0	0	0.00
(d)	Foreign Institutional Investors	0	0	0.00
(e)	Foreign Bodies Corporate	0	0	0.00
	Sub-Total B(1)	0	0	0.00
(2)	NON-INSTITUTIONS			
(a)	Bodies Corporate	2	1,22,50,000	4.15
(b)	Individuals	0	0	0
(c)	Others	0	0	0.00
	Trusts	0	0	0.00
	Non-Resident Indian	0	0	0.00
	Clearing Members	0	0	0.00
	Sub-Total B(2)	2	1,22,50,000	4.15
	Total B=B(1)+B(2)	2	1,22,50,000	4.15
	Total (A+B)	3	29,53,70,991	100

Notes:

The above figures include holdings of five nominee shareholders of the above shareholders who hold one share each as allowed u/s 187(3) of the Companies Act, 2013.

Based on the definition of promoter as mentioned in Section 2(69) of the Companies Act, 2013 and in the light of fact that the Multi Commodity Exchange of India Limited (MCX) and the 63 moons technologies limited (formerly known as Financial Technologies (India) Limited) (FTIL) neither they have any Board representation on the Clearing Corporation nor they exercise any control over the Clearing Corporation. The Board at its meeting held on May 21, 2014 noted that the MCX and the FTIL are not promoters of the Company and decided not to classify them as promoter in future filings.

The SEBI in its order dated March 19, 2014 stated that 63 moons technologies limited (formerly known as Financial Technologies (India) Limited) (FTIL) is not a 'fit and proper person' to acquire or hold any equity share or any instrument that provides for entitlement for equity shares or rights over equity shares at any future date, in a recognized stock exchange or clearing corporation, either directly or indirectly, and directed them to divest equity shares held in MCCIL, directly or indirectly, within 90 days of the order. In the same order, SEBI also stated that 63 moons technologies limited (formerly known as Financial Technologies (India) Limited) (FTIL) and entities through whom it indirectly holds equity shares or any instrument entitling voting rights in MCCIL shall cease to be entitled to exercise voting rights in respect of those shares or instruments with immediate effect. The Securities Appellate Tribunal (SAT) has since its order dated July 09, 2014 upheld the decision of the SEBI. The SEBI had vide its letter dated September 29, 2014 directed the Company to comply with the shareholding requirements of SECC Regulations and SEBI's direction issued vide order dated March 19, 2014 with regard to entities which have been declared not 'fit and proper' person.

*During the year 2018-19 your company has filed a petition with the Hon'ble National Company Law Tribunal, Mumbai Bench for reduction in equity share capital of the Company by Rs. 170 crores. The petition has been admitted by the Hon'ble NCLT. The next date of hearing fixed by the Hon'ble NCLT is August 13, 2019.

B. Other Disclosures

(A) Disclosures on materially significant related party transactions

The transactions with related parties are entered in the ordinary course of business and at arm's length. The details of the related party transactions are disclosed in the Annual Report. The 'Policy on dealing with related party transactions' of the Company is available on the Website of the Company at the following address:

www.mclear.in

(B) Details of non-compliance, Penalties, strictures imposed by the Stock Exchanges, the SEBI or any statutory authority, on any matter related to the capital markets during the last three years: Nil

(C) Disclosure relating to establishment of Whistle Blower policy and affirmation that company employees have been denied access to the Audit Committee

The Company has adopted a Code for Key Management Personnel and Employees which includes a Whistle Blower Policy. Further, no person of the Company has been denied the access to the Audit Committee.

(D) Details of compliance with Mandatory Requirements and adoption of non- mandatory requirements:

Mandatory Requirements:

As per the regulation 33 of SECC Regulations, 2018 the disclosure requirements and corporate governance norms as applicable to a listed company are mutatis mutandis applicable to a recognized clearing corporation.

In view of the same, the Company has been duly complying with all the mandatory requirements as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent practicable and applicable.

Non Mandatory Requirements:

- i) The financial statements of the Company are unqualified.
- ii) The Company has adopted a Code for Key Management Personnel and Employees which includes a Whistle Blower Policy. This policy enables an employee to report any actual or possible violation of the code of conduct. This policy ensures confidentiality and protection to the employee against retaliation.

C. Certificate on Corporate Governance:

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Auditors' certificate on corporate governance is annexed to the Board's report.

D. Details of total fees paid to statutory auditors

The details of total fees for all services paid by the Company to statutory auditors are as follows:

Auditor's Remuneration	Amount (in Rs.)
Statutory Audit Fees	1,50,000.00
Professional Fees	9,11,463.00
Total	10,61,463.00

E. Secretarial Audit

The Company has engaged the services of, Mr. A. Sekar, Practising Company Secretary, Mumbai Secretaries, to conduct Secretarial Audit pursuant to the requirements of the Companies Act, 2013 and the rules laid down thereunder for the financial year ended 31st March, 2019. The report of Secretarial Auditor is annexed to the Board's report. The Secretarial Audit report confirms that the Company has complies with the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

F. CEO and CFO certification

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the CFO certification is provided in this Annual Report.

G. Management's discussion and analysis

A detailed report on our Management's discussion and analysis forms part of this Annual Report.

H. Risk Management Policy

The Company has devised a formal risk management policy and follows a well-established and detailed risk assessment and minimization procedure. The Board has constituted a separate Risk Management Committee which periodically reviews the functioning of risk management policy and apprises the Board on regular intervals of its implementation or deviations, if any.

I. Code of conduct:

The Company has formulated and implemented a comprehensive Code of Conduct for Directors, Key Management Personnel and employees of the Company. The Code of Conduct has been posted on the website www.mclear.in

The Board Members and the Senior Management Personnel affirm compliance with the Code of Conduct on an annual basis.

A declaration to this effect obtained for the financial year 2018-19, signed by the Managing Director, forms part of the Annual Report.

For and on behalf of the Board of Directors

Sd/-

Vijay Ranjan

Chairman & Public Interest Director

DIN: 02346190

Sd/-

Balu Nair

Managing Director

DIN: 07027100

Date: **August 08, 2019**

Place: **Mumbai**

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members of
Metropolitan Clearing Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Metropolitan Clearing Corporation of India Limited ('the Company') for the year ended March 31, 2019, as stipulated in Schedule V of Securities Exchange of Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For **Kirtane & Pandit LLP**,
Chartered Accountants
FRN: 105215W/W100057

Place: Mumbai
Date: 16th August, 2019

Sd/-

Aditya A. Kanetkar
Partner
Membership No: 149037
UDIN: 19149037AAAACW9622

Annexure A to the Corporate Governance

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Metropolitan Clearing Corporation of India Limited
Vibgyor Tower, 4th Floor, G Block C62,
Bandra Kurla Complex, Bandra (E)
Mumbai 400098

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Metropolitan Clearing Corporation of India Limited having CIN U67120MH2008PLC188032 and having registered office at Vibgyor Tower, 4th Floor, G Block C62, Bandra Kurla Complex, Bandra (E) Mumbai 400098 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers. We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Appointment date
1.	Mr. Vijay Bhaskar Pedamallu *	06629884	October 27, 2016
2.	Mr. Vijay Ranjan	00142711	August 24, 2018
3.	Mr. Alok Kumar Mittal	00008577	October 27, 2016
4.	Ms. Rita Menon	00064714	August 10, 2018
5.	Mr. Udai Kumar**	06750460	May 10, 2016
6.	Mr. Balu Nair***	07027100	June 20, 2016
7.	Mr. Kunal Sanghavi	08100891	February 19, 2019

NOTES:

- * Late Mr. Vijay Bhaskar Pedamallu, Public Interest Director passed away on May 04, 2019 and vacated office.
- ** Mr. Udai Kumar, Shareholder Director vacated office as Director with effect from January 25, 2019.
- *** Mr. Balu Nair, Managing Director & CEO was reappointed with effect from June 20, 2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate 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.

Sd/-

CS M.H Thakur
Practising Company Secretary
M. No.: ACS 10855
COP No.16344

Date: August 08, 2019
Place: Mumbai

DECLARATION REGARDING COMPLIANCE BY BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

I hereby declare that all the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year 2018 -19 as adopted by the Board of Directors.

For the purpose of this declaration, Senior Management Personnel means Key Management Persons appointed under SECC Regulations, 2018 and Key Managerial personnel appointed under the Companies Act, 2013 as on March 31, 2019.

Sd/-
Balu Nair
Managing Director
DIN: 07027100

Place: Mumbai
Date: August 08, 2019

Managing Director (MD) & CEO and Chief Financial Officer (CFO) Certification

(Issued in accordance with the provisions of regulation 33 of SECC regulations read with Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

To

The Board of Directors

Metropolitan Clearing Corporation of India Limited

Dear Sirs,

We have reviewed the financial statements and the cash flow statement of Metropolitan Clearing Corporation of India Limited for the financial year ended March 31, 2019 and to the best of our knowledge and belief, we hereby certify that:

- a.
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - (ii) These statements present a true and fair view of the Company's affairs and are in compliance with current 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 codes of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies. In our opinion there are adequate internal controls over financial reporting.
- d. We have indicated to the Auditors and the Audit Committee:
 - I. significant changes, if any, in internal control over financial reporting during the year;
 - II. significant changes, if any, in accounting policies made during the year and that the same have been disclosed suitably 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.
- e. We further declare that all Board Members and Senior Management Personnel (including Key Managerial Personnel in terms of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018) have affirmed compliance with the Code of Conduct and Ethics for the Financial Year 2018-19.

Yours Sincerely,

Place: Mumbai
Date: August 08, 2019

Sd/-
Balu Nair
Managing Director & CEO

Sd/-
Krishna Wagle
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of
Metropolitan Clearing Corporation of India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of Metropolitan Clearing Corporation of India Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss including statement of changes in equity and statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit/loss, (changes in equity) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. 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 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no significant reportable Key Audit Matters to be communicated in the Report.

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 Annual Report, but does not include Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility 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, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statement 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is 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 a part of an audit in accordance with SA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and as amended.
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company 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 Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company regularly transfers sums to the Investor Education and Protection Fund.
2. 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 Companies Act, 2013, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

**For Kirtane & Pandit LLP,
Chartered Accountants**
Firm's Registration No.105215W/W100057

Sd/-
Sandeep D. Welling
Partner
M. No. 044576

Place: Mumbai.
Date: May 03, 2019

Annexure A to the Auditor's Report – March 31, 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Metropolitan Clearing Corporation of India Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that

transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Kirtane & Pandit LLP,

Chartered Accountants

Firm Registration No. 105215W/ W100057

Sd/-

Sandeep D. Welling

Partner

M. No. 044576

Place: Mumbai.

Date: May 03, 2019

Annexure B to the Auditor's Report – March 31, 2019

Annexure B referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the members of Metropolitan Clearing Corporation of India Limited on the accounts of the company for the year ended March 31, 2019.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment;

(b) As explained to us, Property, Plant & Equipment have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;

(c) According to the information and explanation given to us and on the basis of examination of the records, Company does not possess any immovable property.
- (ii) The nature of the business of the Company does not require it to have any inventory. Hence, the requirement of clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, Firms, LLP or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information provided to us, the Company has complied with the provisions of the Section 186 of the Companies Act, 2013, in respect providing guarantees and securities, as applicable (Refer Note No. 31 in Standalone Financial Statements). No loans or guarantees were granted as per Section 185 of the Companies Act, 2013.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-Section (1) of Section 148 of the Act.
- (vii) According to the information and explanations given to us and based on the records of the company examined by us,
 - (a) The company has generally been regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax and other material statutory dues, as applicable, with the appropriate authorities in India;

According to the information and explanation given to us, no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they become payable.
 - (b) According to the information and explanations given to us and based on the records of the company examined by us, details dues of Income Tax which have not been deposited as at March 31, 2019 on account of disputes are given below:

Nature of Dues	Forum where Dispute is pending	Period for which the Amount relates	Amount in INR
Income Tax, Penalty u/s 271(1)(b)	CIT (A), Mumbai	FY 2015-16, AY 2016-17	10,000/-

(Refer Note No. 30 in Standalone Financial Statements)

- (viii) In our opinion, and according to the information and explanations given to us and based on our examination of the records, the Company has no borrowings from any bank, financial institute, government or debenture holders, accordingly clause 3 (viii) is not applicable to the company.
- (ix) In our opinion, and according to the information and explanations given to us, the Company does not raise money by way of initial public offer or further public offer and term loans, other than for what it was purposes.
- (x) During the course of audit, we have not noticed any fraud by the company or any fraud on the company by its officers or employees during the year.
- (xi) In our opinion, the company has paid or payable managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
- (xii) The nature of business is not related to Nidhi Company; hence, this clause is not applicable.
- (xiii) In our opinion, and according to the information and explanations given to us and based on our examination of the records of the Company, all transactions with related parties are in compliances with the section 177 & 188 of the Companies Act, 2013 and details have been disclosed in the Standalone Financial Statements as required by the applicable Accounting Standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Kirtane & Pandit LLP,

Chartered Accountants

Firm Registration No. 105215W/ W100057

Sd/-

Sandeep D. Welling

Partner

M. No. 044576

Place: Mumbai.

Date: May 03, 2019

METROPOLITAN CLEARING CORPORATION OF INDIA LIMITED

CIN-U67120MH2008PLC188032

Balance Sheet as at March 31, 2019

(INR in Lacs)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current Assets			
Property, Plant and Equipment	3	2.27	2.76
Other Intangible Assets	3	96.69	1.78
Intangible Assets under development	3	62.80	
Other Non - Current Financial Assets	4	1,382.41	21,677.19
Deferred Tax Assets	5	-	1.45
Other Non - Current Assets	6	391.70	265.61
		1,935.88	21,948.80
Current assets			
Financial Assets			
Investments	7	3,421.39	2,372.61
Trade Receivables	8	90.57	-
Cash and Cash Equivalents	9	15.88	76.73
Bank balances other than above	10	37,808.88	13,788.85
Other Current Financial Assets	11	5.25	0.00
Current Tax Assets (Net)	12	761.63	627.89
Other Current Assets	13	35.26	14.24
		42,138.86	16,880.33
TOTAL ASSETS		44,074.74	38,829.14
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	14	29,537.10	29,537.10
Other Equity	15	1,462.96	780.38
		31,000.06	30,317.48
Non-current liabilities			
Financial Liabilities			
Other Financial Liabilities	16	9,001.34	4,479.27
Provisions	17	19.98	12.86
Deferred Tax Liability	18	0.70	-
		9,022.02	4,492.13
Current liabilities			
Financial Liabilities			
Trade Payables:	19		
(a) Total outstanding dues of micro enterprises and small enterprises		0.16	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		3.14	33.99
Other Financial Liabilities	20	3,917.70	3,888.23
Other Current Liabilities	21	121.74	90.04
Provisions	22	9.92	7.27
		4,052.66	4,019.53
		13,074.68	8,511.66
TOTAL EQUITY AND LIABILITIES		44,074.74	38,829.14

The accompanying notes are an integral part of the financial statements

As per our report of even date
For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm's Registration No: 105215W/W100057

Sd/-
Sandeep D. Welling
Partner
M. No : 044576

For and on behalf of the Board of Directors

Sd/-
Vijay Ranjan
Public Interest Director
DIN: 02346190

Sd/-
Balu Nair
Managing Director
DIN:07027100

Sd/-
Krishna J. Wagle
Chief Financial Officer

Sd/-
Avni Patel
Company Secretary

Place: Mumbai
Date : May 03, 2019

Place: Mumbai
Date : May 03, 2019

METROPOLITAN CLEARING CORPORATION OF INDIA LIMITED

CIN-U67120MH2008PLC188032

Statement of Profit & Loss for the Year ended March 31, 2019

(INR in Lacs)

Particulars		Note No.	Year ended March 31, 2019	Year ended March 31, 2018
I	Revenue From Operations	23	593.57	464.04
II	Other Income	24	1,953.94	1,027.99
III	Total Income		2,547.51	1,492.03
IV	Expenses			
	Employee Benefit Expenses	25	310.16	264.03
	Depreciation and Amortization Expenses	26	4.84	1.66
	Other Expenses	27	1,342.34	1,139.10
	Total expenses		1,657.34	1,404.79
V	Profit / (Loss) Before Tax		890.17	87.25
VI	Tax Expense			
	Current Tax		(203.00)	
	Deferred Tax		(2.83)	1.45
VII	Profit/ (Loss) for the period		684.34	88.70
VIII	Other Comprehensive Income (OCI)			
A.	(i) Items that will not be reclassified to profit or loss:			
	Remeasurement of gains and losses on defined benefit obligations		(2.44)	0.57
	(ii) Income tax on items not reclassified to Profit or Loss		0.68	
IX	Total comprehensive income for the period		(1.76)	0.57
	Total Income for the period		682.58	89.27
X	Earnings per share (for continuing operations)	28		
	(a) Basic		0.23	0.05
	(b) Diluted		0.23	0.05

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

As per our report of even date
For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm's Registration No: 105215W/W100057

Sd/-
Sandeep D. Welling
Partner
M. No : 044576

For and on behalf of the Board of Directors

Sd/-
Vijay Ranjan
Public Interest Director
DIN: 02346190

Sd/-
Balu Nair
Managing Director
DIN:07027100

Sd/-
Krishna J. Wagle
Chief Financial Officer

Sd/-
Avni Patel
Company Secretary

Place: Mumbai
Date : May 03, 2019

Place: Mumbai
Date : May 03, 2019

METROPOLITAN CLEARING CORPORATION OF INDIA LIMITED

CIN-U67120MH2008PLC188032

Statement of Changes in Equity

A. Equity Share Capital

(INR in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
At the beginning of the year	29,537.10	9,380.46
Changes in equity share capital during the year	-	20,156.64
Outstanding at the end of the year	29,537.10	29,537.10

B. Other Equity for the F.Y. 2018-19

Particulars	Amount
Profit for the year	
Balance as at April 01, 2018	780.38
Profit for the year	684.34
Other Comprehensive Income for the year	(1.76)
Balance as at March 31, 2019	1,462.96

C. Other Equity for the F.Y. 2017-18

(INR in Lacs)

Particulars	Amount
Balance as at April 01, 2017	691.11
Profit for the year	88.70
Other Comprehensive Income for the year	0.57
Balance as at March 31, 2018	780.38

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

As per our report of even date

For Kirtane & Pandit LLP,

Chartered Accountants

Firm's Registration No: 105215W/W100057

Sd/-

Sandeep D. Welling

Partner

M. No : 044576

For and on behalf of the Board of Directors

Sd/-

Vijay Ranjan

Public Interest Director

DIN: 02346190

Sd/-

Balu Nair

Managing Director

DIN:07027100

Sd/-

Krishna J. Wagle

Chief Financial Officer

Sd/-

Avni Patel

Company Secretary

Place: Mumbai

Date : May 03, 2019

Place: Mumbai

Date : May 03, 2019

METROPOLITAN CLEARING CORPORATION OF INDIA LIMITED

CIN-U67120MH2008PLC188032

Cash Flow Statement for the Year ended March 31, 2019

(INR in Lacs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A. Cash Flow from Operating Activities		
Net Profit Before Tax	890.17	87.25
Adjustments for:		
Depreciation and Amortisation Expense	4.84	1.66
Dividend from Current Investments	(14.44)	(51.33)
Interest Income	(1,797.77)	(761.07)
Remeasurement of Post-Employment Benefit Obligations	(2.44)	0.57
	(1,809.80)	(810.17)
Operating Loss Before Working Capital Changes	(919.64)	(722.92)
Adjustments for:		
(Increase)/Decrease in Trade Receivables	(90.57)	-
(Increase)/Decrease in Other Current Financial Assets	(25,074.05)	(133.04)
(Increase)/Decrease in Other Current Assets	(154.76)	63.95
Increase/(Decrease) in Trade Payables	(30.68)	54.80
Increase/(Decrease) in Other Current Financial Liabilities	61.17	(751.32)
Increase/(Decrease) in Short Term Provisions	2.65	(0.05)
	(25,286.25)	(765.66)
Cash (used in) / generated from Operating Activities	(26,205.89)	(1,488.59)
Taxes Paid (Net)	(203.00)	-
Net Cash (used in) / generated from Operating Activities	(26,408.89)	1,488.59)
B. Cash Flow from Investing Activities		
Sale / (Purchase) of Current Investments (Net)		
Purchase of Property, Plant & Equipment	(162.06)	(4.10)
(Investment)/Maturity of Deposits	20,294.78	(21,638.08)
Changes in Other advances	(126.09)	2,220.62
Increase in Core Settlement Guarantee Fund	4,529.19	(39.33)
Dividend Income	14.44	51.33
Interest Income	1,797.77	761.07
Net Cash generated from / (used in) Investing Activities	26,348.03	(18,648.50)
C. Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares	-	20,156.64
Net Cash used in Financing Activities	-	20,156.64
Net (Decrease) / Increase in Cash and Cash Equivalents	(60.86)	19.55
Cash and Cash Equivalents at the beginning of the year	76.73	57.19
Cash and Cash Equivalents at the end of the year	15.88	76.73
	(60.86)	19.55

Note to Cash Flow Statement:

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

For **Kirtane & Pandit LLP,**

Chartered Accountants

Firm's Registration No: 105215W/W100057

Sd/-

Sandeep D. Welling

Partner

M. No : 044576

For and on behalf of the Board of Directors

Sd/-

Vijay Ranjan

Public Interest Director

DIN: 02346190

Sd/-

Balu Nair

Managing Director

DIN:07027100

Sd/-

Krishna J. Wagle

Chief Financial Officer

Sd/-

Avni Patel

Company Secretary

Place: Mumbai

Date : May 03, 2019

Place: Mumbai

Date : May 03, 2019

1 GENERAL INFORMATION

Metropolitan Clearing Corporation of India Limited ("the Company") ("MCCIL") U67120MH2008PLC188032(CIN) is a unlisted limited company incorporated and domiciled in India. The address of the registered office and principal office is at 4th Floor, Vibgyor Towers, Opposite Trident Hotel, Plot No. C62, Bandra Kurla Complex, Bandra (East), Mumbai 400098. The Company is in the business of Clearing and Settlement of trades in multi-assets classes carried out at Metropolitan Stock Exchange of India Limited (MSE) and in Commodity Derivative Segment carried out at Indian Commodity Exchange Limited (ICEX).

2 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation of Financial Statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

B. Revenue Recognition

"Effective from April 01, 2018, the Company has adopted IND AS 115 "Revenue from Contracts with Customers" using the cumulative effect method. IND AS 115 establishes a comprehensive framework for determining whether, how much and when Revenue is to be recognised. This standard replaces IND AS 18 Revenue and IND 11 Construction Contracts. The Company has adopted IND AS 115 using cumulative effect method.

Revenue Income is recognised in the Statement of Profit and Loss when:

- The income generating activities have been carried out on the basis of a binding agreement
- The income can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Company
- Costs relating to the transaction can be measured reliably

Company usually recognises revenue on clearing of Trades. Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services. The Company recognises revenue when the amount of revenue can be reliably measured and whether performance obligations is satisfied at a point of time for each of the Company's activities as described below.

- a. Revenue is measured on the Transaction Price, which is consideration received or receivable, adjusted for discounts, price concessions and incentives, if any.
- b. Clearing and Settlement charges and processing charges are recognized on accrual basis as and when the services are rendered
- c. Penal Charges, in the year of declaration of default, in respect of shortages due from the respective member, are booked to the extent such charges are recoverable.
- d. Revenue is reported excluding taxes.

Revenue is recognised in the period when the service is provided as per arrangements/agreements with the customers. The sources of revenue are:

- (i) Clearing and Settlement of trades on MSE
- (ii) Clearing and Settlement of trades on ICEX"

C. Other income

Interest Income is recognized on time proportionate basis .Interest Income is recognized when it is probable that the economic benefits will flow to the company and amount can be measured reliably.

Dividend income is recognized when the right to received payment is established.

D. Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax provision is made based on the estimated tax liability as computed after taking credit for allowances and exemptions in accordance with the Income Tax Laws prevalent at the time of the relevant assessment year.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. In absence of probability of future profits till last year, deferred tax was not calculated.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

E. MAT (Minimum Alternate Tax)

As per Section 115JB of Income Tax Act, 1961, the Company recognizes MAT Credit as an asset only when and to the extent there is a convincing evidence that the Company will be liable to pay normal Income Tax during the specified period.

F. Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

G. Leases

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company has entered into an Operating Lease for premises. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

H. Impairment of Assets

(i) Financial assets (other than at fair value):

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on company's policy. The company's policy takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the company's policy. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets Tangible and intangible assets :

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

I. Financial Instruments

(i) Classification of Financial Assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(iii) Equity Instruments

The Company subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain / (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value."

(iv) De-recognition of financial assets

A financial asset is de-recognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or;
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset."

J. Financial Liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(iii) De-recognition

A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty."

K. Fair Value Measurement

Fair Value Hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of following three levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are unobservable inputs for the asset or liability."

L. Property, plant and equipment

Property, Plant and Equipment are stated at Carrying value as per IGAAP which is the deemed cost less depreciation. Deemed cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value are as follows:"

<u>Asset Category</u>	<u>No. of Years</u>
Computer Hardware	6
Office Equipment	5
Furniture & Fixtures	10

Depreciation for the year ended March 31, 2019 has been provided on the basis of useful lives as prescribed in the Schedule II of the Companies Act, 2013.

Depreciation on Property, Plant and Equipment purchased / sold during the year is provided for pro-rata basis, for period during which the assets are put to use. Where there is a revision of the estimated useful life of an asset, the unamortized depreciable amount is charged over the revised remaining useful life of the said asset. Gains and

losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses).

M. Intangible assets

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- i. it is technically feasible to complete the software so that it will be available for use
- ii. management intends to complete the software and use
- iii. there is an ability to use the software
- iv. it can be demonstrated how the software will generate probable future economic benefits
- v. adequate technical, financial and other resources to complete the development and to use the software are available, and
- vi. the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software cost includes employee costs and an appropriate portion of relevant overheads. Intangible Assets are stated at cost less accumulated amortisation and impairment loss, if any. Computer Software is amortised over a period of ten years, as per revised useful lives prescribed in the Schedule II.

The Company has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value the deemed cost of intangible assets."

N. Provisions

Provisions for legal claims and discounts / incentives are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates."

O. Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

P. Employee Benefits

(i) Gratuity Obligations

The Company has maintained a Group Gratuity cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income ;and
- Re-measurement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

(ii) Defined Contribution Plans

Provident fund and Family Pension Fund

The Company contributes towards Provident Fund and Family Pension Fund. Liability in respect thereof is determined on the basis of contribution as required under the Statute/ Rules.

Compensated Absences

The provision is based on an independent external actuarial valuation at the balance sheet date, which includes assumptions about demographics, early retirement, salary increases and interest rates."

Q. Core Settlement Guarantee Funds

As per SEBI regulation every recognised clearing corporation shall establish and maintain a Fund for each segment, to guarantee the settlement of trades executed in that respective segment of a recognised stock exchange. The Clearing Corporation shall have a fund called Core SGF for each segment of each Recognised Stock Exchange to guarantee the settlement of trades executed in the respective segment of the Stock Exchange. In the event of a clearing member(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 by Metropolitan Clearing Corporation of India Limited (MCCIL), Stock Exchanges and the clearing members, 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.

R. Earnings per share

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

There is no dilution to basic EPS as there are no outstanding dilutive potential equity shares.

S. Use of Estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

T. Recent Changes in IND AS

IND AS 116 Leases

IND AS 116 Leases will replace the existing standard, IND AS 17 Leases. IND AS 116 set out the principals for the recognition, measurement, presentation and disclosure of leases for both lessors and lessees. A lessee representing the right of use the underlying assets and lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. IND AS 116 substantially carries forward the lessor accounting requirements in IND AS 17.

The Company will adopt IND AS 116 from April 01, 2019. The Company will apply IND AS 116 and cumulative impact will be given retrospectively, with the cumulative effect of initially applying standard, recognised on the initial date of application i.e. April 01, 2019. Accordingly, company will not restate but cumulative effect will be adjusted on opening balance of retained earnings as on April 01, 2019.

With the effect from April 01, 2019, the Company will recognise new asset & liabilities for its operating lease of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) amortization charge for the right to use; b) interest accrued on lease liability.

IND AS 12 Income Taxes

The amendments relating to tax consequences of dividends clarify that an entity shall recognise the income tax consequences of dividends in profit and loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. MCCIL does not expect any significant impact of the amendment on its financial statements.

IND AS 23 Borrowing Costs

The amendment clarify that if any specific borrowings remains outstanding after the related assets is ready for its intended use or sale, the borrowings becomes part of the funds that an entity borrows generally when calculating capitalisation rate on general borrowings. MCCIL does not have any impact as it do not have any borrowings.

Note 3 Property, Plant and Equipment

Tangible Assets

(INR in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	NET BLOCK
	As at March 31, 2018	Additions	Deletions	As at March 31, 2019	Upto March 31, 2018	For the Year	Deletions	Upto March 31, 2019	As at March 31, 2019	As at March 31, 2018
Office Equipments	2.98	-	-	2.98	2.71	0.06	-	2.77	0.22	0.28
Computer Hardware	37.04	0.26	-	37.30	34.76	0.66	-	35.43	1.87	2.28
Furniture & Fixtures	0.26	-	-	0.26	0.05	0.02	-	0.07	0.18	0.21
TOTAL	40.28	0.26	-	40.54	37.52	0.75	-	38.27	2.27	2.76
Previous Year	38.48	2.40	0.60	40.28	36.66	1.46	0.60	37.52	2.76	1.82

Intangible Assets (Acquired):

Particulars	GROSS BLOCK				AMORTISATION				NET BLOCK	NET BLOCK
	As at March 31, 2018	Additions	Deletions	As at March 31, 2019	Upto March 31, 2018	For the Year	Deletions	Upto March 31, 2019	As at March 31, 2019	As at March 31, 2018
Computer Software	3.08	99.00	-	102.08	1.30	4.09	-	5.39	96.69	1.78
TOTAL	3.08	99.00	-	102.08	1.30	4.09	-	5.39	96.69	1.78
Capital Work in Progress	-	62.80	-	62.80	-	-	-	-	62.80	-
Previous Year	3.08	161.80	-	164.88	1.30	4.09	-	5.39	159.49	1.78
	1.38	1.70	-	3.08	1.10	0.20	-	1.30	1.78	0.28

Note 4 Other Non - Current Financial Assets

(INR in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposit with original maturity for more than 12 months *	1,367.41	21,662.19
Deposits	15.00	15.00
Total	1,382.41	21,677.19

Note 5 Deferred Tax Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	1.45	-
Deferred Tax reversed	(1.45)	1.45
Closing Balance	-	1.45

Note 6 Other Non - Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Advances other than capital advances		
Taxes Recoverable, Statutory Deposits and Dues from Government	391.70	265.61
Total	391.70	265.61

Note 7 Investments

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in Mutual Funds (Quoted, Non Traded)		
Aditya Birla Sun Life Liquid Fund - Dir - Growth (Units Current Year - 36,100.86, Previous Year - Nil)	108.46	0.00
Axis Liquid Fund - Direct Plan - Daily Dividend (Units Current Year - 10.90, Previous Year - Nil)	0.11	0.00
Axis Liquid Fund - Direct Growth (Units Current Year - 24,250.54, Previous Year - 24250.54)	502.84	467.44
BOI AXA Liquid Fund - Direct Plan - Daily Dividend (Units Current Year - 18,206.99, Previous Year - 19,417.97)	182.55	194.69
BOI AXA Liquid Fund - Direct Plan - Growth (Units Current Year - 23,337.77, Previous Year - 23,337.77)	502.78	467.52
DHFL Pramerica Insta Cash Plus Fund - Direct Plan - Daily Dividend (Units Current Year - Nil, Previous Year - 36,768.50)	0.00	36.88
SBI Premier Liquid Fund - Direct Plan -Daily Dividend (Units Current Year - 24,055.82, Previous Year - 8984.39)	241.34	90.14
Sundaram Money Fund - Direct Plan - Daily Dividend (Units Current Year - 82,75,938.20 Previous Year - 14,86,092.18)	836.08	150.13
Sundaram Money Fund - Direct Plan - Growth (Units Current Year - 12,75,463.26, Previous Year - 12,75,463.26)	502.68	467.27
ICICI Prudential Liquid -Direct Plan - Daily Dividend (Units Current Year - 33,007.52, Previous Year - 31,229.16)	33.06	31.28
Mirae Asset Cash Management Fund - Daily Dividend (Units Current Year - 838.91, Previous Year - Nil)	9.03	0.00
Mirae Asset Cash Management Fund - Direct Plan - Growth (Units Current Year - 25,486.40, Previous Year - 25,486.40)	502.47	467.26
Total	3,421.39	2,372.61
Aggregate amount of quoted investments and market value thereof	3,421.39	2,372.61

Note 8 Trade Receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables - outstanding for a period exceeding six months: unsecured & Consider Good	-	-
Other Trade Receivables: unsecured & Consider Good	90.57	-
Total	90.57	-

Note 9 Cash and Cash Equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with Banks	15.88	76.73
Cash on hand	-	-
Total	15.88	76.73

Note 10 Bank balances other than above

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposit with original maturity for less than 12 months**	37,808.88	13,788.85
Total	37,808.88	13,788.85

* **Inclusive of Lien Marked Fixed deposit INR 40.04 Crore In favour of DCB Bank (Refer Note 31)

Note 11 Other Current Financial Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Others Receivables	5.25	0.00
Total	5.25	0.00

Note 12 Current Tax Assets (Net)

Particulars	As at March 31, 2019	As at March 31, 2018
Taxes Recoverable, Statutory Deposits and Dues from Government	761.63	627.89
Total	761.63	627.89

Note 13 Other Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Advances other than capital Advances		
Other Advances : Advance to Creditors	14.80	-
Others		
Prepaid Expenses	20.46	14.24
Total	35.26	14.24

Note 14 Equity Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
(a) Authorised				
Equity Shares of the par value of Rs.10/- each	30,00,00,000	30,000.00	30,00,00,000	30,000.00
(b) Issued				
Equity Shares of the par value of Rs.10/- each	29,53,70,991	29,537.10	29,95,62,868	29,956.29
(c) Subscribed and Fully Paid Up				
Equity Shares of the par value of Rs.10/- each	29,53,70,991	29,537.10	29,53,70,991	29,537.10

14.1 Reconciliation of the number of Shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	29,53,70,991	29,537.10	9,38,04,616	9,380.46
Add: Shares issued during the year	-	-	20,15,66,375	20,156.64
Outstanding at the end of the year	29,53,70,991	29,537.10	29,53,70,991	29,537.10

14.2 Shares held by Holding Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Metropolitan Stock Exchange of India Limited	28,31,20,991	95.85%	28,31,20,991.00	95.85%

14.3 Details of Equity Shareholders holding more than 5% shares in the Company

Name of the Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% Shareholding	No. of shares	% Shareholding
Metropolitan Stock Exchange of India Limited	28,31,20,991	95.85%	28,31,20,991	95.85%
	28,31,20,991	95.85%	28,31,20,991	95.85%

14.4 The Company has only one class of shares referred to as Equity Shares having a par value of INR 10/- each. Each Holder of Equity Shares is entitled to one vote per share.

14.5 The Company declares and pays dividend in Indian Rupees. No dividend has been declared by the Company during the year ended March 31, 2019.

Note 15 Other Equity

Particulars	As at March 31, 2019	As at March 31, 2018
Retained Earnings		
Balance at the beginning of the year	782.82	694.12
Additions/ (Deletions) during the year	684.34	88.70
Balance at the end of the year	1,467.16	782.82
Other Comprehensive Income (OCI)		
Balance at the beginning of the year	(2.44)	(3.00)
Remeasurement of post-employment benefit obligations	(1.76)	0.57
Balance at the end of the year	(4.19)	(2.44)
Total	1,462.96	780.38

Note 16 Other Financial Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Settlement Banks Deposits	2,000.00	2,000.00
Other Deposits	40.30	40.30
Core Settlement Guarantee Fund:		
For MSE segments	2,778.84	2,438.97
For ICEX segment	4,182.20	-
Total	9,001.34	4,479.27

Note 17 Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits		
Provision for Leave Encashment	19.98	12.86
Total	19.98	12.86

Note 18 Deferred Tax Liability

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	-	-
Deferred Tax	0.70	-
Total	0.70	-

CURRENT LIABILITIES

Note 19 Trade Payables:

Particulars	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of micro enterprises and small enterprises (Refer Note 48a)		
Principal Amount	0.16	-
Interest Paid/Accrued	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	3.14	33.99
Total	3.31	33.99

Note 20 Other Financial Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Secured Considered Good:		
Members Margin and Deposits	3,261.32	3,888.23
Members Margin and Deposits - Commodity Segment	656.38	-
Total	3,917.70	3,888.23

Note 21 Other Current Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Others:		
For Expenses	100.15	73.40
For Statutory Dues	21.59	16.64
Total	121.74	90.04

Note 22 Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits:		
Provision for Gratuity	6.67	5.47
Provision for Leave Encashment	1.85	1.80
Provision for Bonus	1.40	-
Total	9.92	7.27

Note 23 Revenue From Operations

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of Services	209.37	23.09
Other Operating Revenue	-	-
Interest on Deposits with Banks	336.86	400.41
Dividend from Investments	26.78	39.78
Processing & Annual Subscription Fees	4.65	0.77
Clearing support charges for Commodity Segment	15.91	-
Total	593.57	464.04

Note 24 Other Income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest Income		
- On Deposits with Banks - Own Funds	1,797.77	875.45
- On Income Tax Refund	-	45.74
Dividend Income	14.44	51.33
MTM - Investments measured at FVTPL	141.73	49.49
Other Non-Operating Income	-	5.99
Total	1,953.94	1,027.99

Note 25 Employee Benefit Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	288.42	251.47
Contributions to Provident Fund & other funds	12.74	9.69
Staff welfare expenses	9.00	2.87
Total	310.16	264.03

Note 26 Depreciation and Amortization Expenses

Particulars	Year ended March	Year ended March
-------------	------------------	------------------

	31, 2019	31, 2018
Depreciation on Property, Plant and Equipment	0.75	1.46
Amortisation of Intangible Assets	4.09	0.20
Total	4.84	1.66

Note 27 Other Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Payment to Auditors (exclusive of taxes)	10.61	14.87
Operating Expenses - Commodity Segment	17.46	-
Bank Charges	0.35	0.35
Director Sitting Fees	20.75	16.80
Insurance	15.91	14.12
Legal and Professional Charges	24.64	11.75
Office Expenses	78.00	20.06
Rent	179.26	61.69
ROC Fees Expenses	0.02	150.15
Stamp Duty Expenses	-	50.16
Technology Cost	959.33	769.00
Miscellaneous Expenses	36.01	30.16
Total	1,342.34	1,139.10

Payment to Auditors

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Statutory Audit Fees	1.50	1.50
Tax Audit Fees	1.50	1.50
Other Services	7.48	11.87
Out of Pocket Expenses	0.13	-
Total	10.61	14.87

Note 28 Earnings per share (for continuing operations)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the year attributable to Equity Shareholders	684.34	88.70
Weighted Average Number of Equity Shares Outstanding During The Year (Nos.)	2,953.71	1,762.68
Basic /Diluted Earnings Per Share (INR)	0.23	0.05
Nominal Value of Equity Share (INR)	10	10

Note: There is no dilution to basic EPS as there are no outstanding dilutive potential equity shares.

Note 29 Related party disclosures

As per Ind AS 24, the disclosures of transactions with related parties are given below:

29.1 Details of Related Parties

Sr No.	Names of related parties where control exists and description of relationships	Country of Incorporation	Proportion of ownership interest for the year ended	
			March 31, 2019	March 31, 2018
A	Holding Company			
(i)	Metropolitan Stock Exchange of India Ltd. (MSE)	India	95.85%	95.85%
B	Key Managerial Personnel			
(i)	Mr. Balu Nair - Managing Director			
(ii)	Mr. Krishna J. Wagle - Chief Financial Officer			
(iii)	Mrs. Avni Patel - Company Secretary			

(Note: Related parties have been identified by the management)

29.2 Details of transactions with related parties

Sr No.	Nature of Transactions	Holding Company	Key Managerial Person/ Relative of KMP	Total
1	Allotment of Shares	- <i>20,156.64</i>	- -	- <i>20,156.64</i>
2	Receipt of advances given	- <i>1,850.75</i>	- -	- <i>1,850.75</i>
3	Services rendered	9.37 <i>23.09</i>	- -	9.37 <i>23.09</i>
4	Expenses Paid			
	- IT Support Charges	316.91 <i>737.53</i>	- -	316.91 <i>737.53</i>
	- Rent paid	179.26 <i>61.69</i>	- -	179.26 <i>61.69</i>
	- Office Expenses	45.36 <i>12.52</i>	- -	45.36 <i>12.52</i>
5	Director Remuneration	- -	51.30 <i>51.95</i>	51.30 <i>51.95</i>
6	Employee Cost:			
(a)	Mr. Krishna J. Wagle	- -	22.87 <i>18.20</i>	22.87 <i>18.20</i>
(b)	Mrs. Avni Patel	- -	16.58 <i>13.97</i>	16.58 <i>13.97</i>

Figures in Italic represent Previous Year's amounts.

29.3 Details of balances with related parties at the year end

Sr No.	Related Party Transaction Summary	Holding Company	Key Managerial Person/ Relative of KMP	Total
1	Payable for IT Support charges	3.78 <i>(33.42)</i>	- -	3.78 <i>(33.42)</i>
2	Payable for Office Expenses	11.00 -	- -	11.00 -

Figures in Italic represent Previous Year's amounts.

Note 30 Contingent Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Overdraft Facility against Fixed Deposits (Refer Note No 31)	2,414.77	-
Disputed claims against the Company not acknowledged as debts in respect of Income Tax Matters- for A.Y. 2016-17*	0.10	-

*The amount pertains to penalty u/s 271(1)(b) for A.Y. 2016-17.

Note 31 Disclosure of Loans given/ Investment made/Guarantee / securities given as per Section 186(4) as per Companies Act 2013

MSE has taken overdraft facility from DCB Bank Limited by pledging Fixed Deposit Receipts (FDRs) of MCCIL amounting to INR 4,604.00 Lacs with due approvals from the SEBI. As on March 31, 2019, MSE has utilized the overdraft facility up to INR 2,414.77 Lacs which is well within the limit specified u/s 186.

Note 32 Capital Commitment

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contract to be executed for Cyber Security Operation Centre (C-SOC)	-	52.90

Note 33 Capital Management

- (a) The Company's objectives when managing capital, are to safeguard its liability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and maintain an optimum capital structure to reduce the cost of capital. For the purpose of the Company's Capital Management, capital includes issued Equity Capital and all other equity attributable to the Equity Holders.
- (b) No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2019.
- (c) Compliance with externally imposed capital requirements:
Capital requirement of Company is regulated by Securities And Exchange Board of India (SEBI). As per Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) Regulations, 2018, Clearing Corporation shall on an ongoing basis, maintain capital including retained earnings and reserves, as may be specified by SEBI from time to time, to adequately cover counterparty credit risk, business risk, legal and operational risk. Further, every recognised Clearing Corporation shall maintain, at all times, a minimum net worth of INR 100 Crores or capital as determined under regulation 14(3)(a) and 14(3)(b), whichever is higher. Networth of a Clearing Corporation means the aggregate value of its liquid assets. The Company has maintained minimum requirement of Liquid Networth through out the Financial Year 2018-19.

Note 34 In accordance with the relevant provisions of the Companies Act, 2013, the Company did not have any long term contracts including derivative contracts for which there were no material foreseeable losses as of March 31, 2019.

Note 35 Disclosure as per Revised Ind AS 19 'Employee Benefits'

A. Gratuity

Particulars	As at March 31, 2019	As at March 31, 2018
Changes in present value of obligations		
Present Value of Obligations at beginning of the year	26.56	23.15
Service Cost	4.09	4.07
Interest Cost	2.09	1.68
Actuarial Loss/ (Gain)	2.23	(0.71)
Benefits Paid	-	(1.62)
Defined benefit obligations at end of the year (a)	34.98	26.56
Changes in fair value of plan assets		
Fair Value of Plan Assets as at beginning of the year	21.09	18.19
Expected Return on Plan Assets	1.66	1.32
Contributions by Employer	5.76	3.35
Return on Plan Assets, excluding interest income	(0.21)	(0.14)
Actuarial Loss/ (Gain)	-	-
Benefits Paid	-	(1.62)
Fair value of Plan Assets at end of the year (b)	28.31	21.09
Present Value of Funded Obligations (a-b)	6.67	5.47
The net amount recognized in the statement of Profit and Loss for the year ended March 31, 2019 is as follows:		
Current Service Cost	4.09	4.07
Interest Cost	2.09	1.68
Expected Return on Plan Assets	(1.66)	(1.32)
Net Actuarial Loss/ (Gain) Recognized	2.44	(0.57)
Net Amount Recognized	6.96	3.86
Actual Return on Plan Assets		
The principal actuarial assumptions used as at March 31, 2019 are as follows:		
Discount Rate	7.78	7.88
Expected Rate of Return on Plan Assets	7.78	7.88
Withdrawal Rate:		
For service 4 years and below	2.00	10.00
and thereafter	2.00	5.00
Rate of increase in Compensation Levels	7.50	7.50

Note 36 Leases

The company has entered into Operating Lease Agreement with MSE for Office Premise. As required under the Indian Accounting Standard 17 on 'Leases', the details of lease payments are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than one year	179.26	61.69
Later than one year and not later than five years	247.69	143.89
Later than five years	-	-

Note 37 Segment Reporting

The Company is engaged in the business of Clearing & Settlement of Trades.

This in the context of Ind As 108 "" Operating Segments "" is considered to constitute the only reportable segment.

Note 38 Corporate Social Responsibility

As the Company has achieved the Net Profit criteria as specified u/s 135 of the Companies Act 2013, provisions of Corporate Social Responsibility (CSR) would be applicable to the Company from the next Financial Year 2019-20.

Note 39 Core Settlement Guarantee Fund (Core SGF)

(INR in Lacs)

(A) For MSE Segments:

Securities & Exchange Board of India (SEBI) had issued norms related to the computation and contribution to the Core Settlement Guarantee Fund (Core SGF) as part of the SEBI Circular CIR/CMD/DRMNP/25/2014 dated August 27, 2014. Based on said guidelines Clearing Corporation and Stock Exchange are required to contribute at least 50% and 25% of the Minimum Required Corpus (MRC) of the Core SGF whereas up to 25% of the Core SGF contribution can be collected from Clearing Members.

Minimum Required Corpus (MRC) of Core SGF

Segment	MRC	Contribution required from MCCIL (Minimum)	Contribution required from MSE (Minimum)	Contribution required from Clearing Members (Maximum)
(a)	(b)	(c)=50%*b	(d)=25%*b	(e)=25%*b
CDS	4,165.40	2,082.70	1,041.35	1,041.35
ECM	-	-	-	-
EDS	-	-	-	-
DMS	-	-	-	-
Total	4,165.40	2,082.70	1,041.35	1,041.35

Corpus of Core SGF as on March 31, 2019

(INR in Lacs)

		MCCIL	MSE	Clearing Members		Penalties
Segment	Total Corpus	Cash	Cash	Cash	Non-Cash	Cash
(a)	(b)=(c)+(d)+(e)+(f)+(g)	(c)	(d)	(e)	(f)	(g)
CDS	5,006.75	3,053.17	1,432.84	33.06	-	487.68
ECM	34.61	34.51	-	-	-	0.10
EDS	37.67	34.51	-	-	-	3.17
DMS	34.51	34.51	-	-	-	-
Total	5,113.54	3,156.69	1,432.84	33.06	-	490.95

Note:

- 1 Contribution made by the MCCIL to the Core SGF Corpus is funded through its Equity.
- 2 Further, in accordance with the directions received from the SEBI, MCCIL had contributed an amount of INR 25 lakh each in Equity Derivative Segment, Equity Cash Market Segment and Debt Market Segment as the minimum corpus of Core SGF with effect from February 2, 2015.
- 3 Corpus of Core SGF includes contribution made by the contributors, penalties levied and income earned on the corpus.
- 4 Clearing Member contribution have not been sought in view of the adequacy of Core SGF Corpus after taking into consideration the contributions (including the interest income) made by the MCCIL and the MSE. The amount reflecting under Core SGF Corpus of Clearing Member pertains to income earned on Clearing Member contributions.

(B) For ICEX Segment:

Securities & Exchange Board of India (SEBI) had issued norms related to Core SGF and standardised stress testing for credit risk for commodity derivatives vide circular SEBI/ HO/ CDMRD/ DRMP/ CIR/ P/ 2018/ 111 dated July 11, 2018. Based on said guidelines Clearing Corporation and Stock Exchange are required to contribute at least 50% and 25% of the Minimum Required Corpus (MRC) of the Core SGF whereas up to 25% of the Core SGF contribution can be collected from Clearing Members.

Minimum Required Corpus (MRC) of Core SGF

(INR in Lacs)

Segment	MRC	Contribution required from MCCIL (Minimum)	Contribution required from ICEX (Minimum)	Contribution required from Clearing Members (Maximum)
(a)	(b)	(c)=50%*b	(d)=25%*b	(e)=25%*b
Commodity Derivative Segment	1,000.00	500.00	250.00	250.00
Total	1,000.00	500.00	250.00	250.00

Corpus of Core SGF as on March 31, 2019

(INR in Lacs)

		MCCIL	ICEX	Clearing Members		Penalties
Segment	Total Corpus	Cash	Cash	Cash	Non-Cash	Cash
(a)	(b)=(c)+(d)+(e)+(f)+(g)	(c)	(d)	(e)	(f)	(g)
Commodity Derivative Segment	4,182.20	519.90	3,658.93	-	-	3.37
Total	4,182.20	519.90	3,658.93	-	-	3.37

- 1 Corpus of Core SGF for commodity segment includes contribution made by the contributors, penalties levied and income earned on the corpus.
- 2 Clearing Member contribution have not been sought in view of the adequacy of Core SGF Corpus after taking into consideration the contributions (including the interest income) made by the MCCIL and the ICEX.
- 3 SEBI vide its letter SEBI/HO/CDMRD/DEA/OW/P/2018/27063/1&2, dated September, 27 2018, had instructed Exchange/ Clearing Corporation to strengthen and build up the resources available for SGF to atleast INR 100 Crores over a period of three years. The shortfall to be made up by the Exchange/ CC by earmarking INR 5 Crores per quarter towards a separate fund for the purpose of augmenting SGF and the fund shall have separate earmarked investments in a separate account.

ICEX and MCCIL vide its joint letter dated October 05, 2018 had informed SEBI that ICEX would build up SGF to at least INR 100 Crores over a period of three years by earmarking INR 5 Crores per quarter, starting from quarter ending December 31 2018 towards a separate fund for the purpose of augment SGF and the fund shall have earmarked investments in a separate account.

Note 40 Clearing Member Balances

Clearing Members are required to maintain liquid assets in the prescribed forms with MCCIL to meet their minimum liquid net worth requirement, core settlement guarantee fund (Core SGF) contribution requirement, membership requirement and margin requirements.

Following are the total value of liquid assets (cash and non-cash) maintained by the Clearing Members with MCCIL:

(A) For MSE segments:

The total value of liquid assets (cash and non-cash) maintained by the Clearing Members for MSE segments with MCCIL in addition to their Core SGF Contribution as on March 31, 2019 amounts to INR 25,886.39 Lacs (previous year: INR 34,000.72 Lacs)

(B) For ICEX segment:

The total value of liquid assets (cash and non-cash) maintained by the Clearing Members for ICEX segment with MCCIL in addition to their Core SGF Contribution as on March 31, 2019 amounts to INR 3,362.54 Lacs.

Note 41 SEBI in its order dated March 19, 2014 stated that 63 moons technologies limited (63 moons) (Formerly known as Financial Technologies (India) Limited) is not a 'fit and proper person' to acquire or hold any equity share or any instrument that provides for entitlement for equity shares or rights over equity shares at any future date, in a Recognized Stock Exchange or Clearing Corporation, either directly or indirectly and directed them to divest equity shares held in MCCIL, directly or indirectly, within 90 days of the order. In the same order, SEBI also stated that 63 moons and entities through whom it indirectly holds equity shares or any instrument entitling voting rights in MCCIL shall cease to be entitled to exercise voting rights in respect of those shares or instruments with immediate effect. The Securities Appellate Tribunal (SAT) has since its order dated July 09, 2014 upheld the decision of SEBI. SEBI had vide its letter dated September 29, 2014 directed the Company to comply with the shareholding requirements of SECC Regulations and SEBI's direction issued vide order dated March 19, 2014 with regard to entities which have been declared not 'fit and proper' person. Further the Company sent multiple letters to 63 moons regarding divestment of their stake in the Company; in reply to these letters 63 moons informed us that they are in search of the suitable buyer to acquire their stake in the Company.

Note 42 Note on capital reduction:

MCCIL had filed a capital reduction petition with Hon'ble NCLT on November 27, 2018 seeking reduction of 170,000,000 Equity Shares of INR 10/- each held by the Shareholders as on the record date on proportionate basis, at a price of INR 10 per share, out of the total existing paid up Equity Share Capital of the Company of INR 29,537.09 Lacs divided into 295,370,991 Equity Shares of INR 10/- each fully paid up, and that such reduction is effected by returning capital to the Shareholders, of an aggregate amount of INR 17,000.00 Lacs and the Share Capital of the Company would reduce to the extent of shares so cancelled. The petition was admitted by Hon'ble NCLT on January 28, 2019. The next date of hearing the aforesaid petition has been fixed on June 06, 2019.

Post reduction the Equity Share Capital of the Company will be INR 12,537.09 Lacs constituting of 125,370,991 shares of INR 10 each.

Note 43 MCCIL has received approval from SEBI vide letter No SEBI/HO/CDMRD/DEA/OW/P/2018/27063/1, dated September 27, 2018, for clearing & settling the trades carried on the platform of Indian Commodity Exchange Limited (ICEX). Accordingly, with effect from October 01, 2018, MCCIL has started clearing & settlement activities in Commodity Derivative Segment of ICEX. In terms of clause 3.2 of the Clearing and Settlement Agreement dated July 11, 2018 entered

between ICEX and MCCIL, ICEX is required to transfer various deposits/funds, including SGF funds, security and margin deposits of Clearing Members to MCCIL. All the balances/ funds were migrated successfully.

Note 44 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

(INR in Lacs)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

March 31, 2019	Carrying amount				Fair value			
	Mandatorily at FVTPL	FVTOCI - designated as such	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investment in Equity instruments		-				-	-	
Investment in Holding Company		-				-	-	
Investments in Mutual Funds	3,421.39	-	-	3,421	3,421.39	-	-	3,421.39
Other Non - Current Financial Assets			1,382.41	1,382				
Other Financial Assets		-	5.25	5		-	-	
Trade receivables		-	90.57	91		-	-	
Cash and cash equivalents		-	15.88	16		-	-	
Bank Balances other than Cash and cash equivalents		-	37,808.88	37,809		-	-	
	3,421.39	-	39,302.99	42,724	3,421.39	-	-	3,421.39
Financial liabilities								
Borrowings		-				-	-	
Trade Payables		-	3.31	3.31		-	-	
Other Financial Liabilities		-	12,919.04	12,919.04		-	-	
		-	12,922.34	12,922.34		-	-	
March 31, 2018	Mandatorily at FVTPL	FVTOCI - designated as such	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investment in Equity instruments		-				-	-	
Investment in Holding Company		-				-	-	
Investments in Mutual Funds	2,372.61	-	-	2,372.61	2,372.61	-	-	2,372.61
Other Non - Current Financial Assets			21,677.19	1,677.19				
Other Financial Assets		-	0.00	0.00		-	-	
Trade receivables		-	-	-		-	-	
Cash and cash equivalents		-	76.73	76.73		-	-	
Bank Balances other than Cash and cash equivalents		-	13,788.85	13,788.85		-	-	
	2,372.61	-	35,542.78	37,915.39	2,372.61	-	-	2,372.61
Financial liabilities								
Borrowings		-				-	-	
Trade Payables		-	33.99	33.99		-	-	
Other Financial Liabilities		-	8,367.50	8,367.50		-	-	
		-	8,401.49	8,401.49		-	-	

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

- (I) Level 1 includes methods and input that used active quoted prices depending upon type of instrument. Management has used closing prices and values of closing NAV's as applicable in financial instruments covered under this level.
- (II) Level 2 includes fair value of the financial instruments that are not traded in active market are determined any appropriate valuation techniques with the use of observable any market data without relying much of the estimates that are entity specific. The inputs under this level are always observable.
- (III) In case of the Level 3 if one or more of the significant inputs are not derived on the basis of observable market data then fair value estimations derived with such inputs are included in the Level 3.

The Company follows a policy to recognise transfers between the levels only at the end of the reporting period and accordingly there are no transfers between levels during the year.

Note 45 Financial risk management

The Company's activities exposes it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(A) Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, 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.

(B) Interest 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.

(C) Liquidity risk

"Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

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 business, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines."

(D) Credit risk

Credit risk refers to a risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities primarily trade receivables, deposits held with banks, loans and other receivables.

The Company measures the expected credit loss of trade receivables from clearing members 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 provision considered.

(i) Trade receivables

Credit risk arises from the possibility that Clearing Members will not be able to settle their obligations as and when agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information.

Note 46 Warehousing is a key element in effecting physical deliveries taking place through the Clearing Corporation. To cater to the storage requirements of various Clearing Members of the Clearing Corporation and their respective constituents/ depositors who are willing to store goods and give delivery on the Clearing Corporation, MCCIL has made necessary warehousing arrangements with the following Vault and Warehouse Service Providers:

- (a) Malca-Amit JK Logistics Pvt. Ltd. - Vault Service Provider.
- (b) Sohanlal Commodity Management Pvt. Ltd. (SLCM) - Warehouse Service Provider.

SLCM has submitted a refundable Security Deposit of INR 50 Lakh in the form of Fixed Deposit lien marked in the name of MCCIL.

- (c) Central Warehousing Corporation (CWC) - Warehouse Service Provider."

Note 47 For the year ended March 31, 2019 the Company is not required to transfer any amount into the Investor Education & Protection Fund as required under relevant provisions of the Companies Act, 2013.

Note 48 Other Disclosures

- (a) Based on the information available with the Company and as informed to us by the management, there are ten suppliers which are registered under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence the disclosures relating thereto are made accordingly (Refer Note No.19)
- (b) Prior year comparatives have been regrouped and reclassified wherever necessary to confirm to the current year's presentation. Amounts and other disclosures for the prior year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.
- (c) Figures represented in zero are amounts less than Thousand.

For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm's Registration No: 105215W/W100057

Sd/-
Sandeep D. Welling
Partner
M. No : 044576

Place: Mumbai
Date : May 03, 2019

For and on behalf of the Board of Directors

Sd/-
Vijay Ranjan
Public Interest Director
DIN: 02346190

Sd/-
Krishna J. Wagle
Chief Financial Officer

Place: Mumbai
Date : May 03, 2019

Sd/-
Balu Nair
Managing Director
DIN:07027100

Sd/-
Avni Patel
Company Secretary



Metropolitan Clearing Corporation of India Limited

4th Floor, Vibgyor Towers, Plot No. C - 62, Opp. Trident Hotel,
Bandra Kurla Complex, Bandra East, Mumbai 400098.

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