

METROPOLITAN
CLEAR >>>>



**ANNUAL
REPORT**
2019 • 2020

Table of Contents

Contents	Page No
Corporate Information	3
Directors' Report	4
- Management Discussion and Analysis Report	36
- Annexures to Directors Report	51
- Corporate Governance Report	71
- Auditors' Certificate regarding Corporate Governance	95
- Affirmations on compliance with Code of Conduct	97
- CEO and CFO Certification	98
Independent Auditors' Report	99
Financial Statements	108

Metropolitan Clearing Corporation of India Limited

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

CIN: U67120MH2008PLC188032

LEI number: 335800QRNLKAHGA1BL68

Website: www.mclear.in

Corporate Information

Board of Directors	
Mr. Vijay Ranjan	Chairman & Public Interest Director
Ms. Rita Menon	Public Interest Director
Mr. Alok Kumar Mittal	Public Interest Director
Mr. Balu Nair	Managing Director & CEO

Key Managerial Personnel	
Dr. A. Sebastin	Chief Operating Officer (<i>resigned with effect from June 30, 2020</i>)
Mr. Krishna J. Wagle	Chief Financial Officer
Ms. Avni Patel	Company Secretary & AVP-Legal
Mr. Sumit Badakh	IT Head & Chief Information Security Officer
Ms. Geeta Bhandarkar	Compliance Officer
Ms. Rachna Prajapati	Head, Human Resource

Auditors		
Statutory Auditor	Internal Auditor	Secretarial Auditor
M/s. Kirtane & Pandit LLP Chartered Accountants	M/s. M. M. Nissim & Co. Chartered Accountants	Mr. A. Sekar Practicing Company Secretary

Registrar and Share Transfer Agents	
<p>KFin Technologies Private Limited Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032</p> <p>Email: einward.ris@karvy.com, Ph No.: 18003454001</p> <p>www.kfintech.com</p>	

DIRECTORS' REPORT

To
The Members
Metropolitan Clearing Corporation of India Limited (MCCIL)

Your Directors are pleased to present their Twelfth 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, 2020.

1. FINANCIAL RESULTS FOR 2019-20

Table 1: Summary of Financials

(INR in lakhs)

Items	As on March 31, 2020	As on March 31, 2019
Total Income	2,398.73	2,547.51
Less: Expenditure	2,084.38	1,657.34
Profit Before Tax	314.35	890.17
Add/Less: Tax Expenses/(Income)	(75.69)	(205.83)
Profit After Tax	238.66	684.34
Add: Other Comprehensive Income (Net)	(10.93)	(1.76)
Balance carried to Balance Sheet	227.73	682.58

Note: During the financial year 2019-20, the Company earned total income of INR 2398.73 lacs as against INR 2547.51 lacs in the previous year. The profit after tax of the company for the year under review amounted to INR 227.73 lacs as compared to INR 682.58 lacs for the previous year. Decrease in Profit was due to Increase in Depreciation, Employee Cost and decrease in treasury income.

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

Particulars	FY 2019-20	FY 2018-19
Technology cost	40.34%	37.66%
Employees benefits expense	20.66%	12.18%
Depreciation and amortization expense	10.53%	0.19%
Other expenses	14.53%	15.03%
Total expenses	86.06%	65.06%

It may be observed that technology cost is the highest cost incurred by the Company forming 40.34% of the Total Income in the FY 2019-20 (Table 2). Employees benefit expenses stood at 20.66% followed by other expenses at 14.53%. However, the technology cost increased from 37.66% of the total income in the FY 2018-19 to 40.34% of the total income in the FY 2019-20. Employee cost has increased to 20.66% of the total income in the FY 2019-20 from 12.18% in the FY 2018-19. The other expenses have decreased to 14.53% of the total income in the FY 2019-20 from 15.03% in the FY 2019-20. The Total expenses has Increased to 86.06% of the

total income in the FY 2019-20 from 65.06% in the FY 2018-19. 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 9.49% of the total income for the FY 2019-20.

2. REVIEW OF OPERATIONS

Your Company is a subsidiary of Metropolitan Stock Exchange of India Limited (MSE). 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. In the FY 2019-20, your Company entered into interoperability arrangements with the Indian Clearing Corporation Limited (ICCL) & NSE Clearing Limited (NCL) to extend its clearing and settlement services for trades executed at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in addition to the Metropolitan Stock Exchange of India Limited (MSE). Your Company is also providing clearing and settlement services to Indian Commodity Exchange Limited (ICEX) in commodity and mutual fund segment.

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 has 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:

MCCIL was initially providing 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.

Subsequently, with effect from June 2020, in view of interoperability, MCCIL now clears and settles trades for all Exchanges under interoperability viz NSE, BSE and MSE in Currency Derivatives, Equity Derivatives and Equity Cash Market.

MCCIL is also providing clearing and settlement services to Indian Commodity Exchange Limited in Commodity Derivatives Segment since October 2018 and in Mutual Fund segment since December 2019.

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 2019-20 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 2019-20, in a timely manner without defaults

The settlement volumes in various segments during the financial year 2019-20 were as follows:

a. Currency Derivatives Segment:

Monthly settlement statistics in the currency derivatives segment for the financial year 2019-20 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-19	14.89	0.22	0.01	0.00	15.13
May-19	9.68	0.53	0.03	-	10.27
Jun-19	3.70	0.28	-	0.00	3.98
Jul-19	1.94	0.05	-	-	1.99
Aug-19	17.14	1.17	-	-	18.31
Sep-19	17.29	0.86	-	-	18.15
Oct-19	3.23	0.32	-	-	3.55
Nov-19	-	-	-	-	0.00
Dec-19	1.12	0.67	-	-	1.79
Jan-20	4.89	0.41	-	-	5.30
Feb-20	3.92	0.58	-	-	4.50
Mar-20	18.04	1.30	-	-	19.33

During the financial year 2019-20, 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 133.45 crores in FY 2018-19 to INR 102.27 Crores in FY 2019-20.

b. Equity Cash Market:

Monthly settlement statistics in the equity cash market for the financial year 2019-20 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-19	3.83	3.83	100.00	7.46	7.46	100.00
May-19	3.71	3.71	100.00	7.16	7.16	100.00
Jun-19	2.75	2.75	99.93	5.69	5.69	99.98
Jul-19	2.17	2.00	92.16	4.40	3.90	88.60
Aug-19	1.93	1.61	83.54	0.99	0.65	65.00
Sep-19	1.38	0.47	34.11	0.74	0.29	39.05
Oct-19	0.75	0.45	59.60	0.75	0.29	38.84
Nov-19	0.63	0.54	85.30	0.80	0.25	31.72
Dec-19	0.39	0.19	48.61	0.56	0.12	21.79
Jan-20	0.57	0.52	91.64	0.84	0.29	34.11
Feb-20	0.88	0.75	85.49	1.23	0.39	31.65
Mar-20	0.00	-	0.00	0.03	0.00	0.00

During the financial year 2019-20, the MCCIL successfully carried out all settlements in the equity cash market without reporting any default and delay. The aggregate value of securities traded was INR 30.29 in FY 2018-19 and INR 30.65 in FY 2019-20. However the delivered value of securities decreased from INR 30.29 in FY 2018-19 to INR 26.48 in FY 2019-20. Main reason for the above-mentioned decrease of traded value was the shift in clearing volumes on account of interoperability. MCCIL is taking necessary steps to attract more business and clearing members.

c. Clearing and Settlement – Equity Derivatives Segment:

During the financial year 2019-20, there was no settlement in the Equity Derivatives Segments.

d. Clearing and Settlement – Debt Market Segment:

During the financial year 2019-20, 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 April 01, 2019- to March 31, 2020 are provided in Table 5 below.

Table 5: Commodity Derivative Segment

Month	Settlement Value in Crores
April'19	10.97
May'19	4.17
June'19	7.42
July'19	5.28
Aug'19	2.08
Sep'19	4.21
Oct'19	1.50
Nov'19	2.16
Dec'19	2.99
Jan'20	7.07
Feb'20	9.52
March'20	6.97

From April 01, 2019 to March 31, 2020, the Company has completed all settlements without any defaults and delay.

f. Clearing and Settlement -Mutual Fund segment

MCCIL entered into an agreement with Indian Commodity Exchange Limited on November 21, 2019 wherein MCCIL agreed to provide clearing and settlement services in units of mutual funds transacted on ICEX MF platform. MCCIL started providing clearing and settlement services to ICEX in Mutual Fund segment with effect from December, 2019.

Till, March 31, 2020, 11 mutual fund houses were enabled on the ICEX MF platform.

- The average daily value of funds settled for subscription of mutual fund units for the period December 27, 2020 to March 31, 2020 was INR 7,320.69. The highest settlement value was INR 10,000 and was observed on January 16, 2020.
- The average daily value of funds settled for redemption of mutual fund units for the period December 27, 2019 to March 31, 2020 was INR 2,665.61. The highest settlement value was INR 5,009.35 and was observed on January 24, 2020.

Table 6: Total No. of Orders comprise of Subscription, Redemption & Switch orders.

Month	Total No. of Orders	Value
DEC' 19	18	46,949.88
JAN' 20	122	3,01,610.80
FEB' 20	180	2,62,147.27
MAR' 20	262	1,03,491.33

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 INR 41.65 crore was computed as the Minimum Required Corpus (MRC) of Core SGF in Currency Derivatives Segment. In view of adequacy of corpus of Core SGF in Currency Derivatives Segment taking into consideration of the contribution made by the MCCIL (INR 22.60 crore), the Exchanges (INR 10.41 crore) and the 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 INR.25 lakh towards the corpus of Core SGF each in Equity Derivative Segment, Equity Cash Market and Debt Market Segment with effect from February 2, 2015.

Table 7: Minimum Required Corpus (MRC) of Core SGF

(INR in Lacs)

Segment	MRC	Contribution Required from MCCIL	Contribution Required from Exchanges	Contribution required from Members
(a)	(b)	(c)=50%*b	(d)=25%*b	(e)=25%*b
Equity Cash Market	0.52	0.26	0.00	0.13
Equity Derivatives Segment	0.00	0.00	0.00	0.00
Debt Market Segment	0.00	0.00	0.00	0.00
Currency Derivative Segment	4165.40	2082.70	1041.35	1041.35
Commodity Derivatives Segment	1000.00	500.00	250.00	250.00
Total	5165.92	2582.96	1291.35	1291.48

Table 8: Corpus of Core SGF as on March 31, 2020
(INR in Crores)

Segment	Core SGF	MCCIL Contribution		Exchanges	Member Deposits						Penalties	Interest
					Cash		Non-Cash Deposits (MCCIL)					
		Cash	For Surrendered Members	Cash	Exchanges	MCCIL	BG	FDR	G-Secs	Approved Sec / Com		
Equity Cash Market	0.38	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.13
Equity Derivatives Segment	0.41	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.13
Debt Market Segment	0.37	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.12
Currency Derivative Segment	53.73	22.60	0.00	10.41	0.00	0.00	0.00	0.00	0.00	0.00	4.23	16.50
Commodity Derivatives Segment	45.36	5.00	0.00	35.34	0.00	0.00	0.00	0.00	0.00	0.00	0.40	4.62
Total	100.25	28.35	0.00	45.75	0.00	0.00	0.00	0.00	0.00	0.00	4.65	21.50

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, 2020 are presented in Table 9:

Table 9: Liquid Assets Maintained by the Clearing Members as on March 31, 2020 (INR in Crores)

Sr. No.	Segment	Liquid Assets	MCCIL Contribution		Exchanges	Member Deposits						Penalties	Interest	
			Cash	For Surrendered Members		Cash	Exchanges	MCCIL	Non-Cash Deposits (MCCIL)					
									BG	FDR	G-Secs			Approved Sec / Com
1	Equity Cash Market	3.45	0.00	0.00	0.00	0.00	2.99	0.00	0.46	0.00	0.00	0.00	0.00	
2	Equity Derivatives Segment	11.13	0.00	0.00	0.00	0.00	6.01	0.50	4.62	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	176.37	0.00	0.00	0.00	0.00	17.46	11.50	22.73	124.68	0.00	0.00	0.00	
5	Commodity Derivatives Segment	35.48	0.00	0.00	0.00	0.00	11.06	0.75	22.85	0.00	0.82	0.00	0.00	
	Total	226.73	0.00	0.00	0.00	0.00	37.83	12.75	50.66	124.68	0.82	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, 2020 amounts to INR.226.73 crore (previous year: INR 292.49 crore).

C. Warehousing

Warehouse infrastructure and its ancillary services play a critical role in the delivery mechanism of the commodity derivatives market. A robust and credible warehousing infrastructure is very much required for an effective commodity derivatives market that can inspire confidence amongst the market participants and other stake holders.

In order to facilitate good delivery by the commodity derivatives exchanges SEBI has prescribed a minimum standards and norms for compliance by the accredited warehouses, Warehouse Service Providers (WSPs), assayer through its circular SEBI/HO/CDMRD/DMP/CIR/P/2016/103 dated September, 27, 2016.

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, those who are willing to store goods and give delivery on the ICEX platform. Accordingly, MCCIL has made necessary arrangements (for warehousing and logistics) by accrediting Warehouse Service Providers (WSP)/Vault Service Providers (VSP). MCCIL also undertakes, normal & surprise audit and inspection of warehouses/vaults and implement the best practices for safe storage and preservation of goods deposited by various business participants for delivery on our platform.

Since October 01, 2018 till date, MCCIL has utilized services of the WSPs/ VSPs as mentioned in Table 7 below for various products, both agri & non-agri. MCCIL has handled delivery in both electronic and physical form as well. Agri commodities are handled through Repositories where-as the non-agri products are being handled by indigenously developed software called as Electronic Debit & Credit Module (EDCM).

Table 10: List of Warehouse Service Providers/ Vault Service Providers

Sl.No	WSP/VSP	Location of Warehouse / Vault	Commodity
1	CWC	Kakkanad	Rubber
2	CWC	Kadavanthra/Ernakulam	Rubber/Peeper
3	CWC	Trichur	Rubber
4	CWC	Kanjikode	Rubber
5	CWC	Kunnamthanam	Rubber
6	CWC	Trivandrum	Rubber
7	CWC	Nagercoil* (Tamilnadu)	Rubber
8	CWC	Kannur	Rubber
9	*SLCM	Karnal	Paddy
10	*SLCM	Unjha	Isabgul Seed
Non – Agri			
1	*SLCM	GZB	Steel
2	Mahawar Iron Stores Pvt Ltd	Mandi Gobindgarh, PUNJAB	Steel
3	Malca-Amit JK Logistics Pvt. Ltd.	Surat	Diamond

* Sohanlal Commodity Management Pvt. Ltd

During the period from April 01, 2019 to March 31, 2020, the cumulative delivered quantity at MCCIL's platform for all agricultural commodities was 9900MTs and Non-agricultural commodities delivered were approx. 28000Cents.

The total delivery handled for agri and non agri products at MCCIL during the period from April 01, 2019 till 31st March, 2020 is mentioned in Table 11 below.

Table 11: Total deliver handled during the period April 01, 2019 till March 31, 2020

Delivery Month	Total Delivery Qty. Diamond	Total Delivery Qty. STEEL	Total Delivery Qty RUBBER	Total Delivery Qty ISABGUL
	(in Carats)	(in MTs)	(in MTs)	(in MTs)
April'19	16.61	662	633	0
May'19	66.74	180	95	0
June'19	14.51	0	447	0
July'19	29.68	963	30	57
Aug'19	37.72	20	31	12
Sep'19	16.52	1072	24	11
Oct'19	21.26	158	27	10
Nov'19	20.79	522	4	0
Dec'19	27.25	384	69	0
Jan'20	70.00	975	287	0
Feb'20	11.97	1923	205	0
March'20	15.24	677	338	0

During the period from April 01, 2019 to March 31, 2020, the cumulative delivered quantity at MCCIL's platform for all agricultural commodities was 9900MTs and for Non-agricultural commodities was 28000Cents.

List of approved Warehouses and its capacity, utilized and un-utilized details is as mentioned in Table 12 below

Table 12:

WSP Name	Sr No.	Warehouse Name	Warehouse Address	Commodities	Warehouse Capacity (WDRA)	Available Stock	Unutilized Capacity	Unit
CWC	1	CWC,Kakkanad	KINFRA, EPIP, Kakkanad, Kochi-682030 Phone: 0484-2427921	RUBBER	21,850	54	1004	MT
	2	CWC,Kadavanthra/Ernakulam (Basis Center)	Gandhinagar, Kadavnthra, Kochi-682020 Phone: 0484-2204028	RUBBER	14,065	73	144	MT
	3	CWC,Trichur	Kuriachira - Trichur - 680 006 Phone: 0487-2251985	RUBBER	32,590	276	105	MT
	4	CWC,Kanjikode	Kinfra wise park, Kanjikode, Palakkad-678621 Phone: 0491-2569239	RUBBER	15,000	380	380	MT

WSP Name	Sr No.	Warehouse Name	Warehouse Address	Commodities	Warehouse Capacity (WDRA)	Available Stock	Unutilized Capacity	Unit
	5	CWC,Kunnamthanam	SIDCO Industrial Park, Thottapadi,Kunnamthana mP.O, Thiruvalla-689 581 Phone: 0469-2690265	RUBBER	12,600	0	0	MT
	6	CWC,Trivandrum	KINFRA Apparal Park, St.Xaviers College P.O, Pallithura, Thumba-695586 Phone-0471-2705568	RUBBER	3,666	0	0	MT
	7	CWC, Nagercoil* (Tamilnadu)	Pallivillai Road, Vetturinimadam P.O, Nagercoil-629 003 Phone: 04652 232383	RUBBER	1,000	0	0	MT
	8	CWC,Kannur	Keltron Nagar, Mangattuparamba, Kannur University Campus post, Kalliasseri (CT), Kannur, Kerala, Pin- 670567	RUBBER	9,590	53	1447	MT
	9	CWC,Kadavanthra/Ernakulam (Basis Center)	Gandhinagar, Kadavnthra, Kochi-682020 Phone: 0484-2204028	PEPPER	14,065	0	0	MT
Mahawar Iron Stores Pvt Ltd	1	Mahawar Iron Stores Pvt Ltd Mandi Gobindgarh, PUNJAB	221 off Bhadla Road , Mandi Gobindgarh District Khanna, Punjab. PIN - 141401	STEEL LONG	4,000	1266.82	2733.18	MT
Sohan Lal Commodity Management Private Limited.(SLCM)	1	Sohan Lal Commodity Management Private Limited.(SLCM) Ghaziabad	Sohan Lal Commodity Management Private Limited Khasra No.358-359, Village Morta, Jalalbad Pragna, Ghaziabad,UP201001	STEEL LONG	3,500	683.85	2,816.15	MT
Sohan Lal Commodity Management Private Limited.(SLCM)	2	Sohan Lal Commodity Management Private Limited.(SLCM) Karnal* (Haryana)	Sohan Lal Commodity Management Pvt. Ltd.,Godown No.1(Chamber-3) and Godown No.2 (Chamber-3) Opposite New District Jail, Near Police Line, Kaithal Road, Teh & Dist. Karnal, , Distt-Karnal	Paddy Basmati 1121	2,080	0	0	MT

Table 13: Vault Stock Details as on 31st March 2020

Date	Commodity	State	Delivery Centers	Vault Name & Address	Stock Eligible for Exchange Delivery in Cents
31/03/2020	DIAMOND1CT (E-units in Cent)	Gujarat	Surat	Malca Amit (J. K) Logitics Pvt LTD C-601, Diamond World Mini Bazar, Varacha Road, Surat - 395006	7111
31/03/2020	DIAMOND0.5CT (E-units in Cent)				4008
31/03/2020	DIAMOND0.3CT (E-units in Cent)				465

D. New Initiatives and Developments

a. 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. MCCIL has implemented the same in the Equity cash segment w.e.f 1st April 2019.

b. Interoperability among Clearing Corporations

SEBI vide circular no. CIR/MRD/DRMNP/CIR/P/2018/145 dated November 27, 2018 mandated introduction of Interoperability among Clearing Corporations. MCCIL developed and introduced the mechanism for the same in ECM, EDS and CDS segments with effect from 3rd June, 2019.

c. Providing Mutual Fund (MF) Service by MCCIL to ICEX

MCCIL has undertaken new activity of clearing and settlement of mutual fund transactions done on (Indian Commodity Exchange Limited) ICEX MF platform. ICEX provides order collection mechanism for subscription / redemption of various MF schemes and MCCIL entered into an agreement with ICEX on November 21, 2019. MCCIL commenced MF operations from December 27, 2019 after making arrangements with Asset Management Companies and Registrar & Transfer Agents.

d. Reduction in equity share capital of the company

Your company had 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 Hon'ble National Company Law Tribunal vide order dated August 19, 2019 and the Registrar of Companies vide issue of certificate dated August 29, 2019 approved reduction in share capital of the Company by 170,000,000 (Seventeen Crore) Equity Shares of INR 10/- each (Indian Rupees Ten only) held by the shareholders on proportionate basis.

Post reduction the Equity share capital of company is 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.

e. Renewal of the Recognition

The SEBI vide letter dated September 30, 2019 renewed recognition of the Company as Clearing Corporation for a period of one year commencing from October 03, 2019 and ending on October 02, 2020.

f. 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 from December 09, 2019 to December 13, 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.

g. 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.

h. 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 2019-20 is INR 50 crore.

The above mentioned 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.

E. New Products & Services

a. Warehouse and Quality Control agencies accreditation

MCCIL has accredited the following warehouses & Quality Control agencies to support the products (Paddy, Isabgulseed, Blackpepper) launched by ICEX.

Name of the entity	Commodity	Location	Remarks
Sohnanlal Commodity Managemet Pvt Ltd	Isabgul Seed	Unjha (Gujarat)	Accreditation of Warehouse for Isabgulseed
Sohnanlal Commodity Managemet Pvt Ltd	Isabgul Seed	Unjha (Gujarat)	Accreditation of QC Agency for Isabgulseed
Sohnanlal Commodity Managemet Pvt Ltd	Paddy	Karnal	Accreditation of Warehouse for Paddy
Sohnanlal Commodity Managemet Pvt Ltd	Paddy	Karnal	Accreditation of QC Agency for Paddy
Mahawar Iron Stores Pvt Ltd	Steel Long	Mandigovindgarh	Accreditation of Warehouse for Steel
Neogen Food & Animal Security (India) Pvt. Ltd.	BlackPepper	Cochin	Accreditation of QC Agency for BlackPepper

b. Weekly derivatives contracts

SEBI vide letters dated 16/01/2020, 17/01/2020 and 30/01/2020 has approved introduction of weekly contracts in Currency Derivatives, Equity Derivatives and Interest Rate Derivatives segments. MCCIL has accordingly arranged for clearing and settlement of weekly contracts.

c. Interest payment on cash margins

MCCIL vide circular dated May 24, 2019 has informed that interest will be paid @4% per annum w.e.f. June 01, 2019 on cash placed as margins by Clearing Members and Custodians in the Equity Cash, Equity Derivatives and Currency Derivatives Segments.

d. Reporting of Trading Member-wise, client-wise collateral details by Clearing Members

MCCIL vide circular dated May 23, 2019 has stipulated that Clearing Members who clear for other Trading Members are required to submit a report on details of collaterals (across clearing corporations) placed by the trading members and clients with them, on a weekly basis w.e.f. August 01, 2019.

e. Revision in Margin Framework in Commodity Derivatives Segment

As prescribed by SEBI circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2020/15 dated January 27, 2020, new margin framework has been implemented in Commodity Derivatives Segment. As per the revised norms, MCCIL has categorized the commodities into three categories of volatility (Low, Medium, High) based upon the realized volatility for last three years and minimum Initial Margin (IM) and

minimum Margin Period of Risk (MPOR) has been implemented for these categories in a phased manner.

f. Introduction of Lean Period Margin

In case of Agricultural Commodities, MCCIL has imposed an additional lean period margin of 2%, on contracts expiring during lean period with reference to SEBI circular no. SEBI/HO/CDMRD /DRMP/ CIR/P/2020/15 dated January 27, 2020, effective from 21st April 2020.

g. Risk Management for Introduction of New Contract – Paddy

Commodity “Paddy” has been newly launched in 2019 for trading on ICEX Platform. MCCIL has handled the Risk Management activities pertaining to all clearing and trading Members trading in “Paddy”.

3. REGULATORY UPDATES

a. 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 SEB I/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 has complied with the aforesaid circular by submitting the first Net worth Certificate on July 14, 2019. Also the same is regularly sent to SEBI within 15 days from the end of every quarter

b. Handling of Clients Securities by Trading Members/ Clearing Members

SEBI has vide circular number CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 has specified as follows in order to ensure that the stock broker shall segregate securities or moneys of the client or clients or shall not use the securities or moneys of a client or clients for self or for any other client.

All the existing client securities accounts opened by the TM/CM other than ‘Pool account’ (including ‘Early Pay-in’), ‘Client Margin Trading Securities account’ and ‘Client collateral account’ shall be wound up on or before August 31, 2019. TM/CM shall open the unpaid securities account latest by August 31, 2019

They shall inform the details to the respective Stock Exchanges / Clearing Corporations within prescribed timelines.

For monitoring the handling of client securities SEBI has prescribed a course of action for Exchanges/ Clearing Corporations and Depositories

The implementation date for the said SEBI circular was September 01, 2019. MCCIL has complied with the aforesaid circular and monitors compliance through the inspection process.

c. Rationalization of imposition of fines for false/incorrect reporting of margins or non-reporting of margins by Trading Member/Clearing Member in all segments

SEBI issued circular no. CIR/HO/MIRSD/DOP/CIR/P/2019/88 dated August 01, 2019 on rationalization of imposition of fines for false/incorrect reporting of margins or non-reporting of margins by Trading Member/Clearing Member in all segments.

The Stock Exchanges and Clearing Corporations, in all segments, in consultation with one another, shall devise a standard framework for imposition of fine on the Trading Member/ Clearing Member for incorrect/false reporting and non-reporting of margin collected from the clients.

MCCIL has implemented the provisions of the aforesaid SEBI circular w.e.f. September 01, 2019. Further there are no such instances observed till date

d. Introduction of Cross-Margining facility in respect of offsetting positions in co-related equity Indices

SEBI issued circular no. SEBI/HO/MRD/DOP1/CIR/P/2019/128 dated November 08, 2019 stating that in order to facilitate efficient use of Collateral by market participants, it has been decided to extend cross margining facility to off- setting positions in highly co – related equity indices. Relevant eligibility criteria and basis for computation of cross margin has been specified in the circular

As mentioned in the circular Clearing Corporations shall apply to SEBI for approval for providing of cross margining benefit on co-related equity indices which fulfil the eligibility criteria. Accordingly as part of implementation process MCCIL had applied for Cross margin benefit for Index pairs on December 05, 2019 to which SEBI has granted approval on December 24, 2019.

MCCIL is in the process of developing the system for implementation of cross margining facility in 7 Index pairs. SEBI has been informed accordingly vide our letter dated January 27, 2020

e. Collection and reporting of margins by Trading Member (TM) /Clearing Member (CM) in Cash Segment

SEBI issued circular number CIR/HO/MIRSD/DOP/CIR/P/2019/139 dated November 19, 2019 with respect to Collection and reporting of margins by Trading Member (TM) /Clearing Member (CM) in Cash Segment.

It was stated by SEBI that henceforth like in derivatives segment the TMs/CMs in cash segment are also required to mandatorily collect upfront VaR margins and ELM from their clients. The TMs/CMs will have time till 'T+2' working days to collect margins (except VaR margins and ELM) from their clients

Also penalty structure for short collection/ non collection of margins and false/incorrect reporting of margin collection from the clients by TMs/CMs has been laid down by SEBI

The implementation date for provisions with respect to collection of margins from the clients by TM/ CM in cash segment was January 01, 2020 and implementation date for provisions with respect to penalty structure for short collection/ non collection of margins and false/ incorrect reporting of margin collection from the clients by TM/ CM has been extended to June 30, 2020. MCCIL is in the process of system development for implementation of the same.

f. Cut-off Time for determining Minimum Threshold of Margins to be collected from Clients

SEBI issued circular number SEBI/HO/CDMRD/DRMP/CIR/P/2019/149 dated November 29, 2019 with respect to Cut-off Time for Determining Minimum Threshold of Margins to be collected from Clients.

SEBI in this circular listed below conditions for commodity derivatives contracts having trading hours beyond 05:00pm

- a. For the purpose of determining minimum threshold of margins to be collected by members from their clients, cut off time shall be kept as 5:00 PM.
- b. Risk Parameter File (RPF) to be generated at cut-off time shall be applied on clients' EOD portfolio for the purpose of determining minimum threshold of margin to be collected from clients by members.
- c. Similarly for the purpose of determining minimum threshold of Extreme Loss Margin (ELM) to be collected from clients, EOD client portfolio shall be valued at the half an hour weighted average trade price arrived at cut-off time stipulated above.

The implementation date for the said circular has been extended to July 01, 2020. MCCIL is in the process of system development for implementation of the said circular

g. Contribution by a non-defaulting member in the Default waterfall of Clearing Corporations

SEBI has issued circular number SEBI/HO/MRD2/DCAP/CIR/P/2020/01 dated January 03, 2020 with respect to Contribution by a non-defaulting member in the Default waterfall of Clearing Corporations wherein pursuant to deliberations with Risk Management Review Committee (RMRC) of SEBI and various stakeholders, a few amendments were brought about in the circular dated August 27, 2014 like requisite contributions to Core SGF by various contributors for any month shall be made by the contributors before start of the month.

Layer VII of the default waterfall pertaining to capped additional contribution by non- defaulting members of the segment was modified with five new conditions. MCCIL has complied with the requirements of the aforesaid SEBI circular

h. Review of Margin Framework for Cash and Derivatives segments (except for Commodity Derivatives segment)

SEBI has issued circular number SEBI/HO/MRD2/DCAP/CIR/P/2020/27 dated February 24, 2020 stating that with a view to keeping up pace with the changing market dynamics and to bring more efficiency in the risk management framework, a comprehensive review of the margin framework was done in consultation with the Risk Management Review Committee (RMRC) of SEBI. Based on the review, few changes were proposed to the existing risk management framework

Margin framework for Cash Market has been modified with new VaR Margin Rates and Extreme Loss Margin. Also Margin framework for Derivatives (Index Derivatives, Single Stock Derivatives, Currency and Interest Rate Derivatives) has been modified. Further additional margin for highly volatile stocks was also proposed by SEBI.

The changes in parameter values of the margining system required for implementation of the revised margin framework are effected.

i. Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System

SEBI has issued circular number SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 proposing a framework that mitigates the risk of misappropriation or misuse of client's securities available with the TM / CM / DP. The misappropriation or misuse would include use of one client's securities to meet the exposure, margin or settlement obligations of another client or of the TM / CM. The matter was also discussed in the Secondary Market Advisory Committee meeting

Accordingly with effect from June 01, 2020 TM / CM shall, inter alia, accept collateral from clients in the form of securities, only by way of 'margin pledge', created in the Depository system in accordance with Section 12 of the Depositories Act, 1996. Few other conditions were laid down by SEBI for pledging of client securities, providing collateral in the form of securities as margin etc.

The implementation date for the aforesaid circular has been extended to August 31, 2020. MCCIL shall ensure timely implementation of the same

j. Review of Norms regarding Regaining Matched Book for Commodity Derivatives Segment

SEBI has issued circular number SEBI/HO/CDMRD/DRMP/CIR/P/2020/32 dated March 03, 2020 with respect to Review of Norms regarding Regaining Matched Book for Commodity Derivatives Segment wherein SEBI has revised the Alternatives '3' and '4' in terms of compensation and penalty applicable on tear-up of positions as under:

1. **Alternative 3:** Voluntary tear-up at last mark-to-market price along with compensation equal to 10% of last mark-to-market price and penalty equal to 1% of last mark-to-market price (to be credited to SGF);
2. **Alternative 4:** Partial tear-up (pro-rata against members/clients having opposite positions) at last mark-to-market price along with compensation equal to 8% of last mark-to-market price and penalty equal to 1% of last mark-to-market price (to be credited to SGF)

Further SEBI has stated that in order to enable timely and error free execution, CCs shall have an automated system to implement all such tools. CCs shall put in place such system, and also conduct testing of the same, within six months from the date of issuance of this circular i.e., till September 03, 2020.

MCCIL shall ensure timely implementation of the same

k. Interoperability among Clearing Corporations: Revision of criteria for entering the risk-reduction Mode

SEBI issued circular number SEBI/HO/MRD2/DCAP/CIR/P/2020/45 dated March 23, 2020 amending the risk reduction mode for stock brokers. As per earlier circular dated November 27, 2018 stock brokers were mandatorily subjected to risk reduction mode on utilisation of 85% of stock brokers collateral available for adjustment against margins which has now been amended and increased to 90% on account of trades that fall under the margining system

MCCIL has complied with the requirements of aforesaid SEBI circular

4. DIVIDEND AND RESERVES

Your Company has not declared dividend during the Financial Year 2019-20.

5. SHARE CAPITAL

The paid up Share Capital of the Company as on March 31, 2020 was Rs. 125,37,09,910 /- divided into 12,53,70,991 Equity shares of Rs.10/- each. The shareholding pattern as on March 31, 2020 is provided in Table 14:

Sr. No.	Name of Shareholder	No. of shares of Rs. 10/- each	Percentage
1.	Metropolitan Stock Exchange of India Ltd.	120,171,446	95.85%
2.	Multi Commodity Exchange of India Ltd.	2,758,942	2.20%
3.	63 moons technologies limited	2,440,603	1.95%
	Total	125,370,991	100%

Vide order dated March 19, 2014 SEBI has directed 63 moons technologies limited 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 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 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 had 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 Hon'ble National Company Law Tribunal vide order dated August 19, 2019 and the Registrar of Companies vide issue of certificate dated August 29, 2019 approved reduction in share capital of the Company by 170,000,000 (Seventeen Crore) Equity Shares of INR 10/- each (Indian Rupees Ten only) held by the shareholders on proportionate basis. Post reduction the Equity share capital of company is 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. Further, in terms of the aforesaid order, proportionate funds amounting to INR 3,30,93,974/- to be paid to 63 moons technologies ltd, pursuant to capital reduction, have been transferred to current liabilities in the books of accounts of the Company, until further directions are received from SEBI in this matter.

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, 2020, the Company's Governing Board consists of three Public Interest Directors, and the Managing Director & CEO.

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)

Mr. Alok Kumar Mittal was acting as Public Interest Director (Independent Director) of the Company for a period of three years i.e from October 27, 2016 to October 26, 2019. The tenure of Mr. Alok Kumar Mittal (i.e 1st Term) ended on October 26, 2019. As per the provisions of the Companies Act, 2013 and SECC Regulations, 2018 the candidature of Mr. Alok Kumar Mittal was recommended to SEBI for nomination as Public Interest Director (Independent Director) of the Company for another term of three years.

SEBI vide its letter no SEBI/HO/MRD/OW/P/2019/28370 dated October 25, 2019 and shareholders vide resolution passed through postal ballot on May 29, 2020 approved extension of term of Mr. Alok Kumar Mittal as Public Interest Director of the Company for a period of 3 years i.e. from October 27, 2019 to October 26, 2022.

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.

B. Shareholder Director

Mr. Kunal Sanghavi (DIN: 08100891) resigned as Shareholder Director of the Company with effect from March 25, 2020.

The Board places on record its deep appreciation and gratitude towards the valuable contributions made by Mr. Kunal Sanghavi during his tenure as Shareholder Director of the Company.

C. Managing Director & Chief Executive Officer

Mr. Balu Nair was appointed as Managing Director of the Company with effect from June 20, 2016 for a period of three years i.e. up to June 19, 2019. Your Company had followed the process prescribed in the regulatory guidelines for appointment of the Managing Director and submitted 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 for a period of three years. 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. The Shareholders at the Annual General Meeting held on September 13, 2019 approved appointment of Mr. Balu Nair as Managing Director & CEO for a further period of three years and remuneration of Mr. Balu Nair for a period of one year with effect from June 20, 2019. .

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 J. 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 (CISO) of the Company with effect from May 22, 2019. He resigned as the CISO with effect from March 02, 2020.
- Dr. A. Sebastin as Chief Operating Officer of the Company with effect from June 10, 2019. He resigned as Chief Operating Officer of the Company with effect from June 30, 2020
- 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.
- Mr. Sumit Badakh, IT Head with effect from November 01, 2019 & CISO with effect from June 10, 2020.

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 2019-20, 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, 2020 was 58.

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 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 Shareholders at the Annual General Meeting held on September 13, 2019 approved re-appointment of M/s. Kirtane Pandit LLP as Auditors of the Company for a further term of five consecutive years.

The Companies Amendment Act, 2017 read with Notification S.O. 1833(E) dated 7th May 2018 had done away with the requirement of annual ratification of the appointment of auditor. Thus the ratification of the Auditors' appointment is not being considered in 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 2019-20 the members of the Audit Committee were:

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

Due to resignation of Mr. Kunal Sanghavi, as Shareholder Director the Audit Committee was reconstituted by the Board of Directors vide circular resolution passed on March 27, 2020, and accordingly following were the members of the Audit Committee as on March 31, 2020 .

- Mr. Alok Kumar Mittal, Public Interest Director – Chairman
- Mr. Vijay Ranjan, Public Interest Director – Member
- Ms. Rita Menon, Public Interest Director – Member

During the financial year 2019-20, the Audit Committee met 4 (four) times on May 03, 2019, August 08, 2019, November 08, 2019, and February 06, 2020.

All the recommendations of the audit committee were accepted by the Board during 2019-20.

11. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board met 6 (six) times during the year i.e. on May 03, 2019, June 18, 2019, June 20, 2019, August 08, 2019, November 08, 2019, , and February 06, 2020

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

12. DEPOSITS

The Company did not accept any public deposits during the financial year 2019-20.

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

The details of foreign exchange earnings and outgo during the FY 2019-20 are as follows:

Earnings: NIL

Outgo: INR 0.33 Lacs towards traveling and conveyance

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 complied with the provisions of Section 135 of the Companies Act, 2013 during the Financial Year 2019-20.

Your Company has constituted the Corporate Social Responsibility (CSR) Committee under the Chairmanship of Ms. Rita Menon. The detailed composition of the CSR Committee has been disclosed in the Corporate Governance Report which forms a part of the Annual Report.

The Company has formulated CSR Policy as approved by the Board. The link to the CSR Policy is provided in Annexure VI to the Board's report. The Report on CSR initiatives is set out as "Annexure –V" and forms part of this Annual Report.

15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

As per Multi-Party Interoperability Agreement entered into on June 15, 2019 amongst Metropolitan Clearing Corporation of India Ltd (MCCIL), Metropolitan Stock Exchange of India Limited (MSE), NSE Clearing Limited (NCL), The National Stock Exchange of India Limited (NSE), Indian Clearing Corporation Limited (ICCL) & BSE Limited (BSE), for the purposes of settlement of Inter CC obligations, are required to post collateral with each other. The various forms in which the margins can be exchanged between the Clearing Corporations are cash, securities, corporate bonds, government securities, bank guarantees, fixed deposit receipts and any other form as allowed by SEBI from time to time, or mutually agreed by the Clearing Corporations. Further, for this purpose, each Clearing Corporation will only post its own collateral with the other Clearing Corporation free from any lien, charge or any encumbrances whatsoever.

Accordingly, MCCIL had lien marked its Fixed deposits amounting to INR 6.03 Crore in favour of NCL towards Inter CC Margin.

During the previous financial year Metropolitan Stock Exchange of India Limited (MSE) had 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. MSE has repaid the outstanding loan against the Fixed deposit pledged and the fixed deposit receipts were released on September 20, 2019 and the charge on the same has been satisfied on September 26, 2019.

16. RISK AND INTERNAL ADEQUACY OF CONTROLS

A. Risks and Concerns

The MCCIL has adopted a comprehensive risk management policy which is approved by the Risk Management Committee (RMC) of the company. The RMC members include Public Interest Directors of the company and external risk management experts. Credit risk, price risk, liquidity risk, operational risk, legal risk and systemic risk are the main types of risks for MCCIL. The risk management framework adopted by MCCIL comprises of its rules, regulations and byelaws to identify, measure,

monitor, and manage the range of risks that arise in the business of the Company as a Financial Market Infrastructure.

Risk Management Committee is also responsible for monitoring and periodic review of the Risk Management Policy. The Risk Management Policy takes into account all risks that the Clearing Corporation may face such as Business Risk, Strategic Risk, Compliance Risk, etc. The systems implemented by the clearing corporation are capable of monitoring the margins and positions at participant and constituent level. Exposures for margin computation and position limit monitoring are identified at individual constituent level as well as at participant level on aggregate basis. Participants can set limit for its constituents to prevent excessive exposures. Further, the systems are also capable to aggregate positions of any constituent across participants based on unique identifiers like PAN No. MCCIL reviews its risk-management policies, procedures, and systems by taking into account fluctuation in risk intensity, changing environments and market practices.

Effectiveness of policies and systems are assessed through periodic back testing and stress testing techniques and also by monitoring the level of exceptions or shortfalls.

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 had 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. The Hon'ble National Company Law Tribunal vide order dated August 19, 2019 and the Registrar of Companies vide issue of certificate dated August 29, 2019 approved reduction in share capital of the Company by 170,00,000 (Seventeen Crore) Equity Shares of INR 10/- each (Indian Rupees Ten only) held by the shareholders on proportionate basis Post reduction the Equity share capital of the Company is 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. Further, in terms of the aforesaid order, proportionate funds amounting to INR 3,30,93,974/- to be paid to 63 moons technologies ltd, pursuant to capital reduction, have been transferred to current liabilities in the books of accounts of the Company, until further directions are received from SEBI in this matter.

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's Policy with regard to appointment and remuneration of Directors is governed by the provisions of SECC Regulations 2018. As per Regulation 24 (9) of SECC Regulations 2018, Public interest directors shall be remunerated only by way of sitting fees as admissible to independent directors in the Companies Act, 2013.

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.

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

In compliance with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, all the Independent Directors of the Company have registered themselves with the India Institute of Corporate Affairs (IICA), Manesar and have included their names in the databank of Independent Directors within the statutory timeline. They have also confirmed that they will appear for the online proficiency test within a period of one year, wherever applicable

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.

On account of the COVID- 19 pandemic situation and in view of nationwide lockdown, the meeting of the Independent Directors was conducted on June 10, 2020 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.

The link to the Policy for evaluation of Board and Directors is provided in Annexure VI to the Board's report.

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. REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the audit committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

30. SECRETARIAL STANDARDS

The Company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

31. STATEMENT ON REMUNERATION OF EMPLOYEES OF THE COMPANY:

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

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.

32. 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>

33. 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.

34. 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, 2020 and the Statement of Profit and Loss for the said financial year ended March 31, 2020.
- (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.

35. 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.

36. 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 2019-20 the Company has not received any complaints regarding sexual harassment. Pursuant to Section 21(1) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 the annual report for the calendar year 2019 was submitted to the District Officer within the prescribed timelines

37. BOARD POLICIES

The details of the following policies approved and adopted by the Board are provided in Annexure VI to the Board's report.

- Corporate Social Responsibility Policy
- Nomination & Remuneration Policy

- Policy for evaluation of Board and Directors
- Policy on dealing with related party transactions
- Whistle Blower policy

38. 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

Sd/-

Vijay Ranjan
Chairman & Public Interest Director
DIN: 02346190

Sd/-

Balu Nair
Managing Director & CEO
DIN: 07027100

Date: June 16, 2020
Place: Mumbai

Management Discussion and Analysis Report

1. Global Economic Scenario

World Economic Growth in Real GDP terms reflects World Output at 2.9 per cent in 2019. The year 2020 has started off on a positive note and was gaining during mid-January '20. The trade war tensions between US and China eased with both the countries signing the first phase of trade deal on January 15, 2020. However, due to COVID-19 pandemic, the global economy is projected to contract sharply by –3 percent in 2020, much worse than during the 2008–09 financial crisis. It could pick-up slightly provided a flare-up in trade tensions, financial turmoil or escalation of geopolitical tensions does not derail it.

It was projected that the global economy will go from 3 percent growth in 2019 to 3.4 percent in 2020 but that recovery is not coming from the core economies. China and Japan continue to slow. The recovery will come from emerging markets, particularly from stressed emerging markets like Turkey and Argentina. Also, economies like Brazil and Mexico and even India have been weak in 2019.

There are some countries like China which were hit directly by the trade tensions and then there were other emerging markets that also felt the spill-over from that. The International Monetary Fund warned that the trade tensions and the exchange of tariffs between the United States and China can pose a threat to the global economy. Different regions in Latin America and in India, there have been other local issues. In Hong Kong, one does see an impact from the U.S.-China tensions but there was also the civil strife at home. So, country-specific factors hurt emerging economies in 2019.

Global growth is slowing down and central banks across the world are bracing up to counter it by easing monetary policy. China let the Yuan tumble to the weakest level since 2008 and asked the state-owned companies to suspend imports of US agricultural products in July 2019.

Britain formally withdrew from the European Union on January 31, 2020.

Global stock markets started 2019 against the backdrop of low market capitalisation figures in 2018. As the year unfolded, however, the fears of a global economic slowdown receded and geopolitical and trade tensions showed some respite. By the end of the 2019, most indicators were positive: domestic market capitalisation reached record high levels in markets across the globe, and investment flows through IPOs substantially increased.

While some of the positive indicators in 2019 are partly a result of having started the year at a low base, they are also a consequence of specific events, like Saudi Aramco's Initial Public Offering (IPO), the lowering of interest rates by the US Federal Reserve, and some large IPOs in the technology sector.

Global Market Indicators:

Sr. No.	Parameter	Value as on 31/03/20	Value as on 31/03/19	Variation in percent
1	Nasdaq Composite	7700.10	7669.17	0.40
2	Dow Jones Ind Avg	21917.20	25717.46	(14.78)
3	FTSE 100	5672.00	7234.33	(21.60)
4	Hang Seng	23603.50	29051.40	(18.75)
5	NIKKEI	18917.00	21205.80	(10.79)
6	Gold \$/ounce	1578.93	1293.00	22.11
7	NYMEX WTI Crude (\$/bbl)	21.50	59.30	(63.74)

COVID 19 EFFECTS:

The novel corona virus, or covid-19, which initially emerged in China in late December 2019 and which was largely restricted to China till January 2020, has now spread to more than 209 countries and territories around the world. The World Health Organization declared the coronavirus outbreak as a pandemic.

The financial markets witnessed an unprecedented volatility across the globe, last seen only during the Global Financial Crisis of 2008-09. More than a decade after the global financial crisis, the world is struggling with the health and economic effects of a profound new crisis caused by the COVID-19 pandemic

US stocks dropped sharply in the first three months of the year as worries about the global coronavirus pandemic and its impact on businesses and the economy grew.

On the commodities front, the Crude oil prices almost halved in March 2020, amid the growing concerns over spread of the corona virus globally and on supply concerns after Saudi Arabia and Russia failed to reach deal on cutting down on production of oil to support prices.

Similarly, the geo-political grounds are shifting rapidly. US investments are pulling out from China and looking for different shores.

Multilateral agencies like the IMF, Asian Development Bank, UNCTAD have predicted a recession for the global economy for the year 2020.

Internationally, strong multilateral cooperation is essential to overcome the effects of the pandemic. Governments and Central Banks have taken several emergency measures to offset the sudden cratering of national economies. Interest rates were cut, large-scale asset purchases implemented, and facilities were set up to pump liquidity into many corners of financial markets. These measures had a calming effect on markets that had been hit by extreme volatility since the outbreak of the COVID 19 pandemic.

2. Domestic Economic Scenario

India is the fastest-growing large economy in the world and a bright spot in the global economic landscape. However the Economic growth rate for FY 19 stood at 6.1 percent, a five year low since 2014-15 on the back of consumption and economic slowdown. The GDP growth figures for FY 18 and FY 17 were at 7.2 percent and 8.2 percent respectively. For FY 20, GDP has grown by 4.2 percent which is the lowest in the last 11 years. FY 21 is expected to further shrink due to slowdown in economy on the back of declining consumer demand and slowing private investment.

According to the data released by the Ministry of Labour and Employment, the unemployment rate for 2018-19 was 6.87 percent and for 2019-20 unemployment rate was 8.75 percent. With the onslaught of COVID 19, the unemployment rate in May 20 is touching 24.6 percent.

By taking efforts to control expenditure, the government has adhered to its revised fiscal target of 3.4% of GDP for FY19. India's fiscal deficit for FY 20, as on March end has widened to 4.59 percent of GDP as against annual target of 3.8 percent. As economic activity has started slowing down tax collections get affected, and expenditure in March 20 rose due to various cost arising from the containment efforts and enforcing lockdown on account of COVID 19. Current Account deficit for FY 19 was at 2.1 percent as compared to 1.8 percent in FY 18. In FY 20 CAD is expected at 0.7 percent of GDP on account of lower crude oil price and subdued capital goods import.

RBI highlighted the weakness in global economic activity with a slowdown in growth in major advanced and emerging economies. The MPC maintained the accommodative stance to revive growth and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target.

RBI in an unscheduled meeting unveiled a slew of measures to support the economy through rate cuts, liquidity injection and steps to reinforce financial stability in March 2020.

RBI for the first time in last seven years since February 2013, brought down the Cash Reserve Ratio (CRR) by 100 basis points to 3 percent in March 20, CRR cut is the most direct and immediate form of monetary easing that any central bank can use.

Both Government and RBI are taking pro-active steps to combat the current crisis. Government in an effort to help the daily wage workers, senior citizens, farmers etc. announced a relief package worth INR 1.7 Lakh crores thereby prioritizing the need to support the economy. Active steps taken by both on the fiscal and monetary front would definitely help the economy to stabilize in the long run.

COVID 19:

Corona is the kind of medical crisis not seen since 1919. It has created global upheaval not seen possibly since 1940s and has caused a financial crisis not seen since 2008. India's response to the containment of Corona virus has been appreciated globally. In many ways our measures are being considered as benchmark.

The impact of lockdown has been different on different sectors. Aviation, Hospitality, Entertainment, Retail have been hit hard. On other hand, agri and agri-related sectors are seeing lesser impact.

The savings from low crude oil prices is likely to cushion us by about US\$ 40-45 bn if oil persists at current low level. The trade deficit with China can be reduced by US\$ 20 bn by replacing made in china goods with made in India goods.

The opportunity India has is of filling into the shoes of China. Already, global textiles, lifestyle, leather ware industries etc. are looking to move out of China. There are early signs of breakthrough in drugs as well as vaccine for corona virus. Market history with SARs, Bird flu, etc. suggests that market has bounced back sharply after epidemics have receded.

The coronavirus pandemic is having a "deep impact" on Indian businesses and has already caused an unprecedented collapse in economic activities over the last few weeks. The magnitude and speed of collapse in economic activity that India has seen over the last few weeks is unprecedented and there is tremendous uncertainty about what the future holds for businesses and enterprises

India will have to grow at 10.5 percent in nominal terms as against 6 percent in the last six years, and 8-9 percent in real terms in order to achieve \$5 trillion GDP target by FY2025.

3. Industry Developments

Stock Exchanges and Clearing Corporations are key pillars of the Indian Financial Services Industry as well as of the country's overall economy. FY20 started on a good note. India is set out on the higher path to achieve the goal of financial Inclusion. As we set out on the higher path, we remind ourselves that the journey to reach the stars may be long and arduous, but we do, all that are needed, to reach there.

The signals from 2019 have been multiple and mixed. On one hand, we had good monsoon, accommodative monetary policy and revival in GST collection in Nov19 and Dec19 month indicating uptick in consumption. But on another hand, the GDP growth slowdown, de-growth in manufacturing sector and the investment-consumption slowdown has been a cause of concern for the economy.

Stock market Indices touched high points in mid of January 20. The global turmoil has brought the stock markets to end on a lower note in FY20. India's stock market capitalization at end of March 2020 stood at INR 1,13,487 billion, down by 24.89 percent as compared to INR 1,51,087 billion at end March 2019. Indian stock market turnover in Cash Segment for FY 20 amounted to INR 96,597.35 billion, a rise of 10.72 percent as compared to INR 87,246.24 billion in FY 19.

In the month of March 2020, highest annualized volatility amongst the BRICS countries was observed in Brazil (123.7), Russia (108), India Sensex (81) and India Nifty (79). The lowest annualized volatility was observed among BRICS was in China (27.1). Among the developed markets lowest annualized volatility was observed for Hong Kong (45.4) and the highest was observed at USA Dow Jones (99.3).

Indian Stock Market Turnover in Currency Derivatives Segment for Instrument USDINR for FY 20 amounted to INR 1,41,823 billion, down by 7.67 percent as compared to INR 1,53,609 billion in FY19.

In FY 20 New products in Currency Derivatives Segment were launched by Stock Exchanges:

- a. Interest Rate Options on 10 year Government Security was launched.
- b. In January 20, Market saw launch of Weekly Futures contracts on the currency pairs such as USDINR, EUR-INR, GBP-INR, JPY-INR, EUR-USD, GBP-USD and USD-JPY.
- c. Stock exchange was allowed to introduce Weekly Currency Options contracts on currency pairs such as EUR-INR, GBP-INR, JPYINR, EUR-USD, GBP-USD and USD-JPY.
- d. Also with the addition of launch of Weekly IRF contracts, the Indian fixed income market now has the ability to hedge market risk exposure from short-term policy moves, such as the RBI policy rate decisions, without having to deploy month-long futures positions which would have other dynamics at play. Moreover, weekly IRF contracts will have weekly convergences to interest rates.

Capital raised from the Primary Market through Public and Rights Issues (Equity and Debt) in FY 20 amounted to INR 913.66 billion through 109 issues as compared to INR 549.14 billion through 158 issues in FY 19, reflecting an increase of 66 percent in terms of amount garnered.

Funds raised through Private Placement of Corporate Debt in FY 20 amounted to INR 6746.71 billion through 1786 issues as compared to INR 5794.25 billion through 2358 issues in FY 19, reflecting an increase of 14 percent in terms of funds garnered.

The Mutual Fund Asset Management Industry took almost 50 years to build the first INR 10 trillion of AUM, the next INR 10 trillion was amassed in less than five years. The entire asset management industries in India including the AMCs, the industry bodies and the regulators have put in focused efforts to reach investors across

the country with support from the channel partners. In India, the top 10 AMC's account for 83percent of the industry AUM, this is in line with other major markets.

The market is hopeful about the future as subdued oil prices and above average monsoon has been favorable for the economy. Some steps which have been taken by the government and regulators as under over the years will benefit the economy. Today after years of efforts, Inflation is lower, Tax Collections have improved, subsidies are being distributed to the end recipients, real estate sector is being cleaned through progressive customer protection regulations. All these steps will strengthen the economy.

The Indian Government is aiming to make India a US\$ 5 trillion economy by 2024. In other words, government has the ambition to make India grow at 8% plus YOY in real terms over the next half a decade.

4. Highlights of the Clearing Corporation

Metropolitan Clearing Corporation of India Limited (MCCIL), a subsidiary of Metropolitan Stock Exchange (MSE) was incorporated on November 7, 2008 with the main objective to act as central counterparty providing novation and clearing & settlement services for various asset classes.

On September 29, 2014, the Securities and Exchange Board of India (SEBI) granted recognition to MCCIL as a Clearing Corporation under the Regulation 4 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

MCCIL is 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.

MCCIL is also authorized by the RBI under section 10 of FEMA to carry out Clearing & Settlement activities, for currency derivatives contracts.

MCCIL is providing the clearing and settlement services in following segments namely:

- (a) Currency Derivatives – Under Interoperability,
- (b) Equity Derivatives – Under Interoperability,
- (c) Equity Cash Market – Under Interoperability,
- (d) Debt Segment – For Metropolitan Stock Exchange Limited (MSE) and
- (e) Commodity Derivative Segment – For Indian Commodity Exchange Limited (ICEX)

MCCIL has adopted various best practices in the industry to make sure transactions are managed efficiently and completed seamlessly, which include capital adequacy norms for membership, dedicated settlement guarantee fund, globally accepted systems for margining, online monitoring of member positions based on prudential position limit norms, automatic trading restriction on breach of prudential limits, multilateral netting for obligation computation and periodic back testing of margins.

The main objective of the MCCIL is to act as central counterparty to all the trades and provide full novation and carry out the business of clearing and settlement of transactions executed on recognized exchanges.

INTEROPERABILITY

The stock market regulator (SEBI) laid down the guidelines for a world-class interoperable framework for the clearing corporations in November 2018.

SEBI's interoperability framework for CCPs necessitated linking of multiple clearing corporations to allow “market participants to consolidate their clearing and settlement functions at a single CCP, irrespective of the stock exchange on which the trade is executed.”

Operationalizing such an inter-linkage was a very complicated and hi-tech process, as it entailed interconnecting all three stock exchanges and clearing corporations and marrying their technologies and systems seamlessly.

Therefore, this is one of the biggest changes in the history of Indian exchanges and clearing corporations since the introduction of dematerialised settlements and derivatives trading through exchanges in the early 2000s.

With interoperability now in place, members get to clear their trades through a clearing corporation of their choice. It would lead to higher netting efficiency by reducing the funds and securities pay in obligation. Interoperability would also reduce membership costs, as a benefit from arbitrage in prices between two exchanges.

All the products available for trading on the stock exchanges (except commodity derivatives) shall be made available under the interoperability framework.

MCCIL has 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.

Under Interoperability, MCCIL successfully cleared and settled first Equity Cash Segment trade on June 03, 2019, Currency Derivatives Segment trade on August 19, 2019.

MCCIL with its advanced technology is set to achieve new horizons by increasing clearing and settlement volumes under Interoperability.

5. **Risks & Concerns and Adequacy of Internal Control Systems**

Managing Risk is an essential function of MCCIL a Central Counterparty (CCP) licensed under SEBI, Financial Market Regulator for CCPs.

RISK MANAGEMENT

Over view

In its role as a central counterparty, MCCIL ensures the financial performance of every cleared trade. To maintain the integrity of the clearing system, MCCIL has well-established risk management systems to monitor and measure the risk exposures of its members.

The risk management framework employed by MCCIL includes stress-testing to determine adequacy of the Settlement Guarantee Fund, position limits on individual Clearing Member to prevent excessive concentration risk, and responsive margining and collateralisation processes etc.

RISK MANAGEMENT

Strict internal processes and controls enable the Company to effectively manage the business risks it encounters on daily basis. The Company's risk management framework includes risk management policy as devised by the Risk Management Committee (RMC). The Committee monitors and identifies risks at regular intervals to improve Standard Operating procedures and to set appropriate risk limits and controls.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and business activities, with any new activity or deviation from existing procedure referred to the RMC. The Company's risk management system covers various aspects of the business.

The Company also ensures that its Clearing Members comply with applicable regulatory provisions. The Company conducts regular inspections of Clearing Members across segments and provides compliance training across the country for Clearing Members.

As a CCP, MCCIL is a legal entity that interposes itself between the counterparties to the contracts traded on one or more markets, clears and settles by becoming the buyer to every seller and the seller to every buyer. Thereby, MCCIL eliminates the counterparty risk for trading participants on the markets cleared by MCCIL.

MCCIL's Risk management rests on three pillars:

- a. First, MCCIL ensures that Clearing Members fulfil high standards on financial stability. MCCIL monitors this on an ongoing basis.

- b. The second pillar is to measure exposures on a near-to-real time basis and requires sufficient collateral from members to cover the potential losses. The pre-trade limit implemented in the trading system ensures that all trading exposures are covered.
- c. Third, to cover losses that could exceed collateral in extreme but plausible market conditions, MCCIL has access to the Settlement Guarantee Fund which is a pre-funded contribution by MCCIL itself, by the Exchanges and contributions from the Clearing Members, if required.

Risk containment measures include monitoring of liquid net worth, collateral deposits, margin requirements, updating risk parameters etc. in the system.

Risk management is the primary function of a Clearing Corporation and MCCIL safeguards system, which provides the highest level of safety and the early detection of unsound financial practices. Its purpose is to protect all MCCIL Clearing Members against the consequences of a default by a Member in the clearing structure. The system is constantly being reviewed and modified to reflect the most advanced risk management-techniques.

The major safeguards include:

- Clearing Members Standard
- Clearing System
- Margining System
- Daily Mark-To-Market
- Mandatory Intra-day Variation Adjustment and Margin Call
- Intra-day Margin Call
- Additional Margin on Concentrated Positions
- Reserve Fund
- Collateral Management
- Segregation of Member Monies
- Member Default

MARGIN

The Clearing Corporation uses margin as a main tool to mitigate its future credit exposure to its members. Margin requirement is calculated based on the assessment of the maximum potential losses of a futures or an options contract or a portfolio of futures and options contracts over a one-day period under simulated scenarios and a defined confidence level. The Clearing Corporation monitors the margin levels on daily basis in order to ensure that they are at adequate levels and to keep track of changes in the latest market conditions.

The Clearing Corporation monitors and reviews client margin levels. While the Risk Management techniques at MCCIL are specifically designed to prevent a Clearing Member from defaulting on its obligations, the Clearing Corporation, by rule and by Operational Practice, has prepared contingency measures to deal with such an event.

In the normal course of business, MCCIL is exposed to following risks:

- a. **Business Risk:** This is attributable to the impact of market behavior on the revenues of the Company and sustainability of business across cycles.
- b. **Business Continuity Risk:** This arises out of possible inability to conduct business and provide Services on account of damage to physical assets and breakdown of infrastructure due to natural calamities, accidents, breakdowns etc.
- c. **Operational Risk:** This arises out of any possible loss from operations due to third party liability, infidelity of employees, electronic & computer crimes, errors & omissions etc.
- d. **Financial Risk:** MCCIL is a zero-debt Company since its inception. The Company has followed the strategy of funding all its expansions, diversifications and infrastructure related expenditure through internal accruals.
- e. **Legal and Statutory Risk:** This is attributable to various legal and statutory compliances of laws and regulations governing the Company.
- f. **Technological Risk:** This risk arises with increased use of technology in the operations of the enterprise.

Business Continuity Planning (BCP):

Business Continuity Planning aims at minimizing the interruption time of business-critical process in the event of an emergency or any disruption of relevant resources.

Business continuity management (BCM) aims at minimizing the interruption time of business-critical processes in the event of an emergency or any disruption of relevant resources. It could be IT unavailability, Workspace unavailability, Staff unavailability, Supplier unavailability.

The Business-critical departments prepare and continuously update BCP plans for the failure scenarios described above. All employees are informed of the plans and Work from the back-up office regularly in order to familiarize with the emergency processes. BCP arrangements are regularly tested and validated.

The business-critical departments prepare and continuously update adequate BCM plans for the failure scenarios described above. All employees are informed of the plans and work from the back-up office regularly in order to familiarize with the emergency processes. BCM arrangements are regularly tested and validated.

MCCIL has a Business Continuity Plan in place and shifts the Clearing and Settlement operations to its Disaster Recovery Site (DRS) periodically so as to check the readiness and to demonstrate MCCIL's capability to conduct the operations from DRS.

Internal Controls Systems:

MCCIL has well established processes and clearly defined roles and responsibilities at various levels. Comprehensive Operational manual and Standard Operating Procedures have been put in place in various departments of the Company. An independent audit firm has been appointed for conducting Internal and Operations audit. The report of the Internal Auditor along with management response is placed before the Audit Committee, which reviews the same and advises on improvements in internal controls. As a good IT-Governance practice, the Company undertakes Information Systems (IS) Audit for its Clearing and Settlement systems, every year. The Audit also includes visits to Members to verify the IT set-up and practices followed for the MCCIL Clearing and Settlement setup.

Other Measures

The Company has appointed a Compliance Officer and a legal team to advice the company on issues relating to compliance with various laws. The Compliance Officer confirms on the compliance on matters relating to the relevant laws of various jurisdictions and the same is reported quarterly at Board meetings. The Company also seeks legal advice, wherever needed. The Company uses information technology extensively for its business. All technology services are regularly reviewed and capacity planning and system enhancement is undertaken based on the analysis of current usage and future needs.

Internal Financial Control Systems and their Adequacy:

Internal financial controls means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, 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.

The Company already developed and implemented a framework for ensuring internal controls over financial reporting. This framework includes entity level policies, process and operating level standard operating procedures.

During the year, such internal controls over financial reporting were tested by management, internal auditors and statutory auditors. No reportable material weakness in design and effectiveness was observed.

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	2019-20	2018-19
Revenue from operations	909.43	593.57
Profit before Interest, Depreciation, Tax and Exceptional Items	576.09	893.25
Profit before tax	314.35	890.17
Cash profit	500.39	687.42
Net profit	227.73	682.58

b) Revenue and operating expenses

The Company earned total revenues of INR 909.43 Lacs from operations during the year ended March, 2020 as against INR 593.57 Lacs in the year ended March, 2019. The Increase/decrease in revenue was mainly due to company has started the clearing and settlement service to various Exchanges under interoperability

c) Operating profit before depreciation and amortization and exceptional items

The Company earned EBITDA of INR 576.09 Lacs for the year ended March, 2020 as compared to INR 893.25 Lacs during the previous year ended March, 2019. The EBITDA margin for the year 2019 - 2020 is 63.35% as against 150.49% for the year 2018-19.

d) Depreciation and Amortization

The depreciation and amortization charges were INR 252.57 Lacs for the year ended March, 2020 as against INR 4.84 Lacs for the year ended March, 2019.

e) Profit after tax

The profit after tax stood at INR 227.73Lacs for the year 2019 - 2020 as compared to a profit of INR 682.58 Lacs for the year 2018 - 2019.

f) Balance Sheet

As on March 31, 2020, the Company had total assets of INR 28,304.58 Lacs and shareholders' funds at INR 13,958.57 Lacs. The Company is debt-free as on March 31, 2020.

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	2019-20	2018-19
1	Debtors Turnover	1:31	1:28
2	Inventory Turnover	N.A	N.A
3	Interest Coverage Ratio	N.A	N.A
4	Current Ratio	1:4	1:11
5	Debt Equity Ratio	N.A	N.A
6	Operating Profit Margin (%)	12.65%	34.87%
7	Net Profit Margin (%)	12.65%	34.87%
8	Return on Networth(%)	1.63%	2.87%

Note: Finance Cost recorded in Profit & Loss account is as per Ind AS 116 on Leases. As a result interest coverage ratio would be N.A in the absence of any debt.

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, IT Head and Chief Information Security Officer. The manpower planning helps to determine the quantitative and qualitative adequacy of manpower in future.

The number of employees as March 31, 2020 stood at 58 as against 35 employees as on March 31, 2019.

8. Future Business Outlook

The Indian Clearing Corporations (CCPs) framework has witnessed significant and revolutionary developments in the FY 20. The year saw the landmark decision of SEBI to launch Interoperability among CCPs.

The Regulatory framework for Interoperability among CCPs was released by SEBI in November'18; thereafter detailed Draft Guidelines were released in May '19. Most of the products available for trading on the stock exchanges (except commodity derivatives) were made available under the interoperability framework. i.e. Equity Cash Segment, Equity Derivatives Segment and Currency Derivatives Segment were covered for Interoperability.

The official launch of the interoperability framework is perhaps one of the biggest capital markets reforms since the introduction of dematerialised settlements and derivatives trading through exchanges in the early 2000s. CCP's were to establish peer to peer link for ensuring interoperability.

Salient features of an interoperability arrangement are Better capital utilization, reduced trading disruption, reduced aggregate exposure, reduced operational complexity, enhanced market competition and lower cost of clearing. Interoperability would help in reducing systemic risk, encourage innovation, facilitate competition and align the risk management framework with industry best standards.

Interoperability allows consolidation of the clearing and settlement functions with only a single CCP per segment for a market participant. It will lead to reduced costs and improved capital utilisation while simultaneously reducing the operational complexities associated with subscribing to multiple CCPs.

In June 19, the first trade under the new Interoperability regime was registered on Metropolitan Stock Exchange (MSE) Equity cash segment, in which one leg was settled through BSE's ICCL and other leg was settled through MCCIL.

Prior to Interoperability trades executed only on MSE could be cleared through MCCIL. Now trades executed on any other exchange can be cleared through MCCIL. This opens up new opportunities for MCCIL in all the three segments allowed under Interoperability.

In global markets, Interoperability of Clearing Corporations is not only a well-established practice but has yielded positive results for investors and other stakeholders.

MCCIL is geared up to en-cash this opportunity to increase its share of Clearing Members in all the three segments available under Interoperability. With appropriate Business Strategy and Customer focus approach, business and revenue growth can be achieved.

MCCIL commands position in providing next-gen technology solutions and platforms for financial markets for enabling seamless transactions across multi assets class markets in clearing and settling trades, and hence looks forward to better times ahead in visualizing the dream. It goes without saying that MCCIL, with its rich talent pool and technological innovations, is adequately equipped to face the new challenges. As a result, there is expected to be a corresponding increase in clearing and settlement volumes and consequently profitability at the Clearing Corporation.

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: June 16, 2020
Place: Mumbai



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.

Annexure – I

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								

1. 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.1.07/- Lacs earned by the MCCIL from the MSE for clearing and settling of trades done on the Exchange.	February 10, 2017	Nil
	Agreement for providing Clearing & Settlement Services	Multi Party Agreement	Clearing and settlement income aggregating Rs.2.06/- Lacs earned by the MCCIL from the MSE for clearing and settling of trades done on the Exchange.		
	Reimbursement of IT Infrastructure Charges *	Multi Party Agreement	Reimbursement of IT Infrastructure income aggregating Rs.9.24/- Lacs earned by the MCCIL from the MSE		
	Reimbursement of IT Support Charges*	-	Reimbursement of IT Support income aggregating Rs.17.21/- Lacs earned by the MCCIL from the MSE		
	Capital Reduction	As per NCLT Order	During the FY 2019-20, MCCIL has paid the Amount of Rs. 16,294.95 Lacs towards the reduction in Capital as per NCLT Order	November 15, 2018	
	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. 291.27/- lacs to the MSE, including balance payable at the end of the year Rs. 11.59/- Lacs.	February 10, 2017 and August 31, 2018.	Nil
	MOU for sharing office premises entered alongwith addendum dated	From April 01, 2018 to August 18, 2021	To occupy and use office premises a rent of Rs. 195.89/- Lacs was paid	11-Nov-16 and August 14, 2018	Nil

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
	July 11, 2018 between MSE & MCCIL				
	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. 112.73/- lacs	10-May-17	Nil

* Amount of INR 24.02 lacs is receivable from MSE as on 31.03.2020 towards the services rendered during the Financial Year 2019-20

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: June 16, 2020
Place: Mumbai

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March, 2020

(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, 2020 ("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, 2020, 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 (hereinafter referred to as "SECC Regulations, 2018)) read with the circulars issued pursuant thereto;
- (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.

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 based on compliance mechanism established by the Company and on the basis of compliance certificates issued in terms of Regulation 33 of the SECC Regulations, 2018 by the Compliance Officer appointed under SECC Regulations, 2018 and taken on record by the Board of Directors, 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. Also as informed, the Company has responded appropriately to notices received from various statutory authorities / regulatory authorities including initiating actions for corrective measures, where found necessary.

I further report that during the Audit Period;

- (a) Pursuant to the order by Hon'ble National Company Law Tribunal, Mumbai (Tribunal) dated 19th August, 2019 read with the amendment dated 18th September, 2019, the company has implemented the reduction in Equity share capital by INR 170 crores. Post reduction, the Equity share capital of company is INR 125,37,09,910/- (Indian Rupees One Hundred Twenty Five crores Thirty Seven Lakhs Nine Thousand Nine Hundred and Ten only) constituting of 125,370,991 shares of Rs.10 each. The amounts payable to the shareholders pursuant to the order of the Tribunal have been paid to them, except an amount of Rs. 3,30,93,974/-, which is shown under the head "Current Liabilities", being the amount pertaining to 63 Moons Technologies Limited, which has been set aside as per the order of the Tribunal pending further directions from Securities and Exchange Board of India (SEBI).

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

Place: Mumbai

Date: 12th June, 2020

Sd/-

A SEKAR

Company Secretary

ACS 8649 CP 2450

UDIN: A008649B000339034

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. Following the nation-wide lockdown implemented by the Central and State Governments arising out of COVID-19 situation, certain statutory records and extract of the minutes of the meetings of the Board of Directors and their Committees held in the last quarter of the period namely January to March 2020 were verified on the basis of the documents and records uploaded by the Company in the Virtual Data Room (VDR).
3. After appropriately considering the circumstances arising out of the situation explained in Paragraph 2, I confirm that 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 my opinion.
4. 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.
5. Where ever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
6. 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.
7. 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: 12th June, 2020

Sd/-

A SEKAR

Company Secretary

ACS 8649 CP 2450

UDIN: A008649B000339034

Annexure – III

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

i. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 are as under:

- Managing Director & CEO's remuneration: Rs.64,53,712
- Employees' remuneration: Rs.3,47,23,752
- Median of employees' remuneration: Rs.4,89,906
- The ratio of remuneration of the Managing Director & CEO to the median remuneration of the employees of the Company for the financial year is 13.20 X

Note: *Public Interest Directors (Independent Director) and Shareholder Director received only sitting fees and no remuneration is paid.

ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year

The percentage increase in remuneration of Managing Director & CEO, Company Secretary and Chief Financial Officer in the financial year is around 28.3%, 23.80% and 19.80% respectively.

iii. The percentage increase in the median remuneration of employees in the Financial year

- Last year's median : Rs. 4,90,437.50
- Current median : Rs. 4,89,096
- The percentage decrease in the median remuneration of employees in the financial year is around 0.27%.

iv. The number of permanent employees on the rolls of company

As on March 31, 2020, there are 58 employees on the rolls of the Company.

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The average percentile increase for the employees has been 17 % as against 23.96 % for the managerial personnel in the last financial year. Apart from the performance based normal increment, there was no other exceptional salary revision given in FY 2019-20.

Note: KMPs under Companies Act and KMPs under SECC Regulations are considered as managerial personnel.

vi. Affirmation that the remuneration is as per the remuneration policy of the Company.

The remuneration is as per the remuneration policy of the Company.

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, 2019 to March 31, 2020

Sl. No	Name	Age	Designation	Remuneration received	Median of compensation of all employees*	Ratio of compensation paid to each KMP, vis-à-vis median of compensation paid to all employees of the Company	Qualification	Experience no. of Yrs	Date of commencement of employment	Last employment held before joining the company
		(Yrs.)		(Gross Rs.)		(Approx)				
1	Mr. Balu Nair	42	Managing Director & CEO	6453712	489096	13.20 x	BBA, MBA, Lean & Sigma - Green Belt	19.2 Yrs	18-Feb-09	National Stock Exchange of India Ltd.
2	Mr. A Sebastin	60	Chief Operating Officer	2950412	489096	6.03 x	MSc, MPhil, CFA, CAIIB, PGDDS, PhD	37.9 Yrs	10-Jun-19	Metropolitan Stock Exchange of India Ltd.
3	Mr. Krishna J. Wagle	45	Chief Financial Officer	2696856	489096	5.51x	MBA, B.Com	23 Yrs	10-Jul-15	Inter Connected Stock Exchange India Ltd.
4	Ms. Avni Patel	36	Company Secretary	2023510	489096	4.14 x	CS, LLB, B.Com	10.6 Yrs	1-Jul-16	CD Equisearch Pvt Ltd
5	Mr. Geeta Bhandarkar	40	Compliance officer	490853	489096	1.00 x	B.com, M.com	15.11 Yrs	24-Jun-19	Anand Rathi Share and Stock Brokers Ltd
6	Mr. Sumit Badakh	40	IT Head	809525	489096	1.66 x	B.E-IT, MMS, CISSP, DCPLA	15.7 Yrs	01-Nov-2019	SBICAP Trustee Company Limited,
7	Mr. Devidas Gholap*	31	CISO	1305758	489096	2.67 x	B.E(E&Tc), CNA	7.4 Yrs	22-May-2019	nuFuture Digital India Limited
8	Ms. Rachna Prajapati	35	Head Human Resources	856734	489096	1.75 x	PGDM- HR, B.A	10.8 Yrs	20-Jun-16	Wealth Mantra Limited
9	Ms. Roanna Cecilia Lewis	37	Sr. Manager	1450245	489096	2.97 x	B.Com	14.9 Yrs	3-May-10	HSBC Ltd
10	Mr. Vimal Chand Mehta	35	Sr. Manager	1358364	489096	2.78 x	CA , B.Com	6.10 Yrs	11-Apr-16	Kiran Medical System Ltd
11	Mr. Ganesh R Kanaujiya	46	Sr. Manager	1170432	489096	2.39 x	PGDFM, B.com	24 Yrs	14-Sep-04	ICICI Prudential Life Insurance Co. Ltd.
12	Mr. Ayaz Nasir Khan	43	Manager	1111332	489096	2.27 x	B.Com	24 Yrs	3-Oct-08	Bank International - Indonesia
13	Ms. Jyoti Khubchand Ruprel	55	Assistant Vice President	1076125	489096	2.20 x	LLB, B.com	29.06 yrs	19-Aug-19	LIC Mutual Fund
14	Ms. Yugandhara Patil	36	Manager	1066812	489096	2.18 x	MBA, B.Com	13.6 Yrs	26-Dec-08	Bombay Stock Exchange Ltd.

Notes:

- *Mr. Devidas Gholap resigned as Chief Information Security Officer with effect from March 02, 2020.
- 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

Sd/-

Vijay Ranjan

Chairman & Public Interest Director

DIN: 02346190

Sd/-

Balu Nair

Managing Director & CEO

DIN: 07027100

Date: June 16, 2020

Place: Mumbai

Form No. MGT-9
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

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

I. REGISTRATION AND OTHER DETAILS

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	KFin Technologies Private Limited KFintech, Tower – B, Plot No 31 & 32, Selenium Building, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032, Telangana, India

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	45.72%

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	120171444	2	120171446	95.85	--
Banks / FI	--	--	--	--	--	--	--	--	--
Any Other	--	--	--	--	--	--	--	--	--
Sub-total(A)(1)	283120989	2	283120991	95.85	120171444	2	120171446	95.85	--
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	--	--	--	--	--	--	--	--	--
FIIIs	--	--	--	--	--	--	--	--	--

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 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	5199543	2	5199545	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	5199543	2	5199545	4.15	--
Total Public Shareholding (B)=(B)(1)+(B)(2)	1,22,49,998	2	1,22,50,000	4.15	5199543	2	5199545	4.15	--
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	295370987	4	295370991	100	125370991	4	125370991	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 / encumber red 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	-	120171446	95.85	-	--
Total	283120991	95.85	-	120171446	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
	Decrease in shareholding pursuant to Capital Reduction on August 29, 2019	162949545	-	120171446	95.85
	At the End of the year			120171446	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
	Decrease in shareholding pursuant to Capital Reduction on August 29, 2019	3741058	-	2758942	2.20
	At the End of the year			2758942	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
	Decrease in shareholding pursuant to Capital Reduction on August 29, 2019	3309397	-	2440603	1.95
	At the End of the year			2440603	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.

Note: Finance Cost recorded in Profit & Loss account is as per Ind AS 116 on Leases.

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	6453712	6453712
(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)	6453712	6453712

B. Remuneration to other directors:

Amount in rupees

Particulars of Remuneration	Name of the Directors			
	Mr. Vijay Ranjan	Ms. Rita Menon	Mr. Alok Mittal	Total Amount
Independent Directors · Fee for attending board committee meetings · Commission · Others, please specify	7,00,000	7,90,000	8,70,000	23,60,000
Total (1)	7,00,000	7,90,000	8,70,000	23,60,000
Other Non-Executive Directors · Fee for attending board committee meetings · Commission · Others, please specify	-	-	-	-
Total (2)	-	-	-	-
Total (B)=(1+2)	7,00,000	7,90,000	8,70,000	23,60,000
Total Managerial Remuneration				
Overall Ceiling as per the Act	Rs.1,00,000 (per Director/per meeting)			

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	26,96,856	20,23,510	47,20,366
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
(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	26,96,856	20,23,510	47,20,366

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

Sd/-

Vijay Ranjan
Chairman & Public Interest Director
DIN: 02346190

Sd/-

Balu Nair
Managing Director & CEO
DIN: 07027100

Date: June 16, 2020
Place: Mumbai

Annexure V to Boards Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

CSR Policy

(Approved by the Board of Directors on November 08, 2019)

The objective of undertaking CSR efforts are not only to help people by providing facilities for health, education, civic amenities etc. but also to create opportunities for development of skills, employment including self-employment, to promote greater environmental responsibilities and encourage the development and diffusion of environmentally friendly technologies for sustainable development.

Accordingly, the activities that may be taken up to fulfil the objectives are given below:

- i. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- v. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- viii. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

- x. rural development projects.
- xi. slum area development

The CSR policy is available on the website of the Company www.mclear.in

2. Composition of CSR Committee

- i. Ms. Rita Menon, Public Interest Director – Chairperson
- ii. Mr. Vijay Ranjan, Public Interest Director – Member
- iii. Mr. Balu Nair, Managing Director & CEO – Member

3. Average net profit of the company for last three financial years:

Average net profit: INR 3,16,73,664

4. Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)

The company is required to spend INR 6,33,473/-

5. Details of CSR spend for the financial year :

- a) Total amount spent for the financial year : INR 6,33,474/-
- b) Amount unspent if any : Nil
- c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Theme-based CSR project / activity / beneficiary	State where projects or program was undertaken	Amount outlay	Amount spent on the projects or programs	Cumulative Expenditure up to the reporting period
1.	Expenditure on projects/ programs through Tata Institute of Social Science: Resource Cell for Juvenile Justice	Maharashtra	159000/-	159000/-	159000/-
2.	Expenditure on projects/ programs through Mrida Education and Welfare Society: Accommodation, Meal & Healthcare, Computer system and De-fluoridation unit to supply fluoride-free drinking water	Madhya Pradesh	314474/-	314474/-	314474/-

Sr. No.	Theme-based CSR project / activity / beneficiary	State where projects or program was undertaken	Amount outlay	Amount spent on the projects or programs	Cumulative Expenditure up to the reporting period
3.	Expenditure on projects/ programs through Parisar Asha, Environment Education Centre: Workshops on various educational and social welfare programs	Maharashtra	160000/-	160000/-	160000/-

6. Our CSR responsibilities

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented, and the CSR committee monitors the implementation of the projects and activities in compliance with our CSR objectives.

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: June 16, 2020
Place: Mumbai

Board Policies

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 mandate the formulation of certain policies for all listed companies. The corporate governance policies are available on the Company's website, at www.mclear.in. The policies are reviewed periodically by the Board and updated as needed. Key policies that have been adopted are as follows:

Name of the policy	Brief description	Web link	Summary of key changes
Corporate Social Responsibility Policy	The objective of undertaking CSR efforts are not only to help people by providing facilities for health, education, civic amenities etc. but also to create opportunities for development of skills, employment including self-employment, to promote greater environmental responsibilities and encourage the development and diffusion of environmentally friendly technologies for sustainable development.	http://mclear.in/mcxsxccl/Disclosures/Codes-and-Policies.aspx	The Company for the first time came under the purview of Section 135, of the Companies Act, 2013. Accordingly the policy was approved and adopted on November 08, 2019
Policy for evaluation of Board and Directors	The objective of the framework is to prescribe and lay down the criteria and procedure for evaluation of performance of the Board of Directors of the Company and to ensure compliance of the applicable provisions of the Companies Act, 2013 (the Act), the Listing Regulations 2015 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 [SECC Regulations, 2018] read with SEBI Circular SEBI/HO/MRD/DOP2DSA2/CIR /P/2019/26 dated February 05, 2019.	http://mclear.in/mcxsxccl/Disclosures/Codes-and-Policies.aspx	SEBI vide circular no. SEBI/HO/MRD/DOP2DS A2/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. In view of the same, the performance evaluation policy was revised and approved by the Board on May 31, 2019
Nomination and Remuneration Policy	The policy envisages the framework for nomination, remuneration and evaluation of Board of Directors, Key Managerial Personnel, Senior Management Personnel and Employees in accordance with provisions of Section 178(4) of Companies Act, 2013, ('the Act') including rules thereof, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 27 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.	http://mclear.in/mcxsxccl/Disclosures/Codes-and-Policies.aspx	There has been no change to the policy.

Name of the policy	Brief description	Web link	Summary of key changes
Policy on dealing with related party transactions	This Policy aims to comply with the provisions of the Section 188 of the Companies Act 2013 and rules framed thereunder and Clause 49 of the Listing Agreement read with Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulation, 2018. No Related-Party Transaction may be entered into by the Company, or any of its subsidiaries or associates, except in accordance with the provisions of this Policy. It is also intended to ensure correct reporting of transactions between the Company and its Related Parties.	http://mclear.in/mcxsxccl/Disclosures/Codes-and-Policies.aspx	There has been no change to the policy.
Whistle Blower policy	The Company has adopted a whistleblower mechanism for employees to report to the management instances of unethical behaviour, actual or suspected, fraud or violation as a part of good Corporate Governance	http://mclear.in/mcxsxccl/Disclosures/Codes-and-Policies.aspx	There has been no change to the policy.

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, 2013 and the rules made thereunder ("the Act").

The present Board of the Company comprises of 4 Directors viz. three Public Interest Directors, and one Managing Director & CEO. Mr. Kunal Sanghavi resigned as Shareholder Director of the Company with effect from March 25, 2020. 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. In terms of the SECC Regulations, the Managing Director shall be included in the category of Shareholder Director

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. Balu Nair	• Managing Director & CEO

Your Company has adequately complied with the provisions with regard to constitution of the Board during the financial year 2019-20.

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, Ministry of Finance, 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 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 various 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. Balu Nair – Managing Director & CEO

Mr. Balu Nair holds a Master's Degree in Business Administration. He has more than 19 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. Mr. Balu Nair was also associated with Metropolitan Stock Exchange of India Limited (MSE) parent exchange as Interim CEO from July 26, 2018 to March 11, 2020.

During the financial year 2019-20 the following changes occurred in the constitution of the Governing Board:

1. The tenure of the first term of Mr. Balu Nair as Managing Director of the Company ended on June 19, 2019. Mr. Balu Nair was re-appointed as Managing Director and CEO of the Company for a period of three years with effect from June 20, 2019 pursuant to SEBI approval vide letter no SEBI/HO/MRD/ DRMNP/ OW/P/ 2019 /15485 dated June 19, 2019 and approval of shareholders in the Annual General meeting held on September 13, 2019.
2. The tenure of Mr. Alok Kumar Mittal as Public Interest Director of the Company ended on October 26, 2019. SEBI vide its letter no SEBI/HO/MRD/OW/P/2019/28370 dated October 25, 2019 approved extension of term of Mr. Alok Kumar Mittal as Public Interest Director of the Company. In view of the above, Mr. Alok Kumar Mittal was re-appointed as Public Interest Director (Independent Director) for a period of 3 years i.e. from October 27, 2019 to October 26, 2022
3. Mr. Kunal Sanghavi resigned as Shareholders Director of the Company with effect from March 25, 2020.

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 table below summarizes the key qualifications, skills and attributes which are taken into consideration while nominating candidates to serve on the Board:

Leadership	Extended leadership in significant enterprise, resulting in practical understanding of organizations, processes, strategic planning and risk management. Demonstrating strengths in developing talent, planning succession and driving change and long-term growth.
Governance & Law	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective shareholder engagements and driving corporate ethics and values. Background in understanding the regulatory framework and the implications of the same in the capital and securities markets.
Finance & Accounting	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation and financial reporting processes, or experience in actively supervising a principal financial officer or person performing similar functions
Risk Management	Background and experience in practical understanding of the risks relating to the business of the Company and managing potential risks in order to minimise the negative impact that it may have on an organisation.

In the table below, the specific areas of focus or expertise of the individual Board Member has been mentioned. However, the absence of a mark against the a members name does not necessarily mean the member does not possess the corresponding qualification or skill

Key Board qualification				
Name of the Director	Area of expertise			
	Leadership	Governance & Law	Finance & Accounting	Risk Management
Mr. Vijay Ranjan	✓	✓	✓	-
Ms. Rita Menon	✓	✓	✓	-
Mr. Alok Mittal	✓	✓	✓	-
Mr. Balu Nair	✓	✓	-	✓

Certification from Company Secretary in Practice

Mr. A Sekar, 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 2019-20, the Board of Directors met Six (6) times i.e. on May 03, 2019, June 18, 2019, June 20, 2019, August 08, 2019, November 08, 2019, and February 06, 2020.

The Company Secretary prepares the agenda and the explanatory notes in consultation with the Managing Director & CEO 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 2019-20 is given in Table A:

Table A: Details of Board's composition for the Financial Year 2019-20

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 Ranjan (DIN: 02346190)	Chairman & Public Interest Director	6	6	Present	2	1	-
Ms. Rita Menon (DIN: 00064714)	Public Interest Director	6	6	Present	2	-	-
Mr. Alok Kumar Mittal ¹ (DIN: 00008577)	Public Interest Director	6	6	Present @@@	3	-	--
Mr. Kunal Sanghavi ² (DIN: 08100891)	Shareholder Director	6	6	Present	1	-	-
Mr. Balu Nair ³ (DIN: 07027100)	Managing Director & CEO	6	4	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.*

¹The tenure of Mr. Alok Kumar Mittal as Public Interest Director ended on October 26, 2019. Mr. Alok Kumar Mittal was re-appointed as Public Interest Director (Independent Director) for a period of 3 years i.e. from October 27, 2019 to October 26, 2022

²Resigned with effect from March 25, 2020

³ The tenure of Mr. Balu Nair as Managing Director of the Company ended on June 19, 2019. Mr. Balu Nair was re-appointed as Managing Director and CEO of the Company for a period of three years with effect from June 20, 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.

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/mcxsxcl/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. The details relating to the same is annexed as Annexure VI to the Directors Report. 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 2019-20, 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.

On account of the COVID- 19 pandemic situation and in view of nationwide lockdown the meeting of the Independent Directors was held on June 10, 2020 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. 2019-20:

At the beginning of the F. Y. 2019-20 the members of the Audit Committee consisted of:

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

Due to resignation of Mr. Kunal Sanghavi, Shareholder Director the Audit Committee was reconstituted by the Board of Directors vide circular resolution passed on March 27, 2020. The following were the members of Audit committee as on March 31, 2020:

- Mr. Alok Kumar Mittal, Public Interest Director – Chairman
- Mr. Vijay Ranjan, Public Interest Director - Member
- Ms. Rita Menon, Public Interest Director – Member

During the financial year 2019-20, the Audit Committee met 4 (four) times on May 03, 2019, August 08, 2019, November 08, 2019, and February 06, 2020.

Member	Category	Meetings Held	Meetings Attended
Mr. Alok Kumar Mittal	Public Interest Director	4	4
Mr. Vijay Ranjan*	Public Interest Director	NIL	NIL
Ms. Rita Menon	Public Interest Director	4	4
Mr. Kunal Sanghavi@	Shareholder Director	4	4
*Appointed as member of the Committee with effect from March 26, 2020. @ Ceased as member of the Committee with effect from March 25, 2020.			

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 13, 2019 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. 2019-20:

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

1. Mr. Alok Kumar Mittal, Public Interest Director – Chairman
2. Mr. Vijay Ranjan, Public Interest Director – Member
3. Ms. Rita Menon, Public Interest Director – Member

The committee was reconstituted on April 05, 2019 for the limited purpose of appointment of the Managing Director & CEO as follows:

1. Mr. Alok Kumar Mittal, Public Interest Director – Chairman
2. Mr. Vijay Ranjan, Public Interest Director – Member
3. Ms. Rita Menon, Public Interest Director – Member
4. Mr. Sandip Ghose, External Expert, – Member

Subsequent to appointment of Mr. Balu Nair as Managing Director& CEO, the Committee was again reconstituted vide circular resolution passed on June 26, 2019. The composition of Committee post reconstitution was as follows:

1. Mr. Alok Kumar Mittal, Public Interest Director – Chairman
2. Mr. Vijay Ranjan, Public Interest Director – Member
3. Ms. Rita Menon, Public Interest Director – Member

As on March 31, 2020 the composition of the committee remained unchanged.

During the financial year 2019-20, the Committee met 6 (six) times on May 05, 2019, June 18, 2019, June 29, 2019, August 08, 2019, September 13, 2019 and November 08, 2019..

Member	Category	Meetings held	Meetings Attended
Mr. Alok Kumar Mittal	Public Interest Director	6	6
Mr. Vijay Ranjan	Public interest Director	6	6
Ms. Rita Menon	Public Interest Director	6	6
Mr. Sandip Ghose*	External Expert	1	1
* Appointed as Member of the Committee on April 05, 2019 and ceased to be a member of the committee with effect from June 29, 2019.			

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, Managing Director was paid remuneration of INR 55 lakhs per annum (on Cost to Company basis) till June 19, 2019. Mr. Balu Nair was reappointed as the Managing Director & CEO of the Company for the second term w.e.f. June 20, 2019 pursuant to the SEBI approval received on June 19, 2019 for a period of three years. The Nomination and Remuneration committee vide circular resolution passed on May 15, 2019 recommended the remuneration of INR of 75,00,000/- per annum plus Annual Variable Pay not exceeding 25 % of the remuneration on cost to company (all inclusive) to be paid to Mr. Balu Nair as Managing Director & CEO of the Company. The said remuneration was approved by the Board of Directors vide circular resolution passed on May 16, 2019, the SEBI vide letter dated June 19, 2019 and the shareholders of the Company in its Annual General Meeting held on September 13, 2019.

The details of remuneration paid to Mr. Balu Nair from April 01, 2019 to June 19, 2019 and

Components of the Salary Package	Amount(p.a.)	
	April 01, 2019 to June 19, 2019	June 20, 2019 to March 31, 2020
Fixed Pay		
Basic Salary	2,310,000	3,150,000
HRA	1,155,000	1,575,000
Conveyance Allowance	-	-
Provident Fund (Employer Contribution) / Other Allowances	277,200	378,000
Special Allowance	1,033,289	1,583,101
Sub Total (A)	4,775,489	6,686,101
Fringe Benefits		
Food Coupons	30,000	-
Medical Reimbursement	15,000	15,000
LTA Reimbursement	192,500	262,500
Other Entitlements/Reimbursement	99,600	99,600
Sub Total (B)	337,100	337,100
Total of A+B (Gross Salary)	5,112,589	7,063,201
Other Benefits Costed		
Car Entitlement*	240,000	240,000
Insurance Benefits (Group Term life Insurance + Accident Insurance+ Mediclaim)	36,353	45,357
Gratuity	111,058	151,442
Sub Total (C)	387,411	436,799
Total Remuneration (Gross Salary + Other Benefits)	5,500,000	7,500,000
Variable Pay :		
The Variable Pay is over and above the Total Gross Salary & Other Benefits. 50% of the variable pay will be paid on a deferred basis after three years.	-	Upto 25% of the Total Remuneration (i.e. Rs.1875000/-

Remuneration of the Non-Executive Directors and their shareholding as on 31.03.2020 is as below:

Name of the Director	Sitting Fees (Amount in INR)		Shareholding in the Company as on 31.03.2020
	Board Meetings	Committee Meetings	
Mr. Vijay Ranjan	2,80,000	4,20,000	NIL
Ms. Rita Menon	2,80,000	5,10,000	NIL
Mr. Alok Kumar Mittal	2,80,000	5,90,000	NIL

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. 2019-20:

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

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

The composition of committee remained unchanged as on March 31, 2020.

During the financial year 2019-20, the Committee met 1 (one) time on December 20, 2019.

Member	Category	Meetings held	Meetings Attended
Mr. Alok Kumar Mittal	Public Interest Director	1	1

Mr. Vijay Ranjan	Public Interest Director	1	1
Mr. Balu Nair	Managing Director	1	1

The Company Secretary is the Secretary to the Committee. During the financial year 2019-20, 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 2019-20 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	NIL	NIL	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, 2020.

During the F.Y. 2019-20, the Hon'ble National Company Law Tribunal had vide order dated August 19, 2019 and the Registrar of Companies vide issue of certificate dated August 29, 2019 approved reduction in equity share capital of the Company by 170,000,000 (Seventeen Crore) Equity Shares of INR 10/- each (Indian Rupees Ten only) held by the shareholders on proportionate basis. Further, in terms of the aforesaid order, proportionate funds amounting to INR 3,30,93,974/- to be paid to 63 moons technologies ltd, pursuant to capital reduction, have been transferred to current liabilities in the books of accounts of the Company, until further directions are received from SEBI in this matter. Aggrieved by the same 63 moons technologies ltd has vide various communications asked for certain documents as well as served a legal notice on the Company. Your company has from time to time provided necessary clarifications/ reply to 63 moons technologies on the said matter.

D. Corporate Social Responsibility Committee

In terms of 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 complied with the provisions of Section 135 of the Companies Act, 2013 during the Financial Year 2019-20.

In view of the above your Company has constituted a Corporate Social Responsibility Committee on August 08, 2019.

Terms of reference:

- a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- c. To monitor the CSR policy of the Company from time to time;
- d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Composition, meetings and attendance during the F.Y. 2019-20:

The composition of the Committee at the time of constitution was as follows:

1. Ms. Rita Menon, Public Interest Director – Chairperson
2. Mr. Kunal Sanghavi, Shareholder Director – Member
3. Mr. Balu Nair, Managing Director & CEO – Member

In view of resignation of Mr. Kunal Sanghavi, Shareholder Director, the committee was reconstituted on May 26, 2020 and following are the current members of the committee:

1. Ms. Rita Menon, Public Interest Director – Chairperson
2. Mr. Vijay Ranjan, Public Interest Director – Member
3. Mr. Balu Nair, Managing Director & CEO – Member

During the financial year 2019-20, the Committee met 1 (one) time on September 13, 2019.

Member	Category	Meetings held	Meetings Attended
Ms. Rita Menon	Public Interest Director	1	1
Mr. Kunal Sanghavi*	Shareholder Director	1	1
Mr. Balu Nair	Managing Director & CEO	1	1
<i>*Mr. Kunal Sanghavi resigned as Shareholder Director of the Company with effect from March 25, 2020</i>			

The Company Secretary is the Secretary to the Committee.

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, Corporate Social

Responsibility 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.	Corporate Social Responsibility Committee
4.	Executive Committee
5.	Management & Investment Committee
6.	Member and Core Settlement Guarantee Fund Committee
7.	Nomination and Remuneration Committee
8.	Public Interest Directors Committee
9.	Risk Management Committee
10.	Selection Committee
11.	Stakeholders Relationship Committee
12.	Standing Committee on Technology
13.	Independent Directors Committee
14.	Regulatory Oversight Committee
15.	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

- a. An Extra Ordinary General Meetings of the Company was held on June 10, 2019 at 2:00 PM at 4th floor, Vibgyor Towers, Plot no. C-62, G Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (East), Mumbai- 400098 wherein the ordinary resolution with regard to recommending candidature and remuneration of Mr. Balu Nair as Managing Director and Chief Executive Officer of the company to SEBI was passed.
- b. Annual General meeting of the Company was held on September 13, 2019 at 11.00 AM at 4th floor, Vibgyor Towers, Plot no. C-62, G Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (East), Mumbai- 400098. The special resolutions with regard to appointment of Mr. Balu R. Nair (DIN: 07027100) as the Managing Director and Chief Executive Officer of the company and approval of remuneration to be paid to him were passed at the said meeting.

- c. 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
August 18, 2016	11:30 AM	AGM	Vibgyor Towers, 4th floor, Plot No C 62, G Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (E), Mumbai 400098	1. Appointment of Mr. Balu R. Nair as the Managing Director of the company and approval of remuneration to be paid to him.
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.

Date	Time	Category	Venue of the meeting	Particulars of special business/ resolution passed
September 25, 2018		AGM		<ol style="list-style-type: none"> 1. Appointment of Ms. Rita Menon (DIN: 0064714) as an Independent Director. 2. Appointment of Mr. Vijay Ranjan (DIN:02346190) as an Independent Director 3. Ratification of addendum to memorandum of understanding for utilizing office premises dated January 30, 2017.
November 22, 2018	11:30 AM	EGM		<ol style="list-style-type: none"> 1. Reduction of Equity Share Capital of the Company.
January 08, 2019	11:30 AM	EGM		<ol style="list-style-type: none"> 1. Appointment of Mr. Kunal Sanghavi (DIN: 08100891) as shareholders director of the company, subject to approval of the SEBI.

D. Postal Ballot:

The Company has not passed any resolution by way of postal ballot during the financial year 2019-20

E. Means of Communication:

For easy reference of the Shareholders, data related to:

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

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

F. 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

G. General Shareholder Information:

1.	Annual General Meeting (F.Y. 2019-20) Day, Date, Time and Venue	Friday, September 18, 2020 at 2:30 pm The Company is conducting meeting through Video Conferencing/Other Audio Visual Means pursuant to the MCA Circular dated May 5, 2020. For details, please refer Notice of this AGM. The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company located at 4th Floor, Vibgyor Towers, Opp. Trident Hotel, Bandra Kurla Complex (BKC), Mumbai - 400 098, which shall be the deemed venue of AGM.
2.	Financial year	April 01, 2019- March 31, 2020
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)	KFin Technologies Private Limited KFintech, Tower – B, Plot No 31 & 32, Selenuim Building, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032
8.	Share Transfer system	Authority has been delegated to the Management and Investment Committee of the Board to approve share transfers and the Stakeholders Relationship Committee reviews disposal of transfer requests if any from time to time. The Company has also appointed KFin Technologies 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	<u>Metropolitan Clearing Corporation of India Limited</u> 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 INE831N01021. As on March 31, 2020, a total of 12,53,70,987 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, 2020):

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	125,370,991	100
	Total	3	100	125,370,991	100

Shareholding Pattern as on March 31, 2020

Sr. No	Category	No. of shareholders	No. of shares held	% of shareholding
(A)	PROMOTER AND PROMOTER GROUP			
(1)	INDIAN			
	Bodies Corporate	1	120,171,446	95.85
	Sub-Total A(1)	1	120,171,446	95.85
(2)	FOREIGN	0	0	0.00
	Sub-Total A(2)	0	0	0.00
	Total A=A(1)+A(2)	1	120,171,446	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	5 199545	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	5199545	4.15
	Total B=B(1)+B(2)	2	5199545	4.15
	Total (A+B)	3	125,370,991	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 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 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 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. 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.

MCCIL had 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 Hon'ble National Company Law Tribunal vide order dated August 19,

2019 and the Registrar of Companies vide issue of certificate dated August 29, 2019 approved reduction in share capital of the Company by 170,000,000 (Seventeen Crore) Equity Shares of INR 10/- each (Indian Rupees Ten only) held by the shareholders on proportionate basis. Further, in terms of the aforesaid order, proportionate funds amounting to INR 3,30,93,974/- to be paid to 63 moons technologies ltd, pursuant to capital reduction, have been transferred to current liabilities in the books of accounts of the Company, until further directions are received from SEBI in this matter.

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	5,00,000
Professional Fees	7,31,864
Total	12,31,864

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, 2020. 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 CEO & 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 2019-20, 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 & CEO

DIN: 07027100

Date: June 16, 2020

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, 2020, 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: 11th June, 2020

Sd/-
Aditya A. Kanetkar
Partner
Membership No: 149037
UDIN: 20149037AAAACR1887

CERTIFICATE

(Pursuant to Clause 10(i) of Part C of Schedule V of LODR)

I have examined the relevant Registers, Records, Forms, Returns and Disclosures received from the Directors of METROPOLITAN CLEARING CORPORATION OF INDIA LIMITED (CIN U67120MH2008PLC188032), having Registered Office at 4th Floor, Vibgyor Tower, G Block, Plot No. C 62, Bandra Kurla Complex, Bandra East, Mumbai 400 098 (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 my opinion and to the best of my 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, I hereby certify that as on 31st March 2020, 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 Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these based on my 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.

Place: Mumbai

Date: 16th June, 2020

Sd/-
A SEKAR
COMPANY SECRETARY
ACS 8649 CP 2450
UDIN A008649B000347891



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 2019 -20 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, 2020.

Sd/-

Balu Nair

Managing Director

DIN: 07027100

Place: Mumbai

Date: June 16, 2020

Chief Executive Officer (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/ Madam,

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, 2020 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 2019-20.

Yours Sincerely,
Place: Mumbai
Date: June 16, 2020

Sd/-
Balu Nair
Managing Director & CEO

Sd/-
Krishna J. 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, 2020, 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, 2020, and profit, Statement of 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 Director's 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.

If, based on the work we have performed on the other information that we obtained prior to date of this Auditor's Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
 - (g) With the respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197 (16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of the Section 197 of the Act.
 - (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company 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/-

Aditya A. Kanetkar

Partner

M. No. 149037

UDIN: 20149037AAAACQ5694

Place: Mumbai.

Date: June 11, 2020

Annexure A to the Auditor's Report – March 31, 2020

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

We have audited the internal financial controls over financial reporting of Metropolitan Clearing Corporation of India Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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/-
Aditya A. Kanetkar
Partner
M. No. 149037
UDIN: 20149037AAAACQ5694

Place: Mumbai.
Date: June 11, 2020

Annexure B to the Auditor's Report – March 31, 2020

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, 2020.

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. 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, 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, Income-tax, Goods & Service Tax and other material statutory dues were in arrears as at March 31, 2020 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, there are no dues of Income Tax, Goods & Service Tax and Customs Duty which have not been deposited on account of any disputes.

- (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/-

Aditya A. Kanetkar

Partner

M. No. 149037

UDIN: 20149037AAAACQ5694

Place: Mumbai.

Date: June 11, 2020

Metropolitan Clearing Corporation of India Limited

CIN : U67120MH2008PLC188032

Balance Sheet as at March 31, 2020

(INR in Lacs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current Assets			
Property, Plant and Equipment	3	404.88	2.27
Other Intangible Assets	3	467.43	96.69
Intangible Assets under development	3	53.04	62.80
Right to Use	4	282.90	-
Other Non - Current Financial Assets	5	9,839.36	1,382.41
Deferred Tax Assets	6	-	-
Other Non - Current Assets	7	40.23	391.70
		11,087.84	1,935.88
Current assets			
Financial Assets			
Investments	8	1,612.21	3,421.39
Trade Receivables	9	61.90	90.57
Cash and Cash Equivalents	10	36.98	15.88
Bank balances other than above	11	14,237.19	37,808.88
Other Current Financial Assets	12	16.16	5.25
Current Tax Assets (Net)	13	1,173.21	761.63
Other Current Assets	14	79.08	35.26
		17,216.74	42,138.86
TOTAL ASSETS		28,304.58	44,074.74
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	15	12,537.10	29,537.10
Other Equity	16	1,421.47	1,462.96
		13,958.57	31,000.06
Non-current liabilities			
Financial Liabilities			
Lease Liability	4	76.75	-
Other Financial Liabilities	17	9,758.87	9,001.34
Provisions	18	31.95	19.98
Deferred Tax Liability	19	54.62	0.70
		9,922.19	9,022.02
Current liabilities			
Financial Liabilities			
Trade Payables:	20		
(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		8.67	3.14
Lease Liability	4	191.35	-
Other Financial Liabilities	21	3,771.42	3,917.70
Other Current Liabilities	22	434.98	121.74
Provisions	23	17.40	9.92
		4,423.82	4,052.66
		14,346.01	13,074.68
TOTAL EQUITY AND LIABILITIES		28,304.58	44,074.74

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

For and on behalf of the Board of Directors

Sd/-

Aditya A. Kanetkar

Partner

M. No: 149037

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

M. No. A23918

Place: Mumbai

Date: June 11, 2020

Place: Mumbai

Date: June 11, 2020

Metropolitan Clearing Corporation of India Limited

CIN : U67120MH2008PLC188032

Statement of Profit & Loss for the Year Ended March 31, 2020

(INR in Lacs)

Particulars		Note No.	Year Ended March 31, 2020	Year Ended March 31, 2019
I	Revenue From Operations	24	909.43	593.57
II	Other Income	25	1,489.30	1,953.94
III	Total Income		2,398.73	2,547.51
IV	Expenses			
	Employee Benefit Expenses	26	495.47	310.16
	Finance Cost	4	20.09	-
	Depreciation and Amortization Expenses	3	252.57	4.84
	Other Expenses	27	1,316.25	1,342.34
	Total expenses		2,084.38	1,657.34
V	Profit / (Loss) Before Tax		314.35	890.17
VI	Tax Expense			
	Current Tax		(10.00)	(203.00)
	Income Tax For Earlier years		(8.09)	-
	Deferred Tax		(57.60)	(2.83)
VII	Profit/ (Loss) for the period		238.66	684.34
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		(14.60)	(2.44)
	(ii) Income tax on items not reclassified to Profit or Loss		3.67	0.68
IX	Total comprehensive income for the period		(10.93)	(1.76)
	Total Income for the period		227.73	682.58
X	Earnings per share (for continuing operations)	28		
	(a) Basic		0.12	0.23
	(b) Diluted		0.12	0.23

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/-
Aditya A. Kanetkar
Partner
M. No: 149037

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
M. No. 23918

Place: Mumbai
Date: June 11, 2020

Place: Mumbai
Date: June 11, 2020

Metropolitan Clearing Corporation of India Limited

CIN : U67120MH2008PLC188032

Statement of Changes in Equity

(INR in Lacs)

A. Equity Share Capital

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
At the beginning of the year	29,537.10	29,537.10
Changes in equity share capital during the year	(17,000.00)	-
Outstanding at the end of the year	12,537.10	29,537.10

B. Other Equity for the F.Y. 2019-20

Particulars	Amount
Profit for the year	238.66
Balance as at April 01, 2019	1,462.96
Other Comprehensive Income for the year	(10.93)
Dividend Distribution Tax	(269.23)
Balance as at March 31, 2020	1,421.47

Other Equity for the F.Y. 2018-19

Particulars	Amount
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

As per our report of even date

For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm's Registration No: 105215W/W100057
Sd/-
Aditya A. Kanetkar
Partner
M. No: 149037

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
M. No. A29318

Place: Mumbai
Date: June 11, 2020

Place: Mumbai
Date: June 11, 2020

Metropolitan Clearing Corporation of India Limited
CIN : U67120MH2008PLC188032
Cash Flow Statement for the Year Ended March 31, 2020

(INR in Lacs)

Particulars	Year Ended March 31, 2020	Year ended March 31, 2019
A. Cash Flow from Operating Activities		
Net Profit Before Tax	314.35	890.17
Adjustments for:		-
Depreciation and Amortisation Expense	75.01	4.84
Finance cost	20.09	-
Dividend from Current Investments	(16.99)	(14.44)
Interest Income	(1,620.11)	(1,797.77)
Remeasurement of Post-Employment Benefit Obligations	(14.60)	(2.44)
Adjustment for MTM Investment measured at FVTPL	(92.03)	-
	(1,648.62)	(1,809.80)
Operating Loss Before Working Capital Changes	(1,334.27)	(919.64)
Adjustments for:		
(Increase)/Decrease in Trade Receivables	28.67	(90.57)
(Increase)/Decrease in Other Current Financial Assets	25,369.95	(25,074.05)
(Increase)/Decrease in Other Current Assets	(455.40)	(154.76)
Increase/(Decrease) in Trade Payables	5.36	(30.68)
Increase/(Decrease) in Other Current Financial Liabilities	358.31	61.17
Increase/(Decrease) in Short Term Provisions	7.48	2.65
	25,314.38	(25,286.25)
Cash (used in) / generated from Operating Activities	23,980.10	(26,205.89)
Taxes Paid (Net)	(75.69)	(203.00)
Net Cash (used in) / generated from Operating Activities	23,904.41	(26,408.89)
B. Cash Flow from Investing Activities		
Sale / (Purchase) of Current Investments (Net)		
Purchase of Property, Plant & Equipment	(1,046.49)	(162.06)
Investment in Deposits	(9,824.35)	(1,367.41)
Maturity of Deposits	1,367.41	21,662.19
Changes in Other advances	351.47	(126.09)
Changes in other financial liabilities	823.42	4,529.19
Dividend Income	16.99	14.44
Interest Income	1,620.11	1,797.77
Net Cash generated from / (used in) Investing Activities	(6,691.44)	26,348.03
C. Cash Flow from Financing Activities		
Dividend Distribution Tax paid	(269.23)	-
Lease Liability Payment	76.75	-
Proceeds towards Capital Reduction	(17,000.00)	-
Net Cash used in Financing Activities	(17,192.47)	-
Net (Decrease) / Increase in Cash and Cash Equivalents	21.10	(60.86)
Cash and Cash Equivalents at the beginning of the year	15.88	76.73
Cash and Cash Equivalents at the end of the year	36.98	15.88
	21.10	(60.86)

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/-
Aditya A. Kanetkar
Partner
M. No: 149037

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
M. No. 23918

Place: Mumbai
Date: June 11, 2020

Place: Mumbai
Date: June 11, 2020

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 different exchanges 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 are 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 /NSE/BSE
- (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

The Company has adopted Ind AS 116 'Leases' with effect from April 01, 2019. Ind AS 116 replaces Ind AS 17 - Leases and Implementation and related Guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of Leases for both parties i.e. for Lessor and for Lessee. Ind AS 116 introduces single lessee accounting entry approach and requires lessee to account asset and liabilities for all leases for more than 12 months and underlying assets are not defined as 'Low Value' by the Management of the Company. The Company treated the leases with remaining lease term for less than 12 months as if they were "short term lease". The Company has decided that Rent for of INR 25,000 per month is defined as 'Low Value'.

The Company has adopted IND AS 116 and elected to apply standard prospectively, recognised on the initial date of application i.e. April 01, 2019.

With the effect from April 01, 2019, the Company recognised new asset & new 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.

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 losses 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 Ind AS 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:

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

Depreciation for the year ended March 31, 2020 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.

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. Penalties and fines levied by the Company are transferred to Core SGF as Other Contributions.

R. Earnings per share

Earnings per share are 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.

Note 3 Property, Plant and Equipment

Tangible Assets:

(INR in Lacs)

Particulars	GROSS BLOCK			DEPRECIATION					NET BLOCK	NET BLOCK
	As at March 31, 2019	Additions	Deletions	As at March 31, 2020	Upto March 31, 2019	For the Year	Deletions	Upto March 31, 2020	As at March 31, 2020	As at March 31, 2019
Office Equipment	2.98	-	-	2.98	2.77	0.06	-	2.83	0.16	0.22
Computer Hardware	37.30	434.52	-	471.81	35.43	31.83	-	67.25	404.56	1.87
Furniture & Fixtures	0.26	-	-	0.26	0.07	0.02	-	0.10	0.16	0.18
TOTAL	40.54	434.52	-	475.05	38.27	31.91	-	70.18	404.88	2.27
Previous Year	40.28	0.26	-	40.54	37.52	0.75	-	38.27	2.27	2.76

Intangible Assets (Acquired):

(INR in Lacs)

Particulars	GROSS BLOCK			AMORTISATION					NET BLOCK	NET BLOCK
	As at March 31, 2019	Additions	Deletions	As at March 31, 2020	Upto March 31, 2019	For the Year	Deletions	Upto March 31, 2020	As at March 31, 2020	As at March 31, 2019
Computer Software	102.08	413.84	-	515.93	5.39	43.10	-	48.49	467.43	96.69
TOTAL	102.08	413.84	-	515.93	5.39	43.10	-	48.49	467.43	96.69
Capital Work in Progress	62.80	55.73	65.48	53.04	-	-	-	-	53.04	62.80
	164.88	469.57	65.48	568.97	5.39	43.10	-	48.49	520.47	159.49
Previous Year	3.08	161.80	-	164.88	1.30	4.09	-	5.39	159.49	1.78

(INR in Lacs)

Note 4 Lease

Following are the changes in the carrying value of right of use assets for the Year Ended March 31, 2020:

Particulars	As at March 31, 2020	As at March 31, 2019
Classified on account of adoption of IND AS 116 as on April 1, 2019	460.46	-
Less: Depreciation for the year	177.56	-
Balance as on March 31, 2020	282.90	-

The following is the movement in lease liabilities during the Year Ended March 31, 2020:

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as on April 1, 2019	443.90	-
Add: Finance cost accrued during the year	20.09	-
Less: Payment of lease liabilities	195.89	-
Balance as on March 31, 2020	268.10	-

The following is the break Up of current and Non current lease liabilities as at March 31, 2020:

Particulars	As at March 31, 2020	As at March 31, 2019
Current lease liabilities	191.35	-
Non current lease liabilities	76.75	-
Total	268.10	-

Note 5 Other Non - Current Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Deposit with original maturity for more than 12 months	9,774.95	1,367.41
Deposits	64.41	15.00
Total	9,839.36	1,382.41

Note 6 Deferred Tax Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	-	1.45
Charge / (Credit) for the year	-	(1.45)
Total	-	-

Note 7 Other Non - Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Advances other than capital advances		
Taxes Recoverable, Statutory Deposits and Dues from Government	40.23	391.70
Total	40.23	391.70

Note 8 Investments

Particulars	As at March 31, 2020	As at March 31, 2019
Investments in Mutual Funds (Quoted, Non Traded)		
Aditya Birla Sun Life Liquid Fund - Dir - Growth	12.25	108.46
Axis Liquid Fund - Direct Plan - Daily Dividend	0.11	0.11
Axis Liquid Fund - Direct Growth	16.45	502.84
BOI AXA Liquid Fund - Direct Plan - Daily Dividend	-	182.55
BOI AXA Liquid Fund - Direct Plan - Growth	35.35	502.78
BOI AXA Liquid Fund- Dir- Overnight	192.44	-
SBI Premier Liquid Fund - Direct Plan -Daily Dividend	-	241.34
SBI Premier Liquid Fund- Dir- Overnight	47.42	-
Sundaram Money Fund - Direct Plan - Daily Dividend	631.16	836.08
Sundaram Money Fund - Direct Plan - Growth	18.31	502.68
Sundaram Money Fund- Direct- Overnight	412.30	-
ICICI Prudential Liquid -Direct Plan - Daily Dividend	34.44	33.06
Mirae Asset Cash Management Fund - Daily Dividend	-	9.03
Mirae Asset Cash Management Fund - Direct Plan - Growth	204.95	502.47
Mirae Liquid Fund- Dir- Overnight	7.03	-
Total	1,612.21	3,421.39
Aggregate amount of quoted investments and market value thereof	1,612.21	3,421.39

Note 9 Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables - outstanding for a period exceeding six months: unsecured & Consider Good	-	-
Other Trade Receivables: unsecured & Consider Good	61.90	90.57
Total	61.90	90.57

Note 10 Cash and Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks	36.98	15.88
Cash on hand	-	-
Total	36.98	15.88

Note 11 Bank balances other than above

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Deposit with original maturity for less than 12 months*	14,237.19	37,808.88
Total	14,237.19	37,808.88

* Inclusive of Lien Marked Fixed deposit INR 6.03 Crore In favour of NCL (Refer Note 31)

Note 12 Other Current Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Others Receivables	16.16	5.25
Total	16.16	5.25

Note 13 Current Tax Assets (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
Taxes Recoverable, Statutory Deposits and Dues from Government	1,173.21	761.63
Total	1,173.21	761.63

Note 14 Other Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Advances other than Capital Advances		
Other Advances: Advance to Creditors	1.68	14.80
Others		
Prepaid Expenses	77.40	20.46
Total	79.08	35.26

Note 15 Equity Share Capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	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	12,53,70,991	12,537.10	29,53,70,991	29,537.10
(c) Subscribed and Fully Paid Up				
Equity Shares of the par value of Rs.10/- each	12,53,70,991	12,537.10	29,53,70,991	29,537.10

15.1 Reconciliation of the number of Shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	29,53,70,991	29,537.10	29,53,70,991	29,537.10
Add: Shares issued during the year	-	-	-	-
Less: Reduction of Share Capital	17,00,00,000	17,000.00	-	-
Outstanding at the end of the year	12,53,70,991.00	12,537.10	29,53,70,991.00	29,537.10

15.2 Shares held by Holding Company:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Metropolitan Stock Exchange of India Limited	12,01,71,446	95.85%	28,31,20,991.00	95.85%

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

Name of the Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% Shareholding	No. of shares	% Shareholding
Metropolitan Stock Exchange of India Limited	12,01,71,446	95.85%	28,31,20,991	95.85%
	12,01,71,446	95.85%	28,31,20,991	95.85%

15.4 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.

15.5 The Company declares and pays dividend in Indian Rupees. No dividend has been declared by the Company during the Year Ended March 31, 2020.

Note 16 Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
Retained Earnings		
Balance at the beginning of the year	1,467.16	782.82
Additions/ (Deletions) during the year	238.66	684.34
Deletions: Dividend Distribution Tax	(269.23)	-
Balance at the end of the year	1,436.59	1,467.16
Other Comprehensive Income (OCI)		
Balance at the beginning of the year	(4.19)	(2.44)
Remeasurement of post-employment benefit obligations	(10.93)	(1.76)
Balance at the end of the year	(15.12)	(4.19)
Total	1,421.47	1,462.96

Note 17 Other Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Settlement Banks Deposits	2,000.00	2,000.00
Other Deposits	65.30	40.30
Core Settlement Guarantee Fund (Refer Note 39):		
For Segments other than Commodity Derivatives	3,154.22	2,778.84
For Commodity Segment	4,539.35	4,182.20
Total	9,758.87	9,001.34

Note 18 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits		
Provision for Leave Encashment	31.95	19.98
Total	31.95	19.98

Note 19 Deferred Tax Liability

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	0.70	-
Charge / (Credit) for the year	53.93	0.70
Total	54.62	0.70

CURRENT LIABILITIES:

Note 20 Trade Payables:

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises (Refer Note 49a)		
Principal Amount	-	0.16
Interest Paid/Accrued	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	8.67	3.14
Total	8.67	3.31

Note 21 Other Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Secured Considered Good:		
Members Margin and Deposits - For Segments other than Commodity Derivatives	2,676.52	3,261.32
Members Margin and Deposits - Commodity Segment	1,094.90	656.38
Total	3,771.42	3,917.70

Note 22 Other Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Others:		
For Expenses	77.44	100.15
For Statutory Dues	26.60	21.59
Other Payable as per the Scheme Of Capital Reduction (Refer Note 42)	330.94	-
Total	434.98	121.74

Note 23 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits:		
Provision for Gratuity	13.72	6.67
Provision for Leave Encashment	3.41	1.85
Provision for Bonus	0.27	1.40
Total	17.40	9.92

Note 24 Revenue From Operations

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Sale of Services	415.78	209.37
<u>Other Operating Revenue</u>		-
Interest on Deposits with Banks	350.84	336.86
Dividend from Investments	51.23	26.78
Processing & Annual Subscription Fees	5.14	4.65
Clearing support charges for Commodity Segment	86.44	15.91
Total	909.43	593.57

Note 25 Other Income

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Interest Income		
- On Deposits with Banks - Own Funds	1,269.28	1,797.77
- On Income Tax Refund	92.56	-
Dividend Income	16.99	14.44
MTM - Investments measured at FVTPL	41.38	141.73
Other Non-Operating Income	51.51	-
Profit on sale of Investments	17.58	-
Total	1,489.30	1,953.94

Note 26 Employee Benefit Expenses

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Salaries, wages and bonus	465.40	288.42
Contributions to Provident Fund & other funds	20.82	12.74
Staff welfare expenses	9.25	9.00
Total	495.47	310.16

Note 27 Other Expenses

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Payment to Auditors (exclusive of taxes)	12.32	10.61
Operating Expenses - Commodity Segment	85.19	17.61
Corporate Social Responsibility Expenses (Refer Note 37)	6.33	-
Bank Charges	0.41	0.35
Director Sitting Fees	23.60	20.75
Insurance	20.56	15.91
Legal and Professional Charges	22.82	24.64
Office Expenses	86.39	78.00
Lease Expenses*	21.03	179.26
ROC Fees Expenses	0.04	0.02
Stamp Duty Expenses	2.02	-
Technology Cost	967.67	965.60
Miscellaneous Expenses	67.87	29.59
Total	1,316.25	1,342.34

* Represents Lease Expenses for Short Term Lease for the Current Financial Year.

Payment to Auditors:

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Statutory Audit Fees (Including Limited Review Fees)	5.00	3.75
Tax Audit Fees	1.75	1.50
Other Services	5.46	5.23
Out of Pocket Expenses	0.11	0.13
Total	12.32	10.61

Note 28 Earnings per share (for continuing operations)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Profit for the year attributable to Equity Shareholders	238.66	684.34
Weighted Average Number of Equity Shares Outstanding During The Year (Nos.)	1,950.43	2,953.71
Basic /Diluted Earnings Per Share (INR)	0.12	0.23
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, 2020	March 31, 2019
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			
(iv)	Mr. Vijay Ranjan - Public Interest Director (Independent Director)			
(v)	Mrs. Rita Menon - Public Interest Director (Independent Director)			
(vi)	Mr. Alok Mittal - Public Interest Director (Independent Director)			

(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	Reduction of Capital	16,294.95 -	- -	16,294.95 -
2	Services rendered	29.58 9.37	- -	29.58 9.37
3	Expenses Paid			
	- IT Support Charges	243.12 316.91	- -	243.12 316.91
	- Rent paid	195.89 179.26	- -	195.89 179.26
	- Office Expenses	48.15 45.36	- -	48.15 45.36
4	Director Remuneration	- -	65.19 51.30	65.19 51.30
5	Employee Cost:			
(a)	Mr. Krishna J. Wagle	- -	27.33 22.87	27.33 22.87
(b)	Mrs. Avni Patel	- -	20.21 16.58	20.21 16.58
6	Director Sitting Fees			
(a)	Mr. Vijay Ranjan	- -	7.00 5.40	7.00 5.40
(b)	Mrs. Rita Menon	- -	7.90 6.30	7.90 6.30
(c)	Mr. Alok Mittal	- -	8.70 8.30	8.70 8.30

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	Amount Receivable	12.43 -	- -	12.43 -
2	Amount Payable	- 14.78	- -	- 14.78

Figures in Italic represent Previous Year's amounts.

Note 30 Contingent Liabilities:

Particulars	As at March 31, 2020	As at March 31, 2019
Overdraft Facility against Fixed Deposits	-	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:

As per Multi-Party Interoperability Agreement entered into on June 15, 2019 amongst Metropolitan Clearing Corporation of India Ltd (MCCIL), Metropolitan Stock Exchange of India Limited (MSE), NSE Clearing Limited (NCL), The National Stock Exchange of India Limited (NSE), Indian Clearing Corporation Limited (ICCL) & BSE Limited (BSE), for the purposes of settlement of Inter CC obligations, are be required to post collateral with each other. The various forms in which the margins can be exchanged between the Clearing Corporations are cash, securities, corporate bonds, government securities, bank guarantees, fixed deposit receipts and any other form as allowed by SEBI from time to time, or mutually agreed by the Clearing Corporations. Further, for this purpose, each Clearing Corporation will only post its own collateral with the other Clearing Corporation free from any lien, charge or any encumbrances whatsoever.

Accordingly, MCCIL had lien marked its fixed deposits amounting to INR 6.03 Crore in favour of NCL towards Inter CC Margin.

Note 32 Capital Commitment:

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of Contracts remaining to be executed	21.50	-

Note 33 Capital Management:

- 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.
- No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020.
- 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 on-going 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 throughout the Financial Year 2019-20.

Note 34 Disclosure as per Revised Ind AS 19 'Employee Benefits':

A. Gratuity:

Particulars	As at March 31, 2020	As at March 31, 2019
1) Changes in present value of obligations		
Present Value of Obligations at beginning of the year	34.98	26.56
Service Cost	5.64	4.09
Interest Cost	2.72	2.09
Actuarial Loss/ (Gain)	14.45	2.23
Benefits Paid	-	-
Defined benefit obligations at end of the year (a)	57.79	34.98
2) Changes in fair value of plan assets		
Fair Value of Plan Assets as at beginning of the year	28.31	21.09
Expected Return on Plan Assets	2.20	1.66
Contributions by Employer	13.70	5.76
Return on Plan Assets, excluding interest income	(0.15)	(0.21)
Actuarial Loss/ (Gain)	-	-
Benefits Paid	-	-
Fair value of Plan Assets at end of the year (b)	44.06	28.31
3) Present Value of Funded Obligations (a-b)	13.72	6.67
4) Expenses recognized in the statement of Profit and Loss for the year ended March 31, 2020 is as follows:		
Current Service Cost	5.64	4.09
Net Interest Cost	0.52	0.43
Past Service cost	-	-
(Expected Contribution by the employer)	-	-
(Gain)/Losses on Curtailment and settlements	-	-
Net Effect of changes in Foreign Exchange Rates	-	-
Expenses Recognised	6.16	4.52
5) Expenses Recognised in the Other Comprehensive Income (OCI) for year ended March 31, 2020 is as follows		
Actuarial (Gain)/Losses on Obligation For the Period	14.45	2.23
Return on Plan Assets, Excluding Interest Income	0.15	0.21
Change in Asset Ceiling	-	-
Net (Income)/Expenses For the Period Recognised in OCI	14.60	2.44
6) Amount Recognised in Balance sheet		
Present Value of Benefit obligation at the end of the period	(57.79)	(34.98)
Fair Value of Plan Assets at the end of the period	44.06	28.31
Funded Status (Surplus/(Deficit))	(13.72)	(6.67)
Net (Liability) Recognised in Balance Sheet	(13.72)	(6.67)
7) Actual Return on Plan Assets		
The principal actuarial assumptions used as at March 31, 2019 are as follows:		
Discount Rate	6.89	7.78
Expected Rate of Return on Plan Assets	6.89	7.78
Withdrawal Rate:		
For service 4 years and below	12.00	2.00
and thereafter	2.00	2.00
Rate of increase in Compensation Levels	7.50	7.50

Expected Payout From The Fund

Particulars	As at March 31, 2020	As at March 31, 2019
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	0.93	0.64
2nd Following Year	1.10	0.75
3rd Following Year	1.21	0.87
4th Following Year	1.30	0.96
5th Following Year	1.42	1.03
Sum of Years 6 To 10	9.07	6.23
Sum of Years 11 and above	166.08	118.81

Expected Payout From The Employer

Particulars	As at March 31, 2020	As at March 31, 2019
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	-	-
2nd Following Year	-	-
3rd Following Year	-	-
4th Following Year	-	-
5th Following Year	-	-
Sum of Years 6 To 10	-	-
Sum of Years 11 and above	-	-

Sensitivity Analysis

The sensitivity Analysis have been determined based on reasonably possible change of the respective assumptions accruing at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented below may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore in presenting the below sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in balance sheet.

There was no change in method and assumptions used in preparing the sensitivity analysis from prior years.

Particulars	As at March 31, 2020	As at March 31, 2019
Projected Benefit obligation on Current Assumptions	57.79	34.98005
Delta Effect of +1% change in rate of discounting	(7.76)	(4.65)
Delta Effect of -1% change in rate of discounting	9.33	5.59
Delta Effect of +1% change in rate of salary Increase	9.13	5.55
Delta Effect of -1% change in rate of salary Increase	(7.75)	(4.70)
Delta Effect of +1% change in rate of Employer Turnover	(0.98)	(0.01)
Delta Effect of -1% change in rate of Employer Turnover	1.09	(0.01)

B. Provident Fund:

The company makes contribution towards provident fund as a specified percentage of the payroll cost to Regional Provident Fund Commissioner managed by the Employee's Provident Fund Organisation, India.

Contribution to Provident Fund, recognised as expenses in the statement of Profit & Loss for the year is as under:

Particulars	As at March 31, 2020	As at March 31, 2019
Employer's Contribution to Provident Fund	20.80	12.72

Contribution to Provident Fund, recognised in the Balance sheet is as under:

Particulars	As at March 31, 2020	As at March 31, 2019
Employer's and Employee's Contribution to Provident Fund	4.12	2.09

Note 35 Leases:

The Company has adopted Ind AS 116 'Leases' with the date of initial application April 01, 2019 which replaces existing Ind AS 17 'Leases and related interpretations and guidance'. The Company has elected to apply standard prospectively, recognised on the initial date of application i.e. April 01, 2019. The Company has applied single discounting rates to a lease portfolio with a reasonable characteristic.

On transition date April 01, 2019, Company has recognised Right to Use of Assets and Lease Liability of INR 443.90 Lacs.

As required under the Indian Accounting Standard 116 on 'Leases', the details of lease payments on an undiscounted basis are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than one year	206.15	195.89
Later than one year and not later than five years	78.69	284.85
Later than five years	-	-

Further, the Company has entered into new Lease Agreement for Office Premises at Kurla, Mumbai. Due to Covid-19 pandemic, till March 31, 2020, Company has not taken possession and now, Company is renegotiating for terms and conditions with Landlord. Therefore, as on March 31, 2020, Company has recognized only Security Deposit in the Right of Use Asset. Right of Use and Lease Liability as per the Lease Agreement has not considered due uncertainty of the Rent outflow.

Note 36 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 37 Corporate Social Responsibility Expenses:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gross Amount Required To Be Spent By The Company During The Year	6.33	-
Amount Spent During The Year		
A. Construction/ Acquisition Of Any Asset	-	-
B. On Purposes Other Than (A) Above	6.33	-
Total	6.33	-

Note 38 Expenditure in Foreign Currency:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Travelling and Conveyance	0.33	-
Total	0.33	-

Note 39 Core Settlement Guarantee Fund (Core SGF):

(A) For Segments other than Commodity Derivatives:

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 for Equity Cash Market (ECM), Equity Derivatives Segment (EDS), Currency Derivatives Segment (CDS) and Debt Market Segment (DMS). 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 - 31.03.2020

Segment	Contribution required from MCCIL	Contribution required from the Exchanges	Maximum contribution required from Clearing Members	MRC
	(a) = 50%*d	(b) = 25%*d	(c) = 25%	(d) = (a) + (b) + (c)
CDS - (Under Interoperability)	2,082.70	1,041.35	1,041.35	4,165.40
ECM - (Under Interoperability)	0.26	0.13	0.13	0.52
EDS - (Under Interoperability)	-	-	-	-
DMS - (MSE Segment)	-	-	-	-
TOTAL	2,082.96	1,041.48	1,041.48	4,165.92

Corpus of Core SGF as on March 31, 2020

Segment	Total Contribution to Core SGF				Penalties	Total Corpus
	MCCIL	MSE	Other Exchanges	Clearing Members		
	Cash	Cash	Cash	Cash		Cash
	(a)	(b)	(c)	(d)	(e)	(f) = (a)+(b)+(c)+(d)+(e)
CDS - (Under Interoperability)	3,277.08	1,537.38	-	34.46	524.56	5,373.48
ECM - (Under Interoperability)	37.28	-	-	-	0.17	37.46
EDS - (Under Interoperability)	37.28	-	-	-	3.42	40.70
DMS - (MSE Segment)	37.28	-	-	-	-	37.28
Total	3,388.93	1,537.38	-	34.46	528.15	5,488.92
Total - CORE SGF CORPUS						5,488.92

Note:

- Contribution made by the MCCIL to the Core SGF Corpus is funded through its Equity.
- 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.
- Corpus of Core SGF includes contribution made by the contributors, penalties levied and income earned on the corpus.
- 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 Exchanges. The amount reflecting under Core SGF Corpus of Clearing Member pertains to income earned on Clearing Member contributions.
- As decided in the Risk Management Committee in their meeting held on December 20, 2019, the requirement from the Exchanges in the Equity Cash Market (ECM) Segment will be recovered from the Exchanges once the individual requirement from each Exchange reaches INR 1 Lakh.

(B) For Commodity 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 - 31.03.2020

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

Corpus of Core SGF as on March 31, 2020

Segment	Total Contribution to Core SGF			Penalties	Total Corpus
	MCCIL	ICEX	Clearing Members		
	Cash	Cash	Cash	Cash	Cash
	(a)	(b)	(c)	(d)	(e) = (a)+(b)+(c)+(d)
Commodity Derivative Segment	558.51	3,935.78	-	45.06	4,539.35
Total	558.51	3,935.78	-	45.06	4,539.35

Note:

- Corpus of Core SGF for commodity segment includes contribution made by the contributors, penalties levied and income earned on the corpus.
- 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.
- 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 at least 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.
For the FY 2019-20, ICEX has made provisions of INR 5 Crores in every quarter up to quarter ending December 31, 2019. However, for quarter ending March 31, 2020, ICEX has not made any provision and has informed MCCIL that ICEX is in discussion with the SEBI on the said matter.

Note 40

(A) For Segments other than Commodity Derivatives:

The total value of liquid assets (cash and non-cash) maintained by the Clearing Members for Segments other than Commodity Derivatives with MCCIL in addition to their Core SGF Contribution as on March 31, 2020 amounts to INR 19,125.09 Lacs (previous year: INR 25,886.39 Lacs).

(B) For Commodity 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, 2020 amounts to INR 3,547.96 Lacs (previous year: 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 which 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. Further, SEBI vide letter no. SEBI/MRD/DRMNP/2019/15963 dated June 25, 2019 advised the Company to freeze the voting rights and corporate benefits of 63 moons technologies limited.

Note 42 Capital Reduction:

MCCIL had filed a capital reduction petition with Hon'ble National Company Law Tribunal (NCLT) on November 30, 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 Hon'ble NCLT vide order dated August 19, 2019 and the Registrar of Companies vide issue of certificate dated August 29, 2019 approved reduction in share capital of the Company by 170,000,000 (Seventeen Crore) Equity Shares of INR 10/- each (Indian Rupees Ten only) held by the shareholders on proportionate basis.

Further, in terms of the aforesaid order, proportionate funds amounting to INR 3,30,93,974/- to be paid to M/s. 63 moons technologies ltd, pursuant to capital reduction, have been transferred to current liabilities in the books of accounts of the Company, until further directions are received from SEBI in this matter.

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

Note 43 Commencement of clearing & settlement of Mutual Fund Transaction:

MCCIL has entered into the agreement with Indian Commodity Exchange Limited (ICEX) on November 21, 2019 to provide clearing and settlement service of mutual fund transaction on ICEX Mutual Fund (MF) Platform. MCCIL has started the activities of clearing and settlement of mutual fund transaction on ICEX Mutual Fund (MF) Platform from December 27, 2019.

Note 44 Interoperability:

SEBI vide Circular: CIR/MRD/DRMNP/CIR/P/2018/145 dated November 27, 2018, introduced framework for interoperability among Clearing Corporations. This would allow market participants to consolidate their clearing and settlement functions at a single clearing corporation (CCP), irrespective of the stock Exchange on which the trade is executed. It is expected that the interoperability among CCPs would lead to efficient allocation of capital for the market participants, thereby saving on costs as well as provide better execution of trades.

MCCIL has successfully implemented the operationalization of interoperability as per prescribed guidelines and timelines by the SEBI.

Note 45 Financial instruments – Fair values and risk management:

Accounting classification and fair values:

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, 2020	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	1,612.21	-	-	1,612.21	1,612.21	-	-	1,612.21
Other Non - Current Financial Assets			9,839.35	9,839.35				
Other Financial Assets		-	16.16	16.16		-	-	
Trade receivables		-	61.90	61.90		-	-	
Cash and cash equivalents		-	36.98	36.98		-	-	
Bank Balances other than Cash and cash equivalents		-	14,237.19	14,237.19		-	-	
	1,612.21	-	24,191.59	25,803.80	1,612.21	-	-	1,612.21

Financial liabilities								
Borrowings		-				-	-	
Trade Payables		-	8.67	8.67		-	-	
Other Financial Liabilities		-	13,530.28	13,530.28		-	-	
		-	13,538.95	13,538.95		-	-	

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	-	-	3,421.39	3,421.39	-	-	3,421.39
Other Non - Current Financial Assets			1,382.41	1,382.41				
Other Financial Assets		-	5.25	5.25		-	-	
Trade receivables		-	90.57	90.57		-	-	
Cash and cash equivalents		-	15.88	15.88		-	-	
Bank Balances other than Cash and cash equivalents		-	37,808.88	37,808.88		-	-	
	3,421.39	-	39,302.99	42,724.38	3,421.39	-	-	3,421.39

Financial liabilities								
Borrowings		-				-	-	
Trade Payables		-	3.14	3.14		-	-	
Other Financial Liabilities		-	12,919.04	12,919.04		-	-	
		-	12,922.18	12,922.18		-	-	

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 46 Financial Risk Management:

The Company's activity exposes it to Market Risk, Liquidity Risk, Interest 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 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 47 Warehousing and Vaulting are key elements in effecting physical deliveries taking place through the Clearing Corporation. To cater to the storage requirements of various Clearing Members and their respective constituents/ depositors who are willing to store goods and give delivery on the Clearing Corporation, MCCIL



has made necessary arrangements with accredited Warehouse Service Providers and one Vault Service Provider.

Note 48 Company has received a claim for interest from Parent Company on deferred payment of capital reduction which is not acknowledged by the Company.

Note 49 Other Disclosures:

- (a) Based on the information available with the Company and as informed to us by the management, there are eleven 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.20)
- (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.



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