



METROPOLITAN
STOCK EXCHANGE
OF INDIA LIMITED

THE EXCHANGE FOR A CHANGING INDIA

METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED



Annual Report 2015 - 16

(formerly known as MCX Stock Exchange Ltd.)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

- **Prof. (Mrs.) Ashima Goyal** Chairperson & Public Interest Director
- **Mr. D. R. Dogra** Vice Chairman & Public Interest Director
- **Mr. Thomas Mathew T.** Public Interest Director
- **Mr. Anand Sinha** Public Interest Director
- **Mr. Radhakrishnan Nair** Public Interest Director
- **Mr. Udai Kumar** Managing Director & CEO

CHIEF FINANCIAL OFFICER & HEAD CORPORATE STRATEGY

- **Mr. Abhijit Chakraborty**

COMPANY SECRETARY

- **Ms. Sangeeta Shetty**

STATUTORY AUDITORS

- **M/s. T. R. Chadha & Co. LLP, Chartered Accountants**

INTERNAL AUDITORS

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

REGISTERED OFFICE

Vibgyor Towers, 4th Floor, Plot No. C 62, G Block,
Bandra Kurla Complex, Bandra (E), Mumbai – 400098
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CIN No:- U65999MH2008PLC185856

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
Selenium Tower B,
Plot No. 31 & 32, Financial District, Gachibowli,
Hyderabad 500 032, India
Tel: +91-040-6716 2222

DIRECTORS' REPORT

TO THE MEMBERS OF
 METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED (FORMERLY KNOWN AS MCX STOCK EXCHANGE LIMITED)

Your Directors present their Eighth Annual Report and the Audited Statement of Accounts and Auditors' Report for the period commencing from April 1, 2015 to March 31, 2016.

1. Financial Results

(Rs. In Crore)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
Revenue from operations	22.68	34.34	14.30	20.44
Expenditure				
(a) Operating expenses	25.56	51.23	19.04	38.78
(b) Employee benefits expense	15.30	20.54	17.47	23.67
(c) Depreciation and amortization expense	13.99	14.24	14.10	14.40
(d) Advertisement and business promotion expenses	0.36	0.11	0.36	0.11
(e) Other expenses	16.60	19.20	18.14	20.36
Total Expenditure	71.81	105.34	69.12	97.32
Profit / (Loss) from Operations before Other Income, Finance Costs and Exceptional Items	(49.13)	(71.00)	(54.82)	(76.88)
Other income	9.32	10.87	15.75	18.16
Profit / (Loss) before Finance Costs and Exceptional Items	(39.81)	(60.13)	(39.06)	(58.72)
Finance Costs	0.25	0.01	0.25	0.01
Profit / (Loss) from Ordinary Activities after Finance Costs but before Exceptional Items	(40.06)	(60.12)	(39.31)	(58.73)
Exceptional items	0.41	--	0.41	--
Profit / (Loss) from ordinary activities before tax	(40.47)	(60.12)	(39.73)	(58.73)
Tax expense	--	--	--	--
Net Profit / (Loss) for the period	(40.47)	(60.12)	(39.73)	(58.73)
Minority Interest in Income / (Loss)	--	--	0.13	0.67
Net Profit / (Loss) after taxes and minority interest	(40.47)	(60.12)	(39.86)	(59.41)
Balance brought forward from previous year	(340.24)	(279.91)	(337.92)	(278.30)
Reallocation of Minority Interest during the year	--	--	1.44	--
Depreciation on Assets whose useful life has expired	--	(0.21)	--	(0.21)
Balance carried to balance sheet	(380.71)	(340.24)	(376.34)	(337.92)
Earnings Per Share of Re.1/- each	(0.25)	(0.89)	(0.24)	(0.87)

During the year under review, the company has reduced its losses by 33% from Rs.60.12 crore to Rs.40.47crore. The business conditions have been challenging because of which Income from Operations was down by 34%. The management however undertook significant cost rationalization on technology, manpower and clearing & settlement to reduce the overall expense by 32%.

As a result, Operating losses have reduced by 37%. Reduction in interest rates in the economy impacted our interest income which reduced by 14%. Due to accumulated losses available for income tax set off and net loss for the year under review, company has paid no income tax for the year. During the year, company has not incurred any major capital expenditure.

2. Corporate and Business Background

The Company is a full service National Stock Exchange with license to operate in Equity, Equity Derivatives, Currency Derivatives, Debt and SME Platform. The Exchange has live trading platform in all segments except SME. The Exchange also has a subsidiary Metropolitan Clearing Corporation of India Limited (MCCIL) for clearing and settlement of all trades on the Exchange.

The current ownership of the Exchange is well diversified between corporates, banks and individuals. The Exchange is on course in implementing its revival strategy and shall be introducing several new products and market initiatives for business growth in the financial year 2016-17. The Exchange is required to seek annual renewal of recognition from SEBI which is next falling due in September 2016. The Exchange has already applied to SEBI for the same.

3. Regulatory Updates

A. Merger of the Forward Market Commission with SEBI

The Government repealed Forward Contracts (Regulation) Act, 1952 (FCRA) w.e.f. September 29, 2015 paving the way for the merger of the Forward Market Commission with the Securities and Exchange Board of India w.e.f. September 28, 2015. SEBI in order to effect the merger, amended the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations, 2012 (SECC Regulations) and SEBI (Stock Broker and Sub-Broker) Regulation, 1992 and SEBI (Regulatory Fee on Stock Exchanges) on September 09, 2015. These regulations enabled the functioning of the commodities derivatives exchanges and their brokers under SEBI norms and recognition of commodity derivative exchanges as deemed recognized stock exchanges under SCRA.

B. Review of the capacity planning framework of stock exchanges and clearing corporations

SEBI through its circular dated October 8, 2015 directed the stock exchanges and clearing corporations to ensure the following while planning capacities of their trading, clearing and settlement and risk management related infrastructure, which has been implemented by MSEIL:

- The installed capacity shall be at least 1.5 times (1.5x) of the projected peak load.
- The projected peak load shall be calculated for the next 60 days based on the per-second peak load trend of the past 180 days.
- All systems in trading, clearing and settlement ecosystem shall be considered in this process including all technical components such as network, hardware, software, etc., and shall be adequately sized to meet the capacity requirements.
- In case the actual capacity utilization exceeds 75% of the installed capacity, immediate action shall be taken to enhance the capacity.

C. Review of framework of position limits for currency derivatives contracts

SEBI vide circular dated June 22, 2016 revised the framework of position limits for currency derivatives contracts. The aforesaid circular clarified that the position limit linked to open interest shall be applicable at the time of opening a position and such positions shall not be required to be unwound in the event of a drop of total open interest in a currency pair at the stock exchange.

However, in the aforementioned scenario, the eligible market participants shall not be allowed to increase their existing positions or create new positions in the currency pair till they comply with the applicable position limits. However, in view of the risk management or surveillance concerns with regard to such positions of the market participants, stock exchanges may direct the market participants to bring down their positions to comply with the applicable position limits within the time period prescribed by the stock exchange.

D. Other Regulatory changes

In order to bring about uniformity and transparency in the process of trade annulment, the Regulator has issued policy for annulment of trades undertaken on stock exchanges.

Regulatory changes in the CD Segment

Reserve Bank of India has permitted recognized stock exchanges to introduce cross-currency futures and options contracts on EUR-USD, GBP-USD and USD-JPY. They have also permitted recognized stock exchanges to introduce currency options on EUR-INR, GBP-INR and JPY-INR currency pairs. The Exchanges are awaiting approval of the securities market regulator in this regard.

Regulators have enhanced the gross open position limits in the currency pair USD-INR for bank stock brokers from USD 100 million USD 1 billion.

Interest Rate Futures (IRF)

SEBI in consultation with RBI has permitted stock exchanges on June 12, 2015 to introduce cash settled Interest Rate Futures on 6-Year and 13 year GoI Security.

Futures & Options Segment (F&O)

The Regulator has on July 13, 2015, increased the minimum contract size in equity derivatives segment from Rs 2 lakhs to Rs 5 lakhs.

4. Business Updates

Your Company, besides providing trading systems for Currency Derivatives Segment (USDINR, EURINR, GBPINR and JPYINR and Currency Options contracts on USD-INR spot rate) also provides trading in Equity Cash segment and Futures & Options Segment, Debt Segment and Interest Rate Futures. It has got the approval from SEBI for launching SME platform. There is no change in the nature of business of your Company during the financial year ended March 31, 2016.

Turnover

The Average Daily Turnover in the Currency Derivatives Segment has declined from Rs. 2,731 crore in FY 2014 - 2015 to Rs. 1,341 crore in FY 2015 -2016. The average market share of the Exchange in Currency Derivatives Segment stood at 4.28% in FY 2015 -2016 as against 11.53% in the previous FY 2014-15.

Membership

The details of Segment wise members count registered with SEBI as on March 31, 2016:

Currency Derivatives	Equity Cash	Equity Futures & Options	Debt
761	531	529	16

Market Statistics of MSEI in Currency Derivatives

Particulars	FY 2015 - 2016	FY 2014 -2015
Centres participating across India*	557**	885**
Total turnover (Rs. in crore) during the year	3,24,575	6,49,925
Average daily turnover (Rs. in crore)	1,341	2,731
Highest daily turnover (Rs. in crore)	3,798	7,284
Total volume (no. of contracts) during the year	4,88,58,281	10,30,68,343
Average daily volume (no. of contracts)	2,01,894	4,33,060
Highest daily volume (no. of contracts)	5,67,837	11,88,658

* Data includes cities of active and inactive users / dealers.

** As on March 31, 2015 and March 31, 2016

Market Statistics of MSEI in Interest Rate Futures

Particulars	FY 2015 -2016	FY 2014 -2015
Total turnover (Rs. in crore) during the year	22,814	10,312
Average daily turnover (Rs. in crore)	94	52
Highest daily turnover (Rs. in crore)	990	1,112
Total volume (no. of contracts) during the year	1,123,413	495,869
Average daily volume (no. of contracts)	4,642	2,517
Highest daily volume (no. of contracts)	47,799	53,094

5. Technology

The IT infrastructure at the Exchange has been designed with performance, reliability, redundancy and security as the key parameters. The Exchange has a world class suite of software which does trading, matching, indexing and risk management. The Exchange also has a faster post trade clearance system in place. The Software includes Risk Management System, which helps in real time margining, flat as well as SPAN margining, real time position updates, maintains margin/MTM limits, online suspension of members, member level online alerts based on specific percentage of limits.

The technology deployed includes the latest fault tolerant servers, firewall with IPS and a hybrid network (nationwide satellite network, point of presence (POP), and Internet links) which enables members to connect to the Exchange from any location across the length and breadth of the country. The IT components are hosted in a state-of-art data center that is designed to support mission critical operations. The data center and all its components are monitored 24 x 7 x 365.

MSEI maintains a Disaster Recovery Site (DRS) at a different seismic zone and a Near Site near its Primary Site. As per SEBI directive and industry best practices, at MSEI we are committed to achieve minimal data loss (near to zero data loss) by implementing state-of-the-art DR solution. Data is being replicated on a real-time basis from Primary Site in Mumbai to the Near Site as well as DR Site. Data synchronization between Primary Site, Near Site and DR Site is done as a part of daily routine operations. Data synchronization between Primary Site and Near Site is synchronous & between Primary Site to DR site is asynchronous. Periodic mock tests are done to ensure proper functioning of DR systems.

The robust technology infrastructure enables the Exchange to operate efficiently, and also facilitates fast order routing, immediate trade execution, trade reporting, market data dissemination, risk management and market surveillance. The systems and processes of the Exchange are designed to safeguard market integrity and to enhance transparency in operations. The technology platform enables our members to undertake uninterrupted dealing even during sun outage time. The Exchange provides Real-time price information to interested parties through "Datafeed" service of the Exchange. Datafeed contains information relating to Products traded on the Exchange platform.

The Exchange has conducted live trading in its segments viz. Currency Derivatives and Equity Cash on three consecutive trading days viz. February 17, 2016 and February 18, 2016 and February 19, 2016 from our Disaster Recovery (DR) Site located in New Delhi.

Certifications – Technology

In continuation with its commitment to provide quality-driven services to members, MSEI has successfully cleared the ISO 9001:2008 Re-certification Audit. Further, information security being a crucial aspect of day to day business processes, MSEI continues to retain the ISO/IEC 27001:2013 certification for its effective Information Security Management System.

6. Performance and financial position of subsidiaries

Your Company has two subsidiaries i.e. Metropolitan Clearing Corporation of India Limited (MCCIL) (Formerly known as MCX-SX Clearing Corporation Limited) and MCX-SX KYC Registration Agency Limited (MCX-SX KRA). There were no new subsidiaries incorporated during the year and neither of the subsidiaries have ceased to be subsidiaries during the year. There are no joint ventures entered during the year and the Company does not have any associate company.

MCCIL undertakes clearing and settlement of the trades transacted on the Exchange platforms. The name of the Subsidiary Company has been changed from MCX-SX Clearing Corporation Limited to Metropolitan Clearing Corporation of India Limited pursuant to Certificate of Incorporation issued by the Ministry of Corporate Affairs dated August 18, 2015. As on March 31, 2016, the operational income of MCCIL has decreased from Rs. 12.45 crore in the previous year to Rs. 6.51 crore in the current year. The profit after tax decreased from Rs. 1.37 crore in the previous year to Rs. 0.74 crore in the current year.

MCX-SX KRA is a wholly owned subsidiary of your Company incorporated to undertake the business of KYC (Know Your Customer) Registration Agency and allied activities, subject to registration with SEBI under SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011. As its application for in-principle approval to act as KYC Registration Agency is under consideration with SEBI, MCX-SX KRA is yet to commence its operations.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of subsidiaries in Form AOC 1 is attached to the financial statements as Annexure I. The annual report of the subsidiaries and the related documents are placed on the website of the Company i.e. <http://www.msei.in/about-us/financials.aspx>. in accordance with the provisions of Section 136 of the Companies Act, 2013. Shareholders may download the annual financial statements and detailed information of the subsidiaries from the Company's website or may write to the Company for the same. The audited financial statements of the subsidiary companies shall be kept open for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of the Annual General Meeting.

7. Dividend and Reserves

In order to conserve the resources of the Company for its business growth, the Board of Directors do not recommend any dividend on the equity capital of the Company and no amounts are available for carrying to reserves.

8. Changes in the Share Capital

The Authorised Share Capital of the Company is Rs.350 crores divided into 350 crores equity shares of Re.1/- each. The Company during the year issued 607,588,017 equity shares on right issue basis in the ratio of 1:1 at par and 175,668,059 equity shares by way of conversion of same number of convertible warrants. The paid up capital of the company after the said allotments stood at 1,946,669,121 equity shares as on March 31, 2016. The Convertible warrant holders have the option to convert their warrants into 415,932,672 equity shares of Re.1 each.

SEBI vide letter dated July 10, 2012, directed Multi Commodity Exchange of India Limited (MCX) to reduce their entitlement to equity or warrants in excess of limit of shareholding as specified in the SECC Regulations. The Board at the meeting held on June 27, 2015 decided to treat warrants held by MCX as extinguished and transfer the funds to capital reserve (as extinguished and of no effect whatsoever on account of their continuance to hold the same post lapse of the time limits specified by SEBI i.e. June 19, 2015). MCX has filed a Suit (L) No.685 of 2015 in Bombay High Court, to inter alia stop the implementation of the said extinguishment. The Company's appeal on the Order dated October 13, 2015 passed by the Hon'ble Bombay High Court is pending before the Court. As on March 31, 2016, MCX holds 66,599,408 equity shares constituting 3.42% of the paid up capital and 415,917,672 warrants.

9. Employees Stock Option Plan

The Stock Options granted to the employees operate under Employees Stock Option Scheme, 2009. There has been no variation in the terms of the options granted under the above scheme during the year. During the financial year under review, 183,833 stock options were exercised by the employees @ Rs. 2.10/- each and allotted equity shares by the MCX Stock Exchange ESOP Trust. The details of the employee stock options are set out in Annexure II to the Directors' Report.

10. Deposits

The Company does not have and has neither invited nor accepted any Deposit under Chapter V of the Companies Act, 2013 during the financial year under review.

11. Particulars of Loans, Guarantees or Investments

During the year, your Company has not provided loans or guarantees as per Section 186 of the Companies Act, 2013. The Company has during the financial year 2015-16 made an investment of Rs.45 crores in the equity shares of its subsidiary, Metropolitan Clearing Corporation of India Limited (MCCIL) at face value.

12. Particulars of Contracts or Arrangements with Related Parties

There are no new transactions entered with related parties and all transactions are under the pre-existing arrangements. The transactions with related parties are in Ordinary Course of Business and on Arm's Length basis. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC 2 is set out in the Annexure III to the Directors' Report.

13. Directors

Your Board currently comprises of six Directors which includes five Public Interest Directors and a Managing Director & CEO. Twelve meetings of the Board of Directors were held during the year.

Prof. (Mrs.) Ashima Goyal was appointed as the Chairperson of the Governing Board of the Exchange vide SEBI letter dated March 14, 2016, on account of stepping down of Mr. Thomas Mathew T. from the Chairmanship of the Governing Board. Further, Mr. D. R. Dogra has been elected as the Vice-Chairman of the Governing Board.

Mr. Anand Sinha and **Mr. Radhakrishnan Nair** were appointed as Public Interest Directors of the Exchange pursuant to SEBI's approval with effect from June 19, 2015 and December 7, 2015 respectively.

Mr. Udai Kumar was appointed as the Managing Director and CEO of the Exchange with effect from January 22, 2016, subsequent to the resignation of Mr. Saurabh Sarkar as MD & CEO of the Exchange with effect from October 10, 2015.

In order to comply with the provisions of Sections 149 and 150 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Mr. Radhakrishnan Nair as Independent Director of the Company for his remaining period as Public Interest Director not liable to retire by rotation. The resolution for his appointment as Independent Director has been included in the notice convening the ensuing Annual General Meeting.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013. The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of Board Committees along with their terms of reference, composition and meetings held during the year, are provided in Corporate Governance Report which forms part of the Annual Report.

14. Evaluation of Board, its Committees and Directors

With the objective of enhancing the effectiveness of the Board, the Nomination and Remuneration cum Compensation Committee formulated the methodology and criteria to evaluate the performance of the Board and each director. During the year, the Board made a performance evaluation of the Committees of the Board, Independent Directors and the Board as a whole. The Nomination and Remuneration cum Compensation Committee evaluated the performance of all the independent directors. However, the performance of the Managing Director will be evaluated while making the revision in his remuneration for a further period of one year.

15. Key Managerial Personnel

Mr. Abhijit Chakraborty was appointed as Chief Financial Officer in accordance with the provisions of Section 203 of the Companies Act, 2013 with effect from December 7, 2015.

Ms. Sangeeta Shetty was appointed as the Company Secretary in accordance with the provisions of Section 203 of the Companies Act, 2013, with effect from January 11, 2016. Ms. Divya Damania resigned as the Company Secretary of the Company with effect from December 8, 2015.

As on March 31, 2016, Key Managerial Personnel of the Company pursuant to the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 are Mr. Sanjay Golecha, Vice President - Investor Grievance & Arbitration and Compliance, Mr. Suniel Vichare, Vice President – Membership and Inspection, Mr. Sanjiv Kapur, Vice President – Membership and Mr. Rajesh Bagwe, Vice President – Human Resources.

16. Policy on directors' appointment and remuneration

The Company has to comply with the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 for appointment of directors on the governing board. Further the remuneration payable to the Executive Directors is also governed by the SECC Regulations. The Board periodically evaluates the need for change in its composition and size.

The policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of directors, and also remuneration for key managerial personnel and other employees is set out in Annexure IV to the Directors' Report.

17. Directors' Responsibility Statement:

In accordance with the provisions of Section 134 (3) (c) of the Companies Act, 2013 and based on the information provided by the management, your Directors state that:

- a) in the preparation of the annual accounts for the financial year 2015-16, the applicable accounting standards have been followed and there are no material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2015-16 and of the profit and loss of the Company for that period;
- c) they have taken proper and sufficient care, to the best of their knowledge and ability, 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 frauds and other irregularities;
- d) they have prepared the annual accounts on a going concern basis (Auditors Qualification and the Directors' explanation thereto has been provided in the Directors' Report).
- e) they have laid down internal financial controls to be followed by the Company and that such Internal financial controls are adequate and were operating effectively.
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. Human Resources and Particulars of Employees

The employee count stood at 142 as on March 31, 2016 as against 162 as on March 31, 2015. Disclosures with respect to the remuneration of Directors, Key Management Personnel and employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) & 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and in accordance with Regulation 27(5) of SECC Regulations, are given at Annexure V & VI of this report respectively.

The Company has adopted a Whistle Blower Policy for directors and employees to report their genuine concerns and grievances. The said Policy is available on website of the Company i.e. <http://www.msei.in/SX-Content/common/MCX-SX-About-Us/Code/2016/April/Whistle-Blower-Policy.pdf>.

19. Particulars relating to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has a duly constituted Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, your Company received one complaint under the said Act which was addressed and disposed off by the said Committee.

20. Auditors

The Auditors, T. R. Chadha & Co. LLP, Chartered Accountants (Firm Registration No. 006711N/N500028), Mumbai, had been appointed as statutory auditors, in the Seventh Annual General meeting held on September 30, 2015, to hold office from the conclusion of the Seventh Annual General Meeting until the conclusion of the Eleventh Annual General Meeting of the Company, subject to ratification by shareholders at every Annual General Meeting. The Auditors have confirmed that, their appointment would be in accordance with Section 139 of the Companies Act, 2013 and the rules made thereunder and that they are not disqualified in terms of Section 141 of the Act.

Explanation to the Auditors Qualification

The auditor in their report on the audited financial statements for the year ended March 31, 2016 expressed certain qualifications which are summarised below along with the Company's comments on the same:

A) The auditors have expressed that the Company continued to prepare its Financial Statements on going concern basis, even though it has continued to incur losses during the current year and there is no clarity on increase in volume and required funding in the future for its continued business. The company has however raised required funds during the current year and has started working on its detailed plan for turn around and is confident of raising further required funds in the coming year, increase volume and make profits in future years and hence prepared the accounts on going concern basis including not carrying out the impairment testing to ascertain carrying value of fixed assets, etc. and also the sum of Rs.36.31 Crores and Rs.1.86 Crores towards Service tax set-off and MAT Credit is considered as recoverable.

The Company believes that the going concern assumption is justified since the company is implementing its transformational and strategic business plan which addresses all aspects of business revival and financial viability. The financial projections indicate EBIDTA break even in six quarters and bottom-line neutral in eight quarters. The turnaround strategy in its early stage of implementation has already yielded results. The company continues to maintain networth above the regulatory requirements and is executing the new business plan through effective management of its operations and cash flows. All business investments necessary are being carried out and all contractual obligations are being met on time. Exchange's ADTV is projected to grow at over 50% CAGR over the next three years. As such, the company is confident that all Cenvat credits available shall also be used in coming years.

B) The company, in the earlier years, entered into various contracts with the parties mentioned in the register maintained under Section 301 of the Companies Act, 1956 to whom amounts have been paid as Infrastructure, software and software support charges during the said years in respect of which no alternative quotations are / were available. The Management has already renegotiated such contracts and has brought down the costs at par with industry benchmarks.

21. Adequacy of Internal Financial Controls and Risk Management

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. The Company identifies elements of risks which affects the business of the Exchange and has a risk mitigation and management system for the same. These systems are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management systems.

The Company has designed and evaluated the effectiveness of internal financial controls, disclosures and procedures to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. Based on the framework of internal financial controls and compliance systems established and maintained by the Company, audit by the internal, statutory and secretarial auditors, including audit of internal controls over financial reporting by the statutory auditors, and the reviews performed by management and the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2015-16.

22. 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 M/s. DSM Associates, Company Secretaries to undertake the secretarial audit of the Company. The Secretarial Audit Report is annexed as Annexure VII to this report.

Explanation to the Secretarial Auditors Qualification

The Secretarial Auditors in their report for the year ended March 31, 2016 expressed certain qualifications which are summarised below along with the Company's comments on the same:

A) The Auditors have stated that only two meetings of the Advisory Committee were held during the financial year whereas minimum four meetings are prescribed by the SECC regulations. The Company accepts the qualification and has already taken adequate measures to comply with the said requirement.

B) The Auditors stated that the entire Board of Directors of the Company is consisting of Directors not liable to retire by rotation which is not in line with provisions of Section 152 of the Companies Act, 2013.

The Company states that, being an Exchange, the Company is governed by SECC Regulations. The Exchange is in the process of appointing a Shareholder Director who shall be a Director liable to retire by rotation to comply with the provisions of Section 152 of the Companies Act, 2013. As per SECC, other categories of Directors like Public Interest Directors and Managing Director are not liable to retire by rotation.

23. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The Company has a policy of switching off power after the office time in those areas where staff has left for the day. Staffs are strictly instructed to switch off their monitors before they leave for the day. The Company also maintains the air conditioning temperatures to conserve energy. There was no foreign exchange earnings during the period ended March 31, 2016. The expenditure in foreign currency during the financial year 2015-16 amounted to Rs.3,188,188/- as compared to Rs. 5,360,534/- in the previous year.

24. Corporate Social Responsibility

In accordance with the provisions of the Section 135 of the Companies Act, 2013 and rules made thereunder, the Company has a Corporate Social Responsibility Committee comprising of Mr. Thomas Mathew T, PID, Mr. D. R. Dogra, PID and Mr. Udai Kumar, MD&CEO. The Company has not spent on CSR as it has not registered profits in the last three years. However the Company has donated the proceeds of old shredded stationery & marketing collaterals, pens and paper bags (with old company name & logo) to Swaminarayan Trust who use it for their various corporate social initiatives.

25. Material Changes and Commitments affecting the Financial Position of the Company

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e. March 31, 2016 to which the financial statements relate and the date of this Report.

26. Change in the nature of business

Your Company has not undergone any changes in the nature of business during the financial year.

27. Corporate Governance Report and Management Discussion and Analysis Report

In terms of Regulation 35 of SECC Regulations and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Corporate Governance Report and the Management Discussion and Analysis Report are attached to and forms part of this Report.

28. Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT 9 is set out as Annexure VIII to this report.

29. Acknowledgements

The Directors would like to place on record their gratitude for the valuable guidance and support received from the Government of India, particularly Ministry of Finance and Ministry of Corporate Affairs, Securities and Exchange Board of India and Reserve Bank of India and for the continuous support given by participating banks, clearing banks, shareholding banks and institutions, NSDL, CDSL, FICCI, CII, ASSOCHAM, IMC, SAFE and various other international, national and regional chambers of commerce, trade associations and all other broker-members, lawyers and law firms, consulting firms, vendors, technology partners and all other business associates to the Company.

The Directors also wish to convey their appreciation to the Company's employees for their enormous efforts as well as their collective contribution which enabled the Company to meet the challenges set before it, including the fierce competition in the sector.

For and on behalf of the Board of Directors

Date: July 2, 2016
Place: Mumbai

Ashima Goyal
Chairperson
DIN: 00233635

ANNEXURE I

Form AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
**Statement containing salient features of the financial statements of subsidiaries/
 associate companies/ joint venture**

Part “A”: Subsidiaries

(Amount in INR Lacs)

Sr. No.	Name of the subsidiary	Share Capital	Reserves & surplus	Total Assets	Total Liabilities	Investments (Current)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	% of shareholding
1.	Metropolitan Clearing Corporation of India Limited (Formerly known as MCX-Clearing Corporation Ltd.	7,000	529.90	16,124.29	16,124.29	3,210.32	1,333.47	74.31	Nil	74.31	Nil	82.50
2.	MCX-SX KYC Registration Agency Ltd.	5	(1.71)	3.50	3.50	Nil	Nil	(0.24)	Nil	(0.24)	Nil	100

1. Name of subsidiaries which are yet to commence operations: MCX-SX KYC Registration Agency Ltd.
2. Name of subsidiaries which have been liquidated or sold during the year: None

Part “B”

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Venture – **Not Applicable**

ANNEXURE II

DISCLOSURES OF THE EMPLOYEE STOCK OPTION SCHEME, 2009 (ESOP SCHEME 2009) UNDER THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA

Sr. No.	Particulars	Round I	Round II	Round III	Round IV
A	Options granted	11,25,000 (on November 27, 2009)	40,55,100 (on March 20, 2012)	5,53,250 (on November 1, 2012)	1,45,800 (on March 12, 2013)
B	The pricing formula	Based on the fair price of the shares on the date of grant.			
C	Options vested	11,25,000	40,55,100	5,53,250	1,45,800
D	Options exercised till March 31, 2016	7,05,000	6,02,666	Nil	Nil
E	The total number of shares arising as a result of exercise of options	Not Applicable, as ESOPs are presently intended to be offered through Trust			
F	Options lapsed (as at March 31, 2016)	4,20,000	3,360,434	2,05,118	1,43,369
G	Variation of terms of options (as at March 31, 2016)	None			
H	Money realized by exercise of options by ESOP Trust	Rs 7,05,000	Rs. 1,265,599	Nil	Nil
I	Total number of options (vested and unvested) in force (as at March 31, 2016)	Nil	92,000	348,132	2,431
J	Employee wise details of options granted to				
	i) senior managerial personnel	NIL	Mr Joseph Massey (10 lakh*) Mr. U. Venkataraman (2.5 lakh*)	NIL	NIL
	ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	As the grant was made to a total of 8 non-executive, non-promoter directors during 2009-10, all of the grants were in excess of 5% of the total options granted in that year.	Mr. KRCV Seshachalam (2.5 lakh*) Mr. Sanjit Prasad (2.5 lakh*)	Mr. Suniel Vichare (2.5 lakh*) Mr. Chandresh Bhatt (44,000*) Mr. Rajesh Bagwe (48,000*) Mr. Sanjay Golecha (40,000*) Mr. Atul Bapna (40,000*)	Mr. Nimisha Shukla (60000*) Mr. Sekar Narayan (11000*) Mr. Alok Thakkar (16500*) Mr. Dwadasi Murthy (16500*) Mr. Anthony Varghese (27500*)
	iii) identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options	NIL			

K	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share' (as at March 31, 2016)	(0.25)			
L	i) Method of calculation of employee compensation cost	As per intrinsic value method.			
	ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options	NIL			
	iii) The impact of this difference on profits and on EPS of the Company	Loss would have been NIL. There would have been no material impact on the EPS			
M	Weighted average exercise price and Weighted average fair value	Not Applicable			
N	Fair value of options	Rs. 0.15/-	Rs. 0.25/-	Rs. 0.003/-	0
	Assumptions	<ul style="list-style-type: none"> • Risk Free Rate is based upon Govt. Securities • Dividends are not considered • Standard Deviation and Variance are not considered • There was no Transaction and Tax cost 			
	Risk Free rate	8.00%	8.75%	9.00%	9.00%
	Expected life of options	Average time for expiry of option is taken as 2 years			
	Expected Volatility	1%			
	Expected Dividends	The Company has made losses in this financial year and does not intend to propose any dividend for the financial year 2015-16.			
	Closing market price of share on a date prior to option grant	Not Applicable			

Notes:

- Options under the ESOP Scheme were offered through the Trust.
- The shares of the Company are not listed on any Stock Exchange. Therefore, expected volatility has been considered as 1% and fair value of the Option has been considered as Re. 1/- being the face value.
- * Granted but not exercised

For and on behalf of the Board of Directors

Date: July 2, 2016
Place: Mumbai

Ashima Goyal
Chairperson
DIN: 00233635

ANNEXURE III

FORM NO. AOC-2

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

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- Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis:-

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ Arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value for the year	Date(s) of approval by the Board/ Shareholders, if any	Amount paid as advances , if any
Metropolitan Clearing Corporation of India Limited (Formerly known as MCX SX Clearing Corporation Limited) (Subsidiary Company)	Agreement for providing Clearing & Settlement Services	From October 1, 2012 till it is terminated	MCCIL on behalf of MSEI Would be clearing and settling the trades done on the Exchange. Rs. 65,146,896/-	Annual General Meeting held on September 30, 2015	-
	Agreement for sharing resources	Agreement dated January 2, 2013 w.e.f. September 10, 2012 till it is terminated	Management support service, maintenance of networking infrastructure and software support charges, license fees installation, maintenance and support of DOME and Cns Software and networking infrastructure by FTIL in terms of FTIL agreements. Rs.99,471,413/-.	Annual General Meeting held on September 30, 2015	-
	Memorandum of Understanding / Sub-License Agreement	From September 1, 2014 to March 14, 2018 (For BKC). From May 01, 2015 to March 31, 2016 (For Exchange Square).	To occupy and use a part of Exchange Square Building and BKC. Rs.3,868,980/-	Annual General Meeting held on September 30, 2015	-
	Tripartite Agreement between MSEI, MCCIL and FTIL	From April 15, 2010 till it is terminated	Agreement to call upon MCCIL to pay amounts under the agreements dated 25th August 2008 and 15th September 2008, in case of default by MSEI.	Annual General Meeting held on September 30, 2015	-

ANNEXURE IV

NOMINATION AND REMUNERATION POLICY

I. INTRODUCTION

This Policy applies to the Board of Directors, Key Managerial Personnel and Senior Management Personnel of Metropolitan Stock exchange of India Limited (Formerly known as MCX Stock Exchange Limited) (hereinafter referred to as “Exchange”). 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, Clause 49 of the Listing Agreement and Regulation 27 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012. The Company aims to achieve balance of merits, experience and skills amongst its Directors, Key Managerial Personnel, Senior Management Personnel and Employees. The compensation governance practices, which are set out in this Policy, are part of the overall corporate governance structure. They should be read in conjunction with the other policies and guidelines of Exchange. The policy adheres to the compensation principles stipulated by Securities and Exchange Board of India (SEBI) and other applicable laws.

II. OBJECTIVE

The objective of this Compensation Policy of Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited) (hereinafter referred to as “Exchange”) is to:

- support performance that is based on merit, and differentiate and reward excellent performance, both in the short and long term, and to recognise the values of the Exchanges;
- attract and retain personnel, and motivate them to achieve organisational goals with integrity fairness and ethical behaviour.
- balance the mix of Fixed Compensation and Variable Compensation to appropriately reflect the value and responsibility of the role performed day to day, and to influence appropriate behaviors and actions.
- promote, effective risk management practice and compliance.
- foster teamwork and collaboration.
- take into account the long-term performance of the Exchange, in order to create sustainable value for the shareholders

III. DEFINITIONS

1. “The Company” means Metropolitan Stock Exchange of India Limited.
2. “Board” means Board of Directors of the Company.
3. “Committee” means Nomination and Remuneration cum Compensation Committee of the Company as constituted or re-constituted by the Board, from time to time.
4. “Key Managerial Personnel” (KMP) means
 - (i) Chief Executive Officer or the Managing Director or the Manager;
 - (ii) Company Secretary;
 - (iii) Whole-Time Director;
 - (iv) Chief Financial Officer; and
 - (v) Other officers as prescribed by SECC Regulations.
5. “Senior Management Personnel” (SMP) means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

IV. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SMP

- The Committee shall identify, ascertain the integrity, qualification, expertise, experience of a person and recommend to the Board for his / her nomination to SEBI as a Public Interest Director.
- The Committee shall identify, ascertain the integrity, qualification, expertise, experience of a person and recommend to the Board for his / her / appointment as a KMP/Senior Management Personnel of the Company.
- The Director, KMP and Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013 and rules made thereunder, SECC Regulations and Listing Agreement or any other enactment for the time being in force.
- The Company should ensure that the person so appointed as Director, KMP and Senior Management Personnel shall not be disqualified under the Companies Act, 2013 and rules made thereunder, SECC Regulations, Listing Agreement or any other enactment for the time being in force.
- The Committee may recommend to the Board for removal of a Director on account of any disqualification mentioned in the SECC Regulations, Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground. The Committee may also recommend to the Board for removal of KMP or SMP subject to the provisions and compliance of the applicable Act, rules and regulations.

V. Factors Determining Remuneration

The Committee shall consider the following conditions, while deciding the Compensation payable to the Director/KMP/SMP/Employees:

- Financial condition / health of the Exchange including revenues, net profits and other relevant financial parameters, if any
- Average levels of compensation payable to KMP in similar ranks in the industry and industry standards
- Absence of provisions tending to incentivise taking excessive risks over the short run.
- Role and responsibilities of the Director/Key Management Personnel/Senior Management Personnel/Employees.
- Performance of the KMP.
- Necessity to differentiate and reward excellent performance, both in the short and long term.
- Attract and retain KMP/ SMP/Employees and motivate them to achieve results with integrity and fairness
- Encourage teamwork and collaboration across the KMP/SMP/Employees.
- Foster growth for them in the Exchange.
- Curb excessive risk taking and short term profit oriented behaviour through Malus and Clawbacks clauses.
- Provides equal opportunity to all.
- Adherence to the norms stipulated by SEBI and other regulators.

VI. Compensation Structure

The Board of Directors of the Company shall decide the remuneration of Executive / Non-Executive Directors, KMP and SMP on the basis of recommendation of the Committee subject to the overall limits provided under the Companies Act, 2013 and rules made thereunder, including any amendments, modifications and re-enactments thereto ('the Act') and in compliance with the provisions of the Act, listing agreement and SECC Regulations as applicable from time to time.

A) DIRECTORS

i. EXECUTIVE DIRECTORS:

The compensation and the terms and conditions of the Executive Directors shall be approved by the Committee/Board and placed before SEBI for approval. Once approved the same is then placed before the shareholders for approval. The terms and conditions of the compensation of the Managing Director shall not be changed without prior approval of the Remuneration Committee/Board and SEBI.

1. Fixed/ Basic Compensation

Fixed compensation, which is most commonly paid in the form of base salary, is based on the role and experience of the individual, his or her individual sustained long-term performance, and market positioning. Base salary is set at levels designed to retain Executive Director throughout business cycles.

2. Variable Compensation

The level of variable compensation granted, referred to as a discretionary variable incentive which is factored in the Compensation of the Executive Director, is placed before SEBI for approval. Once approved the same is then placed before the shareholders for approval and may be zero in cases as deemed fit by SEBI. The variable pay shall not exceed one-third of total pay.

3. Deferred Compensation

50% of variable compensation is deferred to reflect the nature of the Exchanges business, its risk profile, and the desire to have compensation plans that are based on sustainable performance criteria, which are enlisted in the KMP's KPC (Key Performance Criteria) /KRA (Key Result Area). Deferred compensation are subject to vesting period of three years.

ii. NON EXECUTIVE DIRECTORS:

The Company shall issue a letter of appointment to every Non-Executive Independent Director /Public Interest Director/ Shareholder Director. The Non-Executive Directors would be paid for Board Meetings and any Committee Meetings attended by the Director. Different amount of sitting fees may be paid for different types of meetings within limits as prescribed under the Act.

B) KEY MANAGERIAL PERSONNEL

The remuneration components payable to KMP may be:

1. Fixed/ Basic Compensation

Fixed compensation, which is most commonly paid in the form of base salary, is based on the role and experience of the individual, his or her individual sustained long-term performance, and market positioning. Base salary is set at levels designed to retain Key management Personnel throughout business cycles.

2. Variable Compensation

The level of variable compensation granted, referred to as a discretionary variable incentive which is factored in the Compensation of the KMP, is entirely at the discretion of the Committee/Board, and may be zero in cases as deemed fit by the Committee/Board. The Compensation Committee/Board makes decisions on variable compensation based on absolute and relative performance of the Exchange and its Divisions, as well as pre-agreed individual performance objectives of KMP's, market positioning, and a variety of other factors. The variable pay shall not exceed one-third of total pay.

3. Deferred Compensation

50% of variable compensation is deferred to reflect the nature of the Exchanges business, its risk profile, and the desire to have compensation plans that are based on sustainable performance criteria, which are enlisted in the KMP's KPC (Key Performance Criteria) /KRA (Key Result Area). Deferred compensation are subject to vesting period of three years.

4. Prohibition on ESOPs and Equity Linked Instruments

ESOPs and Equity Linked Instruments shall not be issued as part of compensation of KMPs from the effective date of this Policy. The ESOPs that have already been granted to KMPs before coming into effect of the SEBI Circular CIR/MRD/DSA/33/2012 dated December 13, 2012 shall not be exercised by the respective KMPs in contravention of the regulations/guidelines issued by SEBI from time to time.

C) SENIOR MANAGEMENT PERSONNEL & EMPLOYEES

Remuneration to senior management and employees comprises of fixed component only. The same is reviewed annually based on the performance appraisal ratings.

VII. MALUS AND CLAWBACK ARRANGEMENT

The compensation arrangement shall contain a general provision of Malus and Clawback that enables the Exchange to cancel outstanding Deferred compensation or a part of the Total Compensation if the employees engages in activities that results in, or have the potential to result in, material harm financial, reputational, or any other cause which may be detrimental to the interests to the Exchange.

Malus and Clawback are defined in SEBI circular CIR/MRD/DSA/33/2012 dated December 13, 2012, as follows:

- 1) A Malus arrangement permits the Exchange to prevent vesting of all or part of the amount of a deferred remuneration.
- 2) A Clawback is a contractual agreement between the employee and the Exchange in which the employee agrees to return previously paid or vested remuneration to the Exchange under certain circumstances.

As defined above, Malus shall be only applicable to all or part of the deferred and as yet unvested Compensation if any and Clawback shall be applicable to the previously paid or vested compensation. The Committee or the Board shall on occurrence of the following events attributable directly or indirectly to the particular KMP, either singly or jointly with other persons, initiate action/recoveries/prevent vesting under the Malus and Clawback clauses:

- a) Fraud
- b) Gross negligence which has caused or may cause significant financial losses or reputational harm to the Exchange
- c) Misfeasance and nonfeasance which has caused or may cause significant financial losses or reputational harm to the Exchange
- d) Any act amounting to Criminal Breach of Trust
- e) Conviction for an offence involving moral turpitude
- f) Fraudulent Financial reporting
- g) Ethical Misconduct
- h) Overstating/misstating financial indicators or other performance criteria either at the company level or individual level with a view to get an increased variable pay
- i) Breach of confidentiality or trade secrets

Clawback shall be applicable to the complete variable compensation which is vested in the previous year and in case there is no variable component in the compensation of particular KMP, it would be applicable up to 10% of the fixed compensation drawn in the previous year. All recoveries or compensation returned by the KMP's under Clawback, would be net-off of taxes and levies in that respective year(s).

In case of separation or resignation or termination of the service of the employee for any reason other than misconduct, the deferred variable component shall remain with the Exchange for the remaining period and shall be paid after the completion of vesting period at the discretion of the Nomination and Remuneration cum Compensation Committee, to only those employees who have completed minimum three years of service in the Exchange.

In case of death of the Employee, the deferred compensation shall be payable to legal heirs or successors of the Employee after the completion of the vesting period, subject to the legal heirs or successors of the Employee producing all such documents as may be required by the Exchange to prove the succession to the assets of the deceased employee

In case of the retirement or termination of service of the employee due to early retirement pursuant to scheme of voluntary retirement as formulated by the Exchange, if any. The deferred compensation shall be payable after completion of the vesting period as specified in the Compensation Policy.

VIII. Equal Compensation Opportunity

The Exchange does not tolerate any form of discrimination, in particular discrimination based on ethnicity, nationality, gender, identity, religion, age, marital or family status, pregnancy, disability or any other status that is protected by law of the country and the Constitution of India. The Exchange encourages a safe and healthy work environment, free from discrimination, harassment and retaliation. All employment-related decisions, including decisions on compensation, are based on an individual's qualifications, performance and behaviour, or other legitimate business considerations.

Legitimate business considerations may include (though need not be restricted to) the profitability of the Exchange, the Division and department of the individual, industry practice, the strategic needs of the Exchange as well as any other considerations that the Exchange deems legitimate to its business interests.

IX. BOARD DIVERSITY

The Board shall have an optimum composition of Directors by ensuring experts from different fields viz. finance, law, management, sales, marketing, engineering, research, technical operations or any other areas related to the Company's business. There will be a balance of skills & experience to steer the Company towards achievement of its short term and long term objectives.

X. EVALUATION

The Performance evaluation is to be conducted as per the provision of the Companies Act, 2013 and Listing Agreement. The Committee shall carry out evaluation of performance on a yearly basis. The Committee shall monitor and review board evaluation framework, conduct an assessment of the performance of the Board against criteria as determined and approved by the Committee. The performance evaluation of Independent Directors shall be done by entire Board of Directors, excluding the director being evaluated and evaluation of the board as a whole shall be done by the Independent Directors.

XI. AMENDMENT

Based on the recommendation of the Committee, the Board reserves its right to amend or modify this Policy in whole or in part, at any time, when it deems appropriate, in accordance with any amendment to the applicable provisions of Companies Act, 2013, including rules thereof and / or the provisions of the Listing Agreement.

ANNEXURE V

STATEMENT PURSUANT TO RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND REGULATION 27(5) OF THE SECC REGULATIONS

Name & Qualifications	Age	Designation	Remuneration received (Rs.)	Experience in years	Date of commencement of employment	Previous employment	Nature of employment
Saurabh Sarkar* B Tech, MBA	47	MD & CEO	9,392,955	20	1-Feb-2014 (resigned wef 10-Oct-2015)	United Stock Exchange Ltd.	Permanent
Udai Kumar M.Sc, MBA (Finance)	56	MD & CEO	1,357,713	30	22-Jan-2016	MCCIL	Permanent
Suniel Vichare B.Com, Diploma in Computer Software & Application	55	Head – Business Development	4,272,126	30	18-Jun-2012	Universal Commodity Exchange	Permanent
Ghanashyam Vishwanath Rao B.Com, DMS, MBA	48	Vice President – Corporate Finance & Strategy	2,691,783	26	01-Nov-2008 (resigned wef 31-Oct-2015)	MCX	Permanent
Rajesh Bagwe B.Sc, Master of Labour Mgmt., LLB	51	Vice President – Human Resources	4,144,998	26	01-Nov-2012	MCX	Permanent
A. Sebastin MSc, MPhil, CFA	56	Vice President – Market Operations	3,977,982	32	19-Nov-2008	NSE	Permanent
Sanjay Golecha B.Com, FCA	50	Vice President - Investor Grievance & Arbitration & Compliance Officer	3,422,136	26	01-Nov-2012	Practice and Management Consultant	Permanent
Atul Bapna BE, MBA	41	Vice President – Membership & Inspection	2,228,771	18	23-Oct-2012 (resigned wef 09-Oct-2015)	Nomura Financial Advisory and Securities India Pvt Ltd	Permanent
Vikas Phadke B com, CA & CS	52	Chief Financial Officer	1,070,405	28	07-Oct-2014 (resigned wef 20-Jul-2015)	MCX	Permanent
Sushil Limbulkar B.E. MBA	43	Vice President - Technology	1,993,400	19	26-Mar-2014 (resigned wef 02-Dec-2015)	Infosys Ltd.	Permanent
Sanjiv Kapur B.Com, LLB, CS, CA	56	Vice President - Membership & Inspection	1,294,727	30	11-Sep-2015	Angel Broking Pvt. Ltd.	Permanent
Abhijit Chakraborty B.Com, MBA	44	Chief Financial Officer	1,184,183	18	07-Dec-2015	Motilal Oswal Financial Services Ltd.	Permanent
Divya Damania B.Com, CS	28	Company Secretary	447,813	6	14-Jan-2013 (resigned wef 08-Dec-2015)	Loha Commodities Trading Ltd.	Permanent
Sangeeta Shetty B. Com, CS	32	Company Secretary	367,081	12	11-Jan-2016	Angel Broking Pvt. Ltd.	Permanent

Notes:

- None of the above employees is a relative of any Director or Manager of the Company.
- None of the employees hold any equity shares in the Company within the meaning of clause (iii) of sub-rule (2) of Companies (Appointment and Remuneration) Rules, 2014

For and on behalf of the Board of Directors

Ashima Goyal
Chairperson
DIN: 00233635

Date: July 2, 2016
Place: Mumbai

ANNEXURE VI

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. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary during the financial year 2015-16, and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 are as under:

Sr. No	Name of Director/KMP and Designation	% increase (decrease) in Remuneration / Sitting Fees in the Financial Year 2015-16	Ratio of remuneration of each Director to median remuneration of employees
1	Ashima Goyal Chairperson and Public Interest Director	(12%)	1.10
2	D. R. Dogra Vice Chairman Public Interest Director	(26%)	0.93
3	Thomas Mathew T. Public Interest Director	(19%)	1.51
4	Anand Sinha Public Interest Director	Not applicable	0.70
5	Radhakrishnan Nair Public Interest Director	Not applicable	0.25
6	Udai Kumar Managing Director & CEO (wef 22 nd January 2016)	Not applicable	17.25
7	Saurabh Sarkar Managing Director & CEO (resigned wef 10 th October 2015)	NIL	30.19
9	Abhijit Chakraborty Chief Financial Officer (wef 10 th December 2015)	Not applicable	Not applicable
10	Vikas Phadke Chief Financial Officer (resigned wef 20 th July 2015)	NIL	Not applicable
11	Sangeeta Shetty Company Secretary (wef 11 th January 2016)	Not applicable	Not applicable
12	Divya Damania Company Secretary (resigned wef 8 th December 2015)	Not applicable	Not applicable

- ii. The percentage decrease in the median remuneration of employees in financial year 2015-16 as compared to previous year 2014-15 is 5%.
- iii. There were 142 permanent employees on the rolls of Company as on March 31, 2016;
- iv. There was a decrease of 15% in the remuneration of employees as compared to a decrease in net loss by 33%.
- v. The total remuneration of Key Managerial Personnel declined by 41% from Rs.2.35 crore in 2014-15 to Rs.1.38 crore in 2015-16. The Net Loss decreased by 33% from Rs. 60.12 crore in 2014-15 to Rs.40.47 crore in 2015-16.
- vi. The net worth of the company as at March 31, 2016 was Rs.107 crore and as at March 31, 2015 was Rs.114.35 crore.
- vii. There was a 16% decrease in the salaries of employees other than the managerial personnel in the last financial year as compared to a 41% decrease in the managerial remuneration
- viii. The key parameters for the variable component of remuneration availed by the directors are as per the Compensation policy of the Company which is framed as per the SECC Regulations and which is considered by the Board of Directors based on the recommendations of the Human Resources, Nomination and Remuneration Committee.
- ix. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable; and
- x. It is hereby affirmed that the remuneration paid is as per the Compensation Policy for Directors and Key Managerial Personnel.

ANNEXURE VII

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March, 2016

(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 Stock Exchange of India Limited
(Formerly known as "MCX Stock Exchange Limited")**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Metropolitan Stock Exchange of India Limited** (Formerly known as "MCX Stock Exchange Limited") (hereinafter called "The Company"). We 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 **Metropolitan Stock Exchange of India Limited** (Formerly known as "MCX Stock Exchange Limited") (hereinafter called "The Company") books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering for the financial year ended 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extend, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the **Metropolitan Stock Exchange of India Limited** (Formerly known as "MCX Stock Exchange Limited") (hereinafter called "The Company") for the period covering for the financial year ended 31st March, 2016 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, 2012 and Circular dated December 13, 2012 (CIR/MRD/DSA/33/2012) and other Circulars
- (iv) Listing Regulations, 2015
- (v) The Depositories Act, 1996 and the regulations and bye laws framed there under
- (vi) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Director Investment and External Commercial Borrowings;
- (vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act)
 - a) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) SEBI (Prohibition of Insider Trading) Regulations, 1992;
 - c) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (viii) Other specifically applicable laws to the Company during the period under review;
 - (i) Income Tax Act, 1961;
 - (ii) Chapter V of the Finance Act, 1994 (Service Tax);
 - (iii) Indian Stamp Act, 1899;
 - (iv) Indian Contract Act, 1872;
 - (v) Negotiable Instrument Act, 1881;
 - (vi) Information Technology Act, 2000;
 - (vii) Payment of Wages Act,
 - (viii) Employees' State Insurance Act, 1948

- (ix) Employees Provident Funds and Miscellaneous Provisions Act
- (x) Payment of Bonus Act
- (xi) Payment of Gratuity Act
- (xii) Contract Labour (Regulation & Abolition Act)
- (xiii) The Employees' Compensation Act, 1923 (Earlier known as Workmen's Compensation Act, 1923)
- (xiv) Equal Remuneration Act, 1976
- (xv) The Employment Exchange (Company Notification of Vacancies) Act, 1956
- (xvi) The Industrial Employment (Standing Orders) Act, 1946
- (xvii) The Maternity Benefit Act, 1961
- (xviii) Service Tax
- (xix) Provident Fund
- (xx) Professional Tax
- (xxi) Tax Deducted at Source
- (xxii) Securities Transaction Tax
- (xxiii) Maharashtra Labour Welfare Fund
- (xxiv) Value Added Tax(VAT) & Central Sales Tax(CST)
- (xxv) Employee State Insurance Act
- (xxvi) Limitation Act, 1963
- (xxvii) Transfer of Property Act, 1882
- (xxviii) Energy Conservation Act, 2001
- (xxix) Right to Information Act, 2005
- (xxx) Trade Marks Act, 1999
- (xxxi) Patents Act, 1970
- (xxxii) Copyright Act, 1957
- (xxxiii) Design Act, 2000
- (xxxiv) Insurance Act, 1938

We have also examined compliance with the applicable clause of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreement entered into by the Company with The Bombay Stock Exchange.

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

We further report that-

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

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

Majority decision is carried through while the dissenting members' views were captured and recorded as part of the minutes.

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

***For DSM & Associates,
Company Secretaries***

***CS Sanam Umbargikar
Partner
M. No.26141.
CoP No.9394.***

Date: 25th June, 2016.
Place: Mumbai.

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. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, We followed provide a reasonable basis for my opinion.
3. We have not verified the correctness appropriateness of financial records and books of accounts of the Company.
4. Where ever required, We have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test check basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Annexure – 2:

List of non compliances of various acts applicable to the Company:

SECC Regulations, 2012:

1. Advisory Committee – only two meetings are held whereas minimum 4 board meetings are prescribed.

The Companies Act, 2013:

1. The entire Board of Directors of the Company is consisting of Directors not liable to retire by rotation. Hence there is no Director who is liable to retire by rotation and comply with provisions of section 152 of the Companies Act, 2013.

CS Sanam Umbargikar

Practicing Company Secretary

M. No.26141.

COP No.9394.

Date: 25th June, 2016

Place: Mumbai

ANNEXURE VIII

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2016

[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	U65999MH2008PLC185856
Registration Date	August 14, 2008
Name of the Company	Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited)
Category / Sub-Category of the Company	Company Limited by shares Indian Non-Government Company
Address of the Registered office and contact details	Vibgyor Tower, 4 th Floor, Plot no. C62, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400098. Tel No: 022 61129000 Email Id: secretarial@msei.in
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Ms. Rajitha Cholleti Sr. Manager- Corporate Registry Selenium Tower B, Plot number 31 & 32 Financial District, Gachibowli Hyderabad - 500 032 E-Mail: einward.ris@karvy.com Tel. No.: +91-040-6716 2222

II. Principal business activities of the company

No	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Exchange Operation	66110	100%

III. Particulars of holding, subsidiary and associate companies as on March 31, 2016:

S. No	Name And Address Of The Company	CIN/GIN	Holding/ Subsidiary / Associate	% Of Shares Held	Applicable Section
1	Metropolitan Clearing Corporation of India Limited	U67120MH2008PLC188032	Subsidiary	82.50%	2(87)(ii)
2	MCX SX KYC Registration Agency Limited	U65923MH2012PLC227604	Subsidiary	100%	2(87)(ii)

IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity) March 31, 2016
I. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (April 01, 2015)				No. of Shares held at the end of the year (March 31, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian (A)(1)	-	-	-	-	-	-	-	-	-
(2) Foreign (A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	469294188	-	469294188	40.34	654613376	-	654613376	33.63	(6.71)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others(specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	469294188	-	469294188	40.34	654613376	-	654613376	33.63	(6.71)
2. Non-Institutions									
a) Bodies Corp	302593457	-	302593457	26.01	472301578	-	472301578	24.26	(1.75)
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual share- holders holding nominal share capital up to Rs. 1 lakh	583833	-	583833	0.05	7699999	-	7699999	0.40	0.35
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	271045000	-	271045000	23.30	611574854	-	611574854	31.42	8.12
c) Others(specify)	-	-	-	-	-	-	-	-	-
Trust	5856567	-	5856567	0.50	5686814	-	5686814	0.29	(0.21)
HUF	57020000	-	57020000	4.90	97422500	-	97422500	5.00	0.10
Partnership firm	57020000	-	57020000	4.90	97370000	-	97370000	5.00	0.10
Sub-total (B)(2)	694118857	-	694118857	59.66	1292055745	-	1292055745	66.37	6.71
Total Public Shareholding (B)=(B)(1)+(B)(2)	1163413045	-	1163413045	100	1946669121	-	1946669121	100	0.00
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	1163413045	-	1163413045	100	1946669121	-	1946669121	100	0.00

- II. Shareholding of Promoters- The Company do not have any Promoter. Hence, this disclosure is not applicable.
- III. Change in Promoters' Shareholding- The Company do not have any Promoter. Hence, this disclosure is not applicable.
- IV. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs

Sr. No	Name	Shareholding at the beginning of the year (April 1, 2015)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (April 1, 2015 to March 31, 2016)	
		No. of Shares	% of total shares				No. of Shares	% of total shares
1	State Bank Of India	10000000	0.86	01/04/2015	-	-	10000000	0.86
				29/08/2015	87400000	Rights Issue	97400000	5.00
				31/03/2016	-	-	97400000	5.00
2	IL And FS Financial Services Limited	49441943	4.25	01/04/2015	-	-	49441943	4.25
				29/04/2015	9017227	Exercise of Warrants into Equity shares	58459170	4.94
				29/08/2015	38950000	Rights Issue	97409170	5.00
				31/03/2016	-	-	97409170	5.00
3	Jhunjhunwala Rakesh Radheshyam	57025000	4.90	01/04/2015	-	-	57025000	4.90
				29/08/2015	40350000	Rights Issue	97375000	5.00
				31/03/2016	-	-	97375000	5.00
4	Trust Investment Advisors Private Limited	57020000	4.90	01/04/2015	-	-	57020000	4.90
				29/08/2015	40350000	Rights Issue	97370000	5.00
				31/03/2016	-	-	97370000	5.00
5	Nemish S Shah	57020000	4.90	01/04/2015	-	-	57020000	4.90
				29/08/2015	40350000	Rights Issue	97370000	5.00
				31/03/2016	-	-	97370000	5.00
6	Viral Amal Parikh	57020000	4.90	01/04/2015	-	-	57020000	4.90
				29/08/2015	40350000	Rights Issue	97370000	5.00
				31/03/2016	-	-	97370000	5.00
7	Radhakishan S Damani (Derive Investment)	57020000	4.90	01/04/2015	-	-	57020000	4.90
				29/08/2015	40350000	Rights Issue	97370000	5.00
				31/03/2016	-	-	97370000	5.00
8	Aadi Financial Advisors LLP	57000000	4.90	01/04/2015	-	-	57000000	4.90
				29/08/2015	40350000	Rights Issue	97350000	5.00
				31/03/2016	-	-	97350000	5.00
9	Kalpraj Damji Dharamshi	46600000	4.01	01/04/2015	-	-	46600000	4.01
				29/08/2015	46600000	Rights Issue	93200000	4.79
				31/03/2016	-	-	93200000	4.79
10	Dhanesh S Shah	40000000	3.44	01/04/2015	-	-	40000000	3.44
				29/08/2015	40000000	Rights Issue	80000000	4.11
				31/03/2016	-	-	80000000	4.11

- V. Shareholding of Directors and Key Managerial Personnel: - None of the directors and Key Managerial Personnel held any shares in the Company. Hence, the disclosure is not applicable.

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

(Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
• Addition	50,207,650	Nil	Nil	50,207,650
• Reduction	Nil	Nil	Nil	Nil
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	50,207,650	Nil	Nil	50,207,650
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	50,207,650	Nil	Nil	50,207,650

VII. Remuneration of Directors and Key Managerial Personnel
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs.)

Sr. no.	Particulars of Remuneration	Mr. Saurabh Sarkar MD & CEO (resigned wef October 10, 2015)	Mr. Udai Kumar MD & CEO (wef January 22, 2016)
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961*	9,392,955	1,357,713
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission	Nil	Nil
5.	Others, please specify	Nil	Nil
	Total (A)	9,392,955	1,357,713
	Ceiling as per the Act	As per Rule 7(2) of Companies (Appointment and Remuneration) Rules 2014	As per Schedule V Part II Section II of Companies Act 2013

B. Remuneration to other directors:

Sr. no.	Particulars of Remuneration	Name of Directors					(Rs.)
		Ashima Goyal	D. R. Dogra	Thomas Mathew	Anand Sinha	Radhakrishnan Nair	Total Amount
1	Independent Directors	635,000	540,000	878,000	405,000	144,000	
	• Fee for attending board committee meetings						
	• Commission	Nil	Nil	Nil	Nil	Nil	
	• Others, please specify	Nil	Nil	Nil	Nil	Nil	
	Total (1)	635,000	540,000	878,000	405,000	144,000	2,602,000
2	Other Non-Executive Directors	Nil	Nil	Nil	Nil	Nil	
	• Fee for attending board committee meetings						
	• Commission						
	• Others, please specify						
	Total (2)	NIL	NIL	NIL	NIL	Nil	Nil
	Total (B)=(1+2)						2,602,000
	Overall Ceiling as per the Act	Sitting fees not exceeding Rs. 1,00,000 per meeting of the Board and Committee meetings in terms of Rule 4 of the Companies(Appointment and Remuneration of Managerial Personnel), Rules, 2014.					

C. Remuneration to key managerial personnel other than MD/Manager/WTD

Sr. no.	Particulars of Remuneration	Key Managerial Personnel				(Rs.)
		CEO	Company Secretary	Chief Financial Officer	Total	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	814,894	2,254,588		3,069,482
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Nil	Nil	Nil		Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil		Nil
2.	Stock Option	Nil	Nil	Nil		Nil
3.	Sweat Equity	Nil	Nil	Nil		Nil
4.	Commission	Nil	Nil	Nil		Nil
	- as % of profit					
	- Others, specify...					
5.	Others, please specify	Nil	Nil	Nil		Nil
	Total	Nil	814,894	2,254,588		3,069,482

VIII. Penalties / Punishment/ Compounding of offences - None

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Metropolitan Stock Exchange of India Limited is a recognized third national-level stock exchange in India. MSEI offers an electronic platform for trading in Currency Derivatives, Interest Rate Derivatives, Equity, Equity Derivatives and Debt Market segments.

The Exchange employs world class technology infrastructure with significant scalable capacity and proven capability of handling high volume trades including Direct Market Access and Algo based trading. Its Qualified Central Counterparty, Metropolitan Clearing Corporation of India Limited employs state-of-the-art Risk and Surveillance systems with sizeable Settlement Guarantee Fund and zero-default record since inception.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Indian economy and financial markets has evolved significantly and has thus created a market and demand for alternate investment products. The industry structure of three national Exchanges provides an opportunity to your Exchange to garner a sizeable portion of this market size. Financial products such as Currency Derivatives, ETFs, Equity Indices, SME Trading, Debt segment, structured products, etc. have higher growth rates and long duration of growth trajectory.

Accordingly your Exchange is focused on establishing itself as the alternate Investment Exchange of the Country. The early signs of the implementation of the strategy are encouraging. The regulatory support for these product segments is also forthcoming.

The Reserve Bank of India is promoting the Exchange traded Currency Derivatives (ETCD) market and relaxing earlier curbs. Banks have been permitted to have Open Interest of up to US\$1bn on each exchange and primary dealers have been allowed to participate in the ETCD segment. Cross Currencies with extended market timing and option contracts on the same have also been allowed. SME Trading platform and evolution of the Corporate Bond trading platforms are also actively supported by the regulator.

It will be the endeavour of your Exchange to promote these segments through product innovation, knowledge dissemination and increasing participation from market constituents.

OPPORTUNITIES AND THREATS

MSEI is positioned as a key 'Alternate Investments Exchange' of India. The other national level exchanges have grown with prime focus on equities as an asset class in India. The alternative financial assets market is projected to grow at higher rate compared to traditional equity segment in India. Globally Interest Rate Derivative contracts have highest trading volume, more than any other product category. MSEI would be able to better harness its resources for a distinct identity and leadership in these segments.

MSEI platform is ideal for equity bulk and block deals with a large number of member brokers showing considerable interest to promote the segment. The Exchange is targeting a 25% market share of bulk/ block deal segment. The Exchange has 1400+ companies in permitted to trade category with opportunity to expand to 4000+ companies for inclusion of most of traded stocks. SEBI is gradually de-recognizing Regional Stock Exchanges and over 7000+ small companies listed on such exchanges. Listing norms and fee for other Exchanges are prohibitory for these small companies and thus provides a sizeable opportunity to MSEI to list these small companies. Trading on such companies at MSEI would require clearing and settlement through MCCIL which provides opportunities for MSEI for Listing and Annual Subscription Fee revenues and MCCIL for clearing and settlement revenues.

Due to changes in regulatory environment, more and more listed and OTC market products are expected to be cleared through a QCCP. This presents immense opportunities for MCCIL to not only offer clearing and settlement services for the products listed on MSEI, but offer such services for listed products of other exchanges and OTC products.

SEGMENT WISE PERFORMANCE

The Exchange currently operates four trading platforms which may be considered as different lines of business within the same business segment. Accordingly, the Exchange has only one reportable segment within the meaning of "Accounting Standard 17 – Segment Reporting". The performance of the two trading platforms is given hereunder:

Currency Derivatives Segment

	2015-16	2014-15
Annual Volume (no. of contracts)	48,858,281	1,030,068,343
Annual Turnover in Rs. Crore	324,576	649,926
ADV Volume (No. of contracts)	201,894	433,060
ADV Turnover in Rs. Crore	1,341	2,731

Equity Cash Segment

The Company commenced trading in Equity Cash segment from February 11, 2013 onwards. 19 securities were traded on the Exchange platform during the FY 2015-16 as against 14 securities in the previous FY 2014-15. Total volume i.e. traded quantity on the Exchange platform in FY 2015-16 in the Equity Cash Segment was 24,070,438 and the total value traded was Rs. 205.55 crore.

Companies Listed on the Exchange

During the financial year, the Exchange has been aggressively listing new companies on its equity platform. The Count of the total listed companies increased from 82 companies in FY 2014-15 to 161 companies in FY 2015-16. These include existing listed companies listed on other nationwide stock exchanges as well as regional stock exchanges. Out of the 161 listed companies there are 125 companies which are exclusively listed on MSEI. The Exchange has attracted these companies by demonstrating various unique services especially designed for companies and reasonable fees structure.

OUTLOOK

The Exchange is just coming out of a two year period of continuous external and internal shocks. But the size and growth of Indian economy coupled with evolution of new financial products provides ecosystem for a viable business model for the third national stock exchange. The new management at MSEI, which has taken charge since January 2016, has evolved a transformational business plan to that effect.

MSEI has started implementation of the business plan which is broken into three phases. Phase-I from FY17 onwards which is focused on reclaiming our market share in Currency and IRF, initiating and launching Block Deals and strategic Exchange Traded Fund indices across Equity, Commodity and Debt. In case of Currency Derivatives, the focus is on Non USDINR pairs, new cross currency products and Currency Index. The Exchange shall introduce contracts for different tenures to build up the yield curve and drive enhanced interest from participants. The Exchange is further geared to launch spread trades in Interest Rate Futures to boost market volume and introduce Interest Rate Options.

Phase II from FY19 will focus on Debt and SME Listings. The Exchange plans to launch Government and Corporate Bonds in the Debt segment and also intends to create platform for listing and trading of SMEs and new age Start Ups and launch SME Index. Phase III from FY21 will focus on structured products like Convertible Bonds, Equity Index Linked Bonds and Credit Derivative Linked Bonds. The overall business plan involves a 360 degree focus on business positioning, members' engagement and revival, training and awareness, branding and ads and business process efficiencies. The execution of the plan since March 2016 has started to yield result from April 2016 onwards and the market share has doubled in Q1FY17.

FY16 has been a year of consolidation and re-grouping for the Exchange. The Exchange has significantly cut the flab in operating expenses and re-worked its vendor arrangements thus reducing its annual losses from over Rs.60 crores in FY15 to Rs.45 crores in FY16.

RISKS AND CONCERNS

The Exchange is in an expansion phase and targeting to acquire a major market share in focused segments. There may be a risk of execution of the expansive strategy, which could impact the turnover of the Exchange and thereby impact the revenues. Also there may be a lag effect in the percolation of the benefits of implementation of the growth strategy. MSEI has years of experience of operating as stock exchange and is expected to be able to execute its expansion plans effectively.

MSEI operates in a very competitive environment with direct competition from the other Indian Stock Exchanges. MSEI is positioning itself aggressively as a preferred choice for its members. Given its lineage and as one of the fastest emerging exchanges, it is uniquely disposed to regain its foothold as the exchange of choice for its members.

Financial markets in India are governed by strict regulations. Any change in regulatory environment will affect MSEI business. Important to mention, subsequent Govt. of India and its regulatory ecosystem has been favorable for growth of Indian Capital Market.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Exchange has implemented effective control systems to ensure that all its assets, interests and information are safeguarded with a proper checks and balances. The Exchange has appointed Internal Auditors and System Auditors to ensure that the financial transactions, operational mechanism and technological infrastructure are error free. The Statutory Auditors were appointed by the Comptroller and Auditor General of India which lends credibility to the whole process being followed at the Exchange. The Audit Committee is in overall supervision of the internal controls and reports are being made to the Board in a periodic manner.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Revenue

There was a decline in revenue from transaction fees by 61% in FY 2015-16. The transaction fees earned during FY 2015-16 was Rs.5.42 crores as against Rs.13.73 crores in FY 2014-15. Other operating revenue stood at Rs.17.25 crores in FY 2015-16 as against Rs.20.60 crores in FY 2014-15, a decline of 16%. The total operating revenue accordingly stood at Rs.22.68 crores, down by 34% as against Rs.34.34 crores in FY 2014-15.

The other income in FY 2015-16 was Rs.9.32 crores as against Rs.10.87 crores in FY 2014-15, a decline of 14%. The Exchange earned Interest Income of Rs.7.04 crores in FY 2015-16 against Rs.8.41 crores in FY 2014-15.

Expenditure

The operating expenses reduced by 50% from Rs.51.23 crores in FY 2014-15 to Rs.25.55 crores in FY 2015-16. There was also a decrease in Employee benefits expenses by 25% from Rs.20.54 crores in FY 2014-15 to Rs.15.30 crores in FY 2015-16 and decrease in technology cost by 73% from Rs.22.72 crores in FY 2014-15 to Rs.6.25 crores in FY 2015-16.

Profit after tax

The operating loss for the year has declined from Rs.52 crores to Rs.33 crores, a decrease of 36%. The net loss for the year stood at Rs.40.46 crores as compared to a net loss after tax of Rs.60.12 crore in the previous year, a decrease of 33%.

Balance Sheet

As on March 31, 2016, the Company had total assets of Rs.296.47 crores as against Rs.270.47 crores as on March 31, 2015, an increase of 10%. The shareholders' funds as on March 31, 2016 stood at Rs.165.02 crores as against Rs.127.15 crores as on March 31, 2015, an increase of 30%.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

Our headcount as at March 31, 2016 stood at 142 as against 162 as on March 31, 2015. We believe that the judicious induction of key new talent and management will help the company stay competitive with leaner resources.

DISCLAIMER ON FORWARD LOOKING STATEMENTS

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, macro-economic developments, natural calamities and so on over which the Company does not have any direct control.

CORPORATE GOVERNANCE REPORT

Metropolitan Stock Exchange of India Limited (MSEI) (the Exchange) (formerly known as MCX Stock Exchange Limited) is a public limited company, the securities of which are not listed on any stock exchange. However pursuant to Regulation 35 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (“SECC Regulations 2012”), Corporate Governance norms as specified for listed companies shall mutatis mutandis apply to a recognised stock exchange.

1. Company’s Philosophy On Code of Governance

The Company’s philosophy on Corporate Governance is to follow fair, ethical and transparent governance practices of highest order so as to achieve greater efficiency and effectiveness throughout the organization. We believe that Corporate Governance is a self-discipline code which means not only ensuring compliance with regulatory requirements but by also being responsive to our stakeholders needs.

As an integral part of its Corporate Governance philosophy, the Company is also committed to fair and equitable treatment of all its members and other participants in the Exchange systems.

Being a new generation Stock Exchange, the Company is uniquely positioned to realize the above philosophy. At Metropolitan Stock Exchange of India Limited, Corporate Governance is an ongoing process. To keep pace with an evolving global environment, the Company continuously adapts to best governance practices for carrying its business in ethical and transparent manner.

The Company always endeavors to adopt highest corporate ethical standards in all its actions thereby reinforcing that the Company’s Management is the trustee of its shareholders’ capital and not the owner of it.

2. Board Of Directors

A. Composition:

The Company being a Stock Exchange is regulated by SEBI and is required to comply with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and Securities Contracts (Regulation) Act, 1956 besides the Companies Act, 2013 and the rules made thereunder (“the Act”) with respect to the composition of its Board of Directors. As on March 31, 2016, the composition of the Board of Directors is:

Prof. (Mrs.) Ashima Goyal	Chairperson & Public Interest Director
Mr. D. R Dogra	Vice Chairman & Public Interest Director
Mr. Thomas Mathew T.	Public Interest Director
Mr. Anand Sinha	Public Interest Director
Mr. Radhakrishnan Nair	Public Interest Director
Mr. Udai Kumar	Managing Director & CEO

B. Attendance of Directors and Number of Directorships and Committee positions held

During the financial year ended March 31, 2016, Twelve (12) meetings of Board of Directors were held. The dates of the Board meetings are: April 29, 2015; May 29, 2015; June 27, 2015; August 8, 2015; August 29, 2015; October 10, 2015; October 31, 2015; November 4, 2015; December 10, 2015; January 16, 2016; February 13, 2016; March 19, 2016

The attendance details and number of directorships and committee positions held by the Directors as on March 31, 2016 are given below:

Sr. No	Name of Director	Attendance at Board Meetings during FY 2015-16		Whether attended last AGM held on 30.09.2015	No. of Directorship(s)		Number of Committee positions held in other public companies	
		Held during tenure of Director	Attended		Public Limited	Private Limited	Chairman	Member
1	Prof. (Mrs.) Ashima Goyal	12	12	Yes	1	1	1	Nil
2	Mr. D. R Dogra	12	11	Yes	1	1	Nil	1
3	Mr. Thomas Mathew T.	12	12	Yes	4	1	Nil	Nil
4	Mr. Anand Sinha*	10	10	NO	Nil	Nil	Nil	Nil
5	Mr. Radhakrishnan Nair**	4	4	NO	3	Nil	Nil	1
6	Mr. Udai Kumar***	2	2	NO	1	1	Nil	Nil

* Mr. Anand Sinha appointed as PID with effect from June 19, 2015.

** Mr. Radhakrishnan Nair appointed as PID with effect from December 7, 2015.

*** Mr. Udai Kumar appointed as Managing Director & CEO with effect from January 22, 2016.

NOTES:

- All directors except Mr. Udai Kumar, MD & CEO are non-executive Directors
- All Public Interest Directors are Independent Directors
- Above Directorship excludes directorship in Section 8 Companies and Companies Incorporated outside India
- Memberships/ Chairmanships of only the Audit Committee and Stakeholders' Relationship Committee of all Public Companies have been considered above.
- None of the Directors are related to each other
- None of the Director hold any shares in the Company
- The weblink of directors' familiarisation programme imparted to independent directors is <http://www.msei.in/SX-Content/common/MCX-SX-About-Us/policy/2015/May/FAMILIARIZATION-PROGRAM-FOR-PUBLIC-INTEREST-DIRECTOR.pdf>

3. Audit Committee:

A. Composition, meetings and attendance:

During the year the Committee met four (4) times. The meetings were held on May 29, 2015, August 8, 2015, November 4, 2015 and February 13, 2016. Besides the members of the Audit Committee, Chief Financial Officer, representatives of the Statutory Auditors are permanent invitees to the Audit Committee meeting. The internal auditors are invited on case to case basis. The Company Secretary acts as the Secretary to the Committee. The details of the Composition and attendance of the members of the committee as on March 31, 2016 are listed below:

Members	Category	Meetings held during the tenure	Meetings Attended During The Tenure
Mr. D. R. Dogra* Chairman and Public Interest Director	Independent Director	1	1
Prof. (Mrs.) Ashima Goyal Public Interest Director	Independent Director	4	4
Mr. Thomas Mathew T. Public Interest Director	Independent Director	4	4
Mr. Anand Sinha Public Interest Director	Independent Director	2	2
Mr. Udai Kumar Managing Director & CEO	Executive Director	1	1

**Mr. D. R. Dogra was appointed as Chairman from meeting dated February 13, 2016. Prof. (Mrs.) Ashima Goyal was the erstwhile Chairperson of the Committee.*

B. Terms of Reference (TOR):

The terms of reference of the Audit Committee pursuant to Section 177 (4) of the Companies Act, 2013 read with Regulation 18 of Listing Regulations, 2015 is as stated below-

- I. To oversee the Company's financial reporting process and the disclosure of its financial statements to ensure that the financial statement is correct, sufficient and credible;
- II. To recommend the appointment, remuneration and terms of appointment of auditors of the Company;
- III. To approve the payment to statutory auditors for any other services rendered by the statutory auditors.
- IV. To review with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, focusing primarily on:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3) (c) of the Companies Act, 2013.
 - Any changes in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by the management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements.
 - The going concern assumption;
 - Compliance with accounting standards;
 - Compliance with legal requirements concerning financial statements;
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report
- V. To review with the management, the quarterly financial statements before submissions to the Board;
- VI. To review with the management, the statement of uses/applications of funds raised through an issue (rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- VII. To review and monitor the auditors independence and performance and effectiveness of audit process.
- VIII. To grant approval or any subsequent modification of transactions of the Company with related parties.
 - IX. To scrutinise inter corporate loans and investments.
 - X. To undertake valuation of undertakings or assets of the Company wherever it is necessary.
 - XI. To evaluate internal financial control and risk management systems.
 - XII. To review with the management, performance of statutory and internal auditors, adequacy of the internal systems
 - XIII. 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.
 - XIV. To discuss with internal auditors any significant findings and follow up thereon;
 - XV. To review the findings of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control system of a material nature and report to Board;
 - XVI. To discuss with the statutory auditors before the audit commences, about the nature and the scope of audit as well as have post-audit discussion to ascertain any area of concern;
 - XVII. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - XVIII. To review Company's financial risk management policies.
 - XIX. To examine financial statement and the auditor's report thereon.
 - XX. To review the functioning of the Whistle Blower mechanism
 - XXI. To approve the appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.

XXII. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

- I. Management discussion and analysis of financial condition and results of operations;
- II. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- III. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- IV. Internal audit reports relating to internal control weaknesses; and
- V. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

4. Nomination and Remuneration cum Compensation Committee:

A. Composition, meetings and attendance:

The Committee met three (3) times during the year. The meetings were held on June 27, 2015, October 31, 2015 and December 10, 2015. The details of Composition and participation of the members at the meetings of the committee as on March 31, 2016 were as under:

Members	Category	Meetings held during the tenure	Meetings attended during the tenure
Mr. D. R Dogra Chairman and Public interest Director	Independent Director	3	3
Prof. (Mrs.) Ashima Goyal Public interest Director	Independent Director	3	3
Mr. Thomas Mathew T. Public interest Director	Independent Director	3	3

B. Terms of Reference (TOR):

The Terms of Reference of the Nomination and Remuneration cum Compensation Committee of the Company pursuant to Section 178 of the Companies Act, 2013 read with Regulation 35 of the SECC Regulations and Regulation 19 of the Listing (Obligation and Disclosure Requirements) Regulation, 2015 is given below:

- I. To decide the remuneration to be paid to any member or prospective member of the Senior Management, as may be referred to it by the governing Board, in mutual consultation with such member or prospective member and in an objective manner, having regard to the interests of the Company and of its shareholders.
- II. to formulate the compensation policy in line with the directions of SEBI;
- III. to identify the Key Management Personnel (KMPs) within the meaning of the SECC Regulations;
- IV. to determine the employment terms and compensation of the KMPs as directed by SEBI;
- V. Report such activities to the Board on periodic basis.
- VI. To finalize and administer the scheme in consultation with a Merchant Banker appointed by them for the purpose.
- VII. To settle all questions of interpretation of said Scheme (the Committee's decision shall be final and binding on all parties concerned).
- VIII. To determine the detailed terms and conditions for grant of Options to each eligible employee or class of employees, including but not limited to:
 - i) The eligibility criteria and the specific employees to whom the options would be granted;
 - ii) The quantum of employee stock options to be granted under the Scheme per employee or class of employees and the basis of such allotment and the aggregate thereof, subject to the maximum ceiling as specified hereinabove.
- IX. To devise a procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, splitting/sub-division of shares, bonus issues, merger, sale of division and others.
- X. To devise the procedure for cashless exercise of options, in accordance with applicable laws.
- XI. To determine the terms and conditions of re-issue of options which have lapsed on account of non-exercise of the options vested within the specified period, or on account of non-acceptance of the options which have been granted to the employee, or on account of any other reason, in accordance with applicable laws.

- XII. To formulate criteria for determining qualifications, positive attributes and independence of director.
- XIII. To recommend to the Board policy relating to remuneration for directors, KMPs and other employees
- XIV. To identify person who are qualified to be become director, recommend their appointment, removal to the Board
- XV. To evaluate every directors performance
- XVI. To devising a policy on Board diversity.
- XVII. To perform any other function as may be delegated by the Board

C. Nomination and Remuneration Policy

The Company has formulated the nomination and remuneration policy as per SECC Regulations and the Companies Act, 2013 for the remunerating the Executive Directors, Non –Executive Directors, Senior Management Personnel, Key Managerial Personnel and the Employees. The policy is annexed to the Directors’ report.

D. Performance Evaluation Criteria for independent directors

With the objective of enhancing the effectiveness of the Board, the Nomination & Remuneration Committee formulated the methodology and criteria to evaluate the performance of the board and each director. The Nomination & Remuneration Committee at its meetings discussed and reviewed the criteria for evaluating the performance of the all the directors. Criteria in this respect includes; (a) Board composition, size, mix of skill, experience, members’ participation and role, (b) attendance, preparedness and deliberation in the meetings, (c) contribution / suggestions for effective functioning, development of strategy, board process, policies and others. The evaluation process includes review, discussion and feedback from directors in reference to set criteria and questions. The Directors are satisfied with the performance and evaluation.

5. Remuneration of Directors

a) Non-Executive Independent Directors:

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from sitting fees. The Company has not granted any stock options to any of its Non-Executive Directors and none of the directors hold any shares in the Company. Sitting Fees paid to Non-Executive Directors during the year are as follows:

Name of the Director	Sitting Fees
Prof. (Mrs.) Ashima Goyal	635,000
Mr. D.R. Dogra	540,000
Mr. Thomas Mathew T.	878,000
Mr. Anand Sinha	405,000
Mr. Radhakrishnan Nair	144,000

b) The details of remuneration paid to Executive Director for the financial year ended March 31, 2016 are provided hereinafter:

Particulars	Mr. Saurabh Sarkar MD & CEO (resigned wef October 10, 2015)	Mr. Udai Kumar MD & CEO (appointed wef January 22, 2016)
Salary and allowances	Rs.9,392,955	Rs.1,357,713
Period of Service Contracts	For a period from April 01, 2015 to October 10, 2015	For a period of three years Commencing on and from January 22, 2016
Notice Period	Three Months	Three Months

6. Stakeholders Relationship Committee:

A. Composition and Terms of Reference

The Composition of the Stakeholders Relationship Committee as on March 31, 2016 is given below:

Prof. (Mrs.) Ashima Goyal	Chairperson and Public Interest Director
Mr. D. R. Dogra	Public Interest Director
Mr. Udai Kumar	Managing Director & CEO

The Terms of Reference of the Stakeholders Relationship Committee pursuant to Regulation 35 of SECC Regulation read with Regulation 20 of the Listing (Obligation and Disclosure Requirements) Regulation, 2015 is given below:

- I. Handling and redressal of various Security holders' complaints including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends.
- II. Noting status of dematerialization, rematerialization, share transfer, transposition of names, transmission requests, etc.;
- III. Issue of duplicate share certificates in case of damage or loss of share certificate;
- IV. Any other specific stakeholder matters as may be specified by the Board from time to time;

B. Name and Designation of Compliance Officer

Mr. Sanjay Golecha	Vice President - Investor Grievance & Arbitration and Compliance
Ms. Sangeeta Shetty	Company Secretary

C. Details of Shareholders complaints received and redressed during the year.

The Exchange had not received any complaints from its shareholders nor were there any unresolved complaints during the year.

7. General Body Meetings:

A. Details of Annual General Meetings held in last three years are as under:

Date & Time	Venue of the meeting	Special resolution(s) passed for
September 30, 2015 at 4.30 pm for FY 2014-2015	Vibgyor Towers, 4 th Floor, Plot no. C-62, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400098	i) Appointment of Mr. Anand Sinha, as an independent Director of the Company. ii) Appointment of Mr. Pankaj Talwar as a Shareholder Director of the Company. iii) Payment of remuneration to Mr. Saurabh Sarkar, MD & CEO for a period of one year. iv) Ratification and approval of transactions with Metropolitan Clearing Corporation Ltd under clause 49 of the Listing Agreement.
September 30, 2014 at 4.00 pm for FY 2013-2014	Vibgyor Towers, 4 th Floor, Plot no. C-62, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400098	No special resolutions were passed at this meeting.
September 28, 2013 at 11.00 am for FY 2012-2013	The Orchid Hotel, Chancery I, Nehru Road, Adjacent to Domestic Airport, Vile Parle (East), Mumbai – 400 099	i) Amendments to the Articles of Association. ii) Modification to the Employee Stock Option Scheme, 2009 (ESOS 2009) of the Company. iii) Authorization for issuance of shares to the directors and employees of the Exchange under ESOP scheme up to 2% of post issue paid up equity capital of the Company or 1,50,00,000 equity shares of Re. 1/- whichever is less. iv) Authorization for issuance of shares to the directors and employees of the subsidiaries under ESOP scheme up to 2% of post issue paid up equity capital of the Company or 1,50,00,000 equity shares of Re. 1/- whichever is less.

B. Postal Ballot

The Company has not passed any resolution by way of postal ballot during the financial year ended March 31, 2016 and no resolution is proposed to be conducted through postal ballot.

8. Means of Communication:

The Exchange disseminates all material information to its Shareholders through its website: www.msei.in. The Exchange's website: www.msei.in contains links to all important events and material information of the Exchange. The financials results, shareholding pattern, press releases, Annual Reports etc. appear on the Company's website.

9. General Shareholder Information:

Day, Date, Time and Venue of Annual General Meeting (2015-2016)	Saturday, August 20, 2016 at 11.00 a.m. Vibgyor Towers, 4th Floor, Plot no. C-62, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400098
Financial year	April 01, 2015 to March 31, 2016
Dividend payment date	Not Applicable
Listing on Stock Exchanges	The Company is not listed on any stock exchange.
Stock Market Code, Market Price Data and share price performance to broad based indices	Not Applicable as the Company is not listed on any stock exchange
Registrars & Share Transfer Agents	Karvy Computershare Private Limited Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad 500 032, India Tel: +91-040-6716 2222
Share transfer System	100% of Equity Shares of the company are in electronic form. Transfer of shares is done through depositories with no involvement of the company.
Dematerialization of Shares and liquidity	As required under SEBI Regulations, the entire 1,946,669,121 equity shares of the Company as on March 31, 2016 are under dematerialized (electronic) form. The equity shares of the Company have been admitted for dematerialisation with both the depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). ISIN of the equity shares of the Company is INE312K01010.
Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	As at March 31, 2016, the Company has 415,932,672 outstanding Warrants.
Exchange operations are located at	4th Floor, Vibgyor Tower, C62, Bandra Kurla Complex, Bandra (East), Mumbai- 400098
Address for Correspondence	4th Floor, Vibgyor Tower, C62, Bandra Kurla Complex, Bandra (East), Mumbai- 400098. Tel: 61129000 Email id: secretarial@msei.in Website: www.msei.in

10. Distribution of Shareholding as on March 31, 2016:

Sr. no	Category	Shareholders		Shares held	
		No. of holders	% of Total	No. of shares	% of Total
1	up to 1 - 5000	101	25.83	271,637	0.01
2	5001 - 10000	60	15.35	520,573	0.03
3	10001 - 20000	38	9.72	617,746	0.03
4	20001 - 30000	26	6.65	650,408	0.03
5	30001 - 40000	11	2.81	389,880	0.02
6	40001 - 50000	37	9.72	1,855,945	0.09
7	50001 - 100000	41	10.49	3,599,310	0.18
8	100001 & ABOVE	76	19.44	1,938,763,622	99.60
	Total	391	100	1,946,669,121	100.00

Shareholding Pattern as on March 31, 2016:

Sr. No	Category	No of Shareholders	No. of shares held	% of shareholding
(A)	PROMOTER AND PROMOTER GROUP	NIL	NIL	NIL
(B)	PUBLIC SHAREHOLDING			
(a)	Financial Institutions /Banks	19	654,613,376	33.63
(b)	Bodies Corporate	11	472,301,578	24.26
(c)	Individuals	353	598,306,037	30.73
(d)	HUF	5	97,422,500	5.00
(e)	Trusts	1	5,686,814	0.29
(f)	Non-Resident Indian	2	118,338,816	6.08
	Total B	391	1,946,669,121	66.37
	Total (A+B)	391	1,946,669,121	100.00

11. Other Disclosures:
a. Disclosures on materially significant related party transactions

The Company has not entered into any materially significant related party transactions that may have potential conflict with the interests of the Company at large. All the transactions with related parties are under the pre-existing arrangements. Nonetheless, transactions with related parties as required to be reported under "Accounting Standard 18 - Related Party Disclosure" has been disclosed in the Financial Statements in the Annual Report. The policy is hosted on the website of the Company and can be accessed at <http://www.msei.in/SX-Content/common/MCX-SX-About-Us/policy/2015/January/Policy-on-Related-Party-Transactions.pdf>.

b. Penalties or strictures imposed on the Company by SEBI or any statutory authority, on any matter related to the capital markets during the last three years:-

SEBI has, in view of non-fulfilment of the condition of renewal of recognition by Metropolitan Clearing Corporation of India Limited (MCCIL), advised the Exchange to have firm alternative arrangements for clearing and settlement for trades executed on the Exchange failing which no new contracts on the products permitted to be traded or launch new products, shall be allowed. The Exchange has sought extension of time from SEBI for fulfilling the recognition conditions of MCCIL.

c. Disclosure relating to Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee

The Company has adopted a Code for all the Board Members, 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. Further, the mechanism adopted by the Whistle Blower policy is to report genuine concern or grievances and provide for adequate safeguard against victimization of whistle blower who avail of such mechanism and also to provide for direct access to the chairman of the audit committee in exceptional cases.

The Whistle blower policy is also hosted on the website of the Company and can be accessed at <http://www.msei.in/SX-Content/common/MCX-SX-About-Us/Code/2016/April/Whistle-Blower-Policy.pdf>. None of the whistle blower was denied access to the Audit Committee during FY 2015-16 to the knowledge of the Compliance Officer, Mr. Sanjay Golecha. The same is reviewed by the Audit Committee on a quarterly basis.

d. Details of Compliance with mandatory and non-mandatory requirement

As per regulation 35 of SECC Regulations, 2012, the disclosure requirements and corporate governance norms as applicable to a listed entity are mutatis mutandis applicable to a recognized stock exchange. The Company has complied with the applicable mandatory requirements of Listing Regulation unless stated otherwise.

The Company has complied with the following Non-Mandatory requirements:

- a) The Company has appointed separate persons to the post of Chairperson and Managing Director & CEO.
- b) The Internal Auditor reports directly to the Audit Committee.

e. Policy for determining material subsidiaries:

As on March 31, 2016 the Company holds 82.50% of the paid-up capital of Metropolitan Clearing Corporation of India Limited (MCCIL) and 100% of MCX-SX KYC Registration Agency Limited (MCX-SX KRA). The minutes of the Board meetings of the subsidiaries are placed before the Board meeting of the Company. The Company has formulated a policy for determining 'material' subsidiaries and such policy is hosted on the website of the company and can be accessed at <http://www.msei.in/SX-Content/common/MCX-SX-About-Us/policy/2014/November/Policy-On-Determining-Material-Subsidiaries.pdf>.

For and on behalf of the Board of Directors

Date: July 2, 2016
Place: Mumbai

Ashima Goyal
Chairperson
DIN: 00233635

RECEIPT OF AFFIRMATIONS ON COMPLIANCE WITH THE 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 2015-16 as adopted by the Board of Directors.

Udai Kumar
Managing Director & CEO
DIN: 06750460

Dated: July 2, 2016

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

(Issued in accordance with the provisions of Regulation 35 of SECC Regulations 2012 read with Regulation 17(8) of the Listing Regulations)

To
The Board of Directors
Metropolitan Stock Exchange of India Ltd.

Dear Sirs,

- A. We have reviewed the financial statements and the cash flow statement of Metropolitan Stock Exchange of India Ltd for the financial year ended March 31, 2016 and to the best of our knowledge and belief, we hereby certify that:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - (2) These statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations, except as disclosed in the notes to the financial statements.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended March 31, 2016 which are fraudulent, illegal or violative of the Company's code 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 that:
- (1) As required under the Companies Act, 2013, we have implemented internal control over financial reporting during the year;
 - (2) There are no significant changes in accounting policies made during the year except as disclosed in the notes to the financial statements.
 - (3) There are no instances of fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a role in the Company's internal control system over financial reporting.

Yours Sincerely,

Udai Kumar
Managing Director & CEO
DIN: 06750460

Abhijit Chakraborty
Chief Financial Officer
PAN: AEXPC5407G

Dated: May 22, 2016

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

**To the Members,
Metropolitan Stock Exchange of India Limited
(Formerly known as “MCX Stock Exchange Limited”)**

We have examined the compliance of conditions of Corporate Governance by Metropolitan Stock Exchange of India Limited (Formerly known as “MCX Stock Exchange Limited”) (hereinafter “the Company”), for the year ended March 31, 2016 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as “SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company’s management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Company Secretaries of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015, to the extent practical and applicable.

We 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 DSM & Associates,
Company Secretaries**

**CS Sanam Umbargikar
Partner
M.No.: 26141.
COP No.9394.**

Date: 30th June, 2016
Place: Mumbai.

INDEPENDENT AUDITOR'S REPORT

To the Members of Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited)

Report on Standalone Financial Statements

We have audited the accompanying standalone financial statements of Metropolitan Stock Exchange of India Limited (erstwhile MCX Stock Exchange Limited) (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

Basis of Qualified Opinion:

- a. Refer Note no.30 of Notes to the accounts of the Company; the company continues to prepare its Financial Statements on going concern basis, even though it has continued to incur losses during the current year and there is no clarity on increase in volume and the required funding in the future for its continued business. The company has however raised required funds during the current year and has started working on its detailed plan for turn around and is confident of raising further required funds in the coming year, increase volume and make profits in future years and hence prepared the accounts on going concern basis including not carrying out the impairment testing to ascertain carrying value of fixed assets, etc. and also the sum of Rs.36.31 Crores and Rs.1.86 Crores towards Service tax set-off and MAT Credit is considered as recoverable. We are unable to comment on the adjustments, if any, that will be arising out of the same.

- b. Refer Note no.29(c) of Notes to the accounts; the Company, in the earlier years, entered into various contracts with the parties mentioned in the register maintained under Section 301 of the Companies Act, 1956 to whom amounts have been paid as Infrastructure, software and software support charges during the said years in respect of which no alternative quotations are / were available. As informed by the Management, they have already renegotiated few of such contracts and are in the process of reviewing other such contracts / charges to establish their reasonableness for similar line of business. We are unable to comment on the adjustments, if any, that will be arising out of such review.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph*, 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, 2016, its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matter in the note no. 45 to the standalone financial statements:

Multi Commodity Exchange of India Limited (MCX) has filed a suit against the Company (MSEI) for cancelling and / or extinguishing the warrants held by MCX in MSEI or any rights in respect thereof, or taking any other steps that would be prejudicial to MCX's rights in respect of the Warrants; and appropriating or otherwise dealing with the deposit placed by the MCX with the MSEI. The monetary reliefs prayed by MCX from MSEI is Rs.41,59,17,672/- being face value of the warrant held by the MCX as on the date of the suit, equivalent to the amount of deposit along with the interest on the said sum @ 18% p.a. and also claimed for Rs. 1,09,13,30,707/- along with the interest of 18% towards the MCX damages. MSEI has already deposited the sum of Rs. 20 crores in the High Court, Bombay, pursuant to the Order dated 3rd August, 2015 passed in Notice of Motion (L) No. 1784 of 2015. Further, vide Order dated October 13, 2015, the Bombay High Court directed MSEI to deposit the balance sum of Rs.21,59,17,672/-. The Company has been legally advised about the favorable outcome of above case and refund of money deposited.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and, *except for the matters described in the Basis for Qualified Opinion paragraph*, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. *Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above*, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. *Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above*, 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;
 - e. *The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.*

- f. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.
- g. 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 B”.
- 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 Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements, where practical – Refer Note 29 on Contingent Liabilities.
- ii. *The Company has entered into various contracts including long term contracts with a Company towards software license and maintenance agreements etc. which have penalty clauses for termination. The continuance of these contracts and impact of termination of these contracts shall depend on the future running of the business including raising required resources for the same.* The Company has however raised required funds during the current year and has started working on its detailed plan for turn-around and such confident to honor its long term contract and does not foresee any losses on account of termination. Apart from the same, the Company did not have any other material foreseeable losses on long-term contracts including derivative contracts.
- iii. The Company has been generally regular in transferring the amounts required to be transferred, to the Investor Education and Protection Fund.

For T R Chadha & Co LLP
Chartered Accountants
Firm Registration No. 006711N / N500028

Place: Mumbai
Date: 22nd May ‘16

Vikas Kumar
Partner
Membership No. 75363

Annexure A to Auditors' Report

The annexure referred to in Independent Auditors' report to the members of the Company on the standalone financial statements for the year ended 31st March 2016.

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 fixed assets.
- (b) As per the information and explanation given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanation given to us, there is no Immovable Property in the books of accounts of the Company. Thus, the provision of clause 3(i)(c) of the Order is not applicable to the Company.
- (ii) The business of the company does not require it to hold any inventory; hence, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) During the year, the Company has not granted any Loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of Sections 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the Public as covered under provisions of Section 73 to 76 of the Act and rules made thereunder. Accordingly, the provision of clause (v) of the Order are not applicable to the Company.
- (vi) To the best of our knowledge and according to the information and explanation provided to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act for any of the services rendered by the company.
- (vii) (a) According to the records maintained by the Company, the Company has been generally regular in depositing its undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Service Tax, Value Added Tax, Cess and any other statutory dues as applicable with the appropriate authorities during the year.

According to the information and explanation given to us, no undisputed amount payable in respect of above statutory dues were in arrear as at 31st March 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the following dues of income tax has not been deposited by the Company on account of dispute:

Name of the statute	Nature of Dues	Amount (in Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 9161	Demand under section 156	9,21,38,040	AY 2012 – 13	CIT Appeal.

- (vii) According to the information and explanation given to us and on the basis of our examination of the records provided, the Company has not defaulted in repayment of loans or borrowings to a bank, financial institution, Government or dues to debenture holders
- (ix) The Company didn't raise any money by way of initial public offer or further public offer or term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable. However, the company has raised funds by way of rights issue during the year.
- (x) According to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The managerial remuneration paid is within the limits prescribed under the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions, wherever required, have been disclosed in the financial statement.
- (xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or person connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For T R Chadha & Co LLP
Chartered Accountants
Firm Registration No. 006711N / N500028

Vikas Kumar
Partner
Membership No. 75363

Place: Mumbai
 Date: 22nd May '16

Annexure B to Auditors' Report

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

We have audited the internal financial controls over financial reporting of Metropolitan Stock Exchange of India Limited ("the Company") as of March 31, 2016 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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 were 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 T R Chadha & Co LLP
Chartered Accountants
Firm Registration No. 006711N / N500028

Place: Mumbai
Date: 22nd May '16

Vikas Kumar
Partner
Membership No. 75363

BALANCE SHEET AS AT MARCH 31, 2016

(Amount in Rs.)

Particulars	Note	As at March 31,2016		As at March 31,2015	
I EQUITY AND LIABILITIES					
1. Shareholders' Fund					
(a) Share capital	3	1,941,676,830		1,158,279,615	
(b) Reserves and surplus	4	(291,460,678)		113,208,428	
(c) Non Refundable Interest Free Deposits Against Warrants	5	415,932,672	2,066,148,824	591,600,731	1,863,088,774
2. Non-Current Liabilities					
(a) Other long-term liabilities	6	463,140,624		622,344,158	
(b) Long term provision	7	4,742,983	467,883,607	4,442,580	626,786,738
3. Current Liabilities					
(a) Short term borrowings	8	50,207,650		-	
(b) Trade payables	9	94,137,408		45,070,959	
(c) Other current liabilities	10	285,341,355		166,779,078	
(d) Short term provisions	11	1,062,796	430,749,209	3,039,296	214,889,333
Total			2,964,781,640		2,704,764,845
II ASSETS					
1. Non-Current Assets					
(a) Fixed Assets	12				
(i) Tangible assets		170,929,759		233,551,024	
(ii) Intangible assets		522,658,418		592,700,675	
(iii) Intangible asset under development		5,000,000		5,000,000	
(b) Non-current investments	13	577,850,000		127,850,000	
(c) Long term loans and advances	14	550,698,819		639,209,611	
			1,827,136,996		1,598,311,310
2. Current Assets					
(a) Current investments	15	46,514,562		159,940,663	
(b) Trade receivables	16	18,941,566		8,533,155	
(c) Cash and bank balances	17	702,424,222		751,223,959	
(d) Short term loans and advances	18	337,247,460		144,520,474	
(e) Other current assets	19	32,516,834	1,137,644,644	42,235,284	1,106,453,535
Total			2,964,781,640		2,704,764,845

Significant Accounting Policies and Explanatory Information 1 - 48

As per our report of even date

For T R Chadha & Co LLP
 Chartered Accountants
 Firm Reg.No-006711N/N500028

Vikas Kumar
 Partner
 M.No-75363
 Place : Mumbai
 Date : May 22,2016

 For and on behalf of the Board
Metropolitan Stock Exchange Of India Limited
 (Formerly known as MCX Stock Exchange Limited)

Ashima Goyal
 Chairperson

Abhijit Chakraborty
 Chief Financial Officer

Udai Kumar
 Managing Director & CEO

Sangeeta Shetty
 Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(Amount in Rs.)

Particular	Note	For the Year 2015-16	For the Year 2014-15
I Income			
(a) Revenue from operations	20	226,820,503	343,405,277
(b) Other income	21	93,243,654	108,741,675
Total Revenue		320,064,157	452,146,952
II Expenditure			
(a) Operating expenses	22	255,582,022	512,322,965
(b) Employee benefits expense	23	153,011,400	205,400,121
(c) Finance costs	24	2,488,901	115,820
(d) Advertisement and Business Promotion Expenses	25	3,631,851	1,080,982
(e) Depreciation and amortisation expense	12	139,883,407	142,441,068
(f) Other expenses	26	166,000,598	192,007,422
Total Expenses		720,598,179	1,053,368,378
III Profit / (Loss) before exceptional items and tax		(400,534,022)	(601,221,427)
IV Exceptional items	27	4,135,084	-
V Profit / (Loss) before tax		(404,669,106)	(601,221,427)
VI Less : Provision for taxation		-	-
VII Profit / (Loss) for the year		(404,669,106)	(601,221,427)
VIII Earnings per equity share of face value of Re.1 each	28		
Basic (in Re.)		(0.25)	(0.89)
Diluted (in Re.)		(0.25)	(0.89)

Significant Accounting Policies and Explanatory Information 1 - 48

As per our report of even date

For T R Chadha & Co LLP
 Chartered Accountants
 Firm Reg.No-006711N/N500028

For and on behalf of the Board
Metropolitan Stock Exchange Of India Limited
 (Formerly known as MCX Stock Exchange Limited)

Vikas Kumar
 Partner
 M.No-75363

Ashima Goyal
 Chairperson

Udai Kumar
 Managing Director & CEO

Place : Mumbai
 Date : May 22,2016

Abhijit Chakraborty
 Chief Financial Officer

Sangeeta Shetty
 Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(Amount in Rs.)

Particulars	For the year 2015-16		For the year 2014-15	
A. Cash flow from Operating Activities				
Net Profit / (Loss) before tax as per Statement of Profit and Loss		(404,669,106)		(601,221,427)
Adjustments for				
Depreciation/Amortisation	139,883,407		142,441,068	
Depreciation on Assets whose useful life has expired as at 31-03-14	-		(2,109,534)	
Dividend from Investments	(278,277)		(10,835,121)	
Net Prior Year Adjustments	14,543,752		110,551,246	
Interest Income	(62,637,004)		(84,105,482)	
Finance Costs	2,488,901		115,820	
Loss on sale of Fixed Asset (net)	8,880		2,758,032	
Provision for doubtful debts	157,803		152,303	
Profit on sale of investments (net)	(10,738,957)		(10,167,200)	
Depletion in value of investments	-		150,000	
Operating profit/ (loss) before working capital changes		(321,240,602)		(452,270,295)
Adjustments for				
Trade and other receivables	(201,180,582)		261,853,145	
Trade and other payables	6,775,611		(131,553,651)	
Cash generated from/(used in) operations		(194,404,970)		130,299,494
Net Prior Year Adjustments		(515,645,572)		(321,970,801)
Less: (Taxes paid) / refund received		(14,543,752)		(110,551,246)
		86,412,607		(51,119,831)
Net cash generated from/(used in) operating activities		(443,776,717)		(483,641,878)
B. Cash flow from Investing Activities				
Purchase of Fixed Assets (including Capital Work In Progress)		(7,263,461)		(69,721,014)
Sale of Fixed Assets (net)		8,178		3,559,014
				(1,673,500,00)
Purchase of current investments		(1,713,252,183)		0
Sale of current investments		1,826,678,283		1,698,651,630
Income from Current Investments		11,017,234		21,002,321
Fixed deposit placed with banks (having maturity of more than 3 months)		(792,385,702)		(726,977,569)
Fixed deposit matured (having maturity of more than 3 months)		526,977,569		1,034,594,606
Investment in subsidiary company		(450,000,000)		-
Interest received (net of accrued interest)		72,341,024		127,045,019
Net cash generated from/(used in) Investing Activities		(525,879,058)		414,654,009

Particulars	For the year 2015-16		For the year 2014-15	
C. Cash flow from Financing Activities				
Finance Costs		(2,488,901)		(115,820)
Share application money received/ (refunded)		-		(271,650,000)
Short term borrowings		50,207,650		-
Proceeds from issuance of shares		607,588,017		13,698,376
Issue of Shares to Employees by ESOP trust from Loan shares		141,139		299,570
Security premium collected		-		54,793,504
Net Cash Generated from Financing Activities		655,447,905		(202,974,370)
Net Increase in Cash and Cash Equivalents		(314,207,870)		(271,962,240)
Cash and Cash Equivalents at Beginning of the Year (Refer note 17)		324,246,390		596,208,630
Cash and Cash Equivalents at End of the Year (Refer note 17)		10,038,520		324,246,390
Add : Fixed Deposits held for more than three months		692,385,702		426,977,569
Closing Cash and Bank Balance as per Note 17		702,424,222		751,223,959

Notes to Cash Flow Statement:

- The Cash Flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 (AS 3)" Cash Flow Statement" issued by the Companies (Accounting Standards) Rules, 2006.
- Figures in brackets represent cash outflows.

As per our report of even date

For T R Chadha & Co LLP

Chartered Accountants
Firm Reg.No-006711N/N500028

Vikas Kumar

Partner
M.No-75363

Place : **Mumbai**

Date : **May 22,2016**

For and on behalf of the Board

Metropolitan Stock Exchange Of India Limited
(Formerly known as MCX Stock Exchange Limited)

Ashima Goyal

Chairperson

Udai Kumar

Managing Director & CEO

Abhijit Chakraborty

Chief Financial Officer

Sangeeta Shetty

Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY INFORMATION FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

1. Corporate Information

The Company was incorporated on August 14, 2008 and recognized as a stock exchange by Securities and Exchange Board of India (SEBI) under section 4 of the Securities Contracts (Regulation) Act, 1956 with effect from September 16, 2008. The Exchange was notified a "Recognised Stock Exchange" under Section 2(39) of the Companies Act, 1956 by Ministry of Corporate Affairs, Govt. of India, on December 21, 2012. The Company provide platform for trading in Currency Derivatives, Debt Segment, Interest Rate Futures, Equity Cash and F& O segment.

In the current year also, the Company received extension of one year till September 15, 2016 from SEBI vide letter dated MRD/DSA/MSEI/OW/26392/2015 dated September 15, 2015.

2. Significant Accounting Policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical-cost convention on accrual basis, in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), provision of the Companies Act, 2013 and Accounting Standards (AS) notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.

2.2 Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of financial statements, the reported amount of revenues and expenses during the reporting period and disclosure of contingent liabilities on the date of the financial statements. Management believes that the assumption and estimates used in preparation of the financial statement are prudent and reasonable based upon their evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results may differ from those estimates and assumptions used in preparing the accompanying financial statements. Adjustments, if any, are prospectively made.

2.3 Operating Cycle

Based on the nature of its activities, the company has determined its operating cycle as 12 months for the purpose of classification of its Assets and Liabilities as current and non-current.

2.4 Tangible Fixed assets and Depreciation

Tangible Fixed assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciation and impairment loss, if any. Cost includes all expenses incidental to the acquisition of the fixed assets and any attributable cost of bringing the asset to its working condition for its intended use.

Assets which are not ready for their intended use are shown as Capital Work in Progress.

Depreciation on Tangible Fixed assets is provided on straight line method by considering the revised useful lives as specified in Part 'C' of Schedule II to the Companies Act, 2013, which is also estimated as useful lives by the management. The same is as given below:-

Sr. No	Classification of an asset	Useful life as per new Companies Act 2013 (Years)
1	Furniture and fixtures	10
2	Office Equipment's	5
3	Vehicles	8
4	Computer Hardware	
	(i) Computer Servers	6
	(ii) Networking Equipment's	6
	(iii) Desktop/Laptop etc.	3

Leasehold improvements are depreciated over the period of lease or at their estimated useful life, whichever is lower.

The Company provides pro-rata depreciation from the day the asset is ready to use and for any asset sold, till the date of sale.

2.5 Intangible assets and Amortization

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible asset that meets the recognition criteria. Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization and impairment loss, if any.

Intangible assets comprising of software purchased and licensing cost are amortized on straight line basis over the useful life of the software up to a maximum period of 10 years.

2.6 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit & Loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.7 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies at the year-end are restated at year end rates. Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit & Loss of the year.

2.8 Revenue recognition

Revenue is recognized when there is reasonable certainty as to measurement and ultimate realization.

- I. Transaction fees are charged to members at the applicable rates based on the volume of transactions entered into by the members through the exchange. These are accrued when orders placed by members on the network are matched and confirmed.
- II. Admission fees collected from new members for joining the exchange are recognized when received and the member is approved by membership committee.
- III. Processing and other fees collected from members are recognized on receipt basis.
- IV. Recoveries from members towards VSAT connectivity are apportioned over the period of connectivity on a pro rata basis from the date of activation of connectivity.
- V. Dividend income is recognized when the company's right to receive dividend is established.
- VI. Interest income is recognized on time proportion basis.
- VII. Income from Listing Fees is recognized on time proportion basis.
- VIII. Profit / Loss on sale / redemption of Investment is determined at weighted average cost.

2.9 Employee benefits

Short term employee benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit & Loss of the year in which the related service is rendered.

Long-term employee benefits, viz., gratuity and leave encashment are recognized at the present value of the amounts payable determined at the close of the year based on actuarial valuation techniques using the Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions are charged to the Statement of Profit & Loss.

2.10 Investments

Investments are classified as long-term or current based on intention of the management at the time of purchase.

Long-term investments are carried at carrying cost less other than temporary diminution in value, determined separately for each individual investment.

Current investments are stated at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each individual investment.

2.11 Accounting for Taxes

Tax expense comprises current tax and deferred tax charge or credit.

Current tax

Current tax expense is determined in accordance with the provision of Indian Income Tax Act, 1961 after taking into consideration the exemption and allowances, if any, available to the Company in the Income Tax Act, 1961.

Deferred tax

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets resulting from “timing difference” between taxable and accounting income are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realize the same.

2.12 Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognized as an expense in the Statement of Profit & Loss in accordance with Accounting Standard 19 - Leases.

2.13 Provisions, contingent liabilities and contingent assets

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the Company recognizes that it has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reasonable estimate can be made.

Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

2.14 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

2.15 Prepaid Expense

Expenses incurred during the year which provide benefit in several accounting years has been treated as revenue expense only for the period relating to the current year and balance is treated as prepaid expenses to be adjusted on pro-rata time basis in the future accounting year.

2.16 Events occurring after Balance sheet Date

Events occurring after Balance sheet Date have been considered in preparation of the financial statements.

3 Share Capital:

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Authorised : 3,500,000,000 (Previous Year: 3,500,000,000) Equity Shares of Re.1/- each		3,500,000,000		3,500,000,000
Issued, Subscribed and Paid-up : 1,946,669,121 (previous year: 1,163,413,045) equity shares of Re 1/- each, fully paid up	1,946,669,121		1,163,413,045	
Less :- Amount recoverable from MCX Stock Exchange ESOP Trust (Refer Note 3.5) [4,992,291 (Previous Year Rs.5,133,430) equity shares of Re 1/- each fully paid allotted to the MCX Stock Exchange ESOP Trust]	4,992,291		5,133,430	
		1,941,676,830		1,158,279,615
Total		1,941,676,830		1,158,279,615

3.1 Reconciliation of the shares outstanding at the beginning and at the end of year

	As at March 31,2016		As at March 31,2015	
	No. of Shares	Rupees	No. of Shares	Rupees
Equity shares				
At the beginning of the Year	1,163,413,045	1,163,413,045	544,685,400	544,685,400
Issued during the Year*	783,256,076	783,256,076	618,727,645	618,727,645
Outstanding at the end of the Year	1,946,669,121	1,946,669,121	1,163,413,045	1,163,413,045
*Notes				
1 The company during the year issued 607,588,017 equity shares on right issue basis in the ratio of 1:1 at par. These equity shares accordingly were issued on 29th August '15.				
2 The company during the year issued 175,668,059 equity shares by way of conversion of same number of Share Warrants.				

3.2 Details of shareholders holding more than 5% shares in the company

Particulars	As at March 31,2016		As at March 31,2015	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of Re.1/- each fully paid-up				
Trust Investment Advisors Private Limited	97,370,000	5.00%	57,020,000	4.90%
Jhunjhunwala Rakesh Radheshyam	97,375,000	5.00%	57,025,000	4.90%
Nemish S Shah	97,370,000	5.00%	57,020,000	4.90%
Aadi Financial Advisors LLP	97,350,000	5.00%	57,000,000	4.90%
State Bank Of India	97,400,000	5.00%	10,000,000	0.86%
Viral Amal Parikh	97,370,000	5.00%	57,020,000	4.90%
Radhakishan S Damani	97,370,000	5.00%	-	0.00%
IFCI Limited	71,875,000	3.69%	71,875,000	6.18%
Union Bank of India	72,500,000	3.72%	72,500,000	6.23%

3.3 Rights of equity share holders

The company has only one class of equity shares having a par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3.4 Shares reserved for issue under options

- i) The Convertible share warrant holders have the option to convert their share warrant into 415,932,672 (Previous Year 591,600,731) equity shares of Re.1 each at the terms and conditions mentioned in note no.5.
- ii) 8,184,600 (Previous Year 8,184,600) equity shares of Re.1 each have been reserved to be allotted to the ESOP trust under ESOP Scheme.

3.5 Loan to ESOP Trust

The Company's ESOP is administered through an ESOP Trust, which subscribes to shares of the Company and holds them until issuance thereof based on vesting and exercise of options by employees. At the time of formation of the trust, the Company has provided an interest free loan amounting to Rs. 6,000,000 to the Trust to subscribe to 5,433,000 shares issued at Re. 1 per share and were allotted on November 20, 2009. As per the Guidance Note on Accounting for Employee Share Based payments issued by the Institute of Chartered Accountants of India, the amount of loan equivalent to the face value of securities subscribed and not allotted to employees [Rs. 4,992,291] has been deducted from share capital account and the balance part of the loan representing the amount of [Rs. 4,85,611] has been added to short term loans and advances in note no.18. The balance of such loan as at March 31, 2016 is Rs. 6,000,000. The repayment of the loan is primarily dependent upon the exercise of options by the employees, the price at which fresh or reissued options are granted and dividend income earned thereon till exercise of options. The Company believes that the options would be exercised by the employees and the Trust would be able to repay the loan based on the price received by the Trust there against. On that basis, the loan to the Trust is considered as good of recovery net of the impairment made considered necessary.

4 Reserve and Surplus:

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Securities Premium Account				
As per last Balance Sheet	3,515,666,074		3,460,872,570	
Add :- Received on Issue of Shares	-		54,793,504	
		3,515,666,074		3,515,666,074
Surplus / (deficit) in statement of Profit and Loss				
As per last financial statements	3,402,457,646)		2,799,126,685)	
Less :- Depreciation on Assets whose useful life has expired as at 31-03-14	-		(2,109,534)	
Add / (Less) :- Profit / (Loss) for the year	(404,669,106)		(601,221,427)	
		(3,807,126,752)		(3,402,457,646)
Total		(291,460,678)		113,208,428

5 Non Refundable Interest Free Deposits Against Warrants

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
As per last Balance Sheet	591,600,731		1,196,630,000	
Add :- Issue during the year	-		-	
Less :- Converted to Shares	175,668,059		605,029,269	
At the end of the year		415,932,672		591,600,731
Total		415,932,672		591,600,731

A total of 1,196,630,000 warrants were allotted to certain shareholders under the Scheme of Capital Reduction cum Arrangement implemented from March 19, 2010 post sanction of the Hon'ble High Court of Bombay under Sections 100-104 and 391-393 of the Companies Act, 1956. Under the Scheme, an amount of Re. 1 was required to be maintained against each warrant as non-refundable interest free deposit. Accordingly, the Company holds an amount of Rs. 415,932,672 (Previous year 591,600,731) as interest free non-refundable deposit. Each warrant holder can exercise in one or more installments, its option to subscribe to the fully paid up equity shares of the Company of the face value of Re. 1 each subject to conditions. The exercise of warrants would always be subject to the Securities Contracts (Regulation) (Stock exchanges and Clearing Corporations) Regulations, 2012 or any such regulation which is in force and other conditions. Upon exercise of the option, the proportionate non-refundable interest free deposit will be adjusted against the moneys receivable in respect of the equity shares so issued. The Equity Shares arising out of the exercise of Warrants will rank pari passu with the existing equity shares in all respects. The warrants do not carry any voting rights. (Refer note 45).

6 Other long-term liabilities

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Amount received from members and applicants towards : - Deposits		463,140,624		622,344,158
Total		463,140,624		622,344,158

7 Long term provisions

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Provision for Leave Encashment		4,742,983		4,442,580
Total		4,742,983		4,442,580

8 Short term borrowings

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Secured Working Capital facility from bank (The above loan is secured against charge on Fixed Deposits made with the banks)		50,207,650		-
Total		50,207,650		-

9 Trade Payables

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Micro, Small and Medium Enterprises		-		-
Others		94,137,408		45,070,959
Total		94,137,408		45,070,959

10 Other Current Liabilities

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Unearned Income towards :				
- Vsat connectivity charges	851,551		1,922,441	
- Admission fees	1,200,000		1,450,000	
- POP and Colocation Charges	10,058,313		2,306,564	
- Transaction Charges	4,025,933		-	
		16,135,797		5,679,005
Deposits from members		246,480,787		123,711,686
Sundry Creditors for Capital Expenditure		-		26,516
Investor Service fund # [Including interest earned of Rs.480,826 (Previous Year Rs.437,878)]		7,251,113		5,857,537
Sebi Regulatory Fees		5,000,000		10,000,000
TDS Payable		7,099,687		15,994,037
Other Liabilities *		3,373,972		5,510,297
# Investor Service Fund was established by the Company in accordance with SEBI approval letter dated September 18, 2008. The fund is maintained to provide services to investors which include maintenance of investor grievance cell, education and awareness about securities market, price dissemination and other services that are in the interest of the investor. The balance amounting to Rs. 7,251,113 (Previous year Rs.5,857,537) as at March 31, 2016 represents the total contribution amount of Rs. 4,000,000 (Rs.4,000,000), Listing Fees Contribution and interest earned thereon.				
* Mainly includes Statutory Liabilities				
Total		285,341,355		166,779,078

11 Short Term Provisions

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Provision for Gratuity (Refer Note 36)		245,447		1,866,595
Provision for Leave Encashment		817,349		1,162,820
Provision for Wealth Tax		-		9,881
Total		1,062,796		3,039,296

12 Fixed Assets

(Amount in Rupees)

Particulars	Gross Block			Depreciation / Amortisation			Net Block		
	As at April 01, 2015	Additions during the year	Deductions / Adjustments	As at March 31, 2016	As at March 31, 2015	For the year	Deductions/ Adjustments	As at March 31, 2016	As at March 31, 2015
TANGIBLE ASSETS									
OWN ASSETS									
Office Equipments	18,223,392	297,275	22,500	18,498,167	6,268,041	4,037,801	7,620	10,298,222	11,955,351
Computer Hardware	352,790,765	519,785	29,185	353,281,365	146,311,673	55,819,807	27,007	202,104,473	206,479,092
Furniture & Fixtures	5,019,209	26,573	-	5,045,782	860,791	558,661	-	1,419,452	4,158,418
Vehicles	5,175,164	-	-	5,175,165	1,187,083	671,571	-	1,858,654	3,988,081
Leasehold Improvements	11,800,000	-	-	11,800,000	4,829,918	2,360,000	-	7,189,918	6,970,082
Total (A)	393,008,530	843,633	51,685	393,800,478	159,457,506	63,447,840	34,627	222,870,719	233,551,024
Previous Year	349,205,689	56,053,738	12,250,897	393,008,530	98,240,595	67,150,762	5,933,851	159,457,506	233,551,024
INTANGIBLE ASSETS									
Computer Software** (Other than internally generated)	995,775,624	6,393,312	-	1,002,168,936	403,074,950	76,435,568	-	479,510,518	592,700,674
Total (B)	995,775,624	6,393,312	-	1,002,168,936	403,074,950	76,435,568	-	479,510,518	592,700,674
Previous Year	982,496,634	13,278,990	-	995,775,624	327,784,644	75,290,306	-	403,074,950	592,700,674
TOTAL (A + B)	1,388,784,154	7,236,945	51,685	1,395,969,415	562,532,456	139,883,408	34,627	702,381,237	826,251,699
Previous Year	1,331,702,323	69,332,728	12,250,897	1,388,784,154	426,025,239	142,441,068	5,933,851	562,532,456	826,251,698
Intangible asset under development									
** In certain cases the company has only usage right and not the title or ownership.									
									5,000,000

13 Non-Current Investments

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Trade, Unquoted (at cost)				
In Equity Shares of Subsidiary Companies				
57,750,000 Equity Shares (Previous Year 12,750,000) of MCX-SX Clearing Corporation Limited of Rs.10 each fully paid-up. (refer note 46)	577,500,000		127,500,000	
50,000 Equity Shares (Previous Year 50,000) of MCX-SX KYC Registration Agency Ltd. of Rs.10 each fully paid-up.	500,000		500,000	
	578,000,000		128,000,000	
Less :- Provision for diminution in the value of Investments	150,000	577,850,000	150,000	127,850,000
Total		577,850,000		127,850,000
Total amount of unquoted investments		577,850,000		127,850,000

14 Long term loans and advances

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good)				
Capital advances		-		364,805
Balance with Central Excise and Service Tax authorities	363,089,340			351,651,349
Prepaid expenses	2,313,325			7,208,779
Sundry Deposits	52,136,977			50,871,127
Advance Income Tax (net)	114,604,870			210,424,767
MAT Credit entitlements	18,554,307			18,554,307
Loans and advances to employees		-		134,477
Total		550,698,819		639,209,611

15 Current investments

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Non-trade unquoted (at lower of cost or realisable value, whichever is lower)				
In units of Mutual Funds, fully paid-up				
4,396.493 (Previous Year 16,606,996 units) of Rs.2,274.5403 each in Reliance Liquidity Fund - Growth	10,000,000			35,000,000
9,687.564 (Previous Year 9,859.382 units) of Rs.2,219.3401 each in Franklin India Treasury Management Account - Super Institutional Plan - Growth	21,500,000			19,927,457
2,115.750 (Previous Year 15,924.833 units) of Rs.2,370.1106 each in SBI Premier Liquid Fund - Growth	5,014,562			35,000,000
3357.740 (Previous Year 1,268,125.131 units) of Rs.2978.1941 each in HDFC Liquid Plan - Growth	10,000,000			35,000,000
Nil (Previous Year 349,912.430 units) in ICICI Liquid Fund Super IP Dir Daily Dividend Reinvest		-		35,011,013
Nil (Previous Year 2.186 units) in SBI Premier Liquid Fund - Direct Daily Dividend Reinvest		-		2,193
Total		46,514,562		159,940,663
Total amount of unquoted Investments		46,514,562		159,940,663
Note :- Rs.46,514,562 (Previous Year 19,927,457) are towards making payments of the deposits of members in future		-		-

16 Trade receivables

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
(Unsecured and Considered Good unless otherwise stated)				
Debts Outstanding for a period exceeding six months	1,122,531		840,038	
Other Debts *	18,487,714		8,203,993	
Less :- Provisions for doubtful debts	668,679	18,941,566	510,876	8,533,155
* Sum of Rs.15,629,664 is receivable from related party.				
Total		18,941,566		8,533,155

17 Cash and bank balances

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Cash and cash equivalent -				
Balance with Banks				
- In current accounts	9,746,175		23,920,162	
- Fixed Deposit with banks having maturity less than 3 months	-		300,000,000	
Cheques in hand	-		33,708	
Stamps in hand	239,790		239,965	
Cash on Hand	52,555		52,555	
		10,038,520		324,246,390
Other Bank Balances in Fixed Deposits *		692,385,702		426,977,569
* Includes :				
(A) Rs.6,385,702 (Previous Year Rs.4,977,569) earmarked towards the Investor Service Fund.				
Note : The company has fixed deposit of Rs 635,792,350 (PY Rs. 686,000,000),related Interest accrued thereon of Rs.31,882,970 (PY Rs.41,422,250) and Mutual Fund investments of Rs 46,514,562 (PY Rs 19,927,457) as against the total refundable deposits from members of Rs.695,240,624 (PY Rs.696,644,158)				
Total		702,424,222		751,223,959

18 Short term loans and advances

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good, unless otherwise stated)				
Advances to vendors		1,767,648		8,583,494
Prepaid expenses		14,390,178		22,935,823
Sundry Deposits (Refer Note 45)		200,000,000		240,000
Loans and advances to employees		-		674,675
Others #	1,181,441			1,035,579
Less: Provision for Doubtful Advance	550,000	631,441		-
Advance Income Tax (Net of Provision)		120,458,193		111,050,903
[# includes (a) Rs.890,491 (Previous Year Rs.870,595) balance with MCX Stock Exchange ESOP Trust] { Refer note 3.5}				
Total		337,247,460		144,520,474

19 Other Current Assets

	As at March 31, 2016		As at March 31, 2015	
	Rupees	Rupees	Rupees	Rupees
Interest accrued on Fixed Deposits		32,305,705		42,009,725
Others		211,129		225,559
Total		32,516,834		42,235,284

20 Revenue from operations

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Revenue from operations				
Sale of services -				
Transaction Fees		54,241,732		137,334,538
Other operating revenue -				
Processing Fees		17,712,000		17,348,000
Listing Fees		4,568,112		2,262,650
Vsat connectivity income		2,195,399		4,090,668
Other connectivity charges		44,507,939		28,896,447
Data Feed Charges		6,550,000		7,077,154
Shared service cost recovered		83,841,749		139,110,448
RSA Hardware Token		265,722		253,159
Examination Fees		2,650		474,786
Membership Surrender Fee		9,325,000		-
Others		3,610,200		6,557,427
Total		226,820,503		343,405,277

21 Other income

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Dividend from Non Trade Current Investments		278,277		10,835,121
Interest on Bank Deposits		62,637,004		83,947,618
Interest Income Others		7,793,027		157,864
Profit on sale of Current Investments (Net)		10,738,957		10,167,200
Profit on sale of assets		7,346		26,421
Rent		3,868,980		3,600,069
Provision not required written back		7,331,460		-
Miscellaneous Income		588,603		7,382
Total		93,243,654		108,741,675

22 Operating expenses

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Clearing and Settlement Charges		65,146,896		124,541,005
Technology Cost		62,515,445		227,213,301
Sebi Regulatory Fees		5,456,375		10,223,500
Vsat Connectivity Expenses		-		227,227
Internet Connectivity Charges		492,778		1,356,506
Communication Expenses		24,995,633		17,799,829
POP / NPN Charges		72,146,358		101,088,000
Co-Location Charges		24,828,537		29,873,596
Total		255,582,022		512,322,965

23 Employee benefits expense

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Salaries, Allowances and Bonus		144,003,913		190,302,804
Contribution to Provident Fund and other funds		6,961,664		12,965,664
Staff Welfare and Other Amenities		2,045,823		2,131,653
Total		153,011,400		205,400,121

24 Finance costs

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Interest expenses		207,650		-
Other		2,281,251		115,820
Total		2,488,901		115,820

25 Advertisement and Business Promotion Expenses

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Advertisement		2,219,126		310,025
Business Promotion Expenses		921,637		381,640
Incentive for Liquidity Enhancement Scheme		-		369,317
Sponsorships and Seminar		491,088		20,000
Total		3,631,851		1,080,982

26 Other expenses

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Rent		74,413,722		97,295,183
Repairs and Maintenance - Others		21,351,942		20,542,018
Insurance		3,549,822		3,026,618
Travelling and Conveyance		4,390,773		3,500,183
Communication Expenses		3,142,632		2,262,774
Legal and Professional Charges		12,613,074		16,565,619
Electricity Expenses		13,455,208		3,490,632
Shared Service Cost		-		1,500,000
Membership and Subscription Fees		8,335,566		9,299,436
Directors Sitting Fees		2,602,000		2,534,000
<u>Payment to Auditors :</u>				
- Audit Fees	1,000,000		1,000,000	
- Other matters (Certification)	908,000		500,000	
- Reimbursement	21,204	1,929,204	-	1,500,000
Depletion in Value of Investments		-		150,000
Loss on Sale of Fixed Asset (net)		8,880		2,758,032
Wealth Tax		-		9,881
Exchange Rate Fluctuation (net)		18,344		236,713
ROC Fees		16,200		6,762,250
Miscellaneous Expenses		20,173,231		20,574,084
Total		166,000,598		192,007,422

27 Exceptional Items

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Contribution to funds :				
- Contribution to Core Settlement Guarantee Fund		4,135,084		-
Total		4,135,084		-

29. Contingent Liability

- a. Claims against the company not acknowledged as debts Rs.119.66 Lac (Previous Year Rs.187.66 Lac).
- b. The Income Tax Department has raised tax demand of Rs.921.38 lacs for the assessment year 2012 – 13. The Company, has filed an appeal against the above order. The company has been advised that the demand raised is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.
- c. The company has entered into various contracts including long term contracts with a company towards software license and maintenance agreements etc. The continuance of these contract shall depend on the future running of the business including raising required resources for the same. Hence, the chances of termination of these contracts and the impact of the same on the financial statements including penalty and charges if any cannot be commented upon.
- d. IL&FS has filed a suit before the Bombay High Court against MSEI (295 of 2014) long with a Notice of Motion for interim relief for violating the IL&FS contractual rights and entitlement under the share purchase agreement dated August 20, 2009. Various reliefs have been prayed by IL&FS from MCX and MSEI , including monetary claim of Rs. 84,21,15,000/-(jointly and severally from MCX and MSEI) along with an interest at 12% p. a. from the date of filing the suit till payment and realization thereof. The company has been legally advised that the plaintiff has remote chances of getting the relief.
- e. Multi Commodity Exchange of India Limited (MCX) has filed a suit against the Company (MSEI) for cancelling and/or extinguishing the warrants held by MCX in MSEI or any rights in respect thereof, or taking any other steps that would be prejudicial to MCX's rights in respect of the Warrants; and appropriating or otherwise dealing with the deposit placed by the MCX with the MSEI. The monetary reliefs prayed by MCX from MSEI is Rs.41,59,17,672/- being face value of the warrant held by the MCX as on the date of the suit, equivalent to the amount of deposit along with the interest on the said some @ 18% p.a. and also claimed for Rs. 1,09,13,30,707 /- along with the interest of 18% towards the MCX damages. MSEI has already deposited the sum of Rs. 20 crores in the High Court, Bombay, pursuant to the Order dated 3rd August, 2015 passed in Notice of Motion (L) No. 1784 of 2015. Further, vide Order dated October 13, 2015, the Bombay High Court directed MSEI to deposit the balance sum of Rs.21,59,17,672/-. The company has been legally advised about the favorable outcome of above case and refund of money deposited. The management is confident that the said matter will be resolved in a year's time.

30. The Company continued to prepare its financials statement on going concern basis in view of the following reasons:

- The Company with eminent Board members are spearheading the revival of the Exchange with a strong vision for implementing an alternative development model for the Indian securities market.
- The company has evolved a transformational and strategic business plan which addresses all aspects of business revival and financial viability. The plan has been approved by all stakeholders. Management is executing the plan which involves members revival plan, improving liquidity on the platforms, branding, advertising, manpower hiring, introducing more product categories, investing in Business promotion and sales incentive schemes, capital raising, claiming tax refunds, increasing office space, etc. The financial projections indicate EBIDTA break even in six quarters and bottom-line neutral in eight quarters. The turnaround strategy is in early stages of implementation but has already yielded results. Market share in CDS segment has increased by 300bps in two months' time and there is greater visibility of equity fund raising in next few months.
- Pursuant to the order passed by the Hon'ble Competition Appellate Tribunal (COMPAT) dismissing the appeal of National Stock Exchange(NSE) against the order of Competition Commission of India levying penalty for abusing its dominance in the market, the Company has filed an application for compensation under Section 53N of the Competition Act, 2002 before the Hon'ble COMPAT for recovery of an amount of Rs.856.99 Crores along with interest pedente lite in future at the rate of 18% till realization of the claim, from NSE in respect of losses and damages suffered on account of the unfair pricing practices under the Competition Act, 2002. The matter is listed for hearing before the Hon'ble COMPAT on July 18, 2016.
- The company continues to maintain network above the regulatory requirements and is executing the new business plan through effective management of its operations and cash flows. All business investments necessary are being carried out. All contractual obligations are being met on time and the company has largely cleared the pending dues to vendors.
- Our ADTV is projected to grow at over 50% CAGR over the next three years. As such, the company is confident that all cenvat credits available shall also be used in coming years.

The Company has unutilized service tax credit of Rs. 36.30 crores as at March 31, 2016 (previous year Rs. 35.16 crores). As mentioned above, the Company expects improved revenue earnings in the future years and hence is of the view that the unutilized service tax credit will be fully utilized in future years and the same is considered as good for recovery.

Similarly, since the company is confident of improving its business and making profits in future years, no impairment testing is carried out with regard to its tangible and intangible assets.

- 31.** In the Financial year 2012-13, the Company recognized MAT credit entitlement under section 115 JB of Income Tax, Act 1961 amounting to Rs. 1.86 crore. In view of various measures taken by the management as listed in note # 27 above, the Company is of the view that it will be under normal income tax in future years and will be in the position to utilize this credit, it continued to carry the above MAT credit entitlement as an asset good for recovery.
- 32.** The Company could not in some earlier years charge transaction fee in its Currency Derivatives Segment as its dominant competitor, National Stock Exchange of India Ltd. (NSE), was not charging the same. On the complaint of the Company, the Competition Commission of India (CCI) passed an order dated June 23, 2011 directing NSE to cease and desist from carrying on its unfair pricing policy and further levied a penalty of Rs. 55.50 crore on NSE. NSE had appealed against the said order before the Hon'ble Competition Appellate Tribunal (COMPAT), which vide its order dated August 5, 2014 upheld the order passed by the Hon'ble CCI and found NSE guilty of abusing its dominant position as it had indulged in anti-competitive practices.

NSE filed an appeal before the Hon'ble Supreme Court on September 16, 2014 against the order passed by the Hon'ble COMPAT. Subsequent to the appeal, an interim stay on the recovery of penalty amount was granted by the Hon'ble Supreme Court. The matter is listed for hearing before the Hon'ble Supreme Court on July 4, 2016.

Additionally, pursuant to the order passed by the Hon'ble COMPAT, the Company has filed an application for compensation under Section 53N of the Competition Act, 2002 before the Hon'ble COMPAT for recovery of an amount of Rs. 856.99 Crores along with interest pedente lite in future at the rate of 18% till realization of the claim, from NSE in respect of losses and damages suffered on account of the unfair pricing practices under the Competition Act, 2002. The matter is listed for hearing before the Hon'ble COMPAT on July 18, 2016.

33. Issue of shares

In the current year, the Company has issued 783,256,076 equity shares to various persons. Of the same, 175,668,059 shares have been issued by way of conversion of share warrants held by Multi Commodity Exchange of India Limited @ nominal value of Rs. 1 per share and 607,588,017 shares have been issued by way of Rights Issue @ nominal value of Rs. 1 per share.

34. Earnings per share ('EPS')

(Amount in Rs. Except for number of Shares)

Particulars	2015-16	2014-15
Profit/(Loss) after tax as per statement of profit and loss attributable to equity share holders	(403,542,852)	(601,221,426)
Weighted average number of equity shares outstanding during the year for basic EPS	1,648,615,834	675,929,407
Add-Shares Issued to ESOP Trust	49,922,91	5,133,430
Add- Shares on conversion of warrants	415,932,672	591,600,731
Weighted average number of equity shares outstanding during the year for diluted EPS	2,069,540,797	1,272,663,568
Basic earnings per share of face value Re. 1 each	(0.25)	(0.89)
Diluted earnings per share of face value Re. 1 each	(0.25)	(0.89)

The effects of conversion of warrants into equity shares and the shares allotted to the ESOP trust pursuant to the employee share based payment plan are anti-dilutive and accordingly not considered for the computation of diluted earnings per share.

35. Stock based compensation:

The Company with the authorization of its shareholders, framed the 'MCX Stock Exchange Employees Stock Option Scheme, 2009', which contemplated issue of ESOPs through the Trust route. Accordingly, 'MCX Stock Exchange ESOP Trust' was formed on November 13, 2009, as a trust.

Under the Scheme, the Compensation Committee of the Company shall decide, the options to be granted, the vesting schedule of the options to be granted and other incidental and consequential matters. The Trust shall be obliged to act on the instructions of the Compensation Committee.

a) On November 27, 2009 a total of 1,125,000 stock options (ESOP Round-I) have been granted under the Scheme. Details of the Options granted by the ESOP Trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
November 27, 2009	371,250	Re.1	December 1, 2010	Upto December 1, 2011
	371,250	Re.1	December 1, 2011	Upto December 1, 2012
	382,500	Re.1	December 1, 2012	Upto December 1, 2013

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1 each at par. Exercise period for each option is as stated above.

b) On March 20, 2012 a total of 4,055,100 stock options (ESOP Round-II) have been granted under the Scheme. Details of the Options granted by the ESOP Trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
March 20, 2012	1,338,183	Rs. 2.10	March 20, 2013	Upto March 20, 2014
	1,338,183	Rs. 2.10	March 20, 2014	Upto March 20, 2015
	1,378,734	Rs. 2.10	March 20, 2015	Upto March 20, 2016

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1 each at Rs. 2.10. Exercise period for each option is as stated above. The maximum exercise period for 1,950,000 options granted to twelve employees is being extended to five years from the date of vesting. Same was approved by shareholders at Annual General Meeting held on September 28, 2013. The exercise period shall end after six months of cessation of employment in case of all employees

c) On November 1, 2012 a total of 553,250 stock options (ESOP Round - III) have been granted under the scheme. Details of the Options granted by the ESOP trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
November 1, 2012	182,571	2.35	November 1, 2013	Upto November 1, 2014
	182,574	2.35	November 1, 2014	Upto November 1, 2015
	188,105	2.35	November 1, 2015	Upto November 1, 2016

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1/- each at Rs. 2.35/-. Exercise period for each option is as stated above. The maximum exercise period for 403,000 options granted to five employees is being extended to five years from the date of vesting which was approved by shareholders at Annual General Meeting held on September 28, 2013. The exercise period shall end after six months of cessation of employment in case of all employees.

d) On March 12, 2013 a total of 145,800 stock options (ESOP Round - IV) have been granted under the scheme. Details of the Options granted by the ESOP trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
March 12, 2013	48,113	3.95	March 12, 2014	Upto March 12, 2015
	48,115	3.95	March 12, 2015	Upto March 12, 2016
	49,572	3.95	March 12, 2016	Upto March 12, 2017

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1/- each at an exercise price of Rs. 3.95. Exercise period for each option is as stated above.

The above mentioned total grant of 5879150 shares includes 446150 shares acquired by ESOP other than by way of loan from the Company. (Refer note 1 below)

The particulars of number of options granted and lapsed under the Scheme are tabulated below:

Particulars	ESOP 2009	ESOP 2009	ESOP 2009	ESOP 2009
	Round-I (Nos.)	Round-II (Nos.)	Round-III (Nos.)	Round-IV (Nos.)
Outstanding at the start of the year	NIL	967,214	403,648	4,791
Granted during the year	NIL	NIL	NIL	NIL
Forfeited/Lapsed during the year	NIL	691,381	55,516	2,360
Exercised during the year	NIL	141,139	NIL	NIL
Outstanding at the end of the year	NIL	134,694	348,132	2,431
Exercisable / vested at the end of the year	NIL	NIL	10,132	2,431

Other disclosures

Particulars	ESOP 2009 Round-I	ESOP 2009 Round -II	ESOP 2009 Round-III	ESOP 2009 Round -IV
The intrinsic value per option	NIL	NIL	NIL	NIL
The estimated fair value per share	1.15	1.55	1.79	1.79
The estimated fair value per option	0.15	0.25	0.003	0
Date of option granted	November 27,2009	March 20,2012	November 1, 2012	March 12, 2013

The fair values have been determined using Black-Scholes Model considering the following parameters:

Particulars	ESOP 2009 (Round-I)	ESOP 2009 (Round-II)	ESOP 2009 (Round-III)	ESOP 2009 (Round-IV)
(i) Fair Value of share at grant date	Re.1	Rs. 1.55	1.79	1.79
(ii) Exercise price	Re.1	Rs.2.10	2.35	3.95
(iii) Expected volatility	1%	1%	1%	1%
(iv) Option Life	2 Years	2 Years	2 Years	2 Years
(v) Expected Dividends	Expected Dividends have not been taken into consideration since the company has commenced operations in August 2008 and has been incurring losses ever since.	Expected Dividends have not been taken into consideration since the company has commenced operations in August 2008 and has been incurring losses ever since.	The Company has made loss in this financial year and does not intend to propose any dividend for the financial year 2015-16.	The Company has made loss in this financial year and does not intend to propose any dividend for the financial year 2015-16.
(vi) Risk free interest rate	8.00%	8.75%	9.00%	9.00%
(vii) To allow for the effects of early exercise, it is assumed that the employee would exercise the options after vesting date.				

As per the management estimate the loss of the Company for the year would have been Nil (and Previous Year loss would have been higher by Rs. 13,582) had the Company accounted the employee share-based payment using the fair value method. There is no material impact on the earnings per share.

Note:

1. A loan of Rs. 1,049,970/- was taken for acquiring 677,400 Equity Shares of Re.1/- each at a valuation of Rs. 1.55/- per share for funding the acquisition of shares in respect of options to be granted to the non-executive directors of MSEI and the employees and directors of its subsidiary Metropolitan Clearing Corporation of India Ltd. (formerly known as MCX-SX Clearing Corporation Limited). The status for the same as follows:

Total Shares Acquired	Shares Issued till 31 st March '15	Shares Issued in the Current Year	Balance Shares as on 31 st March 2016
446,150	20,263	-	425,887
23,1250	99,000	28,614	103,636
677,400	119,263	28,614	529,523

2. The total number of options lapsed as on March 31, 2016 are as follows:-

Round I	Round II	Round III	Round IV	Total
420,000	3,360,434	205,118	143,369	4,128,921

As per Clause 4.1 of ESOP Scheme 2009, the aforesaid Forfeited/lapsed stock options under this scheme can be granted to other employees including new employees by the Trust in accordance with the directions of the Compensation Committee given at its absolute discretion.

36. Employee Benefits

The disclosures as per Accounting Standard - 15 (AS-15) "Employee Benefits" are given below:

Defined Contribution Plan:

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 Employees' Provident Fund Organization, India. There are no other obligations other than the contribution payable to said fund.

Contribution to Defined Contribution Plan, recognised as expenses in the Statement of Profit & Loss for the year is as under:

Particulars	(Amount in Rs.)	
	2015-16	2014-15
Employer's Contribution to Provident Fund	5,250,814	6,866,363

Defined benefit plan:

Gratuity: The gratuity is payable to all members at the rate of 15 days salary for each year of service.

The scheme is funded with an insurance company in the form of qualifying insurance policy. The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at March 31, 2016 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2016.

- I. Changes in the present value of the Defined Benefit Obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	(Amount in Rs.)	
	2015-16 (Funded)	2014-15 (Funded)
Defined Benefit Obligation at the beginning of the year	10,810,105	15,796,074
Current Service cost	2,355,915	3,375,238
Interest Cost	864,808	1,470,614
Liability transfer in	29,076	1,174,491
Liability transfer out		(395,789)
Actuarial (gain) / loss	(1,039,873)	2,011,518
Benefits paid	(4,222,271)	(12,622,041)
Defined Benefit obligation at the end of the year	8,797,760	10,810,105

- II. Reconciliation of opening and closing balance of the Fair value of Plan Assets-

Particulars	2015-16	2014-15
Fair Value of Plan Assets at the beginning of the year	8,943,511	13,113,588
Expected Return On Plan Assets	715,481	1,220,875
Contribution during the year	3,326,706	6,908,425
Transfer From Other Company	29,076	1,174,491
Transfer To Other Company		(395,789)
Benefit Paid From The Fund	(4,222,271)	(12,622,041)
Actuarial Gains/(Losses) On Plan Assets	(240,190)	(456,038)
Fair Value of Plan Assets at the end of the year	8,552,313	8,943,511

- III. The amount recognized in the statement of Profit & Loss is as follows:-

Particulars	(Amount in Rs.)	
	2015-16 (Funded)	2014-15 (Funded)
Current service cost	2,355,915	3,375,238
Interest Cost	149,327	249,739
Expected return on plan assets	-	-
Actuarial (gain) / loss	(799,683)	2,467,556
Net expenses	1,705,559	6,092,533

- IV. Experience Adjustments in Actuarial (gain) / loss

Particulars	(Amount in Rs.)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Gratuity					
Plan Assets	(240,190)	(456,038)	(1,050,453)	262,380	3,978
Plan Liabilities	(995,536)	254,425	(65,592)	3,668,404	1,049,773

V. Reconciliation of fair value of assets and obligation
Gratuity

(Amount in Rs.)

Particulars	As at				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Fair value of Plan assets	8,552,313	8,943,511	13,113,588	16,660,325	7,616,648
Present Value of obligation (Asset) / Liability recognized in Balance sheet	8,797,760	10,810,105	15,796,074	19,938,071	12,483,708
	245,447	1,866,594	2,682,486	3,277,746	4,867,060

VI. Principal actuarial assumptions at the Balance sheet date:

(Amount in Rs.)

Particulars	Gratuity As at	
	March 31, 2016	March 31, 2015
Mortality Table(LIC)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate (per annum)	8.04%	8.00%
Expected Return on Plan Asset	8.04%	8.00%
Rate of escalation in salary (per annum)	7.50%	7.50%

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

The company has taken a Gratuity Policy with Life Insurance Corporation of India, the funds of which are managed by Life Insurance Corporation of India. Therefore the composition of investments is not ascertainable

37. Segment reporting
Primary segment :

The Company considers business segment (business of facilitating trading in currency, equity cash, equity derivatives, debt, interest rate futures and incidental activities thereto) as its primary segment considering the risks and rewards of the services offered, nature of services, management structure and system of financial reporting. In the opinion of the management, the Company has only one reportable business segment, in accordance with requirements of AS-17 "Segment Reporting", the results of which are disclosed in the financial statements.

Secondary segment :

The Company operates only in India and has no geographical segment. On that basis, no secondary segment information is furnished.

38. Related party information
a) Names of related parties and nature of relationship:

The disclosures regarding related parties as required by Accounting Standard ('AS') 18 "Related Party disclosures" issued by the Companies (Accounting Standards) Rules, 2006 ('the Rules') are as under:

(i) Subsidiary

- Metropolitan Clearing Corporation Of India Ltd (Formerly known as MCX-SX Clearing Corporation Limited)(MCCI)
- MCX-SX KYC Registration Agency Limited(MCX-SX KYC)

(ii) Key Management Personnel (KMP)

- Mr. Saurabh Sarkar (MD & CEO) upto October 10, 2015
- Mr. Udai Kumar (MD & CEO) w.e.f. January 22, 2016
- Mr. Vikas Phadke (CFO) upto July 20, 2015
- Mr. Abhijit Chakraborty (CFO) w.e.f. December 7, 2015
- Mr. Sarat Chandran (Company Secretary) upto January 21, 2015.
- Ms. Divya Damania (Company Secretary) from December 08, 2015
- Ms. Sangeeta Shetty (Company Secretary) w.e.f. January 11, 2016

(iii) Others

- MCX-SX ESOP Trust

b) Details of transactions with related parties

(Amount in Rs.)

Nature of Transaction	MCX-SX KYC Registration Agency Limited (Subsidiary)	Metropolitan Clearing Corporation Of India Ltd (Subsidiary)	ESOP Trust (Others)
Clearing and settlement charges	- (-)	65,146,896 (124,541,005)	- (-)
Rent income	- (-)	3,868,980 (3,600,068)	- (-)
Shared service cost recovered	- (-)	83,841,749 (139,110,448)	- (-)
Shares allotted to ESOP Trust	- (-)	- (-)	- (127,500)
Trade Receivable	12,450 (-)	1,56,29,664 (1,111,782)	- (-)
Investments in equity shares	- (-)	450,000,000 (-)	- (-)
Closing Balance of Investments in equity shares	500,000 (500,000)	577,500,000 (127,500,000)	- (-)
Contribution towards core settlement guarantee fund (CSGF)	- (-)	4,135,084 (-)	- (-)
Closing Balance of Loan to ESOP Trust	- (-)	- (-)	6,000,000 (6,000,000)

c) Transactions with KMP:

Sr. No.	Nature of transactions	Amount (Rs.)
1.	Salary & allowances*: Mr. Saurabh Sarkar	9,392,955 (18,158,541)
	Mr. Udai Kumar	1,357,713 (-)
	Mr. Vikas Phadke	1,070,405 (1,720,543)
	Mr. Abhijit Chakraborty	1,184,183 (-)
	Mr. Sarat Chandran	- (3,636,918)
	Ms. Divya Damania	447,813 (-)
	Ms. Sangeeta Shetty	367,081 (-)

*Excludes gratuity and long term compensated absences which are actuarially valued and where separate amounts are not identifiable.

- (i) Related party relationship is as identified by the Company and relied upon by the auditors.
- (ii) There are no amounts written off or written back in the year in respect of debts due from or to related parties.
- (iii) Figures in bracket represent previous year's amounts.
- (iv) The transactions with the related parties are disclosed only till the relation exists.
- (v) Transaction charges collected by Metropolitan Clearing Corporation Of India Ltd (Formerly known as MCX-SX Clearing Corporation Limited) on behalf of the company and paid to the company have not been considered for the aforesaid disclosure.

39. Operating lease

The Company has entered into operating lease agreements for its office premises.

- a) The minimum lease rentals on operating leases recognized in the statement of Profit & Loss and the future minimum lease payments under operating leases are as follows:

(Amount in Rs.)

Particulars	As at	
	March 31, 2016	March 31, 2015
Future minimum lease payments		
Not later than one year	66,567,559	56,522,375
Later than one year and not later than five years	59,811,700	121,414,147
Later than five years	-	-

- b) Total future minimum sub-lease payments expected to be received under subleases is Rs. 2,916,180 (Previous Year Rs. 8,827,940).
- c) Lease payments recognised in the statement of Profit & Loss is Rs. 74,413,722 (Previous year Rs. 97,295,183).
- d) Sub-lease payment received and recognised in the statement of Profit & Loss is Rs 3,868,980 (Previous Year Rs. 3,600,069).

40. Deferred Tax Assets

In the absence of virtual certainty, deferred tax assets on account of unabsorbed depreciation and brought forward losses has not been recognized.

41. Following prior period expenses/incomes have been debited or credited to the respective heads of account in the statement of Profit & Loss :

(Amount in Rs.)

Particulars	2015-16	2014-15
Prior Period Expenses:		
Technology Cost	5,971,538	85,886,481
Co-Location Charges	-	3,077,970
Miscellaneous Expenses	29,22,396	4,429,375
Legal and Professional Charges	-	1,103,000
Shared Service Cost	-	1,500,000
Clearing and Settlement Charges	-	25,948,980
Office Rent	-	11,169,770
Water Charges	37,739	-
Electricity Charges	5,612,079	-
Total Prior Period Expenses	14,543,752	133,115,576
Less :- Prior Period Income		
Shared service cost recovered	-	22,564,330
Net Prior Period Exp.	14,543,752	110,551,246

42. Expenditure in foreign currency

(Amount in Rs.)

Particulars	2015-16	2014-15
Membership	33,050	247,232
Repair & Maintenance	3,155,138	5,113,302

43. Details of dues to micro, small and medium enterprises:
The company has not received information for its vendors / service providers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amount unpaid as at the year end, together with interest payable (if any), under this Act has not been made.
44. Securities and Exchange Board of India's (SEBI) letter dated December 26, 2013 requires the Company to transfer 25% of its profit of every year to the Settlement Guarantee Fund (SGF) of the recognised clearing corporation(s) which clears and settle trades executed on that exchange in accordance with clause 33 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations), Regulations, 2012. The company has in earlier year allocated its existing contribution to SGF of Metropolitan Clearing Corporation Of India Ltd. (Formerly known as MCX-SX Clearing Corporation Ltd) to different segments as against the amount transferable under regulation 33, as permissible in terms of SEBI circular no. CIR/MRD/DMNRP/25/2014 dated August 27, 2014. The company has informed the same to SEBI vide its letter dated November 28, 2014. In Current year the company has contributed 41.35 Lacs (PY Nil) towards the Core Settlement Guarantee Fund.
45. SEBI vide letter dated July 10, 2012, directed Multi Commodity Exchange of India Limited (MCX) to reduce their entitlement to equity or warrants in excess of limit of shareholding as specified in the SECC Regulations, within a period of three years. MCX had time till June 19, 2015 to reduce its warrant holding in MSEI.

As on March 31, 2015, MCX held 48,211,514 equity shares and 591,600,731 warrants. During the financial year 2015-16, MCX exercised 18,387,894 warrants into Equity shares and transferred 157,295,165 warrants to buyers which were exercised into Equity Shares, out of which one applicant holding 15,000 warrants did not have demat account, hence the said warrants are not exercised into equity shares.

The Board at the meeting held on June 27, 2015 decided to treat 41,59,17,672 warrants held by MCX as extinguished and transfer the funds to capital reserve (as extinguished and of no effect whatsoever on account of their continuance to hold the same post lapse of the time limits specified by SEBI i.e. June 19, 2015).

A Suit was filed by MCX challenging the aforesaid extinguishment of warrants and the Hon'ble Court maintained status quo. The Court thereafter passed an order dated July 10, 2015 accepting the undertaking of the Exchange that an amount of Rs. 20 Crores would be deposited with the Prothonotary & Senior Master, Mumbai on or before 7th September 2015. Accordingly a demand draft of Rs.20 crores was duly deposited by the Exchange on September 7, 2015. Vide its order dated October 13, 2015, the Hon'ble High Court directed the Exchange to deposit a further sum of Rs. 21 crores (Approx.) within 8 weeks of receipt of the said order and the office of Prothonotary and Senior Master was directed to continue the deposit of 20 Crores for a further period of 1 year or till the final disposal of suit, whichever is earlier.

Being aggrieved by the Order dated October 13, 2015 passed by Hon'ble Bombay High Court in the matter of MCX v/s MSEI in Notice of Motion (L) No. 1784/2015 in Suit (L) No. 685/2015, the Exchange has preferred an Appeal (L) No. 927 of 2015 which is pending before the Bombay High Court. The time to deposit the further sum of Rs. 21 crores has accordingly been extended. The status quo as granted vide previous order dated July 10, 2015 would continue.

Further, 60,75,88,017 equity shares were issued by the Company under Rights Issue and out of unsubscribed portion of the Rights Issue. The paid up capital of the company after the said allotments stood at 1,946,669,121 equity shares as on March 31, 2016.

46. Investment in Subsidiary-The Company in financial year 2015-16 has invested Rs. 450,000,000 in its subsidiary Metropolitan Clearing Corporation of India Ltd (MCCI) by subscribing to 20,000,000 fully paid up equity shares of Rs.10 each on June 27,2015 and 25,000,000 fully paid up equity shares of Rs. 10 each on September 30,2015. The Company now holds 82.50% of the equity paid up share capital in Metropolitan Clearing Corporation Of India Ltd (MCCI).
47. Balances grouped under Non-Current and Current Liabilities and Non-Current and Current Assets in certain cases are subject to confirmation and reconciliation from respective parties. Impact of the same, if any, shall be accounted as and when determined.
48. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report of even date

For T R Chadha & Co LLP
Chartered Accountants
Firm Reg.No.006711N/N500028

Vikas Kumar
Partner
M. No. - 75363

Place : Mumbai
Date : 22nd May '16

For and on behalf of the Board of Directors of
Metropolitan Stock Exchange Of India Limited
(Formerly known as MCX Stock Exchange Limited)

Ashima Goyal
Chairperson

Abhijit Chakraborty
Chief Financial Officer

Udai Kumar
Managing Director & CEO

Sangeeta Shetty
Company Secretary

INDEPENDENT AUDITOR'S REPORT

The Members of Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited)

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Metropolitan Stock Exchange of India Limited (erstwhile MCX Stock Exchange Limited) (hereinafter referred to as "the Holding Company" or 'MSEI') and its subsidiaries (collectively referred to as "the Company" or 'the Group'), comprising the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis of Qualified Opinion:

- c. Refer Note no.30 of Consolidated Notes to the accounts of the Company; the holding company continues to prepare its Financial Statements on going concern basis, even though it has continued to incur losses during the current year and there is no clarity on increase in volume and the required funding in the future for its continued business. The holding company has however raised required funds during the current year and has started working on its detailed plan for turn around and is confident of raising further required funds in the coming year, increase volume and make profits in future years and hence prepared the accounts on going concern basis including not carrying out the impairment testing to ascertain carrying value of fixed assets, etc. and also the sum of Rs.36.31 Crores and Rs.1.86 Crores towards Service tax set-off and MAT Credit is considered as recoverable. We are unable to comment on the adjustments, if any, that will be arising out of the same.
- d. Refer Note no.29(c) of Consolidated Notes to the accounts; the Holding Company, in the earlier years, entered into various contracts with the parties mentioned in the register maintained under Section 301 of the Companies Act, 1956 to whom amounts have been paid as Infrastructure, software and software support charges during the said years in respect of which no alternative quotations are / were available. As informed by the Management, they have already renegotiated few of such contracts and are in the process of reviewing other such contracts / charges to establish their reasonableness for similar line of business. We are unable to comment on the adjustments, if any, that will be arising out of such review.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph above*, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2016, its consolidated loss and its consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matter in the notes to the consolidated financial statements:

Multi Commodity Exchange of India Limited (MCX) has filed a suit against the Holding Company (MSEI) for cancelling and/or extinguishing the warrants held by MCX in MSEI or any rights in respect thereof, or taking any other steps that would be prejudicial to MCX's rights in respect of the Warrants; and appropriating or otherwise dealing with the deposit placed by the MCX with the MSEI. The monetary reliefs prayed by MCX from MSEI is Rs.41,59,17,672/- being face value of the warrant held by the MCX as on the date of the suit, equivalent to the amount of deposit along with the interest on the said sum @ 18% p.a. and also claimed for Rs. 1,09,13,30,707/- along with the interest of 18% towards the MCX damages. MSEI has already deposited the sum of Rs. 20 crores in the High Court, Bombay, pursuant to the Order dated 3rd August, 2015 passed in Notice of Motion (L) No. 1784 of 2015. Further, vide Order dated October 13, 2015, the Bombay High Court directed MSEI to deposit the balance sum of Rs.21,59,17,672/-. The Holding Company has been legally advised about the favorable outcome of above case and refund of money deposited.

Our opinion is not modified in respect of the above matters.

Other Matters

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs.161.28 Crores as at 31st March, 2016, total revenues of Rs.13.33 Crores and net cash flows amounting to Rs.0.17 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

3. As required by section 143(3) of the Act, we report to the extent applicable that:
- a. We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b. *Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.*
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated financial statements.
 - d. *Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;*
 - e. *The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.*
 - f. On the basis of written representations received from the directors of the Holding Company as on March 31, 2016, and taken on record by the Board of Directors of the Holding Company, and the report of statutory auditors of its subsidiaries none of the directors of the Group Company is disqualified as on March 31, 2016, from being appointed as a director of that company in terms of Section 164 (2) of the Act.
 - g. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Financial Statement disclose the impact of pending litigations on the consolidated financial position of the Group, where practical – Refer Note 29 on Contingent Liabilities to the consolidated financial statements.
 - ii. *The Holding Company has entered into various contracts including long term contracts with a Company towards software license and maintenance agreements etc. which have penalty clauses for termination. The continuance of these contracts and impact of termination of these contracts shall depend on the future running of the business including raising required resources for the same. The Holding Company has however raised required funds during the current year and has started working on its detailed plan for turn-around and as such confident to honor its long term contract and does not foresee any losses on account of termination. Apart from the same, the Group did not have any material foreseeable losses on long-term contracts including derivative contracts, as required under the applicable law or accounting standards*
 - iii. The Group has been generally regular in transferring the amounts required to be transferred, to the Investor Education and Protection Fund.

For T R Chadha & Co LLP
Chartered Accountants
Firm Registration No. 006711N / N500028

Vikas Kumar
Partner
Membership No. 75363

Place: Mumbai
Date: 22nd May '16

Annexure A to Auditors' Report

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

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of Metropolitan Stock Exchange of India Limited ("the Holding Company") and Subsidiaries (hereinafter collectively referred to as the Group), incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Group Companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 T R Chadha & Co LLP
Chartered Accountants
Firm Registration No. 006711N / N500028

Place: Mumbai
Date: 22nd May '16

Vikas Kumar
Partner
Membership No. 75363

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

(Amount in Rs.)

Particulars	Note	As at March 31, 2016	As at March 31, 2015
I EQUITY AND LIABILITIES			
1. Shareholders' Fund			
(a) Share capital	3	1,941,676,830	1,158,279,615
(b) Reserves and surplus	4	(143,629,460)	244,815,357
(c) Non Refundable Interest Free Deposits Against Warrants	5	415,932,672	591,600,731
		<u>2,213,980,042</u>	<u>1,994,695,703</u>
2. Minority Interest	6	131,773,239	144,823,972
3. Non-Current Liabilities			
(a) Other long-term liabilities	7	721,743,413	857,282,103
(b) 'Long Term Provisions	8	5,429,530	5,327,154
		<u>727,172,943</u>	<u>862,609,257</u>
4. Current Liabilities			
(a) Short term borrowings	9	50,207,650	-
(b) Trade payables	10	94,337,056	45,498,188
(c) Other current liabilities	11	765,449,670	677,139,717
(d) Short term provisions	12	1,161,237	3,155,357
		<u>911,155,613</u>	<u>725,793,261</u>
Total		<u><u>3,984,081,838</u></u>	<u><u>3,727,922,194</u></u>
II ASSETS			
1. Non-Current Assets			
(a) Fixed Assets	13		
(i) Tangible assets		171,253,654	234,949,789
(ii) Intangible assets		523,007,028	593,099,859
(iii) Intangible asset under development		5,000,000	5,000,000
(b) Long term loans and advances	14	643,597,734	715,810,311
		<u>1,342,858,416</u>	<u>1,548,859,958</u>
2. Current Assets			
(a) Current investments	15	367,546,913	584,846,623
(b) Trade receivables	16	3,311,902	7,421,373
(c) Cash and bank balances	17	1,832,697,146	1,350,514,294
(d) Short term loans and advances	18	368,301,284	172,605,095
(e) Other current assets	19	69,366,177	63,674,851
		<u>2,641,223,422</u>	<u>2,179,062,236</u>
Total		<u><u>3,984,081,838</u></u>	<u><u>3,727,922,194</u></u>

Significant Accounting Policies and Explanatory Information 1 - 47

As per our report of even date

For T R Chadha & Co LLP
 Chartered Accountants
 Firm Reg.No-006711N/N500028

Vikas Kumar
 Partner
 M.No-75363

 Place : Mumbai
 Date : May 22, 2016

 For and on behalf of the Board
Metropolitan Stock Exchange Of India Limited
 (Formerly known as MCX Stock Exchange Limited)

Ashima Goyal
 Chairperson

Abhijit Chakraborty
 Chief Financial Officer

Udai Kumar
 Managing Director & CEO

Sangeeta Shetty
 Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(Amount in Rs.)

Particular	Note	For the Year 2015-16	For the Year 2014-15
I Income			
(a) Revenue from operations	20	143,028,754	204,392,329
(b) Other income	21	157,524,510	181,594,495
Total Revenue		300,553,264	385,986,824
II Expenditure			
(a) Operating expenses	22	190,435,126	387,781,959
(b) Employee benefits expense	23	174,731,935	236,726,342
(c) Finance costs	24	2,488,901	117,851
(d) Advertisement and Business Promotion Expenses	25	3,631,851	1,080,983
(e) Depreciation and amortisation expense	13	141,013,202	144,021,709
(f) Other expenses	26	181,379,194	203,606,496
Total Expenses		693,680,209	973,335,340
III Profit / (Loss) before exceptional items and tax		(393,126,945)	(587,348,516)
IV Exceptional items	27	4,135,084	-
V Profit / (Loss) before tax		(397,262,029)	(587,348,516)
VI Less : Provision for taxation		-	-
VII Profit / (Loss) for the year		(397,262,029)	(587,348,516)
VIII Less : Minority Interest in income / (loss)		1,300,392	6,745,810
IX Profit / (Loss) for the year after Minority Interest		(398,562,421)	(594,094,326)
X Earnings per equity share of face value of Re.1 each	28		
Basic (in Re.)		(0.24)	(0.87)
Diluted (in Re.)		(0.24)	(0.87)

Significant Accounting Policies and Explanatory Information 1 - 47

As per our report of even date

For T R Chadha & Co LLP
 Chartered Accountants
 Firm Reg.No-006711N/N500028

 For and on behalf of the Board
Metropolitan Stock Exchange Of India Limited
 (Formerly known as MCX Stock Exchange Limited)

Vikas Kumar
 Partner
 M.No-75363

Ashima Goyal
 Chairperson

Udai Kumar
 Managing Director & CEO

 Place : Mumbai
 Date : May 22,2016

Abhijit Chakraborty
 Chief Financial Officer

Sangeeta Shetty
 Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(Amount in Rs.)

Particulars	For the year 2015-16		For the year 2014-15	
A. Cash flow from Operating Activities				
Net Profit / (Loss) before tax as per Statement of Profit and Loss		(397,262,029)		(587,348,517)
Adjustments for				
Depreciation/Amortisation	141,013,202		144,021,709	
Depreciation on Assets whose useful life has expired as at 31-03-14	-		(2,175,180)	
Dividend from Investments	(22,028,109)		(37,644,040)	
Net Prior Year Adjustments	14,543,752		107,166,596	
Interest Income	(109,035,875)		(133,742,914)	
Finance Costs	2,281,251		117,851	
Loss on sale of Fixed Asset (net)	8,880		3,499,213	
Provision for doubtful debts	-		152,303	
Profit on sale of investments (net)	(10,740,090)		(10,173,738)	
Operating profit/ (loss) before working capital changes		(381,219,018)		(516,126,717)
Adjustments for				
Trade and other receivables	(119,359,709)		217,620,910	
Trade and other payables	(255,096)		(245,333,339)	
Cash generated from/(used in) operations		(119,614,804)		(27,712,429)
Net Prior Year Adjustments		(500,833,823)		(543,839,146)
Less: Taxes paid		(14,543,752)		(107,166,596)
		-		(70,161,337)
Net cash generated from/(used in) operating activities		(515,377,575)		(721,167,079)
B. Cash flow from Investing Activities				
Purchase of Fixed Assets (including Capital Work In Progress)		(7,267,811)		(69,721,015)
Sale of Fixed Assets		8,178		7,321,444
Loss on sale of Fixed Asset				(3,499,213)
Purchase of current investments		(1,713,252,183)		(1,788,166,607)
Sale of current investments		1,930,551,891		1,698,651,630
Income from Current Investments		32,768,199		47,817,778
Fixed deposit placed with banks (having maturity of more than 3 months)		(1,325,030,384)		(726,977,569)
Contribution of Exchange and Interest/Dividend/Penalty transferred to Core SGF fund (credited to CSGF)		(4,233,520)		8,360,905
Fixed deposit matured (having maturity of more than 3 months)		526,977,569		1,265,003,061
Interest received (net of accrued interest)		103,330,119		200,333,819
Net cash generated from/(used in) Investing Activities		(456,147,942)		639,124,233

Particulars	For the year 2015-16		For the year 2014-15	
C. Cash flow from Financing Activities				
Finance Costs		(2,281,251)		(117,851)
Share application money received/ (refunded)		-		(271,650,000)
Short term borrowings		50,207,650		13,698,376
Proceeds from issuance of shares		607,588,017		299,570
Issue of Shares to Employees by ESOP trust from Loan shares		141,139		-
Receipt/(Distribution) from/to Minority Shareholders		(0)		(63,071)
Security premium collected		-		54,793,504
Net Cash Generated from Financing Activities		655,655,555		(203,039,472)
Net Increase in Cash and Cash Equivalents		(315,869,963)		(285,082,318)
Cash and Cash Equivalents at Beginning of the Year (Refer note 17)		330,915,624		615,997,942
Cash and Cash Equivalents at End of the Year (Refer note 17)		15,045,661		330,915,624
Add : Fixed Deposits held for more than three months		1,817,651,485		1,019,598,670
Closing Cash and Bank Balance as per Note 17		1,832,697,146		1,350,514,294

Notes to Cash Flow Statement:

- The Cash Flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 (AS 3)" Cash Flow Statement" issued by the Companies (Accounting Standards) Rules, 2006.
- Figures in brackets represent cash outflows.

As per our report of even date

For T R Chadha & Co LLP
 Chartered Accountants
 Firm Reg.No-006711N/N500028

For and on behalf of the Board
Metropolitan Stock Exchange Of India Limited
 (Formerly known as MCX Stock Exchange Limited)

Vikas Kumar
 Partner
 Membership No. -75363

Ashima Goyal
 Chairperson

Udai Kumar
 Managing Director & CEO

Place : Mumbai
 Date : May 22, 2016

Abhijit Chakraborty
 Chief Financial Officer

Sangeeta Shetty
 Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY INFORMATION FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

1.0 Significant Accounting Policies

1.1 Principles of Consolidation

The consolidated financial statements relate to Metropolitan Stock Exchange of India Limited (MSEI) (erstwhile MCX Stock Exchange Ltd.) ('the Holding Company') and its subsidiaries Metropolitan Clearing Corporation Of India Ltd. (formerly known as MCX – SX Clearing Corporation Ltd). and MCX – SX KYC Registration Agency Ltd (the Holding Company and its subsidiaries together referred to as "the Group"). The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Holding Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements"
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.
- The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiaries.
- Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Holding Company.
- Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Holding Company's shareholders.

1.2 Basis of preparation of financial statements

The consolidated financial statements have been prepared and presented under the historical-cost convention on accrual basis, in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), provision of the Companies Act, 2013 and Accounting Standards (AS) notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.

1.3 Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of consolidated financial statements, the reported amount of revenues and expenses during the reporting period and disclosure of contingent liabilities on the date of the consolidated financial statements. Management believes that the assumption and estimates used in preparation of the consolidated financial statement are prudent and reasonable based upon their evaluation of the relevant facts and circumstances as on the date of the consolidated financial statements. Actual results may differ from those estimates and assumptions used in preparing the accompanying consolidated financial statements. Adjustments, if any, are prospectively made.

1.4 Tangible Fixed assets and Depreciation

Tangible Fixed assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciation and impairment loss, if any. Cost includes all expenses incidental to the acquisition of the fixed assets and any attributable cost of bringing the asset to its working condition for its intended use.

Assets which are not ready for their intended use are shown as Capital Work in Progress.

Depreciation on Tangible Fixed assets is provided on straight line method by considering the revised useful lives as specified in Part 'C' of Schedule II to the Companies Act, 2013, which is also estimated as useful lives by the management.

The same is as given below:-

Sr. No	Classification of an asset	Useful life as per new Companies Act 2013 (Years)
1	Furniture and fixtures	10
2	Office Equipment's	5
3	Vehicles	8
4	Computer Hardware	
	(i) Computer Servers	6
	(ii) Networking Equipment's	6
	(iii) Desktop/Laptop etc.	3

Leasehold improvements are depreciated over the period of lease or at their estimated useful life, whichever is lower.

The Group provides pro-rata depreciation from the day the asset is ready to use and for any asset sold, till the date of sale.

1.5 Intangible assets

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible asset that meets the recognition criteria. Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization and impairment loss, if any.

Intangible assets comprising of software purchased and licensing cost are amortized on straight line basis over the useful life of the software up to a maximum period of 10 years.

1.6 Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Consolidated Statement of Profit & Loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

1.7 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies at the year-end are restated at year end rates. Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit & Loss of the year.

1.8 Revenue recognition

Revenue is recognized when there is reasonable certainty as to measurement and ultimate realization.

- I. Transaction fees are charged to members at the applicable rates based on the volume of transactions entered into by the members through the exchange. These are accrued when orders placed by members on the network are matched and confirmed.
- II. Admission fees collected from new members for joining the exchange are recognized when received and the member is approved by membership committee.
- III. Processing and other fees collected from members are recognized on receipt basis.
- IV. Recoveries from members towards VSAT connectivity are apportioned over the period of connectivity on a pro rata basis from the date of activation of connectivity
- V. Dividend income is recognized when the company's right to receive dividend is established.
- VI. Interest income is recognized on time proportion basis.
- VII. Income from Listing Fees is recognized on time proportion basis.
- VIII. Profit / Loss on sale / redemption of Investment is determined at weighted average cost.
- IX. Clearing and settlement fee are recognized in accordance with the terms of Agreement with Metropolitan Stock Exchange of India Limited (formerly known as MCX Stock Exchange Limited)

1.9 Employee benefits

Short term employee benefits are recognised as an expense at the undiscounted amounts in the Consolidated Statement of Profit & Loss of the year in which the related service is rendered.

Long-term employee benefits, viz., gratuity and leave encashment are recognized at the present value of the amounts payable determined at the close of the year based on actuarial valuation techniques using the Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustment and the effect of changes in actuarial assumptions are charged to Consolidated Statement of Profit & Loss.

1.10 Investments

Investments are classified as long-term or current based on intention of the management at the time of purchase.

Long-term investments are carried at carrying cost less other than temporary diminution in value, determined separately for each individual investment.

Current investments are stated at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each individual investment.

1.11 Accounting for Tax

Tax expense comprises current tax and deferred tax charge or credit.

Current tax

Current tax expense is determined in accordance with the provision of Indian Income Tax Act, 1961 after taking into consideration the exemption and allowances, if any, available to the Group in the Income Tax Act, 1961.

Deferred tax

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets resulting from "timing difference" between taxable and accounting income are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realize the same

1.12 Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognized as an expense in the Statement of Profit & Loss in accordance with Accounting Standard 19 - Leases.

1.13 Provisions, contingent liabilities and contingent assets

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the Group recognizes that it has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reasonable estimate can be made.

Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the consolidated financial statements.

1.14 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

1.15 Prepaid Expense

Expenses incurred during the year which provide benefit in several accounting years has been treated as revenue expense only for the period relating to the current year and balance is treated as prepaid expenses to be adjusted on pro-rata time basis in the future accounting year.

1.16 Events occurring after Balance sheet Date

Events occurring after Balance sheet Date have been considered in preparation of the consolidated financial statements.

2. The subsidiary companies considered in the consolidated Financial Statements are

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership
a) Metropolitan Clearing Corporation of India Ltd (Formerly known as MCX – SX Clearing Corporation Limited)	India	82.5%*
b) MCX – SX KYC Registration Agency Limited	India	100%

*Ownership has been increased from 51% to 82.5% in the current year.

Metropolitan Clearing Corporation of India Ltd (formerly known as MCX SX Clearing Corporation Limited) (subsidiary) is a limited company domiciled in India and incorporated on 7th November, 2008 under the provisions of the Companies Act, 1956. The subsidiary is engaged in the business of Clearing and Settlement of deals in multi asset classes carried out at Metropolitan Stock Exchange of India Limited (Holding Company) (formerly known as MCX Stock Exchange Ltd.)

MCX SX KYC Registration Agency Limited (subsidiary) is a limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The said subsidiary is incorporated for the purpose of maintaining database for members of exchange and other under the Know Your Client Guidelines.

3. Share Capital:

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Authorised : 3,500,000,000 (Previous Year: 3,500,000,000) Equity Shares of Re.1/- each		3,500,000,000		3,500,000,000
Issued, Subscribed and Paid-up : 1,946,669,121 (previous year: 1,163,413,045) equity shares of Re 1/- each, fully paid up	1,946,669,121		1,163,413,045	
Less :- Amount recoverable from MCX Stock Exchange ESOP Trust (Refer Note 3.5) [4,992,291 (Previous Year Rs.5,133,430) equity shares of Re 1/- each fully paid allotted to the MCX Stock Exchange ESOP Trust]	4,992,291		5,133,430	
Total		1,941,676,830		1,158,279,615
		1,941,676,830		1,158,279,615

3.1 Reconciliation of the shares outstanding at the beginning and at the end of year.

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	No. of Shares	Rupees
Equity shares				
At the beginning of the Year	1,163,413,045	1,163,413,045	544,685,400	544,685,400
Issued during the Year	783,256,076	783,256,076	618,727,645	618,727,645
Outstanding at the end of the Year	1,946,669,121	1,946,669,121	1,163,413,045	1,163,413,045
1 The company during the year issued 607,588,017 equity shares on right issue basis in the ratio of 1:1 at par. These equity shares accordingly were issued on 29th August '15.				
2 The company during the year issued 175,668,059 equity shares by way of conversion of same number of Share Warrants.				

3.2 Details of shareholders holding more than 5% shares in the company

Particulars	As at March 31,2016		As at March 31,2015	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of Re.1/- each fully paid-up				
Trust Investment Advisors Private Limited	97,370,000	5.00%	57,020,000	4.90%
Jhunjhunwala Rakesh Radheshyam	97,375,000	5.00%	57,025,000	4.90%
Nemish S Shah	97,370,000	5.00%	57,020,000	4.90%
Aadi Financial Advisors LLP	97,350,000	5.00%	57,000,000	4.90%
State Bank Of India	97,400,000	5.00%	10,000,000	0.86%
Viral Amal Parikh	97,370,000	5.00%	57,020,000	4.90%
Radhakishan S Damani	97,370,000	5.00%	-	0.00%
IFCI Limited	71,875,000	3.69%	71,875,000	6.18%
Union Bank of India	72,500,000	3.72%	72,500,000	6.23%

3.3 Rights of equity share holders

The company has only one class of equity shares having a par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3.4 Shares reserved for issue under options

- The Convertible share warrant holders have the option to convert their share warrant into 415,932,672 (Previous Year 591,600,731) equity shares of Re.1 each at the terms and conditions mentioned in note no.5.
- 8,184,600 (Previous Year 8,184,600) equity shares of Re.1 each have been reserved to be allotted to the ESOP trust under ESOP Scheme."

3.5 Loan to ESOP Trust

The Company's ESOP is administered through an ESOP Trust, which subscribes to shares of the Company and holds them until issuance thereof based on vesting and exercise of options by employees. At the time of formation of the trust, the Company has provided an interest free loan amounting to Rs. 6,000,000 to the Trust to subscribe to 5,433,000 shares issued at Re. 1 per share and were allotted on November 20, 2009. As per the Guidance Note on Accounting for Employee Share Based payments issued by the Institute of Chartered Accountants of India, the amount of loan equivalent to the face value of securities subscribed and not allotted to employees [Rs. 4,992,291] has been deducted from share capital account and the balance part of the loan representing the amount of [Rs. 4,85,611] has been added to short term loans and advances in note no.18. The balance of such loan as at March 31, 2016 is Rs. 6,000,000. The repayment of the loan is primarily dependent upon the exercise of options by the employees, the price at which fresh or reissued options are granted and dividend income earned thereon till exercise of options. The Company believes that the options would be exercised by the employees and the Trust would be able to repay the loan based on the price received by the Trust there against. On that basis, the loan to the Trust is considered as good of recovery net of the impairment made considered necessary.

4 Reserve and Surplus:

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Securities Premium Account				
As per last Balance Sheet	3,515,666,074		3,460,872,570	
Add :- Received on Issue of Shares	-		54,793,504	
		3,515,666,074		3,515,666,074
		3,515,666,074		3,515,666,074
Surplus / (deficit) in statement of Profit and Loss				
As per last financial statements	(3,379,219,321)		(2,782,949,815)	
Reallocation of Minority Interest during the year	14,351,125		-	
Less :- Depreciation on Assets whose useful life has expired as at 31-03-14	-		(2,175,180)	
Add / (Less) :- Profit / (Loss) for the year	(398,562,421)		(594,094,326)	
		(3,763,430,618)		(3,379,219,321)
		(3,763,430,618)		(3,379,219,321)
Exchange Contribution to Settlement Guarantee Fund				
As per last Balance Sheet	13,939,450		100,007,699	
Add :- Contribution/ (Transfer) during the year	(13,939,450)		(86,068,249)	
		-		13,939,450
Core Settlement Guarantee Fund				
As per last Balance Sheet	94,429,154		-	
Add :- Contribution/Interest Accrued during the year	9,705,930		94,429,154	
		104,135,084		94,429,154
		104,135,084		108,368,604
		(143,629,460)		244,815,357
Total				

5 Non Refundable Interest Free Deposits Against Warrants

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
As per last Balance Sheet	591,600,731		1,196,630,000	
Add :- Issue during the year	-		-	
Less :- Converted to Shares	175,668,059		605,029,269	
At the end of the year		415,932,672		591,600,731
Total		415,932,672		591,600,731

A total of 1,196,630,000 warrants were allotted to certain shareholders under the Scheme of Capital Reduction cum Arrangement implemented from March 19, 2010 post sanction of the Hon'ble High Court of Bombay under Sections 100-104 and 391-393 of the Companies Act, 1956. Under the Scheme, an amount of Re. 1 was required to be maintained against each warrant as non-refundable interest free deposit. Accordingly, the Company holds an amount of Rs. 415,932,672 (Previous year 591,600,731) as interest free non-refundable deposit. Each warrant holder can exercise in one or more installments, its option to subscribe to the fully paid up equity shares of the Company of the face value of Re. 1 each subject to conditions. The exercise of warrants would always be subject to the Securities Contracts (Regulation) (Stock exchanges and Clearing Corporations) Regulations, 2012 or any such regulation which is in force and other conditions. Upon exercise of the option, the proportionate non-refundable interest free deposit will be adjusted against the moneys receivable in respect of the equity shares so issued. The Equity Shares arising out of the exercise of Warrants will rank pari passu with the existing equity shares in all respects. The warrants do not carry any voting rights. (Refer note 41)

6. Minority Interest

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Minority Interest		131,773,239		144,823,972
Total		131,773,239		144,823,972

7 Other long-term liabilities

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Amount received from members and applicants towards :				
- Deposits		463,140,624		622,344,158
Settlement Banks Deposits		200,000,000		200,000,000
Core Settlement Guarantee Fund (Members Share)		51,972,789		28,238,719
Other Deposits		6,630,000		6,600,000
Gratuity		-		99,226
Total		721,743,413		857,282,103

8 Long-term Provision

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
For Employee Benefits				
Provision for Leave Encashment		5,429,530		5,327,154
Total		5,429,530		5,327,154

9 Short term borrowings

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Working Capital facility from bank (The above loan is secured against charge on Fixed Deposits made with the banks)		50,207,650		-
Total		50,207,650		-

10 Trade Payables

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Micro, Small and Medium Enterprises		-		-
Others		94,337,056		45,498,188
Total		94,337,056		45,498,188

11 Other Current Liabilities

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Unearned Income towards :				
- Vsat connectivity charges	851,551		1,922,441	
- Admission fees	1,200,000		1,450,000	
- POP and Colocation Charges	10,058,313		2,306,564	
- Transaction Charges	4,025,933		-	
		16,135,797		5,679,005
Deposits from members		722,785,631		627,050,544
Sundry Creditors for Capital Expenditure		-		26,516
Investor service fund # [Including interest earned of Rs.480,826 (Previous Year Rs.437,878)]		7,251,113		5,857,537
Sebi Regulatory Fees		5,000,000		10,000,000
TDS Payable		9,481,545		19,607,241
Gratuity		-		710,698
Other Deposit		-		30,000
Other Liabilities *		4,795,585		8,178,176
# Investor Service Fund was established by the Company in accordance with SEBI approval letter dated September 18, 2008. The fund is maintained to provide services to investors which include maintenance of investor grievance cell, education and awareness about securities market, price dissemination and other services that are in the interest of the investor. The balance amounting to Rs. 7,251,113 (Previous year Rs.5,857,537) as at March 31, 2016 represents the total contribution amount of Rs. 4,000,000 (Rs.4,000,000), Listing Fees Contribution and interest earned thereon.				
* Mainly includes Statutory Liabilities				
Total		765,449,670		677,139,717

12 Short Term Provisions

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Provision for Gratuity (Refer Note 47)		245,447		1,866,595
Provision for Leave Encashment		915,790		1,278,881
Provision for Wealth Tax		-		9,881
Total		1,161,237		3,155,357

13 Fixed Assets

(Amount in Rs.)

Particulars	Gross Block			Depreciation/Amortisation			Net Block			
	As at April 01, 2015	Additions during the year	Deductions/ Adjustments	As at March 31, 2016	Upto March 31, 2015	For the year	Deductions/ Adjustments	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
TANGIBLE ASSETS										
OWN ASSETS										
Office Equipments	18,485,540	301,625	22,500	18,764,665	6,354,392	4,098,448	7,620	10,445,220	8,319,445	11,955,351
Computer Hardware	356,422,509	519,786	29,185	356,913,110	148,720,448	56,838,382	27,007	205,531,823	151,381,287	206,479,092
Furniture & Fixtures	5,019,209	26,573	-	5,045,782	860,791	558,661	-	1,419,452	3,626,330	4,158,418
Vehicles	5,175,164	-	-	5,175,165	1,187,083	671,571	-	1,858,654	3,316,511	3,988,081
Leasehold Improvements	11,800,000	-	-	11,800,000	4,829,918	2,360,000	-	7,189,918	4,610,082	6,970,082
Total (A)	396,902,422	847,984	51,685	397,698,721	161,952,632	64,527,062	34,627	226,445,067	171,253,654	233,551,024
Previous Year	354,516,719	56,053,739	13,668,035	396,902,422	99,618,254	68,680,969	6,346,591	161,952,632	234,949,789	
INTANGIBLE ASSETS										
Computer Software** (Other than internally generated)	996,403,532	6,393,311	-	1,002,796,843	403,303,675	76,486,140	-	479,789,815	523,007,028	592,700,674
Total (B)	996,403,532	6,393,311	-	1,002,796,843	403,303,675	76,486,140	-	479,789,815	523,007,028	592,700,674
Previous Year	983,124,541	13,278,990	-	996,403,532	327,962,935	75,340,740	-	403,303,675	593,099,857	655,161,606
TOTAL (A + B)	1,393,305,953	7,241,295	51,685	1,400,495,563	565,256,307	141,013,202	34,627	706,234,882	694,260,681	826,251,699
Previous Year	1,337,641,260	69,332,729	13,668,035	1,393,305,953	427,581,189	144,021,709	6,346,591	565,256,307	828,049,646	
Intangible asset under development										
** In certain cases the company has only usage right and not the title or ownership.										
										5,000,000

14 Long term loans and advances

	As at March 31, 2016		As at March 31, 2015	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good)				
Capital advances		-		364,805
Balance with Central Excise and Service Tax authorities		363,089,340		351,651,349
Prepaid expenses		2,313,325		7,208,779
Sundry Deposits		52,136,977		50,871,127
Advance Income Tax (net)		207,503,785		287,025,467
MAT Credit entitlements		18,554,307		18,554,307
Loans and advances to employees		-		134,477
Total		643,597,734		715,810,311

15 Current investments

	As at March 31, 2016		As at March 31, 2015	
	Rupees	Rupees	Rupees	Rupees
Non-trade unquoted (at lower of cost or realisable value, whichever is lower)				
In units of Mutual Funds, fully paid-up				
4,396.493 (Previous Year 16,606,996 units) of Rs.2,274.5403 each in Reliance Liquidity Fund - Growth		10,000,000		35,000,000
9,687.564 (Previous Year 9,859.382 units) of Rs.2,219.3401 each in Franklin India Treasury Management Account - Super Institutional Plan -Growth		21,500,000		19,927,457
2,115.750 (Previous Year 15,924.833 units) of Rs.2,370.1106 each in SBI Premier Liquid Fund -Growth		5,014,562		35,000,000
3357.740 (Previous Year 1,268,125.131 units) of Rs.2978.1941 each in HDFC Liquid Plan - Growth		10,000,000		35,000,000
Nil (Previous Year 349,912.430 units) in ICICI Liquid Fund Super IP Dir Daily Dividend Reinvest		-		63,828,375
56,284.302 (Previous Year 1,04,066.491 units) of Rs.1,000 each in Axis Liquid Fund - Daily Dividend Reinvestment		56,302,242		104,098,710
37,831.930 (Previous Year 37,617.134) of Rs.1,000 each in BOI AXA Liquid Fund -Daily Dividend Reinvestment		37,932,105		37,716,755
3,55,188.536 (Previous Year 3,52,932.797 units) of Rs.100 each in DWS Insta Cash Plus Fund - Daily Dividend Reinvestment		35,626,831		35,400,571
10,564.888 (Previous Year 22,224.627 units) of Rs.1000 each in Reliance Liquid Fund - Daily Dividend Reinvestment		16,150,955		33,975,676
1,06,444.029 (Previous Year 1,17,140.916 units) of Rs.1000 each in SBI Premier Liquid Fund - Daily Dividend Reinvestment Plan		106,789,972		117,523,817
49,63,334.935 (Previous Year 66,69,167.148 units) of Rs.10 each in Sundaram Money Fund Daily Dividend Reinvestment Plan		50,142,091		67,375,261
1,80,779.399 (Previous Year 2,88,010.889) of Rs.100.0565 each in ICICI Prudential Liquid - Daily Dividend Reinvestment		18,088,155		-
Total		367,546,913		584,846,622
Total amount of unquoted Investments		367,546,913		584,846,622
Note :- Rs.46,514,562 (Previous Year 19,927,457) are towards making payments of the deposits of members in future				

16 Trade receivables

	As at March 31, 2016		As at March 31, 2015	
	Rupees	Rupees	Rupees	Rupees
(Unsecured and Considered Good unless otherwise stated)				
Debts Outstanding for a period exceeding six months		1,122,531		840,038
Other Debts		2,858,050		7,092,211
Less :- Provisions for doubtful debts		668,679		510,876
Total		3,311,902		7,421,373

17 Cash and bank balances

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
Cash and cash equivalent -				
Balance with Banks				
- In current accounts	14,744,812		30,580,892	
- Fixed Deposit with banks having maturity less than 3 months	-		300,000,000	
Cheques in hand	-		33,708	
Stamps in hand	239,790		239,965	
Cash on Hand	61,059		61,059	
		15,045,661		330,915,624
Other Bank Balances in Fixed Deposits *		1,817,651,485		1,019,598,670
* Includes :				
(A) Rs.6,385,702 (Previous Year Rs.4,977,569) earmarked towards the Investor Service Fund.				
(B) The company has fixed deposit of Rs 635,792,350 (PY Rs. 686,000,000),related Interest accrued thereon of Rs.31,882,970 (PY Rs.41,422,250) and Mutual Fund investments of Rs 46,514,562 (PY Rs 19,927,457) as against the total refundable deposits from members of Rs.695,240,624 (PY Rs.696,644,158)				
(C) Balance in Current Account includes Rs.2,557,884 (Previous Year Rs.4,039,288) towards Clearing and Settlement Obligation				
(D) Fixed deposits aggregating Rs. 243,100,000 (Previous Year Nil) earmarked towards Settlement Guarantee Fund.				
(E)Fixed deposits aggregating Rs. 338,571,901 (Previous Year Rs. 265,681,651) earmarked towards Core Settlement Guarantee Fund.				
(F) Fixed Deposits maturing beyond March 31, 2017 is Rs. 235,650,470 (Previous Year NIL)				
Total		1,832,697,146		1,350,514,294

18 Short term loans and advances

	As at March 31,2016		As at March 31,2015	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good, unless otherwise stated)				
Balance with Central Excise and Service Tax authorities		28,704,092		25,412,396
Advances to vendors		1,767,648		8,611,748
Prepaid expenses		15,151,890		23,979,081
Sundry Deposits		201,505,000		1,743,000
Loans and advances to employees		-		674,675
Others #	1,181,704		1,133,293	
Less: Provision for Doubtful Advance	550,000	631,704	-	1,133,293
Advance Income Tax (Net of Provision)		120,458,193		111,050,903
L.I.C. of India-Group Gratuity Account		82,758		-
[# includes (a) Rs.890,491 (Previous Year Rs.870,595) balance with MCX Stock Exchange ESOP Trust] { Refer note 3.5}				
Total		368,301,284		172,605,095

19 Other Current Assets

	As at March 31, 2016		As at March 31, 2015	
	Rupees	Rupees	Rupees	Rupees
Interest accrued on Fixed Deposits		69,155,048		63,449,292
Others		211,129		225,559
Total		69,366,177		63,674,851

20 Revenue from operations

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Revenue from operations				
Sale of services -				
Transaction Fees		54,241,732		137,334,538
Other operating revenue -				
Processing Fees		17,712,000		17,348,000
Listing Fees		4,568,112		2,262,650
Annual Subscription Fees		50,000		97,500
Vsat connectivity income		2,195,399		4,090,668
Other connectivity charges		44,507,939		28,896,447
Data Feed Charges		6,550,000		7,077,154
RSA Hardware Token		265,722		253,159
Examination Fees		2,650		474,786
Membership Surrender Fees		9,325,000		-
Others		3,610,200		6,557,427
Total		143,028,754		204,392,329

21 Other income

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Dividend from Non Trade Current Investments		22,028,109		37,644,040
Interest on Bank Deposits		109,035,875		133,585,049
Interest Income Others		7,793,027		157,864
Profit on sale of Current Investments (Net)		10,740,090		10,173,739
Profit on sale of assets		7,346		26,421
Provision not required written back		7,331,460		-
Miscellaneous Income		588,603		7,382
Total		157,524,510		181,594,495

22 Operating expenses

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Technology Cost		62,515,445		227,213,301
Sebi Regulatory Fees		5,456,375		10,223,500
Vsat Connectivity Expenses		-		227,227
Internet Connectivity Charges		492,778		1,356,506
Communication Expenses		24,995,633		17,799,829
POP / NPN Charges		72,146,358		101,088,000
Co-Location Charges		24,828,537		29,873,596
Total		190,435,126		387,781,959

23 Employee benefits expense

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Salaries, Allowances and Bonus		164,710,433		220,673,533
Contribution to Provident Fund and other funds		7,864,615		13,828,998
Staff Welfare and Other Amenities		2,156,887		2,223,811
Total		174,731,935		236,726,342

24 Finance costs

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Interest expenses		207,650		-
Other		2,281,251		117,851
Total		2,488,901		117,851

25 Advertisement and Business Promotion Expenses

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Advertisement		2,219,126		310,026
Business Promotion Expenses		921,637		381,640
Incentive for Liquidity Enhancement Scheme		-		369,317
Sponsorships and Seminar		491,088		20,000
Total		3,631,851		1,080,983

26 Other expenses

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Rent		74,413,722		97,295,182
Repairs and Maintenance - Others		21,351,942		20,542,018
Insurance		4,861,220		4,494,542
Travelling and Conveyance		4,390,773		3,500,183
Communication Expenses		3,142,632		2,262,774
Legal and Professional Charges		13,991,444		18,223,396
Electricity Expenses		13,455,208		3,490,632
Shared Service Cost		-		1,500,000
Membership and Subscription Fees		8,335,566		9,299,436
Directors Sitting Fees		4,498,000		4,428,000
<u>Payment to Auditors :</u>				
- Audit Fees	1,158,588		1,155,618	
- Other matters (Certification)	1,204,000		695,000	
- Reimbursement	21,528	2,384,116	-	1,850,618
Loss on Sale of Fixed Asset (net)		8,880		3,499,213
Wealth Tax		-		9,881
Exchange Rate Fluctuation (net)		18,344		236,713
Bank Charges		24,771		694,077
ROC Fees		16,200		6,762,250
Miscellaneous Expenses		30,386,376		25,517,581
Total		181,279,194		203,606,496

27 Exceptional Items

	2015-16		2014-15	
	Rupees	Rupees	Rupees	Rupees
Contribution to funds :				
- Contribution to Core Settlement Guarantee Fund		4,135,084		-
Total		4,135,084		-

29. Contingent Liability

- a. Claims against the company not acknowledged as debts Rs.119.66 Lac (Previous Year Rs.187.66 Lac).
- b. The Income Tax Department has raised tax demand of Rs.921.38 lacs for the assessment year 2012–13. The Company, has filed an appeal against the above order. The company has been advised that the demand raised is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.
- c. The company has entered into various contracts including long term contracts with a company towards software license and maintenance agreements etc. The continuance of these contract shall depend on the future running of the business including raising required resources for the same. Hence, the chances of termination of these contracts and the impact of the same on the financial statements including penalty and charges if any cannot be commented upon.
- d. IL&FS has filed a suit before the Bombay High Court against MSEI (295 of 2014) long with a Notice of Motion for interim relief for violating the IL&FS contractual rights and entitlement under the share purchase agreement dated August 20, 2009. Various reliefs have been prayed by IL&FS from MCX and MSEI, including monetary claim of Rs. 84,21,15,000/- (jointly and severally from MCX and MSEI) along with an interest at 12% p. a. from the date of filing the suit till payment and realization thereof. The company has been legally advised that the plaintiff has remote chances of getting the relief.
- e. Multi Commodity Exchange of India Limited (MCX) has filed a suit against the Company (MSEI) for cancelling and/or extinguishing the warrants held by MCX in MSEI or any rights in respect thereof, or taking any other steps that would be prejudicial to MCX's rights in respect of the Warrants; and appropriating or otherwise dealing with the deposit placed by the MCX with the MSEI. The monetary reliefs prayed by MCX from MSEI is Rs.41,59,17,672/- being face value of the warrant held by the MCX as on the date of the suit, equivalent to the amount of deposit along with the interest on the said some @ 18% p.a. and also claimed for Rs. 1,09,13,30,707 /- along with the interest of 18% towards the MCX damages. MSEI has already deposited the sum of Rs. 20 crores in the High Court, Bombay, pursuant to the Order dated 3rd August, 2015 passed in Notice of Motion (L) No. 1784 of 2015. Further, vide Order dated October 13, 2015, the Bombay High Court directed MSEI to deposit the balance sum of Rs.21,59,17,672/-. The company has been legally advised about the favorable outcome of above case and refund of money deposited. The management is confident that the said matter will be resolved in a year's time.

30. The Company continued to prepare its financials statement on going concern basis in view of the following reasons:

- The Company with eminent Board members are spearheading the revival of the Exchange with a strong vision for implementing an alternative development model for the Indian securities market.
- The company has evolved a transformational and strategic business plan which addresses all aspects of business revival and financial viability. The plan has been approved by all stakeholders. Management is executing the plan which involves members revival plan, improving liquidity on the platforms, branding, advertising, manpower hiring, introducing more product categories, investing in Business promotion and sales incentive schemes, capital raising, claiming tax refunds, increasing office space, etc. The financial projections indicate EBIDTA break even in six quarters and bottom-line neutral in eight quarters. The turnaround strategy is in early stages of implementation but has already yielded results. Market share in CDS segment has increased by 300 bps in two months' time and there is greater visibility of equity fund raising in next few months.
- Pursuant to the order passed by the Hon'ble Competition Appellate Tribunal (COMPAT) dismissing the appeal of National Stock Exchange(NSE) against the order of Competition Commission of India levying penalty for abusing its dominance in the market, the Company has filed an application for compensation under Section 53N of the Competition Act, 2002 before the Hon'ble COMPAT for recovery of an amount of Rs.856.99 Crores along with interest pendente lite in future at the rate of 18% till realization of the claim, from NSE in respect of losses and damages suffered on account of the unfair pricing practices under the Competition Act, 2002. The matter is listed for hearing before the Hon'ble COMPAT on July 18, 2016.
- The company continues to maintain networth above the regulatory requirements and is executing the new business plan through effective management of its operations and cash flows. All business investments necessary are being carried out. All contractual obligations are being met on time and the company has largely cleared the pending dues to vendors.
- Our ADTV is projected to grow at over 50% CAGR over the next three years. As such, the company is confident that all cenvat credits available shall also be used in coming years.

The Holding Company has unutilized service tax credit of Rs. 36.30 crores as at March 31, 2016 (previous year Rs. 35.16 crores). As mentioned above, the Company expects improved revenue earnings in the future years and hence is of the view that the unutilized service tax credit will be fully utilized in future years and the same is considered as good for recovery.

Similarly, since the holding company is confident of improving its business and making profits in future years, no impairment testing is carried out with regard to its tangible and intangible assets.

- 31.** In the Financial year 2012-13, the Holding Company recognized MAT credit entitlement under section 115 JB of Income Tax, Act 1961 amounting to Rs. 1.86 crore. In view of various measures taken by the management as listed in note # 30 above, the Holding Company is of the view that it will be under normal income tax in future years and will be in the position to utilize this credit, it continued to carry the above MAT credit entitlement as an asset good for recovery.
- 32.** The Holding Company could not in some earlier years charge transaction fee in its Currency Derivatives Segment as its dominant competitor, National Stock Exchange of India Ltd. (NSE), was not charging the same. On the complaint of the Company, the Competition Commission of India (CCI) passed an order dated June 23, 2011 directing NSE to cease and desist from carrying on its unfair pricing policy and further levied a penalty of Rs. 55.50 crore on NSE. NSE had appealed against the said order before the Hon'ble Competition Appellate Tribunal (COMPAT), which vide its order dated August 5, 2014 upheld the order passed by the Hon'ble CCI and found NSE guilty of abusing its dominant position as it had indulged in anti-competitive practices.

NSE filed an appeal before the Hon'ble Supreme Court on September 16, 2014 against the order passed by the Hon'ble COMPAT. Subsequent to the appeal, an interim stay on the recovery of penalty amount was granted by the Hon'ble Supreme Court. The matter is listed for hearing before the Hon'ble Supreme Court on July 4, 2016.

Additionally, pursuant to the order passed by the Hon'ble COMPAT, the Holding Company has filed an application for compensation under Section 53N of the Competition Act, 2002 before the Hon'ble COMPAT for recovery of an amount of Rs. 856.99 Crores along with interest pedente lite in future at the rate of 18% till realization of the claim, from NSE in respect of losses and damages suffered on account of the unfair pricing practices under the Competition Act, 2002. The matter is listed for hearing before the Hon'ble COMPAT on July 18, 2016.

33. Earnings per share ('EPS')

(Amount in Rs.)

Particulars	2015-16	2014-15
Profit/(Loss) after tax as per statement of profit and loss attributable to equity share holders	(398,562,421)	(594,094,327)
Weighted average number of equity shares outstanding during the year for basic EPS	1,648,615,834	675,929,407
Add-Shares Issued to ESOP Trust	49,922,91	5,133,430
Add- Shares on conversion of warrants	415,932,672	591,600,731
Weighted average number of equity shares outstanding during the year for diluted EPS	2,069,540,797	1,272,663,568
Basic earnings per share of face value Re. 1 each	(0.24)	(0.87)
Diluted earnings per share of face value Re. 1 each	(0.24)	(0.87)

The effects of conversion of warrants into equity shares and the shares allotted to the ESOP trust pursuant to the employee share based payment plan are anti-dilutive and accordingly not considered for the computation of diluted earnings per share.

34. Stock based compensation:

The Company with the authorization of its shareholders, framed the 'MCX Stock Exchange Employees Stock Option Scheme, 2009', which contemplated issue of ESOPs through the Trust route. Accordingly, 'MCX Stock Exchange ESOP Trust' was formed on November 13, 2009, as a trust.

Under the Scheme, the Compensation Committee of the Company shall decide, the options to be granted, the vesting schedule of the options to be granted and other incidental and consequential matters. The Trust shall be obliged to act on the instructions of the Compensation Committee.

- a) On November 27, 2009 a total of 1,125,000 stock options (ESOP Round-I) have been granted under the Scheme. Details of the Options granted by the ESOP Trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
November 27, 2009	371,250	Re.1	December 1, 2010	Upto December 1, 2011
	371,250	Re.1	December 1, 2011	Upto December 1, 2012
	382,500	Re.1	December 1, 2012	Upto December 1, 2013

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1 each at par. Exercise period for each option is as stated above.

- b) On March 20, 2012 a total of 4,055,100 stock options (ESOP Round-II) have been granted under the Scheme. Details of the Options granted by the ESOP Trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
March 20, 2012	1,338,183	Rs. 2.10	March 20, 2013	Upto March 20, 2014
	1,338,183	Rs. 2.10	March 20, 2014	Upto March 20, 2015
	1,378,734	Rs. 2.10	March 20, 2015	Upto March 20, 2016

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1 each at Rs. 2.10. Exercise period for each option is as stated above. The maximum exercise period for 1,950,000 options granted to twelve employees is being extended to five years from the date of vesting. Same was approved by shareholders at Annual General Meeting held on September 28, 2013. The exercise period shall end after six months of cessation of employment in case of all employees

- c) On November 1, 2012 a total of 553,250 stock options (ESOP Round – III) have been granted under the scheme. Details of the Options granted by the ESOP trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
November 1, 2012	182,571	2.35	November 1, 2013	Upto November 1, 2014
	182,574	2.35	November 1, 2014	Upto November 1, 2015
	188,105	2.35	November 1, 2015	Upto November 1, 2016

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1/- each at Rs. 2.35/-. Exercise period for each option is as stated above. The maximum exercise period for 403,000 options granted to five employees is being extended to five years from the date of vesting which was approved by shareholders at Annual General Meeting held on September 28, 2013. The exercise period shall end after six months of cessation of employment in case of all employees.

- d) On March 12, 2013 a total of 145,800 stock options (ESOP Round – IV) have been granted under the scheme. Details of the Options granted by the ESOP trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
March 12, 2013	48,113	3.95	March 12, 2014	Upto March 12, 2015
	48,115	3.95	March 12, 2015	Upto March 12, 2016
	49,572	3.95	March 12, 2016	Upto March 12, 2017

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1/- each at an exercise price of Rs. 3.95. Exercise period for each option is as stated above.

The above mentioned total grant of 5879150 shares includes 446150 shares acquired by ESOP other than by way of loan from the Company. (Refer note 1 below)

The particulars of number of options granted and lapsed under the Scheme are tabulated below:

Particulars	ESOP 2009	ESOP 2009	ESOP 2009	ESOP 2009
	Round-I (Nos.)	Round-II (Nos.)	Round-III (Nos.)	Round-IV (Nos.)
Outstanding at the start of the year	NIL	967,214	403,648	4,791
Granted during the year	NIL	NIL	NIL	NIL
Forfeited/Lapsed during the year	NIL	691,381	55,516	2,360
Exercised during the year	NIL	141,139	NIL	NIL
Outstanding at the end of the year	NIL	134,694	348,132	2,431
Exercisable / vested at the end of the year	NIL	NIL	10,132	2,431

Other disclosures

Particulars	ESOP 2009 Round-I	ESOP 2009 Round -II	ESOP 2009 Round-III	ESOP 2009 Round -IV
The intrinsic value per option	NIL	NIL	NIL	NIL
The estimated fair value per share	1.15	1.55	1.79	1.79
The estimated fair value per option	0.15	0.25	0.003	0
Date of option granted	November 27,2009	March 20,2012	November 1, 2012	March 12, 2013

The fair values have been determined using Black-Scholes Model considering the following parameters:

Particulars	ESOP 2009 (Round-I)	ESOP 2009 (Round-II)	ESOP 2009 (Round-III)	ESOP 2009 (Round-IV)
(i) Fair Value of share at grant date	Re.1	Rs. 1.55	1.79	1.79
(ii) Exercise price	Re.1	Rs.2.10	2.35	3.95
(iii) Expected volatility	1%	1%	1%	1%
(iv) Option Life	2 Years	2 Years	2 Years	2 Years
(v) Expected Dividends	Expected Dividends have not been taken into consideration since the company has commenced operations in August 2008 and has been incurring losses ever since.	Expected Dividends have not been taken into consideration since the company has commenced operations in August 2008 and has been incurring losses ever since.	The Company has made loss in this financial year and does not intend to propose any dividend for the financial year 2015-16.	The Company has made loss in this financial year and does not intend to propose any dividend for the financial year 2015-16.
(vi) Risk free interest rate	8.00%	8.75%	9.00%	9.00%
(vii) To allow for the effects of early exercise, it is assumed that the employee would exercise the options after vesting date.				

As per the management estimate the loss of the Company for the year would have been Nil (and Previous Year loss would have been higher by Rs. 13,582) had the Company accounted the employee share-based payment using the fair value method. There is no material impact on the earnings per share.

Note:

- A loan of Rs. 1,049,970/- was taken for acquiring 677,400 Equity Shares of Re.1/- each at a valuation of Rs. 1.55/- per share for funding the acquisition of shares in respect of options to be granted to the non-executive directors of MSEI and the employees and directors of its subsidiary Metropolitan Clearing Corporation of India Ltd. (formerly known as MCX-SX Clearing Corporation Limited). The status for the same as follows:

Total Shares Acquired	Shares Issued till 31 st March '15	Shares Issued in the Current Year	Balance Shares as on 31 st March 2016
446,150	20,263	-	425,887
23,1250	99,000	28,614	103,636
677,400	119,263	28,614	529,523

- The total number of options lapsed as on March 31, 2016 are as follows:-

Round I	Round II	Round III	Round IV	Total
420,000	3,360,434	205,118	143,369	4,128,921

As per Clause 4.1 of ESOP Scheme 2009, the aforesaid Forfeited/lapsed stock options under this scheme can be granted to other employees including new employees by the Trust in accordance with the directions of the Compensation Committee given at its absolute discretion.

35. Employee Benefits:

Defined benefit plan:

Gratuity: The gratuity is payable to all members at the rate of 15 days salary for each year of service.

The scheme is funded with an insurance company in the form of qualifying insurance policy. The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at March 31, 2016 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2016.

VII. Changes in the present value of the Defined Benefit Obligation representing reconciliation of opening and closing balances thereof are as follows:

(Amount in Rs.)

Particulars	Gratuity	
	2015-16 (Funded)	2014-15 (Funded)
Defined Benefit Obligation at the beginning of the year	12,773,504	18,606,512
Current Service cost	2,724,710	3,804,652
Interest Cost	1,021,095	1,732,266
Liability transfer in	29,076	2,580,905
Liability transfer out	(29,076)	(395,789)
Actuarial (gain) / loss	(1,188,395)	1,711,755
Benefits paid	(4,838,802)	(15,266,797)
Defined Benefit obligation at the end of the year	10,492,112	12,773,504

VIII. Reconciliation of opening and closing balance of the Fair value of Plan Assets-

Particulars	2015-16	2014-15
Fair Value of Plan Assets at the beginning of the year	10,096,987	15,305,759
Expected Return On Plan Assets	807,298	1,424,966
Contribution during the year	4,542,391	6,933,761
Transfer From Other Company	29,076	2,580,905
Transfer To Other Company	(29,076)	(876,828)
Benefit Paid From The Fund	(4,838,802)	(15,266,797)
Actuarial Gains/(Losses) On Plan Assets	(278,451)	(485,818)
Fair Value of Plan Assets at the end of the year	10,329,423	10,096,987

IX. The amount recognized in the statement of Profit & Loss is as follows:-

(Amount in Rs.)

Particulars	Gratuity	
	2015-16 (Funded)	2014-15 (Funded)
Current service cost	2,724,710	3,804,652
Interest Cost	213,797	307,300
Expected return on plan assets		
Actuarial (gain) / loss	(909,944)	2,197,573
Net expenses	2,028,563	6,309,525

X. Experience Adjustments in Actuarial (gain) / loss

(Amount in Rs.)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Gratuity					
Plan Assets	(278,451)	(485,818)	(980,819)	266,549	433,569
Plan Liabilities	(1,130,639)	(385,977)	(440,921)	4,804,028	1,072,644

XI. Reconciliation of fair value of assets and obligation
Gratuity

(Amount in Rs.)

Particulars	As at				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Fair value of Plan assets	10,329,423	10,096,987	15,305,759	17,796,308	8,609,451
Present Value of obligation	10,492,112	8,846,706	12,985,636	17,822,389	11,885,938
(Asset) / Liability recognized in Balance sheet	328,205	1,056,671	2,064,219	2,298,047	5,262,093

XII. Principal actuarial assumptions at the Balance sheet date:

(Amount in Rs.)

Particulars	Gratuity As at	
	March 31, 2016	March 31, 2015
Mortality Table(LIC)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate (per annum)	8.04%	8.00%
Expected Return on Plan Asset	8.04%	8.00%
Rate of escalation in salary (per annum)	7.50%	7.50%

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

The company has taken a Gratuity Policy with Life Insurance Corporation of India, the funds of which are managed by Life Insurance Corporation of India. Therefore the composition of investments is not ascertainable

36. Segment reporting

During the year, the Group has two reportable segments, Trading Services and Clearing Services. Segments have been identified and reported taking into account nature of services, management structure and system of financial reporting. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting.

- Revenues and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenues and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable."
- Segment assets and segment liabilities represent assets and liabilities in respective segments. Assets and Liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Primary Segment	Trading Services		Clearing Services		Unallocable		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
REVENUE:								
External Revenue	142,978,754	204,294,829	50,000	97,500	-	-	143,028,754	204,392,329
Inter-segment Revenue	83,841,749	139,110,448	65,146,896	124,541,005	-	-		
Total Revenue	226,820,503	343,405,277	65,196,896	124,638,505	-	-	143,028,754	204,392,329
SEGMENT RESULT :								
Profit / (Loss) Before Interest & Tax	(483,625,936)	(703,321,917)	(60,719,025)	(61,944,748)	32,742,931	44,143,087	(511,602,030)	(720,973,579)
Less : Interest Expense	-	-	-	-	(2,488,901)	(117,851)	(2,488,901)	(117,851)
Add : Interest Income	-	-	-	-	116,828,902	133,742,915	116,828,902	133,742,915
Profit / (Loss) After Interest	(483,625,936)	(703,321,917)	(60,719,025)	(61,944,748)	147,082,932	177,768,150	(397,262,029)	(587,348,515)
Less : Minority Interest	-	-	-	-	-	-	1,300,392	6,745,811
Profit / (Loss) for the Year	(483,625,936)	(703,321,917)	(60,719,025)	(61,944,748)	147,082,932	177,768,150	(398,562,421)	(594,094,326)
OTHER INFORMATION								
Segment Assets	1,346,478,636	1,306,845,129	36,382,996	36,190,931	2,601,220,205	2,384,886,133	3,984,081,837	3,727,922,193
Segment Liabilities	884,282,016	819,814,616	685,207,529	714,869,519	64,605,491	53,718,384	1,634,095,036	1,588,402,519
Segment Capital Expenditure	17,236,944	51,046,849	-	-	-	-	17,236,944	51,046,849
Depreciation / Amortisation	139,883,407	142,441,067	1,129,795	1,580,641	-	-	141,013,202	144,021,708

Secondary Segment

Since all the activities of the company are predominantly conducted in India, there are no separate reportable geographical segments.

Note:

Total Gross Turnover is after elimination of inter segment turnover of Rs. 148,988,645 (Previous Year Rs. 263,651,453).

Segment Liabilities are after elimination of inter company contribution towards Settlement Guarantee Fund, Core Settlement Guarantee Fund allocations.

As per Accounting Standard on Segment Reporting (AS-17), the Company has reported segment information on consolidated basis including businesses conducted through its subsidiaries.

37. Related party information
a) Names of related parties and nature of relationship:

The disclosures regarding related parties as required by Accounting Standard ('AS') 18 "Related Party disclosures" issued by the Companies (Accounting Standards) Rules, 2006 ('the Rules') are as under:

(i) Companies having significant influence over the Subsidiary (MCCIL) during the year:

- Financial Technologies (India) Limited (FTIL) till July 02,2015
- Multi Commodity Exchange of India Limited (MCX) till July 02,2015

(ii) Key Management Personnel (KMP)

Designation	Metropolitan Stock Exchange of India Ltd (formerly known as MCX Stock Exchange Ltd)	Metropolitan Clearing Corporation of India Ltd (Formerly known as MCX – SX Clearing Corporation Limited)
MD & CEO	Mr. Saurabh Sarkar upto October 10, 2015 Mr. Udai Kumar w.e.f. January 22, 2016	Mr. Udai Kumar, w.e.f. April 06, 2015 till January 21, 2016
CFO	Mr. Vikas Phadke upto July 20, 2015 Mr. Abhijit Chakraborty w.e.f. December 7, 2015	Mr. Partha Sarathi Sen, till July 15, 2015 Mr. Krishana Wagle, w.e.f. July 10, 2015
Company Secretary	Mr. Sarat Chandran upto January 21,2015. Ms. Divya Damania (Company Secretary) upto December 08, 2015 Ms. Sangeeta Shetty (Company Secretary) w.e.f. January 11, 2016	-

(iii) Others

- MCX-SX ESOP Trust

b) Details of transactions with related parties

Sr. No.	Nature of transactions	Companies having Significant Influence (MCX)	Companies having Significant Influence (FTIL)	ESOP Trust (Others)
1	Other Expenses	- (-)	- (28,124)	- (-)
2	Other income		500 (-)	
3	Shares allotted to ESOP Trust	- (-)	- (-)	- (127,500)
4	Closing balance of Loan to ESOP Trust	- (-)	- (-)	6,000,000 (6,000,000)
5	Payables (Balance at the end of the year)	- (-)	- (69,268)	- (-)

c) Transactions with KMP:

Sr. No.	Nature of transactions	Amount (Rs.)
	Salary & allowances*:	
1	Mr. Saurabh Sarkar	9,392,955.00 (18,158,541.00)
2	Mr. Udai Kumar	5,376,887.00 (-)
3	Mr. Vikas Phadke	1,070,405.00 (1,720,543.00)
4	Mr. Abhijit Chakraborty	1,184,183.00 (-)
5	Mr. Sarat Chandran	(-) (3,636,918.00)
6	Ms. Divya Damania	447,813.00 (-)
7	Ms. Sangeeta Shetty	367,081.00 (-)
8	U. Venkataraman	(-) (8,608,385.00)
9	Sale of Car to U. Venkataraman	(-) (134,497.00)

10	Partha Sarathi Sen	510,551.00 (800,313.00)
11	Prasad Sawant	(-) (204,576.00)
12	Krishna Wagle	947,044.00 (-)

*Excludes gratuity and long term compensated absences which are actuarially valued and where separate amounts are not identifiable.

- (i) Related party relationship is as identified by the Group and relied upon by the auditors.
- (ii) There are no amounts written off or written back in the year in respect of debts due from or to related parties.
- (iii) Figures in bracket represent previous year's amounts.
- (iv) The transactions with the related parties are disclosed only till the relation exists.

38. Operating lease

The Group has entered into operating lease agreements for its office premises.

- a) The minimum lease rentals on operating leases recognized in the consolidated statement of Profit & Loss and the future minimum lease payments under operating leases are as follows:

Particulars	Amount (Rs.)	
	As at March 31, 2016	As at March 31, 2015
Future minimum lease payments		
Not later than one year	66,567,559	56,522,375
Later than one year and not later than five years	59,811,700	121,414,147
Later than five years	-	-

- b) Lease payments recognised in the consolidated statement of Profit & Loss is Rs. 74,413,722/- (Previous year Rs. 97,295,183/-)

39. Deferred Tax Asset/Liability

In the absence of virtual certainty, net deferred tax assets on account of unabsorbed depreciation and brought forward losses has not been recognized.

- 40. Following prior period expenses/incomes have been debited or credited to the respective heads of account in the consolidated statement of Profit & Loss :

Particulars	2015-16	2014-15
Prior Period Expenses:		
Technology Cost	5,971,538	85,886,481
Co-Location Charges	-	3,077,970
Miscellaneous Expenses	29,22,396	4,429,375
Legal and Professional Charges	-	1,103,000
Shared Service Cost	-	1,500,000
Clearing and Settlement Charges	-	25,948,980
Office Rent	-	11,169,770
Water Charges	37,739	-
Electricity Charges	5,612,079	-
Total Prior Period Expenses	14,543,752	133,115,576
Less :- Prior Period Income		
Shared service cost recovered	-	22,564,330
Net Prior Period Exp.	14,543,752	110,551,246

- 41. SEBI vide letter dated July 10, 2012, directed Multi Commodity Exchange of India Limited (MCX) to reduce their entitlement to equity or warrants in excess of limit of shareholding as specified in the SECC Regulations, within a period of three years. MCX had time till June 19, 2015 to reduce its warrant holding in MSEI.

As on March 31, 2015, MCX held 48,211,514 equity shares and 591,600,731 warrants. During the financial year 2015-16, MCX exercised 18,387,894 warrants into Equity shares and transferred 157,295,165 warrants to buyers which were exercised into Equity Shares, out of which one applicant holding 15,000 warrants did not have demat account, hence the said warrants are not exercised into equity shares.

The Board at its meeting held on June 27, 2015 decided to treat 41,59,17,672 warrants held by MCX as extinguished and of no effect whatsoever on account of their continuance to hold the same post lapse of the time limits specified by SEBI.

A Suit was filed by MCX challenging the aforesaid extinguishment of warrants and the Hon'ble Court maintained status quo. The Court thereafter passed an order dated July 10, 2015 accepting the undertaking of the Exchange that an amount of Rs. 20 Crores would be deposited with the Prothonotary & Senior Master, Mumbai on or before 7th September 2015. Accordingly a demand draft of Rs.20 crores was duly deposited by the Exchange on September 7, 2015. Vide its order dated October 13, 2015, the Hon'ble High Court directed the Exchange to deposit a further sum of Rs. 21 crores (Approx.) within 8 weeks of receipt of the said order and the office of Prothonotary and Senior Master was directed to continue the deposit of 20 Crores for a further period of 1 year or till the final disposal of suit, whichever is earlier.

Being aggrieved by the Order dated October 13, 2015 passed by Hon'ble Bombay High Court in the matter of MCX v/s MSEI in Notice of Motion (L) No. 1784/2015 in Suit (L) No. 685/2015, the Exchange has preferred an Appeal (L) No. 927 of 2015 which is pending before the Bombay High Court. The time to deposit the further sum of Rs. 21 crores has accordingly been extended. The status quo as granted vide previous order dated July 10, 2015 would continue.

42. Investment in Subsidiary - The Holding Company in financial year 2015-16 has invested Rs. 450,000,000 in its subsidiary Metropolitan Clearing Corporation of India Ltd (MCCI) by subscribing to 20,000,000 fully paid up equity shares of Rs.10 each on June 27,2015 and 25,000,000 fully paid up equity shares of Rs. 10 each on September 30,2015. The Company now holds 82.50% of the equity paid up share capital in Metropolitan Clearing Corporation Of India Ltd (MCCI).
43. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.
44. In line with the SEBI guidelines, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, the Company has 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) failing to honor settlement obligation. In the event of a clearing member (member) failing to honor settlement commitments, the Core SGF shall be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process. The corpus of the Core SGF consists of contribution from the Clearing Corporation (at least 50%), the Exchange (at least 25%) and the clearing members (not more than 25%). Core SGF also includes penalties levied by the clearing corporation and accruals from investment of the core SGF.

Accordingly, an amount of Rs. 41.65 crore was maintained as the Minimum Required Contribution (MRC) of Core SGF in Currency Derivatives Segment as on March 31, 2016 comprising of Rs. 20.83 crore contributed by the MCCIL, Rs. 10.41 crore contributed by MSEI and Rs. 10.41 crore (Rs. 1.63 crore in Cash & Rs. 8.78 crore as FD) contributed by the Clearing Members. Further, in accordance with the directions received from the SEBI, MCCIL had contributed an amount of Rs. 25 lakh each in Equity Derivative Segment, Equity Cash Market and Debt Market Segment as the minimum corpus of Core SGF with effect from February 2, 2015.

The composition and aggregate value of the Core SGF maintained with the MCCIL along with its segment-wise breakup as on March 31, 2016 (accumulated till date) and March 31, 2015 (accumulated till date) are provided in the following tables:

Amount in Rs.			
Sr. No.	Particulars	As on March 31, 2016	As on March 31, 2015
	All Segments:		
1	MCCIL Contribution	230,374,066	179,621,101
2	MSEI Contribution	108,197,834	86,060,550
3	Members' Contribution	104,713,728	86,060,550
3.1	- Cash with MCCIL	16,872,646	28,238,718
3.2	- FDR	87,841,082	57,821,832
4	Penalties	9,214	7,699
5	Interest on Fixed Deposits	33,886,093	7,803,610
6	Dividend from Mutual Fund	1,783,478	567,969
	Total	478,964,413	360,121,480

Amount in Rs.

Sr. No.	Particulars	As on March 31, 2016	As on March 31, 2015
	Currency Derivatives Segment:		
1	MCCIL Contribution	222,244,624	172,121,101
2	MSEI Contribution	108,197,834	86,060,550
3	Members' Contribution	104,713,728	86,060,550
3.1	- Cash with MCCIL	16,872,646	28,238,718
3.2	- FDR	87,841,082	57,821,832
4	Penalties	0	0
5	Interest on Fixed Deposits	33,085,306	7,692,985
6	Dividend from Mutual Fund	1,783,478	567,969
	Total	470,024,970	352,503,155

Amount in Rs.

Sr. No.	Particulars	As on March 31, 2016	As on March 31, 2015
	Equity Cash Market:		
1	MCCIL Contribution	2,709,814	2,500,000
2	MSEI Contribution	0	0
3	Members' Contribution	0	0
3.1	- Cash with MCCIL	0	0
3.2	- FDR	0	0
4	Penalties	9,214	7,699
5	Interest on Fixed Deposits	266,929	36,875
6	Dividend from Mutual Fund Investment	0	0
	Total	2,985,957	2,544,574

Amount in Rs.

Sr. No.	Particulars	As on March 31, 2016	As on March 31, 2015
	Equity Derivatives Segment:		
1	MCCIL Contribution	2,709,814	2,500,000
2	MSEI Contribution	0	0
3	Members' Contribution	0	0
3.1	- Cash with MCCIL	0	0
3.2	- FDR	0	0
4	Penalties	0	0
5	Interest on Fixed Deposits	266,929	36,875
6	Dividend from Mutual Fund Investment	0	0
	Total	2,976,743	2,536,875

Amount in Rs.

Sr. No.	Particulars	As on March 31, 2016	As on March 31, 2015
	Debt Market Segment:		
1	MCCIL Contribution	2,709,814	2,500,000
2	MSEI Contribution	0	0
3	Members' Contribution	0	0
3.1	- Cash with MCCIL	0	0
3.2	- FDR	0	0
4	Penalties	0	0
5	Interest on Fixed Deposits	266,929	36,875
6	Dividend from Mutual Fund Investment	0	0
	Total	2,976,743	2,536,875

Further, 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 with MCCIL in addition to their Core SGF Contribution as on March 31, 2016 amounts to Rs. 525.27 crore (previous year: Rs. 599.89 crore).

45. Securities and Exchange Board of India (SEBI) vide its Order no. WTM/RKA/MRD-DSA/11/2014 dated March 19, 2014 had declared Financial Technologies (India) Limited (FTIL) as not fit and proper person to acquire or hold any equity share or any instrument that provide 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. On an appeal filed by FTIL, against the said SEBI Order, the Securities Appellate Tribunal has by an Order dated July 09, 2014 upheld the said Order of SEBI and extended time for divesting these shares by four weeks from the date of its Order. Further, MCCIL sent multiple letters to FTIL regarding divestment of their stake; in reply to these letters FTIL informed that they are in search of the suitable buyer to acquire their stake in the Subsidiary.
46. Subsequent to the infusion of Rs. 45 crore as equity capital into the Company by the Metropolitan Stock Exchange of India Limited (MSEI) during the FY 2015-16, the SEBI vide its letter no. MRD/DRMNP/OW/27809/2015 dated October 1, 2015 granted renewal of MCCIL for one year from October 3, 2015 to October 2, 2016 subject to certain compliances, one of which being the Company to achieve a networth of Rs. 100 crore within six month from the date of grant of renewal of the recognition (i.e. by April 2, 2016).

The Company is making efforts to raise an amount of Rs. 25 crore either from the promoters or other investors to meet the networth requirement as stipulated by the SEBI. The Company vide its letter dated April 6, 2016, requested the SEBI to grant forbearance in the aforesaid requirement for another six months coterminous with the current term of recognition of the Company (i.e. up to October 2, 2016).

47. Additional Information required under Companies Act, 2013;

Sr. No.	Name of the Entity	Net Asset		Share in Profit / Loss	
		% of total Consolidated	Amount	% of total Consolidated	Amount
1	Parent Metropolitan Stock Exchange of India Limited	59.44	1,472,669,180	(107.90)	(427,232,939)
2	Subsidiary a) Metropolitan Clearing Corporation of India Ltd (Formerly known as MCX-SX Clearing Corporation Limited)	35.23	872,754,666	7.58	29,994,644
	b) MCX-SX KYC Registration Agency Limited	0.01	329,435	(0.01)	(23,734)
3	Minority Interest	5.32	131,773,239	0.33	1,300,392
	Total	100.00	2,477,526,520	(100.00)	(395,961,637)

For T R Chadha & Co LLP
 Chartered Accountants
 Firm Reg.No-006711N/N500028

For and on behalf of the Board
Metropolitan Stock Exchange Of India Limited
 (Formerly known as MCX Stock Exchange Limited)

Vikas Kumar
 Partner
 M.No-75363

Ashima Goyal
 Chairperson

Udai Kumar
 Managing Director & CEO

Place : Mumbai
 Date : May 22,2016

Abhijit Chakraborty
 Chief Financial Officer

Sangeeta Shetty
 Company Secretary

METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED

(FORMERLY KNOWN AS MCX STOCK EXCHANGE LIMITED)

Registered Office: Vibgyor Towers, 4th Floor, Plot no. C-62, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400098
Tel. +91 22 6112 9000, Fax +91 22 2652 5419, Website: www.msei.in

NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited) will be held on Saturday, August 20, 2016 at 11 a.m. at the registered office of the Company at Vibgyor Towers, 4th Floor, Plot no. C-62, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400098, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

- a. the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of the Board of Directors and the Auditors thereon; and
- b. The Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016, together with the Report of the Auditors thereon.

2. Ratification of Appointment of Auditors

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the appointment of T. R. Chadha & Co. LLP, Chartered Accountants (LLP Identification No. AAF-3926 and Firm Registration No. FRN 006711N/N500028), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company to be held in the year 2017 to examine and audit the accounts of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

3. Appointment and Remuneration to Mr. Udai Kumar, Managing Director & Chief Executive Officer

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Rule 7(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (hereinafter referred to as ‘the Act’) (including any statutory modification(s) or re-enactment thereof for the time being in force), Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (hereinafter referred as ‘SECC Regulations’) and subject to such other necessary approval(s), consent(s) or permission(s), as may be required, the consent of the members of the Company be and is hereby accorded to the appointment of Mr. Udai Kumar (DIN: 06750460) as the Managing Director and Chief Executive Officer (MD & CEO) of the Company for a period of three years with effect from January 22, 2016 on a remuneration of Rs. 100 Lacs per annum for a period of one year, of which 25% would be his variable pay on cost to company basis (all inclusive), 50% of the variable pay would be payable to him on a deferred basis after three years and the Malus and Clawback arrangement would be applicable to the compensation of Mr. Udai Kumar as the MD & CEO of the Company as provided in the SECC Regulations read with the Nomination and Remuneration Policy of the Exchange.

RESOLVED FURTHER THAT Mr. Udai Kumar shall hold office not liable to retire by rotation and that if however, at any time, he is required to retire by rotation, and is immediately reappointed after such retirement, he shall continue to hold his office of MD & CEO and the retirement by rotation and reappointment shall not be deemed to constitute a break in his appointment and subject to this, he shall hold office only so long as he continues to be a Director on the Board of the Company.

RESOLVED FURTHER THAT the Board (including the Committee thereof) be and is hereby authorized to do all acts, deeds and things as may be necessary to carry the above resolution into effect.

RESOLVED FURTHER THAT the members of the Company do hereby ratify and also accord further approval to the Board of Directors to sign and execute all the documents, deeds and writings and to do all such acts, things as may be deemed necessary thereto to give effect to this resolution.”

4. Appointment of Mr. Radhakrishnan Nair, as an Independent Director of the Company

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (hereinafter referred to as ‘Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re- enactment thereof for the time being in force) and Regulation 23 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (hereinafter referred as ‘SECC Regulations’), SEBI Circular dated December 13, 2012 on ‘Procedural norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations’ as may be amended from time to time and Articles of Association of the Company, Mr. Radhakrishnan Nair (DIN: 07225354), who was appointed as a Public Interest Director on December 7, 2015 by Securities and Exchange Board of India for a period of three years and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for his remaining period of his Public Interest Directorship and he shall not be liable to retire by rotation.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Place: Mumbai
Date: July 2, 2016

By Order of the Board of Directors
For Metropolitan Stock Exchange of India Limited

Registered Office:
Vibgyor Towers, 4th Floor,
Plot No.C-62, G Block, Bandra Kurla Complex
Mumbai 400 098

Sangeeta Shetty
Company Secretary
ACS: 18865

CIN: U65999MH2008PLC185856

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Pursuant to Section 105(1) of the Companies Act, 2013, read with Rule 19 of the Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of Members not exceeding 50 (fifty) in number and holding in aggregate not more than 10 (Ten) per cent of the total share capital of the Company carrying voting rights. In the case of a Member holding more than 10 (ten) per cent of the total share capital of the Company carrying voting rights, such a Member may appoint a single person as proxy, who however shall not act as proxy for any other person or shareholder. A proxy shall not vote except on a poll.
3. Proxies in order to be effective must be lodged with company not less than 48 hours before the commencement of the meeting (i.e. on or before August 18, 2016 11.00 a.m. IST).
4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special business at Item No. 3 and 4 of the accompanying notice are annexed hereto.
5. A statement giving the details of the Directors seeking appointment under Item No. 3 and 4 of the accompanying notice as required by Clause 26 of the Listing Regulations read with Regulation 35 of the SECC Regulations is annexed hereto.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 read with Rule 17 of the Companies (Appointment and Qualification) Rules, 2014 will be available for inspection by the members at the Meeting in terms of Section 171 of the Companies Act, 2013.
7. As per the provisions of Section 113 of the Companies Act, 2013, Corporate Shareholders are requested to send a duly certified copy of the Board Resolution, Power of Attorney or such other valid authorization, authorizing their representative to attend and vote at the Meeting along with any one of the photo identity proofs (viz. Driving License, PAN Card, Election Card, Passport or any other valid proof).
8. Members/ Proxies/ authorised representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
9. The Notice of the AGM along with the Annual Report 2015-16 to shareholders whose names appear in the register of members as on Friday, July 22, 2016 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories and for all other shareholders through Courier/ Speed Post/ Registered Post or any other permissible means, The notice is also available on the website of the Company at the following link - <http://www.msei.in/about-us/financials.aspx>.

Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013

Item No. 3

Mr. Udai Kumar was appointed as the Managing Director and CEO of the Exchange by the Governing Board at its Meeting held on December 10, 2015 where the Board based on the recommendation of the Selection Committee appointed Mr. Udai Kumar as the Managing Director, for a period of three years and also approved his remuneration of Rs. 100 Lacs per annum for a period of one year from the effective date of his appointment, of which 25% would be his variable pay on cost to company basis (all inclusive), 50% of the variable pay would be payable to him on a deferred basis after three years. The Malus and Clawback arrangement would be applicable to the compensation of Mr. Udai Kumar as the MD & CEO of the Company as provided in the SECC Regulations as well as in the Nomination and Remuneration Policy of the Exchange. All the above mentioned approvals were subject to the approval of SEBI & Shareholders.

Further the Company received approval from SEBI vide its letter dated January 11, 2016 for appointment and remuneration of Mr. Udai Kumar as MD & CEO of the Company and the same was noted by the Board in its meeting held on January 16, 2016. Mr. Udai Kumar then joined as MD & CEO of the Exchange with effect from January 22, 2016.

Based on the resolution passed by the Governing Board and pursuant to Section 196(4), 197(3) & Schedule V of Companies Act 2013, the appointment and remuneration of Managing Director shall be subject to approval by Shareholders in a General Meeting.

The Company thus proposes the following for shareholders' approval:

1. Appointment of Mr. Udai Kumar as Managing Director & CEO of the Exchange pursuant to section 196 of the Companies Act, 2013.
2. Remuneration of Mr. Udai Kumar approved by the Board as per Schedule V with reference to Section 197(3) of the Companies Act, 2013 i.e. in event of no profits or inadequate profits, in accordance with the provisions of Schedule V, a company may pay remuneration to its managerial personnel as per the ceilings mentioned in the said schedule and the Company may double the ceiling if a Special Resolution is passed by the Shareholders for the same.

Terms and Conditions of Appointment:

- **Tenure**

The Managing Director & CEO shall hold the said office subject as hereinafter provided for a period of three years commencing on and from January 22, 2016.

- **Malus and Clawback**

The compensation paid is subject to Malus and Clawback arrangements of the Company, as defined in the 'Nomination and Remuneration Policy' and shall be applicable in relation to the compensation paid or payable to the Managing Director & CEO by the Company.

- **Sitting Fees**

The Managing Director & CEO shall not be paid any sitting fees for attending the Meetings of the Board of Directors or Committee thereof from the date of his appointment.

- **Separation and Termination**

- a) Termination of the Agreement by the Company beyond the Term for any reason whatsoever, will not entitle the Managing Director & CEO to claim any damages or compensation or any other benefit whatsoever.
- b) Either Party may terminate this Agreement by giving to the other 3 month's written notice. The Company may terminate this Agreement by giving 3 month's gross salary in lieu of written notice.
- c) Without prejudice to and notwithstanding the above, this Agreement and the Managing Director & CEO employment with the Company hereunder may be terminated immediately by the Company without any requirement of prior notice, if at any time in the sole and absolute discretion of the Company (which decision shall be final and binding upon the Managing Director):
 - i) the Managing Director & CEO commits any serious or repeated or continual breach of any of obligations under this Agreement or as set out in the policies and procedures of the Company; or
 - ii) the Managing Director & CEO is guilty of any misconduct or neglect in the discharge of duties under this Agreement; or

- iii) by actions or omissions, the Managing Director & CEO brings the name or reputation of the Company into serious disrepute or prejudice the interests of the business of the Company; or
- iv) Actions or omissions by the Managing Director, there are grounds for the summary termination of your employment.
- v) as read together with the provisions of section 25(5) and 25(6) of the SECC Regulations of 2012 notified on June 20, 2012.

In the event that are incapacitated by ill health, accident or any other cause from performing duties under this Agreement for a period of 60 working days or more (whether consecutive or not) in any continuous period of 12 months, the Company may terminate this Agreement by giving one month's written notice (whether or not you remain incapacitated and unable to perform your duties under this Agreement), provided that you shall receive all benefits lawfully due to you under this Agreement calculated up to the date of termination of employment.

- **Dispute**

In case of any dispute pertaining to the interpretation of any clause of this Agreement or Compensation Policy, the decision of the Board/ Nomination and Remuneration cum Compensation Committee would be final and binding.

DISCLOSURES:

I. General Information about the Company

1. Nature of Industry

Your company, Metropolitan Stock Exchange of India Limited, was incorporated on August 14, 2008 under the Companies Act, 1956 (the Act) and is recognised by Securities and Exchange Board of India (SEBI) under Section 4 of Securities Contracts (Regulation) Act, 1956. The Exchange was notified as a "recognised stock exchange" under Section 2(39) of the Companies Act, 1956 by Ministry of Corporate Affairs, Govt. of India on December 21, 2012. In line with global best practices and regulatory requirements, clearing and settlement of trades on the Exchange are conducted through a separate Clearing Corporation – Metropolitan Clearing Corporation of India Limited (Formerly known as MCX-SX Clearing Corporation Ltd) (MCCIL). The Exchange offers an electronic, transparent and hi-tech platform for trading in Capital Market Futures & Options, Currency Derivatives and Debt Market Segments.

2. Financial Performance

As per the audited figures for the period ended March 31, 2016, the Company had a total income of Rs. 32 crore and a net loss after tax of Rs. 40.47 crore.

3. Foreign Investments and Collaborators

As on March 31, 2016, the Company has two non-resident individuals holding 11,83,38,816 shares.

II. Information about the Managerial Personnel

a. Background details

Mr. Udai Kumar has been part of Indian capital markets for last two decades. He has rich experience in stock exchange administration, capital markets, fund raising, restructuring and mergers & acquisition functions having worked in senior capacities with large institutions, like JM Financial Consultants, JM Morgan Stanley, Centrum Capital and Fortune Financial earlier during his career.

He has served as Managing Director of Metropolitan Clearing Corporation of India Limited as part of its Governing Board. Earlier, he served as Managing Director of Inter-connected Stock Exchange of India Ltd. (ISE) and led team of stock exchange professionals heading different functions such as market operations, clearing and settlement, risk management, surveillance, regulatory compliance, finance & accounts.

He holds in-depth knowledge of regulatory and operational issues in the functioning of stock exchange and clearing corporation and has updated knowledge of changing landscape in these businesses. He has knowledge of Indian statutory and regulatory environment with particular reference to securities industry, securities laws and regulations.

Other particulars relating to Mr. Udai Kumar are as follows:

Date of birth	March 1, 1960
Date of appointment	January 16, 2016
Effective Date of Joining	January 22, 2016
Qualification	<ul style="list-style-type: none"> • B.Sc. (Physics Hons.) From Patna University • M.Sc (Physics) from University of Delhi • M.B.A (Finance), from Birla Institute of Technology, MESRA Ranchi
Expertise in specific functional areas	Financial & Banking Sectors
Directorship held in other public limited companies. (excluding foreign companies and Section 25 companies)	MCX-SX KYC Registration Agency Limited
Membership/chairmanship of Committees of other public limited companies. (includes details of only Audit Committee and Shareholder Grievance Committee)	NIL
No. of shares held in the Company	NIL

b. Recognition and Awards

- Mr. Kumar was selected by Chairman of United Bank of India to set-up and head Merchant Banking Bureau, New Delhi
- Successfully handled Public Issues for following organisations in the Public & Private Sector
 Public Sector: (i) PNB Gilts Ltd, (ii) Vijaya Bank, (iii) Jammu & Kashmir Bank Ltd, (iv) Indian Railways Finance Corporation Ltd., (v) Indraprastha Gas Limited, (vi) Allahabad Bank, (vii) Syndicate Bank
 Private Sector: (i) Bharti Airtel Ltd. (erstwhile Bharti Televentures Ltd.) (ii) DCM Group, (iii) Escorts Ltd., (iv) Apollo Tyres Ltd., (v) Adani Group, (vi) NDTV (New Delhi Television Ltd.),
- Mr. Kumar has provided Advisory Services for Capital Restructuring of Power Finance Corporation Ltd. and managed the acquisition of Fine Drugs & Chemicals Ltd by Ranbaxy Group.

c. Job Profile and his suitability

As MD & CEO, Mr. Udai Kumar is in charge of all affairs concerning the Company including business development and also to carry out duties entrusted to him by the Board of Directors from time to time, including serving on any executive body or Committee of the Company. He also exercises powers as assigned to him, subject to superintendence, control and directions of the Board in the best interest of the Company. Having regard to his vast experience in the financial and banking sectors and previous achievements, Mr. Kumar is eminently suited for the position.

d. Remuneration proposed

It is proposed that Mr. Kumar shall draw remuneration of Rs. 100 lacs per annum of which 25% will be his variable pay on a CTC basis, all inclusive, payable for a period of one year from the date of his joining and 50% of the variable pay would be payable on a deferred basis after three years. The Malus and Clawback arrangement would also be applicable to the said Compensation in accordance with the provisions of the SECC Regulations and the Nomination and Remuneration Policy of the Exchange.

The annual increment shall be as decided by the Board after considering recommendations of the Nomination cum Remuneration & Compensation Committee and approved by the shareholders.

e. Comparison with industry

The remuneration to MD & CEO is based on a pricing programme that takes into account both market practice as well as internal business considerations. From a market viewpoint, the Company has positioned the remuneration package taking into consideration those of its principal competitors and other companies in the securities and commodities market infrastructure sector.

f. Pecuniary Relationship

Mr. Udai Kumar has no pecuniary relationship directly or indirectly with the Company or with any other managerial personnel of the Company.

III. Other Information

1. Reasons of Loss

The Company has incurred a loss of 40.47 crore as against loss of 60.12 crore incurred in the previous year. The drop in revenue was mainly due to fall in the volumes in Currency Derivatives Segment (CD Segment). The business was primarily impacted because of the sentimental fallout of the defaults in another Exchange floated by the erstwhile promoter and introduction of zero pricing by competitor and extremely low currency market volatility.

2. Steps taken or proposed for improvement

The Company has taken great efforts in controlling cost and has managed to reduce the loss substantially. The loss has been brought down from Rs 60.12 crore in FY 2014-15 to Rs. 40.47 crore by 32.67%. The Company is working to further control on cost in the year FY 2016-17.

The management plans to keep the focus on trading alternate financial products such as currency derivatives, debt products, exchange-traded funds (ETFs) and interest rate derivatives. As the strategy to garner market share in new business segments and increasing fee income from broker-members will take time to yield results, the Exchange is also looking at shorter-term options such as wooing companies that were trading on regional exchanges that have shut down.

The Exchange is also raising the service quality parameters by a smoother listing process which is efficient and faster. In case of equities, the Exchange is aiming to find a niche in the bulk and block deals. The Exchange has drawn up a five year growth plan starting from financial year 2017 for a clear turnaround. The plan also factors in re-activating the inactive trading members. The Exchange is looking to raise funds to meet regulatory capital requirements for the exchange's clearing corporation.

3. Expected increase in productivity and profits in measurable terms

- The business is projected to grow at CAGR of 34% between FY17 and FY19
- Average Daily Turnover Value (ADTV) is projected to grow at CAGR of 51%
- Transaction fees share of operating income is expected to gradually increase at CAGR of 10% and achieve industry benchmark of 80% by FY19

4. Reason / Justification for payment of remuneration beyond limits

The Company is in the middle of execution of a complete turnaround strategy, which involves new product categories, equity fund raising, investor awareness campaign and branding exercise. Mr. Kumar has assumed charge only six months back and thus deserves a chance and some more time to implement the strategies and should therefore be suitably compensated.

The Directors recommend the resolution set forth in item No. 3 for the approval of the Members as Special Resolution.

None of the Directors except Mr. Udai Kumar, or key managerial personnel, or their relatives are concerned or interested, financially or otherwise, in this resolution.

Item No. 4

The Board vide circular resolution dated September 22, 2015 approved and recommended the name of Mr. Radhakrishnan Nair to SEBI for nomination as Public Interest Director ('PID') on the Board of Exchange. SEBI had vide letter dated December 7, 2015 approved the appointment of Mr. Radhakrishnan Nair as Public Interest Director of the Exchange for a period of three years under provisions of SECC Regulations. In terms of clause 6.3.7 of SEBI circular dated December 13, 2012, Mr. Radhakrishnan Nair is not liable to retire by rotation.

As per SECC Regulation 2(1)(n), Public Interest Director is an Independent Director and as per Section 150(2) of the Companies Act 2013, appointment of Independent Director shall be approved by shareholders in a general meeting.

Mr. Radhakrishnan Nair is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received declaration from him that he meets with the criteria of independence as prescribed under sub-section 149(6) of the Act. In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 for such appointment as Independent Director.

Accordingly, the Board recommends the Resolution at Item No. 4 of the accompanying Notice for appointment of Mr. Radhakrishnan Nair as Independent Director.

None of the Directors except Mr. Radhakrishnan Nair, or key managerial personnel, or their relatives are concerned or interested, financially or otherwise, in this resolution.

Place: Mumbai
Date: July 2, 2016

By Order of the Board of Directors
For Metropolitan Stock Exchange of India Limited

Registered Office:
Vibgyor Towers, 4th Floor,
Plot No.C-62, G Block, Bandra Kurla Complex
Mumbai 400 098

Sangeeta Shetty
Company Secretary
ACS: 18865

CIN: U65999MH2008PLC185856

DETAILS OF DIRECTORS SEEKING APPOINTMENT AS REQUIRED UNDER SEBI LISTING OBLIGATION AND DISCLOSURE REQUIREMENT REGULATIONS 2015 READ WITH REGULATION 35 OF THE SECC REGULATIONS

Name of Director	Mr. Udai Kumar	Mr. Radhakrishnan Nair
Item No.	3	4
Date of Birth	March 1, 1960	March 17, 1955
Brief Resume	<p>Mr. Udai Kumar has been part of Indian capital markets for last two decades. He has rich experience in stock exchange administration, capital markets, fund raising, restructuring and mergers & acquisition functions having worked in senior capacities with large institutions, like JM Financial Consultants, JM Morgan Stanley, Centrum Capital and Fortune Financial earlier during his career.</p> <p>He has served as Managing Director of Metropolitan Clearing Corporation of India Limited as part of its Governing Board. Earlier, he served as Managing Director of Inter-connected Stock Exchange of India Ltd. (ISE) and led team of stock exchange professionals heading different functions such as market operations, clearing and settlement, risk management, surveillance, regulatory compliance, finance & accounts.</p> <p>He holds in-depth knowledge of regulatory and operational issues in the functioning of stock exchange and clearing corporation and has updated knowledge of changing landscape in these businesses. He has knowledge of Indian statutory and regulatory environment with particular reference to securities industry, securities laws and regulations.</p>	<p>Mr. Radhakrishnan Nair holds the Post Graduate Diploma in Securities Laws and Masters in Business Administration in Financial Management. He has retired from Insurance Regulatory and Development Authority, Hyderabad, where he was member in-charge of Finance, Investments and Anti- Money Laundering department and ushered in new investment and accounting regulation for Life Insurance and general Insurance industry. Here he also worked closely with the World Bank and IMF Team in the Insurance Industry of financial sector assessment program.</p> <p>Mr. Nair was an Executive Director at Securities and Exchange Board of India (SEBI), Mumbai wherein he was in-charge of Investment management department, Corporate debt department, Economic and policy analysis department, Office of investor assistance and education, General services department, Board matters and Regional Offices.</p> <p>He also served as the interface between the Ministry of Finance, Government of India and SEBI in the areas of Parliamentary committees, parliamentary questions and other statutory bodies like the Central Vigilance Commission (CVC), Central Information Commission (CIC) and Comptroller and Auditor General of India (CAG).</p> <p>At SEBI, he also handled responsibilities which included role of Chief Vigilance officer, human resource development division, information technology department, integrated surveillance department and office of the Chief Public information officer in SEBI.</p> <p>Prior to joining SEBI, Mr. Nair was the General Manager at Corporation Bank and was in-charge of development of priority sector lending, legal service, recovery management and credit risk management. He was also involved in the conceptualization, planning and implementation of Corporation Bank securities Ltd. project and also was in constant touch with the debt management department and department of foreign investment and operations in providing inputs to the RBI for monetary policy.</p>

		He was visiting faculty at Institute of insurance and risk management, Hyderabad; National institute of securities markets, Mumbai; National Institute of Bank management, Pune; National Insurance Academy, Pune; Bankers' training College, Reserve Bank of India, Mumbai; Bombay Stock exchange Training Centre, Mumbai, National Judicial Academy Bhopal , III Mumbai.
Expertise in specific functional area	Rich Experience in Banking and Investment Banking and Stock Exchanges.	He has also been a member in various committees of SEBI, Primary Dealers Association of India, Debt market committee, Bombay stock exchange; Fixed Income Money Market & Derivatives Association of India and advisory Committee on Mutual Funds. His core areas of expertise include regulation and supervision in the securities market, insurance laws, treasury operations in banking and credit risk management.
Other Directorship	Director on Board of MCX-SX KYC Registration Agency Limited	<ul style="list-style-type: none"> • Director on Board of ICICI Prudential • Director on Board of Indian Commodity Exchange
Chairman/Member of the Committees of the Board of Directors of other companies in which he is a Director.	NIL	<ul style="list-style-type: none"> • Member of the Audit Committee at ICICI Prudential
No. of Equity shares held in the Exchange	NIL	NIL
Relationship between Directors inter se	None	None

Route Map to the venue of AGM



**METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED
(Formerly Known As MCX Stock Exchange Limited)**

CIN: U65999MH2008PLC185856

Registered Office: Vibgyor Tower, 4th Floor, C62, G Block, Bandra Kurla Complex, Bandra (East),
Mumbai- 400098

Tel. +91 22 6112 9000, Fax +91 22 6112 9009, Website: www.msei.in, Email: secretarial@msei.in

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

Details of Shareholders:

No. of Share(s) held _____

Folio No. _____

Client ID No. _____

DP ID No. _____

Name(s) of the Shareholder(s) / Proxy (IN BLOCK CAPITALS) :

Address : _____

I/We hereby record my/our presence at the Eighth Annual General Meeting of MSEI, held at registered office of the Company at Vibgyor Towers, 4th Floor, C62, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400098 on Saturday, August 20, 2016 at 11. 00 am.

Signature of the Shareholder(s) / Proxy: _____

Note: No duplicate Attendance Slip will be issued at the Meeting venue. You are requested to bring your copy of the Annual Report to the Meeting.

METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED

(Formerly Known As MCX Stock Exchange Limited)

CIN: U65999MH2008PLC185856

Registered Office: Vibgyor Tower, 4th Floor, C62, G Block, Bandra Kurla Complex, Bandra (East),
Mumbai- 400098

Tel. +91 22 6112 9000, Fax +91 22 6112 9009, Website: www.msei.in, Email: secretarial@msei.in

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s): _____

Registered address: _____

Email ID: _____

Folio No. / Client ID: _____

DP ID: _____

I/We, being the member(s) of _____ equity shares of Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited), hereby appoint:

1. Name: _____ Address: _____

Email ID: _____ Signature: _____, or failing him/her

2. Name: _____ Address: _____

Email ID: _____ Signature: _____.

as my/our proxy to attend and vote (on a poll) for me/us and my/our behalf at the Eight Annual General Meeting of the Exchange, to be held on Saturday, August 20, 2016 at 11.00 a.m. at Vibgyor Towers, 4th floor, Plot No C 62, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400098 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions
ORDINARY BUSINESS:
1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of the Board of Directors and the Auditors Report thereon and the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016, together with the Report of the Auditors thereon.
2. Ratification of Appointment of Auditors
SPECIAL BUSINESS:
3. Appointment and Remuneration to Mr. Udai Kumar, Managing Director & Chief Executive Officer.
4. Appointment of Mr. Radhakrishnan Nair, as an Independent Director of the Company.

Signed this _____ day of _____, 2016

Signature of Shareholder

Signature of the Proxy holder(s)

Affix One Rupee Revenue Stamp
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Note: This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Exchange, not less than 48 hours before the commencement of the Meeting time for holding the meeting.

Metropolitan Stock Exchange of India Limited

(formerly known as MCX Stock Exchange Ltd.)

Registered Office :

4th floor, Vibgyor Towers, Plot No. C-62, Opp Trident Hotel,
Bandra Kurla Complex, Bandra East, Mumbai - 400 098.

Tel: +91-22-6112 9000 | Fax: +91-22-6112 9009