

ANNUAL REPORT

2012-13

MCXTMSX
India's New Stock Exchange

www.mcx-sx.com





About MCX Stock Exchange Limited (MCX-SX)

MCX Stock Exchange Limited (MCX-SX), India's new stock exchange, 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 – MCX-SX Clearing Corporation Ltd.

MCX-SX offers an electronic, transparent and hi-tech platform for trading in Currency Derivatives, Capital Market, Futures & Options and Debt Market Segments. The Exchange has also received in-principle approval from SEBI for operationalising SME trading platform. MCX-SX commenced operations in the Currency Derivatives (CD) Segment on October 7, 2008, under the regulatory framework of SEBI and Reserve Bank of India (RBI). MCX-SX launched Capital Market Segment, Futures & Options Segment and its flagship Index 'SX40' on February 9, 2013 and commenced trading in the new Segments from February 11, 2013. Trading in the 'SX40' index derivatives began from May 15, 2013. 'SX40' is a free-float based index consisting of 40 large-cap liquid stocks representing diverse sectors of the economy. Its base value is 10,000 and base date is March 31, 2010. The Debt Market Segment of MCX-SX, was launched on June 7, 2013, and trading commenced from June 10, 2013.

Commitment to Financial Literacy and Inclusion

'Information, Innovation, Education and Research' are the four cornerstones of the unique market development philosophy adopted by MCX-SX and supports its mission of Financial-literacy-for-Financial Inclusion™ as is envisaged by the Government of India.

As a part of this mission, MCX-SX conducts large-scale investor education and awareness programmes, averaging at least one programme per working day, across the length and breadth of the country. The Exchange collaborates with academic institutions of repute, media, trade bodies, international organisations and industry experts for organising literacy and awareness drives. MCX-SX has come out with a 'Manifesto of Change', which is a roadmap of what the Exchange intends to achieve in terms of driving market development and inclusive growth over the next 10 years.



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Corporate Information

Board of Directors

- Mr. S U Kamdar – Public Interest Director
- Prof. (Mrs.) Ashima Goyal – Public Interest Director
- Mr. D R Dogra – Public Interest Director
- Mr. Jignesh Shah – Vice-Chairman (Shareholder Director)
- Mr. Ashok Jha, IAS, (Retd.) – Shareholder Director
- Mr. B D Sumitra – Shareholder Director
- Mr. Joseph Massey – Managing Director & CEO
- Mr. U Venkataraman – CEO-Debt Segment & Whole-time Director (Shareholder Director)

Company Secretary

- Mr. S Sarat Chandran

Statutory Auditors

- M/s. Chaturvedi & Shah – Chartered Accountants*

Registered Office

- Exchange Square, CTS No. 255, Suren Road, Andheri (East), Mumbai – 400093

*Appointed by the Comptroller and Auditor General of India

Directors' Report

TO THE MEMBERS OF MCX STOCK EXCHANGE LIMITED

Your Directors have pleasure in presenting their Fifth Annual Report and the Audited Statement of Accounts and Auditors' Report for the period commencing from April 1, 2012 to March 31, 2013.

1. Financial Results

(₹ in crore)

Particulars	Period ended March 31, 2013	Period ended March 31, 2012
Revenue from operations (Net after Service tax)	155.23	59.86
Other Income	32.07	28.33
Operating expenditure	57.02	45.18
Other expenditure	92.89	42.41
Depreciation and amortisation	10.27	3.52
Profit/Loss before exceptional item and tax	27.12	(2.92)
Exceptional items	5.70	-
Profit/Loss before tax	21.42	(2.92)
Provision for tax	-	-
Profit/Loss for the year	21.42	(2.92)
Balance brought forward from previous year	-	-
Amount available for appropriation	21.42	-
Appropriations	-	-
General Reserve	-	-
Balance carried to Balance Sheet	21.42	(2.92)

During the year under review, the Company has earned an income of ₹187.30 crore as against ₹88.18 crore in the previous year. The profit after tax for the year under review was ₹21.42 crore as compared to a loss of ₹2.92 crore in the previous year.

Your Company has reported maiden profits which can be attributed to cessation of predatory pricing by the dominant Exchange in Currency Derivatives Segment pursuant to the Order of the Competition Commission of India and the membership drive undertaken by your Company in the new Segments launched (Capital Market and Futures & Options) recently. Your Directors' expect growth in the operations from the new Segments and expect a steady growth in the revenues from the next financial year.

2. Corporate and Business Background

A. Regulatory updates

- **Notification of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (SECC Regulations) and Issuance of Procedural Norms by SEBI**

SEBI had notified the SECC Regulations on June 20, 2012 and issued a circular dated December 13, 2012 laying down the Procedural Norms on Recognition, Ownership and Governance for Stock Exchanges and Clearing Corporations thereunder. Among other things, the said circular lays down procedural requirements for seeking fit and proper clearance by shareholders having holdings beyond 2% or 5% and seeking approvals for appointments / nomination of directors. It lays down detailed requirements in respect of Public Interest Directors and has prescribed a set of relationships with the trading members. It further lays down detailed requirements relating to statutory committee, norms for compensation policy of Key Management Personnel of Stock Exchanges and Clearing Corporations. Your Directors have taken periodical review of the status of compliance of the Exchange with the said Regulations and circular and believe that necessary steps have been taken to ensure compliance with the same.

- **Launch of the new Segments**

The Exchange vide SEBI letter dated December 19, 2012, received permission to commence trading in Interest Rate Derivatives, Capital Market, Futures & Options and Wholesale Debt Segments. Pursuant to the same, the Exchange had commenced trading in its Capital Market and Futures & Options segments from February 11, 2013. The launch of the segments was formally inaugurated by the Hon'ble Union Finance Minister Shri. P. Chidambaram on February 9, 2013. Pursuant to approval of SEBI, your Company has also introduced Futures & Options on SX40, its flagship Index from May 15, 2013.

Pursuant to circulars of SEBI, the Exchange had introduced Liquidity Enhancement Schemes (LES) in its new segments so as to attract sustainable liquidity. Having regard to the significant network externalities associated with the Stock Exchange industry, particularly in the electronic trading era, your Directors feel that the implementation of LES atleast in the initial phases would be commercially necessary.

- **Grant of status as a 'Recognized Stock Exchange' by Government of India**

The Ministry of Corporate Affairs (MCA), Government of India had by its notification dated December 21, 2012, granted your Company the status of a "Recognised Stock Exchange" u/s 2(39) of the Companies Act, 1956. The recognition enables other companies to make Initial Public Offerings (IPO) by listing on your Company's

Exchange platforms. This has brought your Company in par with other recognised stock exchanges in terms of IPOs and listing.

B. 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), has introduced trading in Capital Market, Futures & Options and Index Futures & Options (SX40). Your Company has sought approval from SEBI for launching Debt Segment, offering Interest Rate Futures (IRF Indices and ETF) and SME platform.

i. Turnover and Membership

Turnover

The Average Daily Turnover in the Currency Derivatives Segment has shown an increase from ₹10,983.76 crore in April 2012 to ₹16,789.69 crore in March 2013. The market share of the Exchange in Currency Derivatives Segment stood at 38.26% in March 2013 as against 45.66% in the previous year.

Membership

The Exchange had initiated a Composite Membership Drive in September 2012 for offering membership in Currency Derivatives, Capital Market and Futures & Options Segments.

Following is the details of Segment wise members count registered with SEBI as on March 31, 2013

Currency Derivatives	Capital Markets	Futures & Options
844	456	457

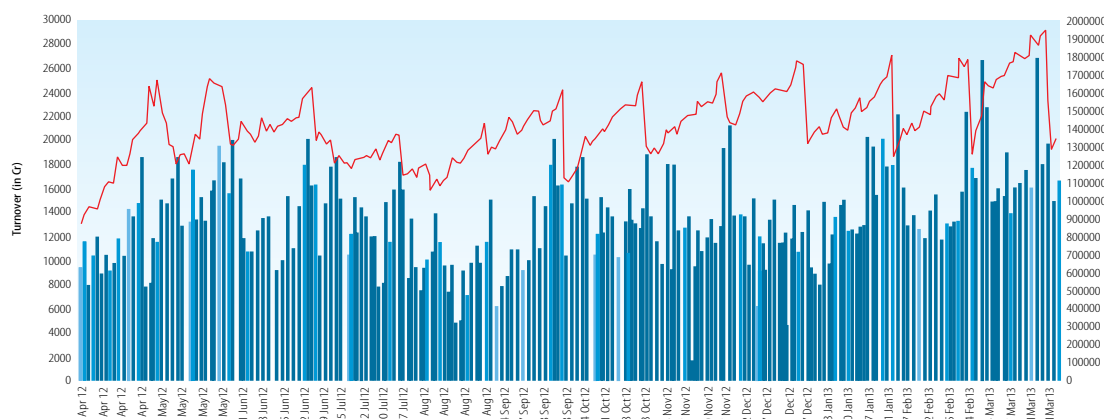
ii. Market Statistics of MCX-SX in Currency Derivatives Segment

Particulars	March 2013	March 2012
Approved no. of members (Registered with SEBI)	844	752
Centers participating across India	766*	674*
Average daily turnover (₹ in crore)	16,789.69	13,632.27
Highest turnover (₹ in crore)	27,165.19	18,891.40
Average daily volume (no. of contracts)	3,031,201	2,662,046
Highest no of contracts (no. of contracts)	4,947,675	3,660,602

* Data includes cities of active and inactive users / dealer

The turnover and open interest for the period April 01, 2012 to March 31, 2013 in Currency Derivatives Segment are reflected in the graph below:

Turnover and Open Interest for the period April 2012 to March 2013



Note: On expiry days, expired contract OI is excluded from total OI
Data includes Notional Turnover for Options introduced w.e.f. August 10, 2012.
Data is for Futures & Options.

iii. Period-wise breakup of Number of Contracts Traded and Trading Value

Period	No. of Contracts Traded	Trading Value (₹ In crore)
2008-09 (Oct-Mar)	29,847,569	148,825.98
2009-10 (Apr-Mar)	408,166,278	1,944,654.11
2010-11 (Apr-Mar)	903,185,639	4,194,017.48
2011-12 (Apr-Mar)	770,325,229	3,732,445.72
2012-13 (Apr-Mar)	597,310,766	3,303,178.72

iv. Technology

The IT infrastructure at the Exchange has been designed with performance, reliability, redundancy and security as the key parameters.

The technology deployed includes the latest fault tolerant servers and a hybrid network (nationwide satellite network, terrestrial point to point, nationwide MPLS network 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.

Your Company maintains a Disaster Recovery Site (DRS) at a different seismic zone at New Delhi and a Near Site at a building near its Primary Site. Data replication is done on a real-time basis from Primary Site in Mumbai to the Near site as well as DR Site. Data synchronisation between Primary Site, Near Site and DR Site is done as a part of daily routine operations. Data synchronisation between Primary Site and Near Site is synchronous. Periodic mock tests are done to ensure proper functioning

of DR systems.

The robust technology infrastructure enables the Exchange to operate efficiently, and also facilitate 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 global technology platform enables our members to undertake uninterrupted dealing even during sun outage time.

v. Certifications

In continuation with its commitment to providing quality-driven services to members, MCX-SX has successfully cleared the ISO 9001:2008 Surveillance Audit and has been recommended for continuation of this certification. Further, information security being a crucial aspect of day to day business processes, MCX-SX continues to retain the ISO/IEC 27001:2005 certification for its effective Information Security Management System. As a step towards demonstrating its dedication towards sustaining the environment, MCX-SX has also cleared the Surveillance Audit for ISO 14001:2004, and continues to hold the certification for the same.

Certificate	Purpose / Scope	Certificate Date	Validity
ISO 9001:2008	Quality Management System (QMS)	16-09-2012	15-09-2015
ISO/IEC 27001:2005	Information Security Management System (ISMS)	16-09-2012	15-09-2015
ISO 14001:2004	Environment Management System	16-09-2012	15-09-2015

vi. Index

The Exchange had introduced its flagship Index SX40 during year. The logo of the Index was launched by the Hon'ble Union Finance Minister Shri. P. Chidambaram held on February 9, 2013. SX40 is a free float based index of 40 large cap - liquid stocks representing diversified sectors of the economy. SX40 is designed to measure the economic performance with better representation of various industries and sectors based on ICB®, leading global Industry Classification system from FTSE. The Index is devised to offer cost-effective support for investment and structured products such as Index Futures & Options, Index portfolio, Exchange Traded Funds, Index funds, etc.

vii. The Way Forward

Your Directors felt that there is a lot of potential to widen and deepen the Indian Security Market. The Board of your Exchange agrees that your Exchange will have to create greater awareness in the Indian Security Market to a much more significant proportion of our country's population in order to promote investment culture.

While your Company strives to tap the potential in the existing equity markets, it shall also focus on developing new markets such as Corporate Bonds, Mutual Funds, Interest Rate Futures, SME etc. Your Company is committed to provide access to capital raising by Small & Medium Enterprises through a hub and spoke model.

C. Initiatives

MCX-SX has signed the voluntary commitment to the United Nation's Sustainable Stock Exchanges (SSE) initiative to promote long-term sustainable investment and improved environmental, social and corporate governance disclosure and performance among companies listed on its Exchange. With this, MCX-SX has joined the global league of six other exchanges that have committed to the UN SSE initiative.

As informed earlier, MCX-SX had launched LES in Capital Market, Futures & Options and Index Futures & Options Segments. MCX-SX is the first Exchange to offer incentives for liquidity enhancement in Capital Market Segment. The objective of the Scheme is to invite genuine participation and benefit all participants across various segments of the market for wholesome development of India's Capital Market.

MCX-SX has partnered with educational institutions, industry associations, trade associations, media, research organisations and other industry stakeholders, both national and international, to organize financial literacy and training programmes, offer market-related education courses, promote research for garnering insight into real needs of our markets and introduce global best practices. MCX-SX conducts large-scale investor education and awareness programmes across the length and breadth of the country.

3. Dividend

Your Company has posted its maiden profit in FY 2012-13. Your Company is progressing and it would require funds for investments in technology and infrastructure. Your Directors are of the view that the profit should be ploughed back to ensure that your Company maintains its forward momentums. Your Directors accordingly do not recommend any dividend.

4. Share Capital, Shareholding Pattern and Network

The Authorised Share Capital of the Company is ₹250,00,00,000/- divided into 250,00,00,000 equity shares of ₹1/- each. During the year, pursuant to allotment of 1,27,500 equity shares of ₹1/- each upon exercise of options by MCX Stock Exchange ESOP Trust under the ESOS Scheme 2009 of the Company, the paid-up capital of the Company has increased to ₹544,685,400/- divided into 544,685,400 equity shares of ₹1/- each. The shareholding pattern of the Exchange as on March 31, 2013 is as under:

Category of Shareholder	No. of shares held	Percentage of shareholding
Promoters	5,43,30,000	9.97%
Banks	38,45,00,000	70.59%
Financial Institutions	9,90,40,000	18.19%
MCX Stock Exchange ESOP Trust + shares issued under ESOP Scheme	61,10,400	1.12%
Non-Institutions - Individuals	7,05,000	0.13%
Total	54,46,85,400	100.00%

A total of 1,19,66,30,000 transferable warrants issued under the scheme of reduction cum arrangement which was sanctioned by the Hon'ble High Court of Bombay are presently held by two shareholders. The said warrants are to be disposed-off within a period of 3 years from the date of notification of SECC Regulations i.e. by June 20, 2015.

As per the requirement of SEBI, the promoters i.e. Multi Commodity Exchange of India Limited (MCX) and Financial Technologies (India) Limited (FTIL) are committed to reduce their combined shareholding in the Exchange to 5% limit within 18 months from July 10, 2012.

5. Directors

Your Board comprises of eight Directors which includes three Public Interest Directors, four Shareholder Directors and a Managing Director.

During the year under review, Mr. P R Barpande and Mr. C M Maniar, Public Interest Directors (PIDs) have resigned as directors of the Exchange with effect from February 4, 2013 resulting in the vacancy of PIDs on the Board of the Company. As stipulated under SECC Regulations, the composition of the PIDs on the Board of the recognised stock exchange should not be less than the number of shareholder director. To ensure the composition of the Board is in compliance with SECC Regulations, your Company had recommended to SEBI the candidatures of four eminent persons for nomination.

As per the provision of Section 256 of the Companies Act, 1956 read in consonance with the SECC Regulations, Mr. B D Sumitra, being a shareholder director is liable to retire by rotation at the ensuing Annual General Meeting. Mr. Sumitra being eligible, has offered himself for re-appointment. Your Directors recommend his re-appointment as Director of the Company.

6. Management

Mr. Joseph Massey, Managing Director & CEO is heading the Management of the Company and is in overall charge of the affairs of the Company, subject to the superintendence and oversight of the Governing Board. The proposed Debt Segment is headed by Mr. U Venkataraman, CEO-Debt Segment & Whole-time Director, who reports to the Managing Director. The Company's senior management team constitutes of highly experienced and effective professionals. The

senior management team leads different departments of the Exchange, which report to the Managing Director and the Whole-time Director.

7. Human Resources and Particulars of Employees

The employee count stood at 285 as on March 31, 2013 as against 136 as on March 31, 2012. Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and Regulation 27(5) of SECC Regulations forms part of this Report and is provided as Annexure "A" to this Report.

8. Subsidiary

Your Company has two subsidiaries i.e. MCX-SX Clearing Corporation Limited (MCX-SX CCL) and MCX-SX KYC Registration Agency Limited (MCX-SX KRA). MCX-SX CCL undertakes clearing and settlement of deals of the trades transacted on the Exchange platforms.

MCX-SX KRA is a wholly owned subsidiary (WOS) 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.

The Annual Report of subsidiaries are attached to this report.

9. Deposits

The Company has not accepted any public deposit during the financial year under review.

10. Auditors

As the Public Sector Banks hold more than 51% of the paid-up capital of the Exchange, the Statutory Auditors of the Company are appointed by the Office of the Comptroller and Auditor General of India (CAG) in terms of provisions of Section 619B read with Section 619 of the Companies Act, 1956. M/s. Chaturvedi & Shah, Chartered Accountants were appointed by the said Office as Statutory Auditors for the financial year 2012-13.

There have been no observations made by the Statutory Auditors on the annual accounts of the Company for the financial year 2012-13. The Notes to Accounts are self-explanatory.

11. Awards and Accolades

During the year, your Company has been awarded with the 'Golden Peacock Innovation Management Award 2012 (GPIMA 2012)' and 'SKOCH Digital Inclusion Award 2012'.

Golden Peacock Awards has been instituted by Institute of Directors in 1991 and are regarded as Holy Grail of Corporate Excellence Worldwide. The awards secretariat receives over 1,000 entries

per year for various awards, from over 25 countries worldwide. The achievement of the Golden Peacock Award is the most powerful way to build the brand of your Company.

The SKOCH Digital Inclusion Awards 2012 was presented to MCX-SX for 'Effective use of IT for Financial Inclusion' by Shri. Salman Khurshid, Hon'ble Union Minister for Minority Affairs and Law & Justice. Skoch Consultancy Services is a boutique strategy and management consulting firm.

Your Company's application/ award entry scored on the following points:

- MCX-SX was the first Exchange to -
 - get three ISO certifications for its technological systems
 - deploy superior technology for continued operations during sun outage
 - deploy SAP ECC 6.0 solutions to automate and integrate its key business processes and operations
 - start SMS service and WAP for currency futures prices and information on mobile
 - have Exchange website in 12 languages
 - provide financial literacy material in regional languages and in electronic versions (CDs)
- Multiple choice for connectivity to trading platform (VSAT, MPLS, ISDN, Internet)
- State-of-art Clearing Corporation
- Use of social networking sites – Twitter and LinkedIn — for currency futures data and information
- RSA Security Token for web-based Trading

12. Committees of the Board

Your Company is in compliance with the provisions of the Companies Act, 1956, SECC Regulations and the Listing Agreement to the extent applicable and has constituted various mandatory Committees under the said regulatory provisions. Please refer the report on Corporate Governance for Committee details.

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

In view of the nature of activities which are being carried out on by the Company, Rules 2A and Rules 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorptions are not applicable to the Company.

At MCX-SX, a conscious effort is undertaken to minimise the negative effects of its footprint on the environment. The Exchange strives to optimise energy usage and reduce its wastage. The main office building which is occupied on lease and license basis is aligned with the best global practices for conserving energy. Certified for Energy Management System ISO 14001:2004, MCX-SX

has well-defined environment and e-waste policies, wherein it has tied up with certified e-waste recycling enterprises for disposal of its office e-waste in a safe and environment-friendly manner.

There was no foreign exchange earnings during the period ended March 31, 2013.

The foreign exchange outgo during the year ended March 31, 2013 cumulatively amounted to ₹1,58,98,456/- as compared to ₹90,33,730/- in the year ended March 31, 2012 mainly on account of Legal and Professional charges and Membership drive.

The Company does not directly contribute to export growth, as it is not allowed to export its services. However, the Company provides a platform to the Small and Medium Enterprises (SMEs) and resident Indians, who hitherto did not have easy access to the currency market and takes the necessary initiative to educate these potential users on the benefits of risk management using currency futures through seminars and events. By providing a hedging mechanism, it indirectly encourages exports. The Company has tied up with the Federation of Indian Export Organisations (FIEO) for creating awareness amongst its members for risk management of volatility in foreign currency.

14. Corporate Governance Report and Management Discussion and Analysis Report

In terms of Clause 49 of the Listing Agreement, the Corporate Governance Report alongwith the certificate issued by the Statutory Auditors and Management Discussion and Analysis Report are attached to and forms part of this Report.

15. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that:-

- i. in the preparation of the annual accounts for the year 2012-13, the applicable accounting standards have been followed and there are no material departures;
- ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and have 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 2012-13 and of the profit of the Company for that period;
- iii. 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, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis.

16. Employees Stock Option Plan

During the financial year under review, your Company had allotted 1,27,500 equity shares of ₹1/- each to MCX Stock Exchange ESOP Trust. The requisite disclosures in terms the clause 12 of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are provided in Annexure "B" to this Report.

17. Corporate Sustainability & Inclusion (S&I) and Responsibility

Your Company is committed to market-based solutions for sustainable and inclusive growth. It aims to help broaden the investor base with a focus on the rural and semi-urban population through market design, product innovation and knowledge empowerment. Your Company has published a 'Manifesto of Change', a roadmap of what it intends to achieve in terms of driving market development and inclusive growth over the next 10 years.

A. Financial inclusion and market development

Adhering to its philosophy of 'Systematic Development of Markets through Information, Innovation, Education and Research,' and mission to promote Financial-literacy for- Financial Inclusion™, your Company has facilitated conduct of Certification Examinations in Capital Market and Equity Derivatives Module by National Institute of Securities Markets (NISM) established by SEBI.

With a focus on enhancing access of Small and Medium Enterprises to the Currency Derivatives market, your Company has conducted capacity enhancement programmes aimed at catering to their risk-management needs. This is line with your Company's belief in the co-creation of business and social value through an inclusive business model. As a result, there are about 1,200 corporate clients participants on the Currency Derivatives platform of which about 60 per cent constitute SMEs.

Till date, the Exchange has conducted 1,726 investor education and awareness programmes across the country, averaging at about one per working day, in collaboration with academic institutions, media, trade bodies, international organizations and industry experts.

B. Special inclusion drive

With the start of its full scale operations this year, the Exchange has announced its drive for financial inclusion by optimising the cost structure of membership, innovating two unique categories of members (Rural Entrepreneur Membership and Professionally Qualified Members) and institutionalizing stakeholder engagement across levels.

C. S&I policy framework

Your Company has undertaken a review to assess its business implications on society

and the environment. Based on this, your Company is drafting a Sustainability & Inclusion (S&I) policy framework. At the broad level, the framework emphasis on the core principles of transparency and accountability through corporate governance, co-creation of business and social value and sustainable market development in the context of markets, workplace, communities and environment.

D. Promoting business responsibility

Your Company believes that a Stock Exchange is in a unique position in helping mainstream the practice of measuring and reporting environmental, social and governance (ESG) performance of businesses. Your Company commits itself fully to support SEBI mandate for top 100 listed companies to report on Business Responsibility through capacity building for cost-effective compliance. It shall report on its Business Responsibility practices from next year.

MCX-SX has signed the voluntary commitment to the United Nation's Sustainable Stock Exchanges (SSE) initiative to promote long-term sustainable investment and improved environmental, social and corporate governance disclosure and performance among companies listed on its Exchange. With this, MCX-SX has joined the global league of six other Exchanges that have committed to the UN SSE initiative.

Your Company became a founder member of the Responsible Investment Research Association (RIRA), a non-profit body launched this year in India for promoting sustainable investment. RIRA is also supported by various international bodies including ASRIA (Association for Sustainable and Responsible Investment in Asia).

E. Employee engagement in the community

Your Company continues to encourage and support employees who wish to contribute towards social causes and institutions, by offering suitable platforms and an annual calendar of events.

- Annual blood donation drive was held on May 28, 2012 in association with BSES Hospital (Rotary Blood Bank).
- World Environment Day 2012: As part of our commitment to our planet, World Environment Day (WED) June 5, 2012 was celebrated at the office. There was an awareness campaign with employees in alignment with the UNEP – (United Nations Environment Programmes) theme for WED 2012: 'Green Economy: Does it include you?' as well as a photography talent recognition on the theme of 'Human impact on our environment'.
- Donation drive on Independence Day 2012: A donation drive was organised on August 13 and 14, 2012. Children's clothes and shoes donated by employees were sent to Mumbai Mobile Crèches (MMC). MMC is an NGO working for all over development of the children at construction sites. Their crèches provide food, health

facilities and education to children of construction site workers. Adults' clothes and shoes along with books and stationery were sent to Goonj, the NGO, which channelised the donations for beneficiaries from underprivileged and vulnerable communities.

- Standard Chartered Mumbai Marathon 2013: Employees participated in the Marathon and funding so raised was pledged to Mumbai Mobile Crèches (MMC).
- Impact shopping: An exhibition of products made by children of NGO – Aseema was held on August 14, 2012. Aseema strives to protect and promote the rights of underprivileged children and women. Products ranging from dupattas, bags, lamp shades, coasters and cards were bought by employees. On Junior's Day and Christmas, an exhibition of books by Pratham - an NGO which works towards providing quality education to underprivileged children in India - was held for the sale of low cost books. On November 9, 2012, on the occasion of Diwali, exhibition of products by members of IDOBRO (a platform for small scale women artisan groups and entrepreneurs) was organised. On Women's Day 2013, we facilitated another IDOBRO sale of handmade artifacts, food products, etc for employees. We continue to partner with IDOBRO for 'impact shopping', at our office at key events through the year.

18. 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, Reserve Bank of India, participating banks, clearing banks, shareholding banks and institutions, NSDL, CDSL, FEDAI, FIMMDA, FIEO, FICCI, CII, ASSOCHAM, IMC, IOSCO, SAFE, IGIDR, ICRIER, WFE, FIA, TIE, FISME 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 for the continuous support given by them to the Company.

The Directors also wish to convey their appreciation to the Company's employees for their enormous personal 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. The Board also acknowledges the contributions of the agencies, professional institutions such as FTKMC, ICAI, ICSI, ICWAI, Doordarshan, Delhi University to name a few, who have inked Memoranda of Understanding with the Company to work towards the goal of "Financial Literacy for Financial Inclusion".

For and on behalf of the Board of Directors

Date: May 28, 2013
Place: Mumbai

S S Thakur
Chairman &
Public Interest Director

Joseph Massey
Managing Director &
Chief Executive Officer

Annexure A

to the Directors' Report

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and Regulation 27 (5) of the SECC Regulations.

Name & Qualification	Age	Designation/ Nature of duties	Remuneration received (Gross ₹)	Experience (No of Years)	Date of commencement of employment	Previous employment
Joseph Massey MA, MBA	51	MD & CEO	2,29,73,686	24	April 2, 2003	Inter Connected Stock Exchange of India Ltd.
U Venkataraman BBA, CAIIB	59	CEO – Debt Segment & Wholetime Director	1,03,17,695	37	November 13, 2008	IDBI Bank
Sanjit Prasad BA, PGDRM	42	Director - Business Development	82,13,831	17	January 9, 2004	Stock Holding Corporation of India Ltd.
Suniel Vichare* B.Com, Diploma in Computer Software & Application	52	President	40,61,435	27	June 18, 2012	Universal Commodity Exchange
Setu K Shah B.Com, MBA	36	Sr. Vice President	57,44,392	14	August 21, 2006	Publicis Ambience
Ghanashyam Vishwanath Rao B.Com, DMS, MBA	45	Vice President	28,94,554	23	October 15, 2005	Electrowatt Engineering
Rajesh Bagwe* B.Sc, Masters of Labour Management, LLB	48	Vice President	38,41,048	23	April 28, 2008	Siemens Ltd.
S Sarat Chandran B.A, M. L., ACS	36	Head - Legal and Company Secretary	38,40,515	14	November 10, 2008	Eight Capital Advisory Services
Saji Cherian B.Com, MBA	51	Head	30,69,344	27	January 4, 2010	Bombay Stock Exchange Ltd.
Sanjay Golecha* B.Com, FCA	47	Vice President	32,63,282	23	November 1, 2012	Practise and Management Consultant
Himanshu Ashar B.Com, CFA	41	Vice President	27,81,141	19	January 21, 2008	Bombay Stock Exchange Ltd.

Name & Qualification	Age	Designation/ Nature of duties	Remuneration received (Gross ₹)	Experience (No of Years)	Date of commencement of employment	Previous employment
Venkatachalam Shunmugam B.Sc, M.Sc, PhD	43	Chief Economist	37,79,500	15	March 27, 2006	US Embassy
Narendra Kumar Ahlawat BV. Sc& AH, PGDRM, CFA	51	Head - Technology & CSQ	55,88,045	26	July 21, 2008	National Stock Exchange of India Ltd.
Ravi Narayan* M.Com, CS, PGDBA, PGDHRM	49	Assistant Vice President	19,37,275	25	October 1, 2012	Deutsche Investor Service Pvt. Ltd.
Atul Bapna* BE, MBA	38	Vice President	37,76,381	15	October 23, 2012	Nomura Financial Advisory and Securities India Pvt. Ltd.

* Joined during the year.

Notes:

1. Mr. Joseph Massey was appointed as the Managing Director & CEO for a period of three years from June 1, 2009 and was re-appointed for a further period of three years from June 1, 2012.
2. Mr. U Venkataraman was re-appointed as Whole-time Director for a period of three years from February 16, 2012. The Board during the year has redesignated Mr. U Venkataraman as CEO – Debt Segment and Whole-time Director. Subsequently, SEBI has approved the appointment of Mr. U Venkataraman as the Managing Director of MCX-SX CCL, subsidiary of the Company w.e.f. April 03, 2013. Accordingly, he will be drawing Nil remuneration from the Company and draw salary only from MCX-SX CCL.
3. Excludes gratuity and long term compensated absences which are actuarially valued and where separate amounts are not identifiable.
4. All other employees listed above are/were in permanent employment of the Company in accordance with the terms and conditions of employment agreed with them and the service rules of the Company.
5. None of the employees hold any equity shares in the Company within the meaning of sub-clause (iii) of clause (a) of sub-section (2A) of Section 217 of the Companies Act, 1956.
6. None of the above employees are related to any Director of the Company.

For and on behalf of the Board of Directors

Date: May 28, 2013
Place: Mumbai

S S Thakur
Chairman &
Public Interest Director

Joseph Massey
Managing Director &
Chief Executive Officer

Annexure B

to the Directors' Report

Disclosures of the Employee Stock Option Scheme, 2009 (ESOS Scheme 2009) under the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

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	NIL	NIL
d.	Options exercised	7,05,000	NIL	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, 2013)	3,77,500	2,84,800	NIL	NIL
g.	Variation of terms of options (as at March 31, 2013)	None			
h.	Money realized by exercise of options	₹ 7,05,000	NIL	NIL	NIL
i.	Total number of options (vested and unvested) in force (as at March 31, 2013)	42,500	37,70,300	5,53,250	1,45,800
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. Nimesh Shukla – 60,000

Sr. No.	Particulars	Round I	Round II	Round III	Round IV
	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			

Resigned from the service of the Company w.e.f. March 31, 2012.

Note: SEBI vide its circular dated December 13, 2012 has prohibited ESOPs to form part of compensation of Key Management Personnel (KMP). Pursuant to said circular, the concerned Senior Managerial Personnel and KMPs have undertaken not to exercise the vested options which were granted/vested to them before the notification of the aforesaid SEBI circular, in contravention of the SECC Regulations and circulars or instruction issued thereunder from time to time.

Sr. No.	Particulars	Round I	Round II	Round III	Round IV
a.	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, 2013)	₹ (0.05)	₹ (0.05)	₹ 0.12	₹ 0.12
b.	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	₹ 21,752/- (Rupees Twenty One Thousand Seven Hundred and Fifty Two only)		₹ 77,841/- (Rupees Seventy Seven Thousand Eight Hundred and Forty One only)	
	iii) The impact of this difference on profits and on EPS of the Company	Loss would have been greater by ₹ 21,752/- There would have been no material impact on the EPS.		Profit would have been lower by ₹ 77,841/- There would have been no material impact on the EPS.	
c.	Weighted average exercise price and Weighted average fair value	Not Applicable			
d.	Fair value of options	₹ 0.15/-	₹ 0.25/-	₹ 0.003/-	NIL
	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	Expected Dividends has 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 profits in this financial year and does not intend to propose any dividend for the financial year 2012-13.	
	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. Future options are presently intended to be offered through one or more trusts.
- 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 ₹ 1/- being the face value.

For and on behalf of the Board of Directors

Date: May 28, 2013
Place: Mumbai

S S Thakur
Chairman &
Public Interest Director

Joseph Massey
Managing Director &
Chief Executive Officer

Corporate Governance Report

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is to follow fair, ethical and transparent governance practices of highest order so as to be a role model for all listed companies. The Company is also committed to contribute to "triple bottom line" and aspires to meet the aspirations of the broader stakeholders and the societal expectations.

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. An equally integral part of its philosophy on Corporate Governance is to work with the Regulators and the Governments to inculcate the strong Corporate Governance culture in corporate India, as also to promote financial inclusion through financial literacy.

Being a new generation Stock Exchange, the Company is uniquely positioned to realize the above philosophy. At MCX Stock Exchange 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 of the board

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 circulars and instructions issued by SEBI from time to time ("SECC Regulations"), Securities Contracts (Regulation) Act, 1956 ("SCRA") and Securities Contracts (Regulation) Rules, 1957 ("SCRR") (collectively hereinafter referred to as "SEBI Regulations") besides the Companies Act, 1956 and the rules made thereunder ("the Act").

As on March 31, 2013, the Company has eight Directors, comprising three Public Interest Directors (PID), four Shareholder Directors and a Managing Director. To ensure the composition of the Board is in compliance with SEBI Regulations, the Company has recommended to SEBI the candidatures of four eminent persons to be nominated for the vacancy of PID on the Company's Board, and is awaiting SEBI's nomination. The day-to-day management is under the supervision of the Managing

Director & CEO (MD & CEO) who is assisted by CEO-Debt Segment and Whole-time Director (WTD) and a team of Key Management Personnel (KMP). The Chairman of the Board is a PID.

The Company treats PIDs and such of the Shareholder Directors who fulfill criteria of independence as laid down in Clause 49 of the Listing Agreement as Independent Directors.

B. Meetings and attendance

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

The Agenda papers are prepared by the Company Secretary in consultation with the Managing Director & CEO/Whole-time Director and circulated to the Board well in advance. At the meetings, discussion on each matter is encouraged especially from PIDs and Independent Directors. The Board also requests the Management to provide additional information, if required. The minutes of the meeting of the Board of Directors are circulated to all members of the Board for suggestions. The comments received from the Board members are incorporated in the minutes in consultation with the Chairman of the Board. The minutes of the meeting are confirmed at the next meeting upon approval of the Board.

During the financial year 2012-13, four Board Meetings were held and the gap between two meetings did not exceed three months. The said Board meetings were held on June 28, 2012, August 24, 2012, November 02, 2012 and February 14, 2013.

The details of the Board's composition with the Directors names, their attendance at the Board meeting held during the year, the nature of their directorship, their directorships, chairmanships and memberships of committees of the Board of other companies are given herein below:

Name of the Director	Nature of Directorship	Meet-ings	Attend-ance at the last AGM	Director-ship in other public companies (*)	No. of Committee positions held in other companies (**)	
					Chairman	Member
Mr. S S Thakur	ID / PID	4	Present	6(3)	-	-
Mr. S U Kamdar	ID / PID	3	Absent	-	-	-
Prof. (Mrs.) Ashima Goyal	ID / PID	4	Absent	(1)	-	-
Mr. Jignesh Shah	NED / SD	3	Absent	5(2)	-	-
Mr. Ashok Jha	ID / SD	4	Present	3	-	2
Mr. B D Sumitra	ID / SD	2	Absent	-	-	-
Mr. Joseph Massey	MD & CEO	4	Present	7	1	2
Mr. U Venkataraman	WTD	4	Present	2	-	1
Mr. C M Maniar %	ID / PID	2	Present	14(2)	1	9
Dr. Nitish Sengupta ^	ID	1	Absent	4(1)	-	-
Mr. Vepa Kamesam ^	ID	1	Absent	1(2)	-	-
Mr. Atul Rai@	ID	0	Absent	5	-	-
Mr. P K Chhokra#	ID / SD	2	Absent	1(1)	-	2
Mr. P R Barpande %	ID / PID	2	Present	4(1)	1	2
Mr. Vivek Mhatre!	ID / SD	2	Absent	-	-	-
Mr. Pawan Bajaj!	ID / SD	2	Absent	2	-	-
Mr. P R Karanth#	ID / SD	1	Absent	1	-	1

NED – Non-Executive Director; ID – Independent Director; PID – Public Interest Director; SD – Shareholder Director; MD&CEO – Managing Director & Chief Executive Officer; WTD – Whole-time Director.

* Excludes directorship in Private Companies, Foreign Companies, Section 25 Companies and Alternate Directorships. Figures in bracket indicates directorship of Private companies.

** Includes only Audit Committee and Shareholders' Grievance Committee of Indian Public Limited Companies.

% Resigned with effect from February 4, 2013

^ Retired at the Annual General Meeting of the Company held on September 20, 2012.

@ Resigned with effect from September 19, 2012.

Vacated office on expiry of term of office w.e.f September 20, 2012

! Demitted office at the AGM i.e. September 20, 2012

Notes:

- None of the Directors listed above are related.
- None of the Directors hold the office of Director in more than the permissible number of companies under the Companies Act, 1956.
- The Committee Chairmanships / Memberships are within the limits laid down in Clause 49 of the Listing Agreement.

C. Board committees and other committees constituted to comply with provisions of SEBI Regulations, the Act and the Listing Agreement to the extent applicable to the Exchange:

I. Board Committees

1. Audit Committee

The Audit Committee of the Company is constituted pursuant to Section 292A of the Act read with the SECC Regulations and the Listing Agreement.

A. Terms of Reference:

- a. To oversee the Company's financial reporting process and the disclosure of its financial statements to ensure that the financial statements are correct, sufficient and credible;
- b. To recommend the appointment and removal of external auditors, fixation of audit fee and approval for payment to any other services;
- c. To review with the management, the annual financial statements before submission to the Board, focusing primarily on:
 - i. Any changes in accounting policies and practices;
 - ii. Major accounting entries based on exercise of judgment by the management;
 - iii. Significant adjustments arising out of audit findings;
 - iv. The going concern assumption;
 - v. Compliance with accounting standards;
 - vi. Compliance with legal and listing requirements concerning financial statements;
 - vii. Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of Company at large.
- d. To review with the management, external and internal auditors, the adequacy of internal control systems;
- e. 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.
- f. To discuss with internal auditors any significant findings and follow up thereon;
- g. To review the findings of internal investigations into matters where there

is suspected fraud or irregularity or failure of internal control system of a material nature and report to Board;

- h. To discuss with the external auditors before the audit commences, nature and the scope of audit as well as have post-audit discussion to ascertain any area of concern;
- i. To review financial statements before submissions to the Board;
- j. To review Company's financial risk management policies;
- k. To investigate any activity/matter as may be required by the Board of Directors;
- l. To seek any information from any employees and/or records of the Company;
- m. To obtain outside legal or other professional advice; and
- n. To secure attendance of outsiders with relevant expertise, as may be considered necessary.

B. Composition, meetings and attendance:

The Committee met four times on June 27, 2012, September 7, 2012, November 1, 2012 and February 14, 2013. The previous Annual General Meeting of the Company was held on September 20, 2012 was attended by then Chairman of the Audit Committee, Mr. P R Barpande. Mr. S Sarat Chandran, Head – Legal and Company Secretary is the Secretary of the Committee.

Member	Category	Meetings Attended
Mr. P R Barpande*(Ex-Chairman)	ID, PID	2
Mr. C M Maniar*	ID, PID	2
Mr. B D Sumitra^(Chairman)	ID, SD	4
Mr. Joseph Massey	MD & CEO	4
Prof. (Mrs.)AshimaGoyal#	ID, PID	1

ID – Independent Director; PID – Public Interest Director; SD – Shareholder Director; MD & CEO – Managing Director & Chief Executive Officer

* Resigned w.e.f. February 04, 2013.

Admitted as a member of the Committee w.e.f. February 05, 2013.

^Designated as Chairman of the Committee w.e.f. February 05, 2013. Mr. Sumitra participated in 2 meetings through teleconference.

2. Remuneration Committee

The Committee has been constituted by the Board in accordance with the provisions of the Act and SECC Regulations read with Listing Agreement. The role of the said Committee is to determine the remuneration payable to the senior management in an objective manner considering the various factors in the interest of the Company. The remuneration paid to the senior management is in accordance with the SECC Regulations.

A. Composition, meetings and attendance:

The Committee met once during the year on May 24, 2012. Mr. C M Maniar was the Chairman for the meeting.

Member	Category	Meetings Attended
Mr. C M Maniar [^]	ID, PID	1
Mr. B D Sumitra [*]	ID, SD	1~
Mr. S S Thakur	ID, PID	1
Mr. Jignesh Shah	NED, SD	0

NED – Non-Executive Director; ID – Independent Director; PID – Public Interest Director; SD – Shareholder Director.

[^] Resigned as a Director w.e.f. February 4, 2013.

^{*} Admitted as member w.e.f. February 4, 2013.

~ Participated in the meeting through teleconference.

B. Details of remuneration paid / payable to the Directors

a) Executive Directors (MD & CEO and WTD)

Particulars	Mr. Joseph Massey (Amount in ₹)	Mr. U Venkataraman (Amount in ₹)
Fixed Component:		
Salary	2,26,69,807	83,13,832
Allowances and perquisites	3,03,879	3,55,239
Bonuses %	0	16,48,624
Total **	2,29,73,686	1,03,17,695
Directors Sitting Fees	N.A.	N.A.
ESOP – 2009 (in Nos.)		
Options granted *	10,00,000	2,50,000
Options exercised	-	-
Shareholding as on March 31, 2013	Nil	Nil
Period of Service contracts	For a period of three years commencing on and from June 1, 2012.	For a period of three years commencing on and from February 16, 2012.
Notice Period	Six months	Six months
Severance fees	Nil except notice pay	Nil except notice pay

* SEBI vide its circular dated December 13, 2012 has prohibited ESOPs to form part of compensation of Key Management Personnel (KMP). Pursuant to said circular, the Executive Directors have undertaken not to exercise the vested options in contravention of the SECC Regulations and circulars or instruction issued thereunder from time to time, which were granted/vested to them before the notification of the aforesaid SEBI circular.

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

% The Performance Linked Incentives are paid on achievement of the targets set and as may be agreed upon by the Remuneration Committee / Board.

Note: The remuneration paid / payable to MD & CEO is subject to approval of SEBI.

b) Non-Executive Directors

The following Non-Executive Directors are being paid only sitting fees for attending the meetings of the Board and Committees thereof.

Name of the Director	Sitting Fees paid (Amount in ₹)		ESOP - 2009		No of shares held	% to the paid-up capital
	Board	Committee	Granted	Exercised		
Mr. S S Thakur	80,000	5,40,000	1,25,000	82,500	82,500	0.02
Mr. S U Kamdar	60,000	60,000	1,25,000	-	-	-
Prof. (Mrs.) Ashima Goyal	80,000	2,20,000	1,25,000	-	-	-
Mr. Ashok Jha	80,000	-	2,50,000	2,50,000	2,50,000	0.05
Mr. B D Sumitra	40,000	2,70,000	1,25,000	1,25,000	1,25,000	0.02
Mr. C M Maniar^	40,000	2,60,000	1,25,000	82,500	82,500	0.02
Dr. Nitish Sengupta^	20,000	-	1,25,000	82,500	82,500	0.02
Mr. Vepa Kamesam^	20,000	30,000	1,25,000	82,500	82,500	0.02
Mr. Atul Rai	N.A.	N.A.	-	-	-	-
Mr. P K Chhokra	40,000	-	-	-	-	-
Mr. P R Barpande	40,000	2,50,000	1,25,000	-	-	-
Mr. Vivek Mhatre	40,000	-	-	-	-	-
Mr. Pawan Bajaj	40,000	-	-	-	-	-
Mr. P R Karanth	20,000	-	-	-	-	-

^The options granted to the Directors have lapsed pursuant to their resignation/retirement.

3. Shareholders' Grievance Committee

The Shareholders' Grievance Committee of the Company is constituted in terms of Regulation 35 of the SECC Regulations read with Clause 49(IV)(G)(iii) of the Listing Agreement. The Committee is constituted primarily with the objective of redressing shareholders' and investors' grievances. Mr. S U Kamdar is the Chairman of the Committee. Mr. S Sarat Chandran, Head – Legal and Company Secretary is the Compliance Officer of the Company.

A. Terms of reference

- Handling and redressal of various shareholders' complaints;
- Noting and approval of dematerialisation, rematerialization, share transfer, transposition of names, transmission requests, etc.;
- Issue of duplicate share certificates in case of torn or loss of share certificate;
- Any other specific shareholder matters as may be specified by the Board from time to time.

B. Composition, meetings and attendance

The Committee met twice on December 6, 2012 and February 22, 2013.

Member	Category	Meetings Attended
Mr. S U Kamdar	ID, PID	1
Mr. U Venkataraman	WTD	2
Mr. B D Sumitra*	ID, SD	2

ID – Independent Director; PID – Public Interest Director; SD – Shareholder Director; WTD – Whole-time Director.

*Participated in the meetings through teleconference.

C. Summary of requests /complaints received and redressed during the year

Complaints / Requests	Opening	Additions	Resolved	Outstanding
Shareholders Complaints	NIL	NIL	NIL	NIL
Demat	NIL	10	10	NIL
Remat	NIL	NIL	NIL	NIL
Transfers	NIL	10	10	NIL
Transmission	NIL	NIL	NIL	NIL
Duplicate Share Certificate(s)	NIL	NIL	NIL	NIL
Other requests	NIL	NIL	NIL	NIL

Note: No complaints were pending as on March 31, 2013.

4. Compensation Committee

The Compensation Committee of the Board is constituted in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the SEBI Regulations. The primary role of the Committee is to administer the implementation of the ESOS Scheme of the Company including grant of options under the Scheme, identify Key Management Personnel (KMP) and determine compensation policy as well as actual compensation of KMPs. Mr. S S Thakur is the Chairman of the meeting.

A. Composition, meetings and attendance

The Committee met thrice on June 27, 2012, November 1, 2012 and March 12, 2013.

Name of the member	Category	Meetings attended
Mr. C M Maniar^	ID, PID	1
Mr. B D Sumitra*	ID, SD	1~
Mr. S S Thakur	ID, PID	3
Prof. (Mrs.) Ashima Goyal*	ID, PID	1
Mr. Joseph Massey%	MD & CEO	2

ID – Independent Director; PID – Public Interest Director; SD Shareholder Director; MD & CEO - Managing Director & Chief Executive Officer

^Resigned as a Director w.e.f. February 4, 2013

~Attended the meeting through teleconference

*Appointed as member w.e.f. February 14, 2013

% ceased as member of the Committee w.e.f. February 14, 2013

II. Other Committees

The Company is regulated by SEBI and is required to comply with the requirements of SEBI Regulations. Other than the Audit Committee, Shareholders' Grievance Committee and Remuneration Committee constituted by the Company under the provisions of Companies Act, 1956 and Listing Agreement, the Company is additionally required to constitute Committees which are mandated by SEBI for stock exchanges. The Board has also constituted certain other Committees for operational convenience.

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

- Executive Committee – Currency Derivatives Segment
- Executive Committee – Futures & Options Segment
- Executive Committee – Capital Market Segment
- Advisory Committee
- Arbitration Committee
- Investor Service Committee
- Membership Committee
- Committee for monitoring compliance of SEBI Inspection Report
- Defaulters Committee
- Disciplinary Action Committee
- Ethics Committee
- Listing Regulation Oversight Committee
- Systems Committee
- Member Regulation Oversight Committee
- Project Implementation Committee
- Trading & Surveillance Oversight Committee
- Public Interest Directors Committee
- Investment Committee
- Management Committee

3. Representation on Board of Subsidiaries

The Company holds 51% of the paid-up capital of MCX-SX Clearing Corporation Limited (MCX-SX CCL) and 100% of MCX-SX KYC Registration Agency Limited (MCX-SX KRA). Both are non-material unlisted subsidiaries of the Company.

As on March 31, 2013, the following Directors represent the Company's interest on the Board of the subsidiaries:-

Name of subsidiaries	Name of the Director
MCX-SX CCL	Mr. Joseph Massey and Mr. U Venkataraman
MCX-SX KRA	Mr. Joseph Massey and Mr. U Venkataraman

The minutes of the Board meetings of the subsidiary Companies are placed at the Board meeting of the Company.

4. Code of Conduct

The Company has formulated and implemented a comprehensive Code of Conduct for Directors, Key Management Personnel and employees of the Company. The Code of Conduct is hosted on the website of the Company - www.mcx-sx.com.

The Board Members and the Senior Management Personnel affirm compliance with the Code of Conduct on an annual basis. The necessary declaration by the Managing Director & Chief Executive Officer under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct has been obtained for the financial year 2012-13 and forms part of the Annual Report.

5. General Meetings

A. Details of Annual General Meetings

Date & Time	Category	Venue of the meeting	Special resolution(s) passed for
September 20, 2012 at 3.30 p.m.	AGM (for FY- 2011-2012)	6th floor Board Room, Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai - 400093	i) Amendments to the Articles of Association. ii) Authorisation for issuance of shares under ESOP scheme upto 2% of post issue paid up equity capital of the Company or 1,50,00,000 equity shares of ₹ 1/- whichever is less. iii) Authorisation under Section 372A of the Companies Act, 1956 for Investment in securities of MCX-SX Clearing Corporation Limited upto a limit of ₹300 crore.
September 27, 2011 at 3.30 p.m.	AGM (for FY- 2010-2011)	6th floor, Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai - 400093	i) Authorisation for issuance of shares under Section 81 (1A) of Companies Act, 1956. ii) Authorisation for issuance of shares under ESOP Scheme upto 2% of post issue paid up equity capital of the Company or 1,50,00,000 equity shares of ₹ 1/- whichever is less.
September 29, 2010 at 4.00 p.m.	AGM (for FY- 2009-2010)	Orchid, 70-C, Nehru Road, Vile Parle (East), Mumbai - 400099	i) Authorisation for issuance of shares under Section 81(1A) of Companies Act, 1956. ii) Alterations in the Articles of Association and Rules of Exchange.

B. Extraordinary General Meeting

One Extraordinary General Meeting was held on June 2, 2012 for seeking re-appointment of Mr. Joseph Massey as Managing Director and CEO and Mr. U Venkataraman as CEO-CD Segment and Whole-time Director.

C. Postal Ballot

The Company has not passed any resolution by way of postal ballot as provisions of Section 192A of the Companies Act, 1956 relating to postal ballot is not applicable to the Company.

6. 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. Nonetheless, transactions with related parties as required to be reported under "Accounting Standard 18 - Related Party Disclosure" has been disclosed in the Notes to Accounts in the Annual Report.

B. Penalties or strictures imposed by Stock Exchanges, SEBI or any statutory authority, on any matter related to the capital markets during the last three years: Nil

C. Risk management policy

The Company has devised a formal risk management policy and follows detailed risk assessment and minimization procedure. The Board periodically reviews and monitors its implementation on regular intervals.

D. 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 Key Management Personnel and Employees which includes a Whistle Blower Policy. No personnel have been denied access to the Audit Committee.

E. Management discussions and analysis

The Management Discussion and Analysis is covered separately in the Annual Report.

F. CEO/CFO certification

The certification received under clause 49 of the Listing Agreement from Mr. Joseph Massey, Managing Director and CEO and Mr. Ghanashyam Rao, Head – Finance & Accounts on the financial statements of the Company for the year ended March 31, 2013 is annexed to this report.

G. Auditors' certificate on corporate governance

The Auditors' certificate regarding the compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement is annexed to the Directors' Report.

H. Compliance with Clause 49

a. Mandatory requirements:

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 is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement.

b. Non Mandatory requirements:

- i. The Chairman of the Board is proposed to be a Public Interest Director subject to the approval of SEBI. A Chairman's office is maintained at Company's expense. The Chairman has the requisite qualifications and experience which is of use to the Company and which, in our opinion, enables him to contribute effectively to the Company in his capacity as an Independent Director.
- ii. The Company has constituted a Remuneration Committee, meeting the requirement of Companies Act, 1956.
- iii. The financial statements of the Company are unqualified.
- iv. The Company has adopted a Code for Key Management Personnel and Employees which includes a Whistle Blower Policy. This policy enables an employee to report any actual or possible violation of the code of conduct. This policy ensures confidentiality and protection to the employee against retaliation.

7. Means of Communication

The quarterly results are published in one English newspaper having circulation in the whole or substantially the whole of India and in one Marathi newspaper having circulation in Mumbai. The financials results, shareholding pattern, press releases, Annual Reports etc. appear on the Company's website www.mcx-sx.com.

Significant events during the financial year are also posted on the website of the Company www.mcx-sx.com from time-to-time. The Company's website gives information on Exchange Rules and Bye-laws, schemes, products, membership of the exchange, news, events etc.

8. General Shareholder Information

Annual General Meeting (2012-13)	September 28, 2013*
Financial year	April 01, 2012- March 31, 2013
Record date & Book Closure date	Not Applicable
Dividend payment date	Not Applicable
Mode of payment of dividend	Not Applicable
Listing on Stock Exchanges	The Company is not listed on any stock exchange.
Stock Market Code	Not Applicable
Name and Designation of Compliance Officer	Mr. S Sarat Chandran, Head – Legal & Company Secretary
Registrars & Transfer Agents	Karvy Computershare Private Limited Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad – 500 081.
Share Transfer system	The authority has been delegated to the Management Committee of the Board to approve share transfers. The Shareholders' Grievance Committee notes transfers of shares, if any, from time to time.
Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	As at March 31, 2013, the Company has 1,196,630,000 outstanding Warrants and 4,511,850 Options granted under the ESOS Scheme.
Exchange operations are located at	Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai -400 093.
Address for Correspondence	Registered Office: Exchange Square, Chakala, Suren Road, Andheri (East), Mumbai - 400 093. Tel: 6731 9000 Email id: shareholdergrievance@mcx-sx.com Website: www.mcx-sx.com

*Time and Venue are not finalized and shall be intimated in the notice of Annual General Meeting.

9. Dematerialisation of Shares and Liquidity

As required under SEBI Regulations, the entire share capital (54,46,85,400 equity shares) of the Company 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.

10. Stock Market Data

Not Applicable as the Company is not listed on any stock exchange.

11. Share Price Performance to Broad Based Indices

Not Applicable as the Company is not listed on any stock exchange.

Distribution of Shareholding & Shareholding pattern (As on March 31, 2013):

Distribution of Shareholding

Sr. No.	Category (Amount)	Shareholders		Shares held	
		No. of holders	% of Total	No. of shares	% of Total
1.	up to 50000	0	0	0	0
2.	50001 - 100000	4	13.79	330,000	0.06
3.	100001 & above	25	86.21	544,355,400	99.94
	Total	29	100.00	544,685,400	100.00

Shareholding Pattern

Sr. No	Category	No. of shares held	% of shareholding
(A)	PROMOTER AND PROMOTER GROUP		
1.	INDIAN		
	Bodies Corporate	54,330,000	9.97
	Sub-Total A(1)	54,330,000	9.97
2.	FOREIGN	-	-
	Sub-Total A(2)	-	-
	Total A=A(1)+A(2)	54,330,000	9.97
(B)	PUBLIC SHAREHOLDING		
1.	INSTITUTIONS		
(a)	Mutual Funds /UTI	-	-
(b)	Financial Institutions /Banks	483,540,000	88.77
(c)	Venture Capital Funds	-	-
(d)	Foreign Institutional Investors	-	-
(e)	Foreign Bodies Corporate	-	-
	Sub-Total B(1)	483,540,000	88.77
2.	Non-Institutions		
(a)	Bodies Corporate	-	-
(b)	Individuals	247,500	0.05
(c)	Others (Directors)	457,500	0.09
(d)	Trusts	6,110,400	1.12
(e)	Non-Resident Indian	-	-
(f)	Clearing Members	-	-
	Sub-Total B(2)	6,815,400	1.26
	Total B=B(1)+B(2)	490,355,400	90.03
	Total (A+B)	544,685,400	100.00

Auditors Certificate on Compliance of conditions of Corporate Governance

TO THE MEMBERS OF
MCX STOCK EXCHANGE LIMITED

As per Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, (SECC Regulations) the disclosure requirements and corporate governance norms as specified for listed companies shall mutatis mutandis apply to a recognized stock exchange.

Accordingly, we have examined the compliance of conditions of Corporate Governance by MCX Stock Exchange Limited, for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. 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 and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

For **Chaturvedi & Shah**
Chartered Accountant
(Registration No. 101720W)

Place: Mumbai
Date: 28th May 2013

Sandesh Ladha
Membership No.47841

Management Discussion and Analysis

Economic Scenario

The current macro-economic conditions globally continue to be challenging and the continuing uncertainties in the international financial markets had an impact on emerging market economies, including India.

The global policy makers have also been facing challenges to economic growth in key global economies. Domestic economic scenario remained testing amidst the best efforts of the policy makers to bring growth back to the double digit path.

While global policy making had been grappling with the rising sovereign debt and the need for policy stimulus to keep the wheels of the growth engine well-oiled, the policy choices before the Indian policy makers, given India's political diversity, were restricted to continuing with the economic and structural reforms due to twin deficits and the challenge of continued high inflation.

With some reduction in inflationary pressures allowing an easing of interest rates, industry analysts and experts suggest that growth should gain momentum during FY 2013-14. Although financing the current account may create stresses in the current global environment this year, strong commitment to fiscal discipline, sturdy FY 2012-13 corporate performances, a slew of reform measures announced by the Government, SEBI, RBI, and various sectoral regulators, should put the growth back on the double digit path in a couple of years.

Industry Structure and Developments

The Indian Stock Exchange industry has a very long history and more than a decade of electronic trading. The past years witnessed an important milestone in this history when your Company became the third Stock Exchange with nationwide electronic presence to enter the equity and equity derivative space.

The survey conducted by independent parties show that the percentage of our country's population participating in the securities market has been declining and has about 1% presently. There has been an undue slant in the total exchange traded turnover in favour of Index Options. The capital formation through the exchanges has also been declining in line with the general economic climate.

For the major part of the last decade, the Stock Exchange industry has been characterised by the monopoly of the dominant player. The technological developments like co-locations and Algo trading have reinforced this position.

During the year under review, SEBI had notified the SECC Regulations and issued a circular laying down the procedural norms, laying down many more regulatory requirements for Stock

Exchanges and Clearing Corporations. SEBI had also provided for establishment of dedicated Debt Segment in Stock Exchanges through a policy measure.

This is primarily on account of network externalities in the industry from the phenomenon of “liquidity begetting liquidity”.

Opportunities and Threats

Your Company sees the vast untapped potential of the Indian securities market as a major opportunity. It believes that it would be able to create new market in untouched geographical areas and social sectors through its program of financial inclusion through financial literacy. It believes that its robust technology and risk management system would make it a preferred venue for trading of securities and there is also a big potential for under developed markets such as those for debt securities and securities of SMEs to pick up in India and your Company sees these areas also as a big opportunity. Being a new generation Exchange, your Company is uniquely positioned to bring innovatives in its services to utilize these opportunities.

The competitive structure of Stock Exchange industry in India presents a threat to the business of the Company. The dominant player which is enjoying near monopoly presently has unmatched liquidity in its Capital Market and Futures & Options platforms. Consequently, consumer dependency on the competitor is very high.

The other major threat faced by the Company is regulatory in nature. The Company is on its path to achieve the requisite shareholding structure as stipulated by the regulator and plans to increase the networth of its subsidiary and Clearing Corporation to the regulatory requirement of minimum of ₹300 crore within the regulatory timelines. To achieve this, the Company would require infusion of funds. Given the performance of the economy, raising of the requisite funds would be challenging.

Segment wise Performance

The Exchange currently operates three 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”.

A. Currency Derivatives Segment

Currency Derivatives – Average Daily		
Financial Year	ADV Volume (in lots)	ADV Turnover (₹ in Cr)
2011-12	3,209,688	15,552
2012-13	2,458,069	13,593

The turnover in the Currency Derivatives Segment declined by about 13%, due to decline in the currency volatility during FY 2012-13 to 6.32% compared with 14.57% during FY 2011-12.

Currency Derivatives – Segment Volume Trend (Currency lots)				
FY	USD	EUR	GBP	YEN
2011-12	731,407,805	26,642,485	6,827,729	5,447,210
2012-13	573,412,123	11,821,868	5,292,909	6,784,205

Currency Derivatives Segment Turnover Trend (₹ in Cr)				
FY	USD	EUR	GBP	YEN
2011-12	34,753,389.65	1,733,384.42	512,811.21	324,871.33
2012-13	3,130,784.12	83,418.99	45,494.42	43,481.16

B. Capital Market Segment

The Company commenced trading in Capital Market from February 11, 2013 onwards. It registered a trade of ₹0.69 crore on its first day of trading. Nearly 395 securities are traded on MCX-SX platform since the launch. Total volume i.e traded quantity on MCX-SX platform in the Capital Market Segment is 1,916,984 and the total value traded being ₹33.44 crore (33 days of operation).

The Exchange introduced Liquidity Enhancement Scheme (LES) in Capital Market and Futures & Options Segments with effect from March 6, 2013. The objective of the Scheme is to invite genuine participation and benefit all participants across various segments of the market - from smallest of retail investors to largest of institutions — for wholesome development of India's Capital Market. It provides a level playing field to all classes of users to have wider reach and impact.

In order to develop the markets at the fundamental level, the LES has been structured to reach out to real investors and users so that the investors and members have the benefit of sustained and genuine liquidity. The Exchange is the first national exchange in India to be offering incentives for liquidity enhancement in the Capital Market Segment.

C. Futures & Options Segment

MCX-SX commenced trading in Futures & Options Segment from February 11, 2013. It registered a trade of ₹11.84 crore on its first day of trading. Highest turnover of ₹796 crore was registered on March 28, 2013. MCX-SX has 143 stocks being traded in the Futures & Options segment. Total volume (in contracts) traded on Futures & Options was 2,75,569 and total value of derivative stocks traded was ₹8,049.22 crore.

Outlook

Your Company is a new entrant in the equity and equity derivatives space, having commenced trading operations from February 11, 2013. The initial volumes of trades undertaken on the Exchange are low as compared to the dominant exchange, showing that it would not be an

easy job to overcome the network externalities of uncomparable liquidity on the dominant platform. Your Company aims to create sustainable liquidity on its new platform through LES as permitted by SEBI in the short term and through wider penetration of the market to hitherto untouched geographical areas and social sectors through ambitious programme of financial inclusion through financial literacy.

The existing Currency Derivatives Segment of the Exchange has witnessed growth especially in the traded volumes in Currency Options. The initial setback, which the Exchange had suffered from the dominant competitors, on account of late introduction of Currency Options and consequently lesser quantum of open interest is slowly being overcome.

Your Company also proposes to start trading in new asset class such as SME securities and provide new services such as securities lending and borrowing, offer for sale, institutional placements, etc subject to regulatory approvals wherever applicable.

The business activities of your Company are expected to see a manifold increase as a result and the outlook is positive.

Risks and Concerns

As with all businesses, the Exchange business is also exposed to risks across all its business segments. The risks are diversified and it is imperative that the risks identified can be mitigated. The Exchange is in the process of implementing an Enterprise Risk Management Policy which would cover all aspects of its business. This policy would enable us to mitigate risks identified by us. The implementation and reporting of this policy is under the supervision of the Audit Committee and the Board.

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 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 are 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

1. Discussion on stand-alone financial performance with respect to operational performance

Financial Highlights	2012-13 (Amount in ₹ Cr)	2011-12 (Amount in ₹ Cr)
Revenue from operations	174.37	65.99
Profit before Interest, Depreciation, Tax and Exceptional Items	37.39	0.60
Profit before tax	21.42	(2.92)
Cash profit	31.69	0.60
Net profit	21.42	(2.92)

2. Revenue and operating expenses

The Company earned total revenues of ₹174.37 crore as against ₹65.99 crore in the previous year. The increase in revenue was mainly due to member's admission fees (₹73.90 crore) received towards composite membership application and receipt of transaction charges for the whole year vis-à-vis only for seven months in the previous year 2011-12 i.e. with effect from August 22, 2011.

The Net Profit after Tax recorded by the Company was ₹21.42 crore as against a loss of ₹2.92 crore in the previous year. Our total operating expenditure stood at ₹149.91 crore as against ₹87.58 crore in the previous year. The increase was mainly attributable to increase in advertisement and business promotion expenses, employee cost and other operating expenditure.

3. Operating profit before depreciation and amortisation and exceptional items

The Company earned EBITDA of ₹37.39 crore as compared to ₹0.60 crore in the previous year. The EBITDA margin for the year was 21.44% as against 1% in the previous year 2011-12.

4. Depreciation and amortisation

The depreciation and amortization charges were ₹10.27 crore as against ₹3.52 crore in the previous year. This was primarily due to procurement of hardware and software for the new segments which were operationalized during the financial year.

5. Profit after tax

The profit after tax stood at ₹21.42 crore as compared to a loss of ₹2.92 crore in the previous year.

6. Balance sheet

As on March 31, 2013, the Company had total assets of ₹529.28 crore and shareholders' funds amounting to ₹394.30 crore. The Company is debt-free as on March 31, 2013.

Material developments in Human Resources

In light of the launch of our Capital Market and Futures & Options, the Exchange has made substantial expansion in terms of Human Capital especially in the Operations department. Our headcount as at March 31, 2013 stood at 285 as against 136 as on March 31, 2012. The attrition rate stood at 8% as on March 31, 2013.

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 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.

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 as adopted by the Board of Directors.

Joseph Massey

Managing Director & CEO

May 28, 2013

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

(Issued in accordance with the provisions of regulation 35 of SECC Regulations read with Clause 49 of the Listing Agreement)

To the Board of Directors of MCX Stock Exchange Limited

Dear Sirs,

We have reviewed the financial statements read with the cash flow statement of MCX Stock Exchange Limited for the year ended March 31, 2013 and that to the best of our knowledge and belief, we state that:

- a. i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading; and
ii. These statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Codes of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies. In our opinion there are adequate internal controls over financial reporting.
- d. We have indicated to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements, if any; and
 - iii. that there have been no instances of significant fraud of which we have become aware.

Yours Sincerely,

Joseph Massey
Managing Director & CEO

Ghanashyam V Rao
Head - Finance & Accounts

Independent Auditors' Report

TO THE MEMBERS OF
MCX STOCK EXCHANGE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MCX Stock Exchange Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Attention is drawn to Note 36 of the financial statements regarding non provision for transfer of profits to the settlement guarantee fund (SGF) of the recognised clearing corporation(s) which clears and settle trades executed on that exchange for the reasons explained therein. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
 - e. On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act..

For **Chaturvedi & Shah**
Chartered Accountant
(Registration No. 101720W)

Sandesh Ladha
Partner
Membership No.47841

Place: Mumbai
Date: 28th May 2013

Annexure to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "Report On Other Legal And Regulatory Requirements" of our report of even date

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. As explained to us, fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
 - c. In our opinion and according to the information and explanations given to us, the Company has not disposed off substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. The activities of the Company and the nature of business do not involve the use of inventories. Accordingly, provisions of Clause (ii) of Paragraph 4 of the Order are not applicable to the company.
3. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of Clause (iii) of Paragraph 4 of the Order are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets and also for sale of services. In our opinion and according to the information and explanations given to us, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. In respect of the transactions made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 in respect of each party during the year, mainly for purchase of fixed assets and services and sale of fixed assets, suitable alternative sources are not available to obtain comparable quotations, however prices for them appears reasonable as per the information available with the Company and explanations provided to us.

6. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. To the best of our knowledge and according to the information and explanations provided to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of any services rendered by the Company.
9. In respect of statutory dues:
 - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Cess and any other statutory dues as applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2013 for a period of more than six months from the date they became payable.
 - b. According to the information and explanations given to us, there are no dues of Income-tax, Sales-tax, Service Tax, Customs Duty, Wealth Tax and Cess which have not been deposited with the appropriate authorities on account of any dispute.
10. The Company has accumulated losses at the end of the financial year which is less than fifty percent of its net worth. The Company has not incurred cash loss in the financial year covered by the audit and in the immediately preceding financial year.
11. The Company did not have any outstanding dues to any financial institutions, banks and Debenture holders during the year. Therefore the question of default does not arise.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund/nidhi/mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts in respect of securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the Company in its own name.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.

16. The Company did not have any term loan outstanding during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short term basis used for long term investments.
18. The Company has not made any preferential allotment of shares during the year under audit to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any monies by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **Chaturvedi & Shah**
Chartered Accountant
(Registration No. 101720W)

Place: Mumbai
Date: 28th May 2013

Sandesh Ladha
Partner
Membership No.47841

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MCX STOCK EXCHANGE LIMITED FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of MCX Stock Exchange Limited for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditor on the accounts of MCX Stock Exchange Limited for the year ended 31 March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller and Auditor General of India

(Y. N. Thakare)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – I, Mumbai

Place: Mumbai
Date: 13.08.2013

Audited Balance Sheet

as at March 31, 2013

		As at March 31, 2013		As at March 31, 2012	
	Note	₹	₹	₹	₹
Equity and Liabilities					
Shareholders' Fund					
Share capital	4	539,252,400		539,124,900	
Reserves and surplus	5	2,207,066,624		1,992,841,640	
Non Refundable Interest Free Deposits Against Warrants	6	1,196,630,000		1,196,630,000	
			3,942,949,024		3,728,596,540
Non-Current Liabilities					
Other long-term liabilities	7		173,512,000		36,400,000
Current Liabilities					
Trade payables	8	164,618,848		13,004,459	
Other current liabilities	9	998,346,620		75,914,568	
Short term provisions	10	13,302,088	1,176,267,556	14,879,524	103,798,551
Total			5,292,728,580		3,868,795,091
Assets					
Non-Current Assets					
Fixed Assets	11				
Tangible assets		274,870,850		39,503,746	
Intangible assets		611,005,958		144,794,043	
Intangible asset under development		212,449,121		101,500,000	
Non-current investments	12	128,000,000		128,000,000	
Long term loans and advances	13	264,570,288		204,484,179	
			1,490,896,217		618,281,968
Current Assets					
Current investments	14	120,091,973		15,003,673	
Trade receivables	15	80,702,663		55,219,110	

	Note	As at March 31, 2013		As at March 31, 2012	
		₹	₹	₹	₹
Cash and bank balances	16	3,011,992,473		2,871,904,664	
Short term loans and advances	17	470,172,672		151,183,335	
Other current assets	18	118,872,582		157,202,341	
			3,801,832,363		3,250,513,123
Total			5,292,728,580		3,868,795,091

Notes on Financial Statements

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants

For and on behalf of the Board of Directors of
MCX Stock Exchange Limited

Sandesh Ladha
Partner

Joseph Massey
Managing Director &
Chief Executive Officer

U Venkataraman
Whole-time Director

Sarat Chandran
Company Secretary

Ghanashyam V. Rao
Head - Finance & Accounts

Place : Mumbai
Date : May 28, 2013

Statement of Profit and Loss

for the year ended March 31, 2013

	Note	2012-13	2011-12
		₹	₹
Income			
Gross Revenue from operations	19	1,743,716,813	659,881,148
Less : Service tax		191,395,661	61,324,009
Net Revenue from operations		1,552,321,152	598,557,139
Other income	20	320,665,213	283,271,737
Total Revenue		1,872,986,365	881,828,876
Expenditure			
Operating expenses	21	570,152,683	451,807,568
Employee benefits expense	22	236,341,443	178,707,058
Advertisement and Business Promotion Expenses	23	283,252,981	37,227,537
Depreciation and amortisation expense		102,677,477	35,214,663
Other expenses	24	409,336,797	208,115,889
Total Expenses		1,601,761,381	911,072,715
Profit / (Loss) before exceptional item and tax		271,224,984	(29,243,839)
Exceptional items	25	57,000,000	-
Profit / (Loss) before tax		214,224,984	(29,243,839)
Less : Provision for taxation			
- Income Tax as per MAT		19,901,599	-
- Less :- MAT credit entitlement		(19,901,599)	-
Profit / (loss) for the year		214,224,984	(29,243,839)
Earnings per equity share of face value of ₹1 each	26		
Basic (in ₹)		0.40	(0.05)
Diluted (in ₹)		0.12	(0.05)

Notes on Financial Statements**1 - 37**

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants

For and on behalf of the Board of Directors of
MCX Stock Exchange Limited

Sandesh Ladha
Partner

Joseph Massey
Managing Director &
Chief Executive Officer

U Venkataraman
Whole-time Director

Sarat Chandran
Company Secretary

Ghanashyam V. Rao
Head - Finance & Accounts

Place : Mumbai
Date : May 28, 2013

Cash Flow Statement

for the year ended March 31, 2013

		For the year ended March 31, 2013		For the year ended March 31, 2012	
		₹	₹	₹	₹
A Cash flow from Operating Activities					
Net profit / (loss) before tax			214,224,984		(29,243,839)
Adjustments for					
Depreciation/Amortisation	102,677,477			35,214,663	
Dividend from Investments	(17,735,019)			(6,317,207)	
Net Prior Year Adjustments	-			152,629	
Unrealised Exchange Rate fluctuation	(1,904)			-	
Interest Income	(299,629,521)			(273,606,848)	
Loss on sale of Fixed Asset (net)	275,177			3,573,938	
Profit on sale of investments (net)	-			(485)	
Operating profit/ (loss) before working capital changes			(188,806)		(270,227,149)
Adjustments for					
Trade and other receivables	(269,027,180)			(110,945,392)	
Trade and other payables	1,004,568,649			21,354,047	
			735,541,469		(89,591,345)
Cash generated from operations			735,352,664		(359,818,494)
Net Prior Year Adjustments			-		(152,629)
Less: Taxes paid			(134,261,391)		(48,448,223)
Net cash generated from/(used in) operating activities			601,091,273		(408,419,346)
B Cash flow from Investing Activities					
Purchase of Fixed Assets			(710,824,699)		(122,468,971)
Sale of Fixed Assets			356,262		7,917,565
Purchase of current investments			(4,762,164,981)		(2,105,521,844)
Sale of current investments			4,674,811,700		2,106,838,148
Fixed deposit placed with banks (having maturity of more than 3 months)			(3,021,088,184)		(2,198,725,740)
Fixed deposit matured (having maturity of more than 3 months)			3,158,683,224		2,692,653,700
Investment in subsidiary company			-		(500,000)
Interest received (net of accrued interest)			336,690,755		239,413,502
Net cash generated from/(used in) Investing Activities			(323,535,923)		619,606,359

	For the year ended March 31, 2013		For the year ended March 31, 2012	
	₹	₹	₹	₹
C Cash flow from Financing Activities				
Proceeds from issuance of shares to ESOP trust		127,500		1,254,900
Security premium collected		-		372,570
Net Cash Generated from Financing Activities		127,500		1,627,470
Net Increase in Cash and Cash Equivalents		277,682,850		212,814,484
Cash and Cash Equivalents at Beginning of the Year (Refer note 16)		673,178,924		460,364,440
Cash and Cash Equivalents at End of the Year (Refer note 16)		950,861,774		673,178,924
Add : Fixed Deposits held for more than three months		2,061,130,699		2,198,725,740
Closing Cash and Bank Balance as per Note 16		3,011,992,473		2,871,904,664

Notes to Cash Flow Statement:

1. 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.
2. Figures in brackets represent cash outflows.

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants

For and on behalf of the Board of Directors of
MCX Stock Exchange Limited

Sandesh Ladha
Partner

Joseph Massey
Managing Director &
Chief Executive Officer

U Venkataraman
Whole-time Director

Sarat Chandran
Company Secretary

Ghanashyam V. Rao
Head - Finance & Accounts

Place : Mumbai
Date : May 28, 2013

Notes forming part of Financial Statements

1. Significant Accounting Policies

a. Basis of preparation of financial statements

The accompanying financial statements are prepared and presented under the historical cost convention, in accordance with the generally accepted accounting principle and the provisions of the Companies Act 1956 ('the Act'), to the extent applicable..

b. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements and the reported revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of 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.

c. Fixed assets

Fixed assets are stated at cost of acquisition 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.

d. 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.

e. Depreciation

Depreciation has been provided on Tangible Fixed Assets on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Leasehold improvement are depreciated over the period of lease.

Intangible assets comprising software purchased and licensing costs are amortised

on straight line basis over the useful life of the software up to a maximum of five years commencing from the month in which such software is ready for use.

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.

f. 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.

g. 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 recognised in the Statement of Profit & Loss of the year.

h. Revenue recognition

Revenue is recognized when no significant uncertainty as to measurement and realization exists.

- 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 (three years) 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.

i. 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 are charged to the Statement of Profit & Loss. The present value is determined using the market yields of government bonds, at the balance sheet date, as the discounting rate.

j. 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 any 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.

Profit or Loss on sale of investments is determined on the basis of weighted average cost.

k. Income Tax

Income 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 recognized subject to managements' judgment that their future realisation is reasonably certain except where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax

assets are recognized only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable / virtually certain (as the case may be) to be realised.

l. Operating leases

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.

m. 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 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

n. 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. On December 19, 2012, Securities and Exchange Board of India's ("SEBI") had granted permission to commence trading in interest rate derivative markets, equity, futures & options on equity and wholesale debt segments. Pursuant to the same, the Exchange has commenced operations in its Capital Markets and Futures & Options Segments from February 11, 2013. The Company has also been granted the status of "Recognized Stock Exchange" by Ministry of Corporate Affairs, Government of India on December 21, 2012 through a notification issued under section 2(39) of the Companies Act, 1956.
3. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

4. Share Capital

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Authorised : 2,500,000,000 (Previous Year: 2,500,000,000) Equity Shares of ₹1/- each		2,500,000,000		2,500,000,000
Issued, Subscribed and Paid-up : 544,685,400 (previous year: 544,557,900) equity shares of ₹1/- each, fully paid up	544,685,400		544,557,900	
Less:- Amount recoverable from MCX Stock Exchange ESOP Trust (Refer Note 4 (e)) [5,433,000 (Previous Year ₹5,433,000) equity shares of ₹1/- each fully paid allotted to the MCX Stock Exchange ESOP Trust]	5,433,000	5,433,000	5,433,000	
		539,252,400		539,124,900
Total		539,252,400		539,124,900

a) Reconciliation of the shares outstanding at the beginning and at the end of year.

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹	No. of Shares	₹
Equity shares				
At the beginning of the Year	544,557,900	544,557,900	543,303,000	543,303,000
Issued during the Year	127,500	127,500	1,254,900	1,254,900
Outstanding at the end of the Year	544,685,400	544,685,400	544,557,900	544,557,900

b) Details of shareholders holding more than 5% shares in the company.

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of ₹1/- each fully paid-up				
IFCI Limited	71,875,000	13.20%	71,875,000	13.20%
Union Bank of India	62,500,000	11.48%	62,500,000	11.48%
Punjab National Bank	50,000,000	9.18%	50,000,000	9.18%

c) 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.

d) Shares reserved for issue under options

- The Convertible share warrant holders have the option to convert their share warrant into 1,196,630,000 (Previous Year 1,196,630,000) equity shares of ₹1 each at the terms and conditions mentioned in note no.6.
- 4,078,308 (Previous Year 4,289,100) equity shares of Re.1 each have been reserved to be allotted to the ESOP trust under ESOP Scheme.

e) 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 ₹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 [₹5,433,000] has been deducted from share capital account and the balance part of the loan representing the amount of [₹567,000] has been added to short term loans and advances in note no.17. The balance of such loan as at March 31, 2013 is ₹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.

5. Reserve and Surplus

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Securities Premium Account				
As per last Balance Sheet	3,460,872,570		3,460,500,000	
Add :- Received on Issue of Shares	-		372,570	
		3,460,872,570		3,460,872,570
		3,460,872,570		3,460,872,570
Surplus / (deficit) in statement of Profit and Loss				
As per last financial statements	(1,468,030,930)		(1,438,787,091)	
Add / (Less) :- Profit / (Loss) for the year	214,224,984		(29,243,839)	
		(1,253,805,946)		(1,468,030,930)
		(1,253,805,946)		(1,468,030,930)
Total		2,207,066,624		1,992,841,640

6. Non Refundable Interest Free Deposits Against Warrants

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
At the end of the year		1,196,630,000		1,196,630,000
Total		1,196,630,000		1,196,630,000

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 ₹1,196,630,000 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 ₹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.

7. Other long-term liabilities

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Amount received from members and applicants towards :				
- Deposits		173,512,000		36,400,000
Total		173,512,000		36,400,000

8. Trade Payables

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Micro, Small and Medium Enterprises *		121,084		230,836
Others		164,497,764		12,773,623
Total		164,618,848		13,004,459

* Details of dues to micro,small and medium enterprises

As per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 the amounts due to the Micro, Small and Medium Enterprises on the basis of the information available with the Company regarding the status of suppliers are as under:

Particulars	As at March 31, 2013	As at March 31, 2012
Principal amount due and remaining unpaid	-	-
Interest due on (1) above and the unpaid interest	-	-
Interest paid on all delayed payments under the MSMED Act	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay other than (3) above	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

9. Other Current Liabilities

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Unearned Income towards :				
- Vsat connectivity charges	3,041,120		1,521,006	
- Other connectivity charges	735,481		-	
- Admission fees	16,750,000		2,800,000	
- Income received in advance	45,405,776		-	
- Transaction Charges	50,000		-	
- Others	8,005,236		24,099	
		73,987,613		4,345,105
Deposits from members		562,866,858		10,431,108
Sundry Creditors for Capital Expenditure		205,012,356		-
Investor service fund # [Including interest earned of ₹191,326 (Previous Year ₹38,657)]		3,471,137		1,279,811
Sebi Regulatory Fees		2,000,000		20,000,000
TDS Payable		91,894,322		16,210,199
Other Liabilities *		41,114,334		23,648,345
# Investor Service Fund of ₹1,000,000 was established by the Company in accordance with SEBI approval letter dated September 18, 2008 and an addition of ₹2,000,000 was made during the year {refer note.25(2)}. 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 ₹3,471,137 (Previous year ₹1,279,811) as at March 31, 2013 represents the total contribution amount of ₹3,000,000 and interest earned thereon.				
* Mainly includes Statutory Liabilities				
Total		998,346,620		75,914,568

10. Short Term Provisions

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Provision for Gratuity (Refer Note 28)		3,277,746		4,867,060
Provision for Leave Encashment		9,904,253		9,967,257
Provision for Wealth Tax		120,089		45,207
Total		13,302,088		14,879,524

11. Fixed Assets

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at April 01, 2012	Additions during the year	Deductions/ Adjustments	As at March 31, 2013	Upto March 31, 2012	For the year	Deductions/ Adjustments	Upto March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible Assets										
Own Assets										
Office Equipments	2,269,074	13,873,021	229,756	15,912,339	312,780	184,703	28,894	468,589	15,443,750	1,956,294
Computer Hardware	51,342,856	226,979,029	5,65,144	277,756,741	21,562,916	22,380,904	134,567	43,809,253	233,947,488	29,779,940
Furniture & Fixtures	402,279	3,097,153	-	3,499,432	155,503	42,587	-	198,090	3,301,341	246,776
Vehicles	8,459,881	3,914,747	-	12,374,629	939,145	9,47,295	-	1,886,440	10,488,189	7,520,736
Leased Assets										
Leasehold Improvements	-	11,800,000	-	11,800,000	-	109,918	-	109,918	11,690,082	-
Total (A)	62,474,090	259,663,949	794,900	321,343,140	22,970,344	23,665,407	163,461	46,472,291	274,870,850	39,503,746
Previous Year	65,588,210	11,215,826	14,329,946	62,474,090	15,688,604	8,947,525	1,665,785	22,970,344	39,503,746	
Intangible Assets										
Computer Software (Other than internally generated)	224,766,594	545,223,985	-	769,990,579	79,972,551	79,012,070	-	158,984,621	611,005,958	144,794,043
Total (B)	224,766,594	545,223,985	-	769,990,579	79,972,551	79,012,070	-	158,984,621	611,005,958	144,794,043
Previous Year	115,114,700	109,753,145	101,251	224,766,594	53,739,271	26,267,138	33,858	79,972,551	144,794,043	
Total (A + B)	87,240,684	804,887,934	794,900	1,091,333,719	102,942,895	102,677,477	163,461	205,456,912	885,876,808	184,297,789
Previous Year	180,702,910	120,968,971	1,44,31,197	287,240,684	69,427,875	35,214,663	699,643	102,942,895	184,297,789	
Intangible asset under development									212,449,121	101,500,000

12. Non-Current Investments

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Trade, Unquoted (at cost)				
In Equity Shares of Subsidiary Companies 12,750,000 Equity Shares (Previous Year 12,750,000) of MCX-SX Clearing Corporation Limited of ₹10 each fully paid-up.	127,500,000		127,500,000	
50,000 Equity Shares (Previous Year 50,000) of MCX-SX KYC Registration Agency Ltd. of ₹10 each fully paid-up.	500,000		500,000	
		128,000,000		128,000,000
Total		128,000,000		128,000,000
Total amount of unquoted investments		128,000,000		128,000,000

13. Long term loans and advances

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
(Unsecured, considered good)				
Capital advances	1,672,274		-	
Balance with Central Excise and Service Tax authorities	-		86,687,088	
Prepaid expenses	3,426,432		271,372	
Sundry Deposits	12,753,916		8,024,916	
Advance Income Tax (net)	242,769,260		108,507,869	
Loans and advances to employees	3,948,406		992,934	
		264,570,288		204,484,179
Total		264,570,288		204,484,179

14. Current Investments

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Non-trade unquoted (at lower of cost or realisable value, whichever is lower)				
In units of Mutual Funds, fully paid-up				
NIL (Previous Year 14991.91) of ₹1000/- each in Religare Liquid Fund - Super Institutional. Daily Dividend Reinvest	-		15,003,673	
119702.94 (Previous Year NIL) of ₹1000/- each in SBI Premier Liquid Fund - Direct Daily Dividend Reinvest	120,091,973		-	
		120,091,973		15,003,673
Total		120,091,973		15,003,673

15. Trade Receivables

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Unsecured and considered good				
Debts Outstanding for a period exceeding six months	-		-	
Other Debts	80,702,663		55,219,110	
		80,702,663		55,219,110
Total		80,702,663		55,219,110

16. Cash and Bank Balances

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Cash and cash equivalent				
Balance with Banks				
- In current accounts	24,248,880		24,422,252	
- Fixed Deposit with banks having maturity less than 3 months	909,800,000		648,233,819	
Cheques in hand	16,776,398		495,000	
Cash on Hand	36,496		27,853	
		950,861,774		673,178,924
Other Bank Balances *		2,061,130,699		2,198,725,740
* Includes :				
(A) ₹3,331,211 (Previous Year ₹1,225,740) earmarked towards the Investor Service Fund.				
(B) Under lien with Banks for Bank Guarantee- ₹250,000,000 (Previous Year 250,000,000)				
(C) Deposits of ₹320,000,000 (Previous Year ₹19,800,000) with maturity of more than 12 months.				
Total		3,011,992,473		2,871,904,664

17. Short Term Loans and Advances

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
(Unsecured, considered good)				
Loans and advances to related parties (refer note 30)	36,432,134		7,698,957	
Balance with Central Excise and Service Tax authorities	214,407,274		81,700,000	
Advances to vendors	4,693,833		1,573,429	
Prepaid expenses	213,875,526		58,692,147	
Loans and advances to employees	328,233		317,165	
Others #	435,672		1,201,637	
		470,172,672		151,183,335
[# includes ₹567,000 (Previous Year ₹567,000) balance with MCX Stock Exchange ESOP Trust] {Refer note 4(e)}				
Total		470,172,672		151,183,335

18. Other Current Assets

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Interest accrued on Fixed Deposits		118,492,412		155,553,646
Others		380,170		1,648,695
Total		118,872,582		157,202,341

19. Revenue from Operations

	2012-13		2011-12	
	₹	₹	₹	₹
Revenue from operations - Gross				
Sale of services -				
Transaction Fees	757,835,187		464,890,617	
Other operating revenue -				
Membership Admission Fees	739,047,900		8,382,800	
Processing Fees	7,752,840		303,325	
Vsat connectivity income	4,472,193		4,894,892	
Other connectivity charges	29,208,102		12,613,897	
Data Feed Charges	6,544,987		3,891,941	
Shared service cost recovered	188,757,353		153,981,454	
RSA Hardware Token	2,070,735		1,922,015	
Examination Fees	1,741,836		1,256,400	
Others	6,285,680		7,743,807	
		1,743,716,813		659,881,148
Total		1,743,716,813		659,881,148

20. Other Income

	2012-13		2011-12	
	₹	₹	₹	₹
Dividend from Non Trade Current Investments		17,735,019		6,317,207
Interest on Bank Deposits		299,400,256		271,753,996
Interest Income Others		229,265		1,852,852
Profit on sale of Current Investments (Net)		-		485
Rent		252,312		3,252,312
Exchange Difference		-		93,492
Miscellaneous Income		48,361		1,393
Total		320,665,213		283,271,737

21. Operating Expenses

	2012-13		2011-12	
	₹	₹	₹	₹
Clearing and Settlement Charges		107,711,776		94,315,706
Technology Cost		413,743,150		326,538,847
Sebi Regulatory Fees		20,000,000		20,000,000
Vsat Connectivity Expenses		3,787,971		4,681,687
Internet Connectivity Charges		7,704,234		6,271,328
Co-Location Charges		17,205,552		-
Total		570,152,683		451,807,568

22. Employee Benefits Expense

	2012-13		2011-12	
	₹	₹	₹	₹
Salaries, Allowances and Bonus	220,221,854		170,646,218	
Contribution to Provident Fund and other funds	14,648,916		7,443,667	
Staff Welfare and Other Amenities	1,470,673	236,341,443	617,173	178,707,058
Total		236,341,443		178,707,058

23. Advertisement and Business Promotion Expenses

	2012-13		2011-12	
	₹	₹	₹	₹
Advertisement		179,302,555		9,532,890
Business Promotion Expenses		23,059,467		6,688,738
Incentive for Liquidity Enhancement Scheme		30,721,270		-
Sponsorships and Seminar		50,169,689		21,005,909
Total		283,252,981		17,227,537

24 Other expenses

	2012-13		2011-12	
	₹	₹	₹	₹
Rent		59,438,338		44,622,264
Repairs and Maintenance - Others		14,113,206		2,244,884
Insurance		3,002,410		1,646,659
Travelling and Conveyance		16,370,459		9,825,819
Communication Expenses		63,666,413		16,019,968
Legal and Professional Charges		163,425,844		74,575,399
Shared Service Cost		18,680,600		19,561,483
Membership and Subscription Fees		48,807,916		25,533,096
Directors Sitting Fees		2,230,000		1,550,000
Payment to Auditors				
- Audit Fees	1,500,000		1,100,000	
- Other matters (Certification)	1,900,000		-	
- Reimbursement	100,000	3,500,000	-	1,100,000
Loss on Sale of Fixed Asset (net)		275,177		3,573,938
Wealth Tax		74,882		51,358
Exchange Rate Fluctuation (net)		164,059		186,138
Miscellaneous Expenses		15,587,493		7,624,883
Total		409,336,797		208,115,889

25. Exceptional Items

	2012-13		2011-12	
	₹	₹	₹	₹
Contribution to funds :				
- Contribution to Settlement Guarantee Fund	50,000,000		-	
- Contribution to Investor Protection Fund	5,000,000		-	
- Contribution to Investor Services Fund	2,000,000	57,000,000	-	-
Total		57,000,000		-

25(1) Settlement guarantee fund

During the year, the Company has contributed Rs. 25,000,000 each towards Equity Cash and Equity Derivative segment as per "Comprehensive guidelines for Investor Protection fund at Stock Exchanges" dated 28 October 2004 issued by SEBI.

25(2) Investor service fund

During the year, the Company has contributed Rs. 1,000,000 each towards Equity Cash and Equity Derivative segment. This 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 investor.

25(3) Investor protection fund

During the year, the Company has contributed ₹2,500,000 each towards Equity Cash and Equity Derivative segment based on the 'Comprehensive guidelines for Investor Protection Fund at Stock Exchanges' dated 28 October 2004 issued by SEBI.

26. Earnings Per Share ('EPS')

Particulars	2012-13	2011-12
Profit/(Loss) after tax	214,224,984	(29,243,839)
Weighted average number of equity shares outstanding during the year for basic EPS	539,139,222	537,989,808
Weighted average number of equity shares outstanding during the year for diluted EPS	1,741,439,090	1,740,089,329
Basic earnings per share of face value ₹1 each	0.40	(0.05)
Diluted earnings per share of face value ₹1 each	0.12	(0.05)

27. 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.

- 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	₹1	December 1, 2010	Upto December 1, 2011
	371,250	₹1	December 1, 2011	Upto December 1, 2012
	382,500	₹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	₹2.10	March 20, 2013	Upto March 20, 2014
	1,338,183	₹2.10	March 20, 2014	Upto March 20, 2015
	1,378,734	₹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 subject to the approval of shareholders.

- 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 ₹1/- each at ₹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 subject to the approval of shareholders.

- 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 ₹1/- each at an exercise price of ₹3.95/-. Exercise period for each option is as stated above.

Particulars	ESOP 2009 Round-I (Nos.)	ESOP 2009 Round-II (Nos.)	ESOP 2009 Round-III (Nos.)	ESOP 2009 Round-IV (Nos.)
Outstanding at the start of the year	297,500	3,805,100	NIL	NIL
Granted during the year	NIL	NIL	553,250	145,800
Forfeited/Lapsed during the year	127,500	34,800	NIL	NIL
Exercised during the year	127,500	NIL	NIL	NIL
Outstanding at the end of the year	42,500	3,770,300	553,250	145,800
Exercisable / vested at the end of the year	42,500	1,326,699	NIL	NIL

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

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	₹1	₹1.55	₹1.79	₹1.79
(ii) Exercise price	₹1	₹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 profits in this financial year and does not intend to propose any dividend for the financial year 2012-13.	The Company has made profits in this financial year and does not intend to propose any dividend for the financial year 2012-13.
(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.				

The Profit after tax of the Company for the year would have been lower by ₹77,841 (Previous Year ₹21,752) had the Company accounted the employee share-based payment using the fair value method. There is no material impact on the earnings per share.

28. Employee Benefits

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

A. 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	2012-13	2011-12
	₹	₹
Employer's Contribution to Provident Fund	7,667,176	6,464,162

B. Defined contribution 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, 2013 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, 2013.

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

Particulars	Gratuity	
	2012-13 (Funded)	2011-12 (Funded)
	₹	₹
Defined Benefit Obligation at the beginning of the year	12,483,708	6,647,324
Current Service cost	2,609,313	2,104,789
Interest Cost	1,061,115	548,405
Liability transfer in	683,086	5,544,138
Liability transfer out	(250,239)	(56,316)
Actuarial (gain) / loss	4,223,900	(1,673,959)
Benefits paid	(872,812)	(630,673)
Defined Benefit obligation at the end of the year	19,938,071	12,483,708

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

Particulars	2012-13	2011-12
	₹	₹
Fair Value of Plan Assets at the beginning of the year	7,616,648	-
Expected Return On Plan Assets	655,032	-
Contribution during the year	7,693,418	2,755,521
Transfer From Other Company	683,086	5,544,138
Transfer To Other Company	(250,239)	(56,316)
Benefit Paid From The Fund	-	(630,673)
Actuarial Gains/(Losses) On Plan Assets	262,380	3978
Fair Value of Plan Assets at the end of the year	16,660,325	7,616,648

III. The amount recognised in the statement of Profit & Loss is as follows

Particulars	Gratuity	
	2012-13 (Funded)	2011-12 (Funded)
	₹	₹
Interest Cost	1,061,115	548,405
Expected return on plan assets	(655,032)	-
Actuarial (gain) / loss	3,961,520	(1,677,937)
Net expenses	6,976,916	975,257

IV. Experience Adjustments in Actuarial (gain) / loss

Particulars	2012-13 ₹	201-12 ₹	2010-11 ₹	2009-10 ₹	2008-09 ₹
Gratuity					
Plan Assets	262,380	3,978	-	-	Not Applicable
Plan Liabilities	3,668,404	1,049,773	1,234,055	2,191,170	Not Applicable

V. Reconciliation of fair value of assets and obligation: Gratuity

Particulars	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Fair value of Plan assets	16,660,325	7,616,648	-	-	
Present Value of obligation	19,938,071	12,483,708	6,647,324	3,957,234	4,53,806
(Asset) / Liability recognised in Balance sheet	3,277,746	4,867,060	6,647,324	3,957,234	4,53,806

VI. Principal actuarial assumptions at the Balance sheet date

Particulars	Gratuity As at	
	March 31, 2013	March 31, 2012
Mortality Table(LIC)	1994-96 (ultimate)	1994-96 (ultimate)
Discount rate (per annum)	8.25%	8.50%
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 above information is certified by the actuary.

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

29. Segment Reporting

a. Primary segment

The Company considers business segment (business of facilitating trading in currency 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.

b. Secondary segment

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

30. 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

- MCX-SX Clearing Corporation Limited (MCX-SX Clear)
- MCX-SX KYC Registration Agency Limited (MCX-SX KYC)

(ii) Key Management Personnel (KMP)

- Mr. Joseph Massey (MD & CEO)
- Mr. U Venkataraman (Whole time director)

(iii) Others

- MCX-SX ESOP Trust

b. Details of transactions with related parties

Nature of Transaction	MCX-SX KYC (Subsidiary)	MCX-SX Clear (Subsidiary)	ESOP Trust (Others)
	₹	₹	₹
Clearing and settlement charges	- (-)	107,711,776 (94,315,706)	- (-)
Re-imbursements charged by the Company	- (-)	- (31,566)	- (-)
Rent income	- (-)	3,252,312 (3,252,312)	- (-)
Shared service cost recovered	- (-)	167,993,372 (139,602,406)	- (-)
Shares allotted to ESOP Trust	- (-)	- (-)	127,500 (12,54,900)
Investments in equity shares	- (500,000)	- (-)	- (-)
Sale of fixed assets	- (-)	287,149 (134,450)	- (-)
Purchase of Fixed assets	- -	370,835 (-)	- -
Advance recoverable in cash or in kind for value to be received	- (-)	36,432,134 (7,698,957)	- (-)
Closing Balance of Investments in equity shares	500,000 (500,000)	127,500,000 (127,500,000)	- (-)
Shares allotted to ESOP Trust	- (-)	- (-)	127,500 (12,54,900)
Closing Balance of Loan to ESOP Trust	- (-)	- (-)	6,000,000 (6,000,000)

c. Transactions with KMP

Sr. No.	Nature of transactions	Amount ₹
1.	Salary & allowances*	
	Mr. Joseph Massey	22,973,686 (17,598,643)
	Mr. U Venkataraman	10,317,695 (9,470,380)
2.	Car deposit received from	
	Mr. U Venkataraman	134,497 (134,497)
3.	ESOP Granted	
	Mr. Joseph Massey	Nos.
	Opening balance	1,000,000 (-)
	Add- options granted	- (1,000,000)
	Less- Exercised during the year	- (-)
	Closing Balance	1,000,000 (1,000,000)
	Mr. U Venkataraman	
	Opening balance	250,000 (-)
	Add- options granted	- (250,000)
	Less- Exercised during the year	- (-)
	Closing Balance	250,000 (250,000)
	Less- Exercised during the year	- (-)
	Closing Balance	250,000 (25,000)

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

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

31. 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:

Particulars	As at March 31, 2013	As at March 31, 2012
	₹	₹
Future minimum lease payments		
Not later than one year	117,115,260	42,096,080
Later than one year and not later than five years	251,548,997	41,360,184
Later than five years	-	-

- b. Total future minimum sub-lease payments expected to be received under subleases is ₹3,252,312 (Previous Year ₹3,252,312).
- c. Lease payments recognised in the statement of Profit & Loss is ₹59,406,008 (Previous year ₹44,622,264).
- d. Sub-lease payment received and recognised in the statement of Profit & Loss is ₹3,252,312 (Previous Year ₹3,252,312).

32. Deferred Tax Asset/Liability

As required by Accounting Standard-22 (AS-22) on "Accounting for Taxes on Income" Deferred Tax comprises of the following items:

Particulars	As at March 31, 2013	As at March 31, 2012
	₹	₹
Deferred Tax Assets		
Disallowance under the Income Tax Act, 1961	5,020,381	5,556,476
Unabsorbed depreciation	62,125,503	62,414,527
Deferred Tax Liability		
Related to fixed assets	62,780,176	27,215,715
Net Deferred tax asset/(liability)	4,365,708	40,755,288

In the absence of virtual certainty that surplus taxable income will be available against which the Deferred Tax Asset can be realized, the same has not been recognized in the books of account in line with AS-22 dealing with "Accounting for Taxes on Income".

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

Particulars	As at March 31, 2013	As at March 31, 2012
	₹	₹
Legal and Professional Charges	-	20,000
VSAT Connectivity Charges	-	72,972
Others	-	59,657
Total	-	152,629
Prior Period Income		
Dividend from Non Trade Current Investments	-	-
Total	-	-
Net Prior Period Expenses	-	152,629

34. Expenditure in Foreign Currency

Particulars	As at March 31, 2013	As at March 31, 2012
	₹	₹
Legal and professional charges	9,183,216	8,333,122
Sponsorship expenses	557,340	249,175
Advertisement, Sales Promotion & Seminar	-	59,370
Membership	4,837,327	117,002
Others	903,534	28,739

35. During the year, the company is liable to pay Minimum Alternative Tax (MAT) under section 115 JB of the Income Tax Act, 1961 (the Act) and the amount paid as MAT is allowed to be carried forward for being set off against the future tax liabilities computed in accordance with the provisions of the Act, other than Section 115 JB, in next ten years. Based on the future projection of the performances, the Company will be liable to pay the income tax computed as per provisions, other than under section 115 JB, of the Act. Accordingly as advised in Guidance Note on "Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961" issued by the Institute of Chartered Accountants of India, ₹19,901,599/ (Previous Year Rs.NIL) being the excess of tax payable u/s 115 JB of the Act over tax payable as per the provisions other than section 115JB of the Act has been considered as "MAT Credit Entitlement" and credited to the Statement of Profit & Loss.

36. The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 requires every recognised stock exchange to credit Twenty Five percent of its profits 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 the press release dated 21 June, 2012 SEBI formed an expert committee to look into the various aspects including transfer of profit by the stock exchanges. Pending the decision no transfer of profit has been made in the books of accounts as on 31 March, 2013. The Company would account it as and when SEBI takes the final decision.

37. Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for Rs.1,799,158/- (Previous Year Nil)

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiaries

1	Name of the subsidiary	MCX-SX Clearing Corporation Limited	MCX-SX KYC Registration Agency Limited
2	Financial Year of the subsidiary company ended on	March 31, 2013	March 31, 2013
3	Holding Company Interest		
	(i) Number of Shares	12,750,000	50,000
	(ii) Extent of Holding	51%	100%
4	The Net Aggregate amount of the subsidiary Profit/(Loss) so far as it concerns members of the holding company and is not dealt with In Holding Company's account		
	(i) for the financial year of the company	₹502,631	₹(27,775)
	(ii) for the previous financial year of the Subsidiary since it became the holding Company's subsidiary	₹NIL	₹NIL
5	Net aggregate amount of the Profit/(Loss) of the Subsidiary dealt with in the company's account		
	(i) for the financial year of the subsidiary	₹NIL	₹NIL
	(ii) for the previous financial years of the subsidiary Since it became the subsidiary of the holding Company.	₹NIL	₹NIL

For and on behalf of the Board of Directors of
MCX Stock Exchange Limited

Joseph Massey
Managing Director &
Chief Executive Officer

U Venkataraman
Whole-time Director

Sarat Chandran
Company Secretary

Ghanashyam V. Rao
Head - Finance & Accounts

Place : Mumbai
Date : May 28, 2013

Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF
MCX STOCK EXCHANGE LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **MCX Stock Exchange Limited** (the "Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, 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.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements 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 accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Group's preparation and presentation 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 accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of

the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
 - b. in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
 - c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

6. We did not audit the financial statements of two subsidiaries which reflect total assets (net) of Rs. 16,643.41 lacs as at March 31, 2013, total revenue (net) of Rs. 609.41 lacs and net cash flows amounting to Rs.569.02 lacs for the year then ended on that date. These financial statements / consolidated financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of other matters.

For **Chaturvedi & Shah**
Chartered Accountants

Place: Mumbai
Date: 28th May 2013

Sandesh Ladha
Partner
Membership No.47841

Consolidated Balance sheet

as at March 31, 2013

		Note	As at March 31, 2013		As at March 31, 2012	
			₹	₹	₹	₹
Equity and Liabilities						
Shareholders' Fund						
Share capital	4	539,252,400		539,124,900		
Reserves and surplus	5	2,301,082,997		2,034,191,830		
Non Refundable Interest Free Deposits Against Warrants	6	1,196,630,000		1,196,630,000		
			4,036,965,397			3,769,946,730
Minority Interest			137,515,467			137,032,548
Non-Current Liabilities						
Other long-term liabilities	7		173,512,000			36,400,000
Current Liabilities						
Trade payables	8	165,384,003		13,217,958		
Other current liabilities	9	2,262,425,973		607,993,220		
Short term provisions	10	15,489,823	2,443,299,799	15,440,875		636,652,053

Notes on Financial Statements 1-34

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants

For and on behalf of the Board of Directors of
MCX Stock Exchange Limited

Sandesh Ladha
Partner

Joseph Massey
Managing Director &
Chief Executive Officer

U Venkataraman
Whole-time Director

Sarat Chandran
Company Secretary

Ghanashyam V. Rao
Head - Finance & Accounts

Place : Mumbai
Date : May 28, 2013

Statement of Consolidated Profit and Loss for the year ended March 31, 2013

	Note	2012-13	2011-12
		₹	₹
Income			
Gross Revenue from operations	18	1,554,959,460	505,899,694
Less : Service tax		170,631,680	46,944,961
Net Revenue from operations		1,384,327,780	458,954,733
Other income	19	410,678,430	351,381,266
Total Revenue		1,795,006,210	810,335,999
Expenditure			
Operating expenses	20	462,441,499	357,493,635
Employee benefits expense	21	255,828,393	190,415,884
Finance costs	22	-	28,197
Advertisement and Business Promotion Expenses	23	283,252,981	37,249,111
Depreciation and amortisation expense		102,996,977	35,422,740
Other expenses	24	418,303,599	212,163,158
Total Expenses		1,522,823,449	832,772,725
Profit / (Loss) before exceptional item and tax		272,182,761	(22,436,726)
Exceptional items	25	57,000,000	-
Profit / (Loss) before tax		215,182,761	(22,436,726)
Less : Provision for taxation			
- Income Tax as per MAT		19,901,599	-
- Less :- MAT credit entitlement		(19,901,599)	-
Profit / (loss) for the year (before adjustments for minority interest)		215,182,761	(22,436,726)
Less : Minority Interest in income		482,920	3,362,599
Profit / (Loss) for the year after Minority Interest		214,699,840	(25,799,325)
Balance brought forward from previous year		(1,452,960,551)	(1,427,161,226)
Balance carried to balance sheet		(1,238,260,711)	(1,452,960,550)
Earnings per equity share of face value of Re.1 each	26		
Basic (in Re.)		0.40	(0.05)
Diluted (in Re.)		0.12	(0.05)

Notes on Financial Statements**1 - 34**

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants

For and on behalf of the Board of Directors of
MCX Stock Exchange Limited

Sandesh Ladha
Partner

Joseph Massey
Managing Director &
Chief Executive Officer

U Venkataraman
Whole-time Director

Sarat Chandran
Company Secretary

Ghanashyam V. Rao
Head - Finance & Accounts

Place : Mumbai
Date : May 28, 2013

Consolidated Cash Flow Statement

for the year ended March 31, 2013

		For the year ended March 31, 2013		For the year ended March 31, 2012	
		₹	₹	₹	₹
A Cash flow from Operating Activities					
Net profit / (loss) before tax			215,182,761		(22,436,726)
Adjustments for					
Depreciation/Amortisation	102,996,977			35,422,740	
Dividend from Investments	(36,506,322)			(28,225,983)	
Net Prior Year Adjustments	-			152,629	
Unrealised Exchange Rate fluctuation	(1,904)			-	
Interest Income	(374,123,493)			(321,567,938)	
Interest Expenses	-			28,197	
Loss on sale of Fixed Asset (net)	287,494			3,573,938	
Profit on sale of investments (net)	(254)			(160,868)	
Contribution towards funds and interest accrued thereon (Refer Note 25)	52,191,326			-	
Operating profit/ (loss) before working capital changes			(39,973,415)		(333,214,011)
Adjustments for					
Trade and other receivables	(246,153,623)			(108,747,018)	
Trade and other payables	1,738,749,295			130,636,180	
			1,492,595,672		21,889,162
Cash generated from operations			1,452,622,257		(311,324,848)
Net Prior Year Adjustments			-		(152,629)
Less: Taxes paid			(144,303,366)		(53,969,739)
Net cash generated from/(used in) operating activities			1,308,318,891		(365,447,216)
B Cash flow from Investing Activities					
Purchase of Fixed Assets			(713,571,944)		(122,612,876)
Sale of Fixed Assets			734,621		7,917,565
Purchase of current investments			(5,358,083,376)		(2,105,521,844)
Sale of current investments			4,674,811,700		2,367,650,723
Fixed deposit placed with banks (having maturity of more than 3 months)			(3,148,337,684)		(2,646,020,147)
Fixed deposit matured (having maturity of more than 3 months)			3,158,683,224		2,792,653,700
Interest received (net of accrued interest)			411,901,432		267,818,678
Net cash generated from/(used in) Investing Activities			(973,862,027)		561,885,799

	For the year ended March 31, 2013		For the year ended March 31, 2012	
	₹	₹	₹	₹
C Cash flow from Financing Activities				
Interest paid		-		(28,197)
Proceeds from issuance of shares to ESOP trust		127,500		1,254,900
Secuity premium collected		-		372,570
Net Cash Generated from Financing Activities		127,500		1,599,273
Net Increase in Cash and Cash Equivalents		334,584,364		198,037,856
Cash and Cash Equivalents at Beginning of the Year (Refer note 15)		682,572,612		484,534,758
Cash and Cash Equivalents at End of the Year (Refer note 15)		1,017,156,976		682,572,612
Add : Fixed Deposits held for more than three months		2,913,380,199		2,923,725,740
Closing Cash and Bank Balance as per Note 15		3,930,537,175		3,606,298,352

Notes to Cash Flow Statement:

1. 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.
2. Figures in brackets represent cash outflows.

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants

For and on behalf of the Board of Directors of
MCX Stock Exchange Limited

Sandesh Ladha
Partner

Joseph Massey
Managing Director &
Chief Executive Officer

U Venkataraman
Whole-time Director

Sarat Chandran
Company Secretary

Ghanashyam V. Rao
Head - Finance & Accounts

Place : Mumbai
Date : May 28, 2013

Notes forming part of Consolidated Financial Statements

1. Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements relate to MCX – Stock Exchange Ltd. (‘the Company’) and its subsidiaries MCX – SX Clearing Corporation Ltd. and MCX – SX KYC Registration Agency Ltd. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the 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 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 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 Company’s shareholders.

b. Basis of preparation of financial statements

The accompanying financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the generally accepted accounting principle in india and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act 1956 (‘the Act’), to the extent applicable. The financial statements are presented in Indian rupees.

c. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements and the reported revenue and expenses during the reporting year. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of 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.

d. Fixed assets

Fixed assets are stated at cost of acquisition 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.

e. 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.

f. Depreciation

Depreciation has been provided on Tangible Fixed Assets on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Leasehold improvements are depreciated over the period of lease.

Intangible assets comprising software purchased and licensing costs are amortised on straight line basis over the useful life of the software up to a maximum of five years commencing from the month in which such software is ready for use.

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.

g. 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.

h. 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 recognised in the Statement of Profit & Loss of the year.

i. Revenue recognition

Revenue is recognized when no significant uncertainty as to measurement and realization exists.

- a. Transaction fees are charged to members 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.
- b. Admission fees collected from new members for joining the exchange are recognized when received and the member is approved by Membership Committee.
- c. Processing and other fees collected from members are recognized on receipt basis.
- d. Recoveries from members towards VSAT connectivity, Data feed charges and other connectivity charges are apportioned over the period of connectivity on a pro rata basis.
- e. Dividend income is recognized when the company's right to receive dividend is established.
- f. Interest income is recognized on time proportion basis.

j. 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 are charged to the Statement of Profit & Loss. The present value is determined using the market yields of government bonds, at the balance sheet date, as the discounting rate.

k. 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 any 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.

Profit or Loss on sale of investments is determined on the basis of weighted average cost.

l. Tax

Income 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 recognized subject to managements' judgment that their future realisation is reasonably certain except where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized in such cases only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

m. Operating leases

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.

n. 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 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..

o. 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. The subsidiary companies considered in the consolidated Financial Statements are:-

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest
a. MCX - SX Cleaning Corporation Limited	India	51%
b. MCX – SX KYC Registration Agency Limited.	India	100%

3. On December 19, 2012, Securities and Exchange Board of India's ("SEBI") had granted permission to commence trading in interest rate derivative markets, equity, futures & options on equity and wholesale debt segments. The Company has also been granted the status of "Recognized Stock Exchange" by Ministry of Corporate Affairs, Government of India on December 21, 2012 through a notification issued under section 2(39) of the Companies Act, 1956.

4. Share Capital

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Authorised : 2,500,000,000 (Previous Year: 2,500,000,000) Equity Shares of Re.1/- each		2,500,000,000		2,500,000,000
Issued, Subscribed and Paid-up : 544,685,400 (previous year: 544,557,900) equity shares of Re 1/- each, fully paid up	544,685,400		544,557,900	
Less :- Amount recoverable from MCX Stock Exchange ESOP Trust (Refer Note 4 (e)) [5,433,000 (Previous Year Rs.5,433,000) equity shares of Re 1/- each fully paid allotted to the MCX Stock Exchange ESOP Trust]	5,433,000		5,433,000	
		539,252,400		539,124,900
Total		539,252,400		539,124,900

- a. Reconciliation of the shares outstanding at the beginning and at the end of year.

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹	No. of Shares	₹
Equity shares				
At the beginning of the Year	544,557,900	544,557,900	543,303,000	543,303,000
Issued during the Year	127,500	127,500	1,254,900	1,254,900
Outstanding at the end of the Year	544,685,400	544,685,400	544,557,900	544,557,900

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

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of Re.1/- each fully paid-up				
IFCI Limited	71,875,000	13.20%	71,875,000	13.20%
Union Bank of India	62,500,000	11.48%	62,500,000	11.48%
Punjab National Bank	50,000,000	9.18%	50,000,000	9.18%

c. 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.

d. Shares reserved for issue under options

- The Convertible share warrant holders have the option to convert their share warrant into 1,196,630,000 (Previous Year 1,196,630,000) equity shares of Re.1 each at the terms and conditions mentioned in note no.6.
- 4,078,308 (Previous Year 4,289,100) equity shares of Re.1 each have been reserved to be allotted to the ESOP trust under ESOP Scheme.

e. 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 [Rs. 5,433,000] has been deducted from share capital account and the balance part of the loan representing the amount of [Rs. 567,000] has been added to short term loans and advances in note no.16. The balance of such loan as at March 31, 2013 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 thereagainst. On that basis, the loan to the Trust is considered as good of recovery.

5. Reserve and Surplus

As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹
Securities Premium Account			
As per last Balance Sheet	3,460,872,570	3,460,500,000	
Add :- Received on Issue of Shares	-	372,570	
	3,460,872,570		3,460,872,570
	3,460,872,570		3,460,872,570
Surplus / (deficit) in statement of Profit and Loss			
As per last financial statements	(1,45,29,60,551)	(1,42,71,61,226)	
Add / (Less) :- Profit / (Loss) for the year	21,46,99,841	(2,57,99,325)	
	(1,23,82,60,710)		(1,45,29,60,551)
Settlement Guarantee Fund			
As per last Balance Sheet	25,000,000	25,000,000	
Add: Contribution/Accrued during the year	50,000,000	-	
	75,000,000		25,000,000
Investor Service Fund#			
As per last Balance Sheet	1,279,811	1,188,410	
Add: Contribution/Accrued during the year	2,191,326	91,401	
	3,471,137		1,279,811
# Investor Service Fund of ₹1,000,000 was established by the Company in accordance with SEBI approval letter dated September 18, 2008 and an addition of ₹2,000,000 was made during the year {refer note. 25(2)}. 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 ₹ 3,471,137 (Previous year ₹1,279,811) as at March 31, 2013 represents the total contribution amount of ₹ 3,000,000 and interest earned thereon.			
		(1,159,789,573)	(1,426,680,740)
		2,301,082,997	2,034,191,830
	Total		

6. Non Refundable Interest Free Deposits Against Warrants

As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹
At the end of the year		1,196,630,000	1,196,630,000
Total		1,196,630,000	1,196,630,000

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. 1,196,630,000 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.

7. Other long-term liabilities

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Amount received from members and applicants towards :				
- Deposits		173,512,000		36,400,000
Total		173,512,000		36,400,000

8. Trade Payables

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Micro, Small and Medium Enterprises *		1,21,084		2,30,836
Others		16,52,62,919		1,29,87,121
Total		165,384,003		13,217,957

*Details of dues to micro, small and medium enterprises

As per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 the amounts due to the Micro, Small and Medium Enterprises on the basis of the information available with the Company regarding the status of suppliers are as under:

Particulars	As at March 31, 2013	As at March 31, 2012
Principal amount due and remaining unpaid	-	-
Interest due on (1) above and the unpaid interest	-	-
Interest paid on all delayed payments under the MSMED Act	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay other than (3) above	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

9. Other Current Liabilities

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Unearned Income towards :				
- Vsat connectivity charges	3,041,120		1,521,006	
- Other connectivity charges	735,481		-	
- Admission fees	16,750,000		2,800,000	
- Income received in advance	45,405,776		-	
- Transaction Charges	50,000		-	
- Others	8,005,236		24,099	
		73,987,613		4,345,105
Settlement Banks Deposits		290,000,000		30,000,000
Deposits from members		1,532,752,208		508,874,448
Sundry Creditors for Capital Expenditure		205,012,356		-
Sebi Regulatory Fees		20,000,000		20,000,000
TDS Payable		99,276,688		20,397,432
Other Liabilities*		41,397,107		24,376,235
*Mainly includes Statutory Liabilities				
Total		2,262,425,973		607,993,220

10. Short Term Provisions

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Provision for Gratuity		4,257,445		4,867,060
Provision for Leave Encashment		11,112,289		10,524,433
Provision for Wealth Tax		120,089		45,207
Provision for fringe benefit tax		-		4,175
Total		15,489,823		15,440,875

11. Fixed Assets

Particulars	Gross Block				Depreciation/Amortisation			Net Block	
	As at April 01, 2012	Additions during the year	Deductions/ Adjustments	As at March 31, 2013	Upto March 31, 2012	For the year	Deductions/ Adjustments	As at March 2013	As at March 31, 2012
Tangible Assets									
Own Assets									
Office Equipments	2,282,574	14,121,669	229,756	16,174,486	314,122	186,212	28,894	15,703,046	1,968,451
Computer Hardware	52,603,884	229,477,626	989,935	281,091,575	21,948,919	22,674,256	168,682	236,637,082	30,654,965
Furniture & Fixtures	402,279	3,097,153	-	3,499,432	155,503	42,587	-	3,301,341	246,776
Vehicles	8,459,881	3,914,747	-	12,374,629	939,145	947,295	-	10,488,189	7,520,736
Leased Assets									
Leasehold Improvements	-	11,800,000	-	11,800,000	-	109,918	-	11,690,082	-
Total (A)	63,748,618	262,411,194	1,219,691	324,940,121	23,357,690	23,960,268	197,576	277,819,740	40,390,928
Previous Year	66,720,554	11,359,731	14,331,667	63,748,618	15,894,232	9,130,963	1,667,506	40,390,929	
Intangible Assets									
Computer Software (Other than internally generated)	224,889,789	545,223,985	-	770,113,774	80,019,427	79,036,709	-	611,057,638	144,870,362
Total (B)	224,889,789	545,223,985	-	770,113,774	80,019,427	79,036,709	-	611,057,638	144,870,362
Previous Year	115,237,894	109,753,145	101,251	224,766,594	53,761,508	26,291,777	33,858	144,870,362	
Total (A + B)	288,638,407	807,635,179	1,219,691	1,095,053,895	103,377,117	102,996,977	197,576	888,877,378	185,261,290
Previous Year	181,958,449	121,112,876	14,432,917	288,515,212	69,655,740	35,422,740	1,701,363	185,261,290	
Intangible asset under development								212,449,121	101,500,000

12. Long term loans and advances

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
(Unsecured, considered good)				
Capital advances	1,672,274		-	
Balance with Central Excise and Service Tax authorities	-		86,687,088	
Prepaid expenses	3,426,432		274,412	
Sundry Deposits	12,753,916		8,024,916	
Advance Income Tax (net)	280,820,965		136,517,599	
Loans and advances to employees	3,948,406		992,934	
		302,621,993		232,496,949
		302,621,993		232,496,949

13. Current investments

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Non-trade unquoted (at lower of cost or realisable value, whichever is lower) In units of Mutual Funds, fully paid-up				
NIL (Previous Year 55,470) of ₹1000/- each in Religare Liquid Fund - Super Institutional. Daily Dividend Reinvest	-		5,55,13,591	
60,042.141 (Previous Year NIL) of ₹1,000/- each in Axis Liquid Fund Daily Dividend Reinvestment Plan	60,048,787		-	
1,138,596.650 (Previous Year NIL) of ₹100/- each in DWS Insta Cash Plus Fund Daily Dividend Reinvestment Plan	114,205,798		-	
7,840,186.447 (Previous Year NIL) of ₹10/- each in JPMorgan India Liquid Fund Daily Dividend Reinvestment Plan	78,463,802		-	
74,982.589 (Previous Year NIL) of ₹1,000/- each in Morgan Stanley Liquid Fund Daily Dividend Reinvestment Plan	75,019,863		-	
20,427.157 (Previous Year NIL) of ₹1,000/- each in Reliance Liquid Fund Daily Dividend Reinvestment Plan	31,227,815		-	
340161.07 (Previous Year NIL) of ₹1,000/- each in SBI Premier Liquid Fund Daily Dividend Reinvestment Plan	341,266,591		-	
7,429,763.529 (Previous Year NIL) of ₹10/- each in Sundaram Money Fund Daily Dividend Reinvestment Plan	75,059,186		-	
		775,291,842		55,513,591
Total		775,291,842		55,513,591

14. Trade receivables

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Unsecured and considered good				
Debts Outstanding for a period exceeding six months	-		-	
Other Debts	79,357,693		55,219,110	
		79,357,693		55,219,110
		79,357,693		55,219,110

15. Cash and bank balances

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Cash and cash equivalent -*				
Balance with Banks				
- In current accounts #	48,534,578		33,800,736	
- Fixed Deposit with banks having maturity less than 3 months	951,800,000		648,233,819	
Cheques in hand	16,776,398		495,000	
Cash on Hand	46,000		43,057	
		1,017,156,976		682,572,612
# Balance in Current Account includes ₹21,043,281/- (Previous Year ₹8,010,695/-) towards Clearing and Settlement Obligation				
* Balances in cash and cash equivalents, other bank balances and investment in mutual funds also includes amount received from members as deposit towards security and margin and the same is deposited / invested in bank deposits / mutual funds				
Other Bank Balances **		2,913,380,199		2,923,725,740
		3,930,537,175		3,606,298,352

** Includes :

- ₹3,331,211 (Previous Year ₹1,225,740) earmarked towards the Investor Service Fund.
- Under lien with Banks for Bank Guarantee- ₹250,000,000 (Previous Year 250,000,000)
- Deposits of ₹1,172,249,500 (Previous Year ₹194,800,000) with maturity of more than 12 months.
- Fixed deposits aggregating ₹75,000,000/- (Previous Year ₹25,000,000/-) earmarked towards Settlement Guarantee Fund.

16. Short term loans and advances

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
(Unsecured, considered good)				
Balance with Central Excise and Service Tax authorities	228,565,908		89,520,923	
Advances to vendors	5,023,734		1,573,429	
Prepaid expenses	215,031,414		59,911,384	
Sundry Deposits	-		543,852	
Loans and advances to employees	328,233		318,035	
Others #	1,972,808		1,592,588	
		450,922,097		153,460,210
Total		450,922,097		153,460,210

[# includes ₹567,000 (Previous Year ₹567,000) balance with MCX Stock Exchange ESOP Trust] {Refer note 4(e)}

17. Other Current Assets

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Interest accrued on Fixed Deposits		150,855,194		188,633,133
Others		380,170		1,648,695
Total		151,235,364		190,281,828

18. Revenue from operations

	2012-13		2011-12	
	₹	₹	₹	₹
Revenue from operations - Gross				
Sale of services				
Transaction Fees	75,78,35,187		46,48,90,617	
Other operating revenue -				
Membership Admission Fees	739,047,900		8,382,800	
Processing Fees	7,752,840		303,325	
Vsat connectivity income	4,472,193		4,894,892	
Other connectivity charges	29,208,102		12,613,897	
Data Feed Charges	6,544,987		3,891,941	
RSA Hardware Token	2,070,735		1,922,015	
Examination Fees	1,741,836		1,256,400	
Others	6,285,680		7,743,807	
		1,554,959,460		505,899,694
Total		1,554,959,460		505,899,694

19. Other Income

	2012-13		2011-12	
	₹	₹	₹	₹
Dividend from Non Trade Current Investments		36,506,322		28,225,983
Interest on Bank Deposits		373,162,355		318,872,313
Interest Income Others		229,265		2,695,625
Interest received on Income Tax Refund		731,873		-
Profit on sale of Current Investments (Net)		254		160,868
Margin Non Compliance recovery		-		1,331,116
Exchange Difference		-		93,492
Miscellaneous Income		48,361		1,869
Total		410,678,430		351,381,266

20. Operating Expenses

	2012-13		2011-12	
	₹	₹	₹	₹
Shared Service Cost		593		1,773
Technology Cost		413,743,150		326,538,847
Sebi Regulatory Fees		20,000,000		20,000,000
Vsat Connectivity Expenses		3,787,971		4,681,687
Internet Connectivity Charges		7,704,233		6,271,328
Co-Location Charges		17,205,552		-
Total		462,441,499		357,493,635

21. Employee benefits expense

	2012-13		2011-12	
	₹	₹	₹	₹
Salaries, Allowances and Bonus	239,021,730		181,871,282	
Contribution to Provident Fund and other funds	15,255,619		7,913,263	
Staff Welfare and Other Amenities	1,551,044	255,828,393	631,339	190,415,884
Total		255,828,393		190,415,884

22. Finance costs

	2012-13		2011-12	
	₹	₹	₹	₹
Interest expenses		-		28,197
Total		-		28,197

23. Advertisement and Business Promotion Expenses

	2012-13		2011-12	
	₹	₹	₹	₹
Advertisement		179,302,554		9,532,890
Business Promotion Expenses		23,059,468		6,710,312
Incentive for Liquidity Enhancement Scheme		30,721,270		-
Sponsorships and Seminar		50,169,689		21,005,909
Total		283,252,981		37,249,111

24. Other expenses

	2012-13		2011-12	
	₹	₹	₹	₹
Rent		59,438,338		44,622,264
Repairs and Maintenance - Others		14,113,206		2,244,884
Insurance		3,753,508		2,048,765
Travelling and Conveyance		16,510,367		9,945,726
Communication Expenses		63,666,413		16,392,817
Legal and Professional Charges		165,022,511		75,169,899
Shared Service Cost		18,680,600		19,561,483
Membership and Subscription Fees		48,807,916		25,533,096
Directors Sitting Fees		2,700,000		1,750,000
Payment to Auditors				
- Audit Fees	2,011,236		1,325,000	
- Other matters (Certification)	2,114,045		55,334	
- Reimbursement	100,000	4,225,281	-	1,380,334
Non-Compliance Charges		2,861,603		-
Loss on Sale of Fixed Asset (net)		287,494		3,573,938
Wealth Tax		74,882		51,358
Exchange Rate Fluctuation (net)		164,059		186,138
Bank Charges		1,248,490		1,832,701
Miscellaneous Expenses		16,748,931		7,869,755
Total		418,303,599		212,163,158

25. Exceptional Items

	2012-13		2011-12	
	₹	₹	₹	₹
Contribution to funds :				
- Contribution to Settlement Guarantee Fund	50,000,000		-	
- Contribution to Investor Protection Fund	5,000,000		-	
- Contribution to Investor Services Fund	2,000,000	57,000,000	-	-
Total		57,000,000		-

25(1) Settlement Guarantee Fund

During the year, the Company has contributed ₹25,000,000 each towards Equity Cash and Equity Derivative segment as per "Comprehensive guidelines for Investor Protection fund at Stock Exchanges" dated 28 October 2004 issued by SEBI.

25(2) Investor Service Fund

During the year, the Company has contributed ₹1,000,000 each towards Equity Cash and Equity Derivative segment. This 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 investor.

25(3) Investor Protection Fund

During the year, the Company has contributed ₹2,500,000 each towards Equity Cash and Equity Derivative segment based on the 'Comprehensive guidelines for Investor Protection Fund at Stock Exchanges' dated 28 October 2004 issued by SEBI.

26. Earnings per share ('EPS')(after console figures)

Particulars	2012-13	2011-12
Profit/(Loss) after tax	214,699,840	(25,799,326)
Weighted average number of equity shares outstanding during the year for basic EPS	539,139,222	537,989,808
Weighted average number of equity shares outstanding during the year for diluted EPS	1,741,439,090	1,740,089,329
Basic earnings per share of face value Re. 1 each	0.40	(0.05)
Diluted earnings per share of face value Re. 1 each	0.12	(0.05)

27. 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	₹1	December 1, 2010	Upto December 1, 2011
	371,250	₹1	December 1, 2011	Upto December 1, 2012
	382,500	₹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	₹2.10	March 20, 2013	Upto March 20, 2014
	1,338,183	₹2.10	March 20, 2014	Upto March 20, 2015
	1,378,734	₹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 ₹1 each at ₹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 subject to the approval of shareholders.

- 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 ₹1/- each at ₹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 subject to the approval of shareholders.

- 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 ₹3.95/-. Exercise period for each option is as stated above.

Particulars	ESOP 2009 Round-I (Nos.)	ESOP 2009 Round-II (Nos.)	ESOP 2009 Round-III (Nos.)	ESOP 2009 Round-IV (Nos.)
Outstanding at the start of the year	297,500	3,805,100	NIL	NIL
Granted during the year	NIL	NIL	553,250	145,800
Forfeited/Lapsed during the year	127,500	34,800	NIL	NIL
Exercised during the year	127,500	NIL	NIL	NIL
Outstanding at the end of the year	42,500	3,770,300	553,250	145,800
Exercisable / vested at the end of the year	42,500	1,326,699	NIL	NIL

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

27. 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	₹1	₹1.55	₹1.79	₹1.79
(ii) Exercise price	₹1	₹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 profits in this financial year and does not intend to propose any dividend for the financial year 2012-13.	The Company has made profits in this financial year and does not intend to propose any dividend for the financial year 2012-13.
(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.				

The Profit after tax of the Company for the year would have been lower by ₹77,841 (Previous Year ₹21,752) had the Company accounted the employee share-based payment using the fair value method. There is no material impact on the earnings per share.

28. Segment reporting

During the year, the Company 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.

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Segment Revenue		
(a) Trading Services	1,552,321,153	612,936,187
(b) Clearing Services	107,711,777	104,030,224
Total	1,660,032,930	716,966,411
Less : Inter Segment Revenue	275,705,150	258,011,678
Total Income	1,384,327,780	458,954,733
Segment Results		
(a) Trading Services	(103,139,555)	(309,168,379)
(b) Clearing Services	(92,279,977)	(63,139,606)
Total	(195,419,532)	(372,307,985)
Less : Interest	-	28,197
Add : Unallocable Income	410,602,293	349,899,455
Profit before Taxation	215,182,761	(22,436,727)
Less : Provision for Taxation (Net)	-	-
Profit after Taxation	215,182,761	(22,436,727)
Less : Minority Interest	482,920	3,362,599
Profit for the year	214,699,841	(25,799,326)
Segment Assets		
(a) Trading Services	1,674,667,131	607,071,387
(b) Clearing Services	44,037,969	19,836,062
(c) Unallocated	5,072,587,564	3,953,123,882
Total Segment Assets	6,791,292,664	4,580,031,331
Segment Liabilities		
(a) Trading Services	1,348,314,497	140,153,344
(b) Clearing Services	1,268,354,742	559,129,137
(c) Unallocated	142,561	49,382
Total Segment Liabilities	2,616,811,800	699,331,863
Capital Employed		
(a) Trading Services	326,352,634	466,918,043
(b) Clearing Services	(1,224,316,773)	(539,293,075)
(c) Unallocated	5,072,445,003	3,953,074,500
Total Capital Employed	4,174,480,864	3,880,699,468

29. 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. Associate Companies (Significant Influence)
 - Financial Technologies (India) Limited (FTIL)
 - Multi Commodity Exchange of India Limited (MCX)
- ii. Key Management Personnel (KMP)
 - Mr. Joseph Massey (MD & CEO)
 - Mr. U Venkataraman Whole time director
- iii. Others
 - MCX-SX ESOP Trust

b. Details of transactions with related parties:

Sr. No.	Nature of Transaction	Companies having Significant Influence	MCX-SX Clear (Subsidiary)	ESOP Trust (Others)
1	Purchase of Fixed Assets	68,355 (-)	12,215 (9,454)	- (-)
2	Sale of Fixed Assets	22,471 (-)	- (-)	- (-)
3	Shared Service Cost	- (-)	593 (1,773)	- (-)
4	Software License Expenses	- (-)	4,584 (-)	- (-)
5	Other Expenses	- (6,996)	82,519 (22,910)	- (-)
6	Shares allotted to ESOP Trust	- (-)	- (-)	127,500 (12,54,900)
7	Closing balance of Loan to ESOP Trust	- (-)	- (-)	6,000,000 (6,000,000)

C) Transactions with KMP:

Sr. No.	Nature of transactions	Amount in ₹
1.	Salary & allowances*	
	Mr. Joseph Massey	22,973,686 (17,598,643)
	Mr. U Venkataraman	10,317,695 (9,470,380)
2.	Car deposit received from	
	Mr. U Venkataraman	134,497 (134,497)
3.	ESOP Granted	
	Mr. Joseph Massey	Nos.
	Opening balance	1,000,000 (-)
	Add- options granted	- (1,000,000)
	Less- Exercised during the year	- (-)
	Closing Balance	1,000,000 (1,000,000)
	Mr. U Venkataraman	
	Opening balance	250,000 (-)
	Add- options granted	- (250,000)
	Less- Exercised during the year	- (-)
	Closing Balance	250,000 (250,000)

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

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

30. 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:

Particulars	As at March 31, 2013	As at March 31, 2012
	₹	₹
Future minimum lease payments		
Not later than one year	117,115,260	42,096,080
Later than one year and not later than five years	251,548,997	41,360,184
Later than five years	-	-

- b. Lease payments recognised in the statement of Profit & Loss is ₹59,406,008 (Previous year ₹44,622,264).

31. Deferred Tax Asset/Liability

As required by Accounting Standard-22 (AS-22) on "Accounting for Taxes on Income" Deferred Tax comprises of the following items

Particulars	As at March 31, 2013	As at March 31, 2012
	₹	₹
Deferred Tax Assets		
Disallowance under the Income Tax Act, 1961	5,412,328	5,556,476
Unabsorbed depreciation	62,629,220	62,414,527
Deferred Tax Liability		
Related to fixed assets	63,157,502	27,215,715
Net Deferred tax asset/(liability)	4,884,046	40,755,288

32. Subsidiary of the Company, MCX-SX Clearing Corporation Limited, has obtained a Bank Guarantee of ₹50 crore (Previous Year ₹50 crore) as a fall back measure in respect to return of cash deposits collected as margin money/security deposit from the banks who are the clearing members of the Company. It has deposited ₹25 crore (Previous Year ₹25 crore) as fixed deposit with the bank towards the guarantees issued by the said bank.

33. Subsidiary of the Company, MCX-SX Clearing Corporation Limited, has set up a Settlement Guarantee Fund, the details of which are provided hereunder. Besides this the risk management process includes an insurance coverage of ₹100,000,000/- (Previous Year ₹25,000,000/-)

Sr. No.	As on March 31, 2013	Total SGF	Exchange Contribution	Member Deposits			
				Cash Deposits*	Non Cash deposits		
					Bank Guarantee	Fixed Deposit Receipts	Govt. Securities Other Approved Securities
1	Equity Cash Market	571,512,478	25,000,000	344,862,464	95,550,000	106,100,000	- 14
2	Equity Derivatives Segment	1,887,359,475	25,000,000	272,550,010	627,500,000	907,200,000	- 55,109,465
3	Currency Derivative Segment	10,780,419,845	25,000,000	592,432,328	2,946,000,000	4,192,527,168	- 753,528,698
		13,239,291,798	75,000,000	1,209,844,802	3,669,050,000	5,205,827,168	- 808,638,177
* Includes an amount of ₹246,000,000/- lying in the company as a part of total SGF available in the eventuality of default / demand.							
Sr. No.	As on March 31, 2013	Total SGF	Exchange Contribution	Member Deposits			
				Cash Deposits*	Non Cash deposits		
					Bank Guarantee	Fixed Deposit Receipts	Govt. Securities Other Approved Securities
1	Currency Derivative Segment	8,751,648,245	25,000,000	498,443,340	1,495,325,000	2,779,076,595	- 3,277,022,945 676,780,365

34. The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

For **Chaturvedi & Shah**
Chartered Accountants

For and on behalf of the Board of Directors of
MCX Stock Exchange Limited

Sandesh Ladha
Partner

Joseph Massey
Managing Director &
Chief Executive Officer

U Venkataraman
Whole-time Director

Sarat Chandran
Company Secretary

Ghanashyam V. Rao
Head - Finance & Accounts

Place : Mumbai
Date : May 28, 2013



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ANNUAL REPORT

2012-13

MCX[»]SX
»» C L E A R

www.mcx-sx.com/CCL/CCI.htm

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About MCX-SX Clearing Corporation Limited (MCX-SX CCL)

MCX-SX Clearing Corporation Limited (MCX-SX CCL) was incorporated on November 7, 2008 under the Companies Act, 1956. The Company is promoted by MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Limited (MCX) and Financial Technologies (India) Limited (FTIL). The promoters of MCX-SX Clearing Corporation Ltd. are reputed entities who have extensive domain knowledge of setting up Exchanges. The main business of MCX-SX Clearing Corporation Limited is to act as a central counterparty to all the trades and provide full novation and carry out the business of clearing and settlement of trades done on Currency Derivatives, Capital Market, Futures and Options and Debt Market Segments of stock exchanges.

Corporate Information

BOARD OF DIRECTORS

- Mr. Vepa Kamesam – Public Interest Director
- Mrs. Asha Das, IAS (Retd.) – Public Interest Director
- Dr. M.Y. Khan – Public Interest Director
- Mr. Jayant Deo – Public Interest Director
- Mr. V.K. Khanna – Public Interest Director
- Mr. P.K. Chhokra – Public Interest Director
- Mr. Paras Ajmera – Shareholder Director
- Mr. Joseph Massey – Shareholder Director
- Mr. U Venkataraman – MD and CEO

COMPANY SECRETARY

- Mr. Ameya Paranjape

STATUTORY AUDITORS

- M/s. Deloitte Haskins and Sells, Chartered Accountants

REGISTERED OFFICE

- Exchange Square, CTS No. 255, Suren Road, Andheri (East), Mumbai – 400093

CLEARING BANKS

- Axis Bank Ltd.
- Bank of India
- Canara Bank
- Central Bank of India
- Citi Bank
- Dhanlaxmi Bank*
- HDFC Bank Ltd
- HSBC
- ICICI Bank Ltd.
- IDBI Bank
- Indusind Bank Ltd.
- Kotak Mahindra Bank Ltd.
- State Bank of India
- Standard Chartered Bank
- Union Bank of India
- Yes Bank Ltd

*Not yet commenced operations as Clearing Bank

Directors' Report

TO THE MEMBERS,

MCX-SX CLEARING CORPORATION LIMITED

Your Directors are pleased to present their Fifth Report on the business and operations of your Company together with the Audited Statement of Accounts and the Auditors' Report for the financial year ended March 31, 2013.

1. Financial Results

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Total Income	200,977,306	165,677,071
Less: Expenditure	199,991,755	158,814,625
Profit Before Tax	985,551	6,862,446
Less: Provision For Tax	-	-
Profit After Tax	985,551	6,862,446

During the year under review, the Company has registered a total income of ₹200,977,306/- as against ₹165,677,071/- in the previous year. The profit after tax for the year under review is ₹9,85,551/- as compared to ₹6,862,446/- for the previous year.

The drop in profit compared to previous year is mainly due to setup cost incurred by the Company for two new segments i.e. Capital Market and Futures & Options.

2. Review of Operations

Your Company, MCX-SX Clearing Corporation Limited (MCX-SX CCL), was jointly promoted by MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Limited (MCX) and Financial Technologies (India) Limited (FTIL), as a new age Clearing Corporation constituted to undertake clearing and settlement of deals in multi asset classes. The company offers best-in-class services to its clearing members with the help of its state of the art risk management framework and unparalleled clearing and settlement systems with dedicated linkages with clearing partners.

Your Company was incorporated on November 7, 2008 and commenced its operations on February 16, 2009 on receipt of regulatory approvals and after completion of requisite formalities including opening of accounts and execution of agreements with participants.

Your Company, received authorization from RBI under Section 10 of Foreign Exchange Management Act, 1999 on August 3, 2012 to undertake activities relating to clearing and settlement of currency options contracts. It had commenced clearing and settlement of

currency options contracts dealt on MCX-SX from August 10, 2012. MCX-SX received permission from SEBI to commence trading in Interest Rate Derivatives, Equity, Futures & Options on Equity and Whole-sale Debt segments on December 19, 2012. Accordingly MCX-SX commenced its operations in the Capital Market and Futures & Options Segment from February 11, 2013. Your Company has carried out the clearing and settlement of the above trades executed on MCX-SX.

Further pursuant to approval received from SEBI, MCX-SX has commenced trading in Index future and options on SX 40, flagship Index of MCX-SX w.e.f. May 15, 2013. Your Company has carried out clearing and settlement of the above trades.

The company currently clears and settles the deals entered in the Capital Market, Futures & Options, Currency Derivatives and Debt Market Segments of MCX-SX.

Your Company had received in-principle recognition from SEBI on April 3, 2013 to act as a Clearing Corporation for a period of one year subject to fulfillment of conditions stipulated in the recognition letter. The Company is in the process of complying with the conditions stipulated in the recognition letter.

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

A. Service wise details

i. Clearing and Settlement - Currency Derivatives Segment

During the financial year 2012-13, your Company had successfully carried out 243 default-free settlements amounting to ₹3349.78 crore without any delay. On account of its robust risk management practices, Settlement Guarantee Fund (SGF) has never been put to use.

Monthly statistics of settlements are as follows:

(₹ in crore)

Month	Futures		Options		Total
	Daily Settlement	Final Settlement	Premium Settlement	Exercise Settlement	
Apr-12	205.71	1.47	-	-	207.17
May-12	574.70	9.70	-	-	791.58
Jun-12	318.15	4.79	-	-	1114.52
Jul-12	403.76	3.38	-	-	1314.48
Aug-12	171.22	0.79	3.09	0.16	905.35
Sep-12	287.42	5.81	10.83	5.82	892.28
Oct-12	260.01	4.61	9.56	3.46	762.78
Nov-12	279.68	1.08	9.01	2.68	879.97
Dec-12	197.30	1.55	9.90	1.42	780.26
Jan-13	253.90	5.11	15.38	2.94	779.95
Feb-13	195.15	3.86	18.41	1.18	706.10
Mar-13	154.42	6.21	20.88	3.11	680.57
Total	3301.42	48.36	97.06	20.78	3467.62

The SGF had grown from ₹875.16 crore as on March 31, 2012 to ₹1078.04 crore as on March 31, 2013. The growth in SGF is commensurate with the growth in transaction volumes and open interest.

ii Clearing and Settlement – Capital Market Segment

Your Company had commenced clearing and settlement of transactions executed in Capital Market Segment of MCX-SX, w.e.f. February 11, 2013. MCX-SX CCL has completed 31 default free settlements in a timely manner during the period from February 11, 2013 to March 31, 2013.

Monthly statistics of settlements are as follows:

Statistics of transactions and settlements:

Month	Quantity			Value (₹ crore)		
	Traded	Deliverable	Delivery %	Traded	Deliverable	Delivery %
Feb-13	138866	12645	9.11	2.51	0.46	18.22
Mar-13	1573283	17848	1.13	22.23	1.59	7.17
Total	1712149	30493	1.78	24.74	2.05	8.29

Note - Details are provided for the settlements completed in the relevant period. The SGF as on March 31, 2013 was ₹57.15 Crore.

iii. Clearing and Settlement – Futures & Options Segment

Clearing & Settlement operations for Futures & Options Segment has commenced on February 11, 2013. Since then Clearing Corporation has successfully carried out 33 settlements amounting to ₹5.82 crore without delay and defaults.

Following table depicts the monthly statistics of settlements:

(Amount in ₹ crs)

Month	Futures		Options		Total
	Daily Settlement	Final Settlement	Premium Settlement	Exercise Settlement	
Feb-13	0.41	0.16	0.00	0.00	0.57
Mar-13	4.07	1.01	0.17	0.00	5.26
Total	4.48	1.16	0.17	0.00	5.82

The SGF as on March 31, 2013 was ₹188.74 Crore.

B. New initiatives and developments

Introduction of Options on USD-INR Spot:

Clearing Corporation has extended its Clearing and Settlement Services in Currency Derivative Segment by adding options to the portfolio of cleared products with the launch of Options on USD-INR Spot rate by MCX-SX on August 10, 2012 in the Currency Derivatives Segment.

Commencement of Clearing and Settlement Operations in New Segments:

MCX-SXCCL has commenced Clearing and Settlement of transactions executed in MCX-SX in the newly launched Capital Market Segment and F&O segments, with effect from February 11, 2013 and Debt Market Segment from June 10, 2013.

New Clearing Banks:

With the introduction of new segments, Clearing Corporation has added more Clearing Banks in order to provide wider choice to members. As on date, the following banks are partnered with MCX-SXCCL as Clearing Banks.

1. Axis Bank Ltd.
2. Bank of India
3. Canara Bank
4. Central Bank of India
5. Citi Bank
6. Dhanlaxmi Bank*
7. HDFC Bank Ltd
8. HSBC
9. ICICI Bank Ltd.
10. IDBI Bank
11. Indusind Bank Ltd.
12. Kotak Mahindra Bank Ltd.

13. State Bank of India
14. Standard Chartered Bank
15. Union Bank of India
16. Yes Bank Ltd.

Punjab National Bank is in the process of empanelment as clearing bank.

**Not yet commenced operations as Clearing Bank.*

New Features in 'My>Exchange'

'My>Exchange' is a web based interface launched for members for accessing information relating to collaterals, margins & obligations. Using this interface member can also access and download daily reports provided by the exchange/clearing corporation and upload client margin details. A new facility has been introduced in 'My>Exchange', using which clearing members can request their clearing banks for transferring cash deposits towards collaterals. Upon confirmation of cash transfer, the collateral deposits are automatically updated at MCX-SXCCL's end. Using 'My>Exchange' members can also place requests for release of their collateral deposits.

T+0 Settlement Option in Equity Derivatives

As per extant SEBI guidelines and in line with Currency Derivatives Segment, Clearing Corporation has provided a facility to clearing members to make MTM pay-in before the start of the market on T+1 day in Equity Derivatives Segment. Payment of MTM before start of market on T+1 day is considered as T+0 settlement as per SEBI guidelines and members opted for T+0 settlement are subject to lower margin requirement as compared to members opted for T+1 settlement.

Depository Operations

Your Company is registered with NSDL and CDSL as a Depository Participant as well as as a Clearing Corporation. MCX-SXCCL has commenced operations of its depository interface as a clearing corporation for facilitating settlements in Capital Market Segment before the launch of Capital Market Segment. Clearing corporation has performed various activities in depository participant interface including opening early pay-in accounts for clearing members, pay-in and payout of securities in dematerialized mode.

Renewal of certification/rating and regulatory approvals

LAAA (SO) rating from ICRA

MCX-SX CCL has retained the LAAA (SO) rating by ICRA, indicating highest level of safety of collaterals parked with the Clearing Corporation.

ISO Certification

MCX-SX CCL follows well defined operating procedures and clearly defined service standards to provide quality and timely services to members. Considering the sensitive nature of its business, the company adheres to stringent information security standards. This has enabled MCX-SX CCL to become the first Indian Clearing Corporation to obtain ISO certifications for Quality Management System (ISO 9001-2008) and Information Security Management System (ISO 27001-2005) from the first year of operations

Approved Intermediary under Securities Lending Scheme, 1997

SEBI vide its letter dated May 28, 2013 has approved registration of MCX-SX CCL as an Approved Intermediary under SEBI's Securities Lending Scheme, 1997 for a period of three years from June 1, 2013 to May 31, 2016.

Debt Market Segment

Your Company sees vast potential for the development of Exchange traded Debt segment in India. SEBI's new guidelines issued vide Circular No. CIR/MRD/DP/03/2013 dated January 24, 2013 providing for setting up of dedicated Debt segment in Stock Exchanges, is a welcome step to realize this potential.

Your Company, in partnership with MCX-SX is committed to contribute its best to the development of a vibrant debt market in India and accordingly has started providing services both in Institutional and Retail Market from June 10, 2013. Your Company has also been recognized as eligible entity for settlement of OTC transactions in Corporate Bonds, Certificate of Deposits and Commercial Papers.

3. Regulatory Updates

SEBI has brought about far reaching changes in the regulatory regime pertaining to Clearing Corporations through Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 notified on June 20, 2012 ("SECC Regulations") and the subsequent circular issued on December 13, 2012. Some of the important changes are given below:

- **Recognition as a Clearing Corporation**

The most important change brought about by the SECC Regulations was that clearing corporations have to get recognized by SEBI for acting as such. The Regulations had further provided that existing person who clears and settles trades of a Stock Exchange as on date of the Regulations may continue to do so for a period of three months. Your Company had accordingly made an application for seeking recognition as clearing corporation from SEBI on September 18, 2012. The Company received in-principle recognition from SEBI on April 3, 2013 to act as a Clearing Corporation for a period of one year subject to fulfillment of conditions stipulated in the recognition letter. The Company is in the process of complying with all the conditions stipulated

in the in-principle recognition letter.

• Board of Directors

Regulation 23 of the SECC Regulations stipulates the Composition of the Governing Board of a stock exchange or clearing corporation.

As per the said regulation, the Governing Board of a clearing corporation shall comprise of i) Shareholder Directors; ii) Public Interest Directors (PIDs) and iii) Managing Director. Further the number of public interest directors of a recognized clearing corporation shall not be less than two-third, and shareholder directors shall not exceed one-third, of its governing board strength. The managing director shall be ex-officio director on the governing board and shall not be included in either the category of the Public Interest directors or shareholder directors.

To comply with the above Regulations, your company has made an application to SEBI proposing eight names for nomination as PIDs. In response to the same SEBI vide its letter dated June 20, 2013 has approved Mr. Vepa Kamesam, Dr. M.Y. Khan, Mr. V.K. Khanna, Mr. Jayant Deo, Mr. P.K. Chhokra and Mrs. Asha Das as Public Interest Directors on governing Board of the Company. The two independent directors viz. Mr. P.R. Barpande and Dr. Prakash Apte resigned from the Board w.e.f. July 25, 2013 in view of the appointment of Public Interest Directors by SEBI.

At present the Company's governing board consists of six Public Interest Directors (Independent Directors), two Non-Executive/Shareholder Directors and the Managing Director & CEO, who assumed office pursuant to SEBI's letter dated April 3, 2013 approving his appointment and is in compliance with the SECC Regulations.

• Network and Shareholding

Regulation 14(3) of the SECC Regulations has prescribed a minimum network of ₹300 crore to operate as a clearing corporation. The existing clearing corporations have been given a time limit of three years from the date of recognition granted by SEBI to achieve this network. Further as per para 3 (b) of the SEBI circular dated December 13, 2012 a clearing corporation which has made application for recognition in terms of second proviso of regulation 3 of the SECC Regulations and has a network of less than ₹300 crore shall submit its plan duly approved by its shareholders to SEBI within 90 days from the date of the circular.

Regulation 18 of the SECC Regulations provide that atleast 51% of the share capital of a clearing corporation shall be held by one or more recognized Stock Exchanges. A person, directly or indirectly either individually or with persons acting in concert, can hold upto 5% of the paid-up share capital of clearing corporation. However, a depository, bank, insurance company, public financial institution can hold upto 15% of paid up equity share capital.

Further a non-resident, directly or indirectly either individually or with persons acting in concert, cannot hold more than 5% of paid up equity share capital. Total non-resident shareholding cannot exceed 49%, with total FII holding cap of 23%.

The Company had accordingly submitted an action plan for achieving minimum networth of ₹300 crore complying with the above shareholding requirements, duly approved by the Board and the shareholders, to SEBI on March 11, 2013.

While submitting the action plan for achieving the minimum networth, the Company had submitted that it shall ensure that MCX-SX will continue to hold atleast 51% of the paid-up share capital of the Company.

• Statutory Committees

As per para 7.1 of the SEBI circular dated December 13, 2012, certain Committees are required to be statutorily constituted by a recognized clearing corporation.

Your Company at present has constituted following committees viz. Remuneration cum Compensation Committee, Ethics Committee, Member Regulation Oversight Committee, Risk Management Committee, Advisory Committee, Defaulters Committee, Investors Service Committee, Disciplinary Action Committee, Membership Selection Committee, Grievance Redressal Committee, Standing Committee on Technology, Committee to monitor compliance with SEBI Inspection report and Public Interest Directors Committee.

• Key Management Personnel

Para 8 of Circular read with Regulation 27 (5) of SECC Regulations lays down extensive requirements in respect of Compensation Policy for Key Management personnel (KMPs). The Compensation Committee of the Company has identified department heads and senior executives of the Company as Key Management Personnel. The personnel have been identified as KMPs having regard to the SECC Regulations, Circular issued by SEBI on December 13, 2012 and the responsibilities and functions handled by them. The details pertaining to the same are annexed at Annexure-A.

Mr. Ameya Paranjape has been appointed as Company Secretary of your Company with effect from April 30, 2013.

• Corporate Governance

Every Clearing Corporation is required to comply with disclosure and corporate governance provisions as applicable to listed companies mutatis mutandis.

Your Company is committed to maintaining highest standards of Corporate Governance. Your Directors adhere to the "Code of conduct for Directors and Committee Members" and the Corporate Governance practices as applicable to the

Company. Your Company's Corporate Governance Compliance certificate dated July 25, 2013 is in line with Clause 49 of the Listing Agreement and is annexed to this Annual Report.

- **Agreement with Stock Exchange**

As per Regulation 37 of the SECC Regulations, a recognized stock exchange shall avail the service of a recognized clearing corporation pursuant to an agreement in writing between them stipulating their rights and obligations, the conditions for admission of securities for clearing and settlement, risk management measures, charges for clearing and settlement and other incidental and consequential matters. Your Company has executed an agreement with MCX-SX stipulating their rights and obligations, the conditions for admission of securities for clearing and settlement, risk management measures, charges for clearing and settlement and other incidental and consequential matters.

MCX-SX had extended its arbitration mechanism for settlement of disputes or claims arising out of clearing and settlement of trades executed on it.

- **Prohibition of listing of securities of Clearing Corporations and dematerialization**

The SECC Regulations provide that securities of clearing corporations cannot be listed on any Stock Exchange. They also provide that securities of clearing corporations have to be in dematerialized form. Accordingly the shares held by majority of the shareholders are in demat form whereas the shares held by the nominee shareholders are in physical form.

- **SEBI's Risk Management Review Committee**

SEBI constituted an Expert Committee Chaired by Prof. J R Varma to review and recommend changes in the risk management framework for the cash and derivatives Segment. The Committee has suggested various changes in the risk management framework which includes order level checks, dynamic price bands and introduction of risk reduction mode. The Committee is also reviewing SGF & stress testing norms and measures for facilitating segregation and protection of client collaterals.

- **SEBI's Committee on Clearing Corporations**

SEBI constituted a Committee chaired by Mr. K V Kamath to study the viability of interoperability and single Clearing Corporation. The Committee also reviewed the requirements for transfer of profits by recognized stock exchanges to the SGF maintained by Clearing Corporations. The Committee held discussions with Exchanges and Clearing Corporations on the above mentioned matters and findings in this regard are awaited.

4 Dividend and Reserves

No dividend is recommended by the Board in view of the Company being in its initial stages for the new segments. For the same reason, no amount is proposed to be carried to the general reserves for the year ended March 31, 2013.

5. Outlook for the Current Year

Your Company has started Clearing & Settlement of trades in the newly launched capital market, futures & Options segment of MCX-SX from February 11, 2013 and debt market segment on June 10, 2013. The outlook is optimistic on performance of these segments. The Financial year 2012-13 has seen vibrant trading in the existing currency derivative segment of the Exchange and the same is expected to continue in the coming years.

Your Company sees great potential for growth of debt and SME segments in India during the coming years. Your company is accordingly geared up to offer clearing and settlement services in SME segment upon receiving approval of SEBI. Your Company will in partnership with MCX-SX continue to strive for financial inclusion through financial literacy.

6. Share Capital

The paid up Share Capital of the Company is ₹25,00,00,000/- divided into 2,50,00,000 equity shares of ₹10/- each. The shareholding pattern is as under:

Sr. No.	Name of Shareholder	No. of shares of ₹10/- each	Percentage
1.	MCX Stock Exchange Ltd.	1,27,50,000	51%
2.	Multi Commodity Exchange of India Ltd.	65,00,000	26%
3.	Financial Technologies (India) Ltd.	57,50,000	23%
	Total	2,50,00,000	100%

In the extra-ordinary general meeting of the Company held on March 11, 2013, the Company approved the action plan for achieving the net-worth of ₹300/- Crore within the timelines stipulated by SEBI.

7. Directors

Prof. (Mrs.) Ashima Goyal had resigned as a director of the Company w.e.f. January 16, 2013. Mr. Paras Ajmera is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

As per the SECC Regulations, the Governing Board of a clearing corporation shall comprise of i) Shareholder Directors; ii) Public Interest Directors (PIDs) and iii) Managing Director. Further the number of Public interest directors of a recognized clearing corporation shall not be less than two-third, and shareholder directors shall not exceed one-third, of its governing board strength. The managing director shall be ex-officio director on the governing board and shall not be

included in either the category of the Public Interest directors or shareholder directors.

To comply with above regulations your company had made application to SEBI for nomination of Public Interest Directors. In response to the same SEBI vide its letter dated June 20, 2013 had approved Mr. Vepa Kamesam, Dr. M.Y. Khan, Mr. V.K. Khanna, Mr. Jayant Deo, Mr. P.K. Chhokra and Mrs. Asha Das as Public Interest Directors on governing Board of the Company. The two independent directors viz. Mr. P.R. Barpande and Dr. Prakash Apte resigned from the Board w.e.f. July 25, 2013 in view of the appointment of Public Interest Directors by SEBI.

At present the Company's governing board consists of six Public Interest Directors (Independent Directors), two Non-Executive/Shareholder Directors and the Managing Director & CEO and is in compliance with the SECC Regulations.

8. Management

Mr. U Venkataraman, has been appointed as the Managing Director and CEO of the company w.e.f. April 3, 2013 as per the approval received from SEBI. Mr. Balu Nair heads the operations of the Company.

9. Human Resources

During financial year 2012-13, emphasis was given to Human Resource Planning with the objective of optimum utilization of existing manpower. The total strength of employees as on March 31, 2013 was 36. There has been significant increase in the manpower in the year 2012-13 in light of commencement of new segments and implementation of the new Disaster Recovery plan.

10. Auditors

M/s Deloitte Haskins and Sells, Statutory Auditors of the Company retire at the ensuing Annual General Meeting of the Company and have confirmed their eligibility for reappointment.

11. Audit Committee

As per section 292A of the Companies Act, 1956, the Company has constituted an Audit Committee of the Board on April 17, 2009. Consequent to resignation of Mrs. Ashima Goyal the Committee was reconstituted on February 12, 2013 to include Dr. Prakash Apte as member of the Committee. Further in view of appointment of Public Interest Directors by SEBI and resignation of Dr. Prakash Apte and Mr. P.R. Barpande the Committee was reconstituted again on July 25, 2013 comprising of three directors of which two are Public Interest Directors (Independent Directors) and one Non-Executive/Shareholder Director. The composition of the Audit Committee is as follows:

- a. Mr. V K Khanna – Member (Public Interest Director)
- b. Mr. P K Chhokra – Member (Public Interest Director)
- c. Mr. Joseph Massey – Member (Non-Executive/Shareholder Director)

The Audit Committee met four times during Financial Year 2012-13 to transact the business.

12. Deposits

The Company has not accepted any public deposits during the last financial year.

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

A. Conservation of Energy, Technology Absorption

In view of the nature of activities which are being carried out by the Company, Rules 2(A) and 2(B) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption, respectively, are not applicable to the Company.

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

There were no foreign exchange earnings or expenditure during the period under review. The Company does not directly contribute to export growth. However, by offering clearing and settlement services in currency futures contracts, it facilitates corporates, exporters and importers to hedge their currency risk.

14. Particulars of Employees

The details of the employees of the Company who fall within the purview of sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as also with regulation 27(5) of the SECC Regulations are annexed as Annexure -A.

15. Sweat Equity Shares

The Company did not issue any sweat equity shares and hence the requirements of rule 7 of the Unlisted Companies (Issue of Sweat Equity Shares) Rules, 2003 are not applicable to the Company.

16. Corporate Governance Report and Management Discussion and Analysis Report

In terms of clause 49 of the listing agreement, the Corporate Governance Report alongwith certificate issued by Statutory Auditors thereon and Management Discussion and Analysis Report are attached and form part of this report.

17. Directors Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Management, confirm that:-

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

- ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. 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, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis.

18. Buy-Back of Shares

As during the last financial year your Company did not have any scheme of buyback of shares, the requirements specified in section 217(2B) read with section 77A of the Companies Act, 1956 are not applicable to the Company.

19. Acknowledgements

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: July 25, 2013

U Venkataraman
MD & CEO

Joseph Massey
Director

Annexure A to the Directors' Report

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and Regulation 27(5) of the SECC Regulations.

Name & Qualification	Age in Yrs.	Designation / Nature of Duties	Remuneration received in ₹	Experience (No. of yrs)	Date of commencement of employment	Previous employment
Mr. U Venkataraman BBA, Certified Associate of Indian Institute of Banking and Finance	59	CEO & Whole-time Director	Nil	37	17-Apr-09	IDBI Bank Ltd.
Mr. Balu Nair BBA, MBA- Finance	35	Vice President – Market Operations	4,477,000	12.2	18-Feb-09	National Stock Exchange of India Ltd.
Mr. Fardeen Siddiqui B.Com, Master of Management Studies	31	Senior Manager - Operations	1,870,000	9.2	2-Apr-12	DBOI Global Services Pvt Ltd
Mr. Partha Sarathi Sen B.Com, ACA, Grad CWA	41	Senior Manager – Finance & Accounts	1,825,000	14.3	1-Nov-09	ICICI Bank Ltd.
Mr. Anandprasad Date[#] BA, ACS	32	Company Secretary & Compliance Officer	1,083,333	7.4	4-Jun-12	RSM Astute Consulting Pvt. Ltd.

Notes:

1. Mr. U Venkataraman was appointed as Managing Director & CEO for a period of three years from April 3, 2013.
2. Mr. Anandprasad Date had resigned as Company Secretary of the Company w.e.f. April 30, 2013 and Mr. Ameya Paranjape had been appointed as Company Secretary and Compliance officer w.e.f. April 30, 2013.
3. All other employees listed above are/were in permanent employment of the Company in accordance with the terms and conditions of employment agreed with them and the service rules of the company.
4. None of the employees are holding any equity shares in the Company within the meaning of sub-clause (iii) of clause (a) of sub-section (2A) of Section 217 of the Companies Act, 1956.
5. None of the above employees are related to any Director of the Company.
6. [#]Joined during the year.

For and on behalf of the Board of Directors

Place: Mumbai
Date: July 25, 2013

U Venkataraman
MD & CEO

Joseph Massey
Director

Corporate Governance Report

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is founded upon a legacy of fair, ethical and transparent governance practices inherited from its parent company, MCX Stock Exchange Limited.

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

Corporate Governance is an ongoing process at MCX-SX Clearing Corporation Limited. To keep pace with an evolving global environment, your Company continuously adapts best governance practices for carrying its business in ethical and transparent manner.

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

2. Board of Directors

A. Composition of the Board

Your Company being a Clearing Corporation is regulated by SEBI and is required to comply with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and circulars and instructions issued by SEBI from time to time ("SECC Regulations"), Securities Contracts (Regulation) Act, 1956 ("SCRA") and Securities Contracts (Regulations) Rules, 1957 ("SCRR") (collectively hereinafter referred to as "SEBI Regulations") besides the Companies Act, 1956 and the rules made thereunder ("the Act").

SEBI vide its letter dated April 03, 2013 had granted your Company in-principle recognition to act as a Clearing Corporation for a period of one year subject to fulfillment of certain conditions.

The present Board of the Company comprises of the Managing Director & CEO, Public Interest Directors and Non-Executive Independent/Shareholder Directors. The SECC Regulations requires the Public Interest Directors to constitute a minimum of two-third of the total Board strength and number of Shareholder Directors not to exceed one-third of the Board's strength.

As per SEBI Circular No. CIR/MRD/DSA/33/2012 dated December 13, 2012 a recognized Clearing Corporation is required to submit names for vacancies of Public Interest Directors (PIDs). Accordingly the Company has proposed to SEBI the candidatures of 8 persons for nomination as PIDs. SEBI vide its letter dated June 20, 2013 had approved Mr. Vepa Kamesam, Dr. M.Y. Khan, Mr. V.K. Khanna, Mr. Jayant Deo, Mr. P.K. Chhokra and Mrs. Asha Das as Public Interest Directors on the Board of the Company.

B. Meetings of the Board

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

During the Financial Year 2012-13, Board of Directors met four times on April 27, 2012, September 7, 2012, November 27, 2012 and February 12, 2013. The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Managing Director/Whole-time Director and circulates the same in advance to the Directors. Every Director is free to suggest inclusion of items in the agenda. The Board meets at least once every quarter inter alia to review the quarterly results. Additional Meetings are held, as and when necessary. The Minutes of the proceedings of the Meetings of the Board of Directors are noted and the draft Minutes are circulated amongst the members of the Board for their perusal. Comments, if any, received from the Directors are also incorporated in the Minutes, in consultation with the Chairman. The Minutes are approved by the members of the Board at the next Meeting. Senior Management Personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when necessary. The important decisions taken at the Board/Committee meetings are communicated to the concerned departments promptly.

The Board of Directors has complete access to the information within the Company subject to protection of trading data and other confidential information in terms of SEBI guidelines. The Company had received in principle recognition from SEBI vide its letter dated April 03, 2013. Accordingly the disclosure and corporate governance norms as specified for listed companies shall mutatis mutandis apply to the Company. The Company has started complying with the requirements of listing agreement to the extent practicable and applicable.

The Board's composition, and in respect of each director, the nature of directorship, the number of meetings attended, directorship in other companies, chairmanship and membership of committees of the Board of other companies as at March 31, 2013 is given below:

Name of the Director and Nature of Directorship	Board Meetings		Attendance at the last AGM	Directorship in other companies (*)	Chairmanship and membership of committees of Board of the other companies (**)	
	Held#	Attended			Chairman	Member
Mr. Joseph Massey Non – Executive Director/ Shareholder Director	4	4	Present	14@	-	2
Mr. U Venkataraman[§] Managing Director and CEO	4	4	Present	2	-	1
Mr. Paras Ajmera Non – Executive Director/Shareholder Director	4	1	Absent	9***	-	-
Dr. Prakash Apte^{##} Non – Executive Independent Director	4	3	Absent	2(1)	-	-
Prof. (Mrs.) Ashima Goyal[^] Non –Executive Independent Director	4	3	Absent	1(1)	-	-
Mr. P.R. Barpande^{##} Non –Executive Independent Director	4	4	Absent	4(4)	1	3

No. of meetings held during the year.

@ includes directorship of 7 foreign companies

* Figures in bracket indicates directorship of private companies.

*** Includes directorship in 3 foreign companies

** Only Audit Committee and Shareholders' Grievance Committee of Indian Public Limited companies have been considered.

[^] Prof. (Mrs.) Ashima Goyal, Non-Executive Director of the Company had resigned with effect from January 16, 2013.

[§] Appointed as Managing Director of the Company w. e. f. April 3, 2013.

^{##} Dr. Prakash Apte and Mr. P R Barpande, Non-Executive Directors of the Company have resigned with effect from July 25, 2013

- None of the Directors listed above is related inter-se.
- None of the Directors holds the office of Director in more than the permissible number of companies under the Companies Act, 1956.
- The Committee Chairmanships / Memberships are within the limits laid down in Clause 49 of the Listing Agreement.
- SEBI vide its letter dated June 20, 2013 had approved Mr. Vepa Kamesam, Dr. M.Y. Khan, Mr. V.K. Khanna, Mr. Jayant Deo, Mr. P.K. Chhokra and Mrs. Asha Das as Public Interest Directors on the Board of the Company.

3. Board Committees

i. Audit Committee

The Audit Committee plays a vital role in ensuring high level of governance standards

by overseeing, monitoring and advising the Company's management and auditors in conducting audits and preparation of financial statements.

A. Terms of reference

The role and functioning of the Audit Committee are in conformity with section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement and the requirements of SEBI. The role of the Audit Committee includes the following:

- a. 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;
- b. To recommend the appointment and removal of external auditors, fixation of audit fee and approval for payment to any other services;
- c. To review with the management, the annual financial statements before submission to the Board, focusing primarily on:
 - i. Any changes in accounting policies and practices;
 - ii. Major accounting entries based on exercise of judgment by the management;
 - iii. Significant adjustments arising out of audit findings;
 - iv. The going concern assumption;
 - v. Compliance with accounting standards;
 - vi. Compliance with legal requirements concerning financial statements;
 - vii. Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of Company at large.
- d. To review with the management, external and internal auditors, the adequacy of internal control systems;
- e. 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.
- f. To discuss with internal auditors any significant findings and follow up thereon;
- g. To review the findings of internal investigations into matters where there is suspected fraud or irregularity or failure of internal control system of a material nature and report to Board;
- h. To discuss with the statutory auditors before the audit commences, nature and the scope of audit as well as have post-audit discussion to ascertain any area of concern;
- i. To review financial statements before submissions to the Board;

- j. To review Company's financial risk management policies.
- k. Review of information as prescribed under clause 49 of the Listing Agreement

B. Composition, meetings and attendance during the year

During the year our audit committee ("the Committee") comprised of three Non-Executive/Independent Directors and one Non-Executive/Shareholder Director:

- Mr. P.R. Barpande
- Mr. Joseph Massey
- Mrs. Ashima Goyal
- Dr. Prakash Apte

Effective July 25, 2013, the Committee was reconstituted as follows:

- Mr. Joseph Massey - Shareholder Director/Non - Executive Director
- Mr. V.K. Khanna – Independent Director
- Mr. P.K. Chhokra - Independent Director

During the financial year 2012-13, the Audit Committee met 4 (four) times on April 27, 2012, September 07, 2012, November 27, 2012 and February 12, 2013.

Member	Category	Meetings held	Meetings Attended
Mr. P R Barpande***	Non-Executive, Independent Director	4	4
Mr. Joseph Massey	Non-Executive Director/ Shareholder Director	4	4
Mrs. Ashima Goyal#	Non-Executive, Independent Director	4	3
Dr. Prakash Apte*	Non-Executive, Independent Director	4	0

Prof. (Mrs.) Ashima Goyal, Non-Executive Independent Director of the Company had resigned with effect from January 16, 2013.

* Dr. Prakash Apte, Non-Executive Independent Director of the Company was member of the Committee during the period February 12, 2013 to July 25, 2013.

*** Ceased as member of the Committee w.e.f. July 25, 2013.

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

ii. Remuneration cum Compensation Committee

The Board had constituted a Remuneration Committee at its meeting held on April 17, 2009 as per provisions of Companies Act, 1956, the said Committee has been further redesignated as Compensation Committee in terms of SECC Regulations on September 7, 2012. Further on July 25, 2013 the Board redesignated Compensation Committee as Remuneration cum Compensation Committee to comply with the SECC Regulations read with SEBI circular dated December 13, 2012 as well as Companies Act, 1956. The terms of reference of the Committee is expanded to align the same

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

a. Composition, meetings and attendance during the year:

During the year our Remuneration cum Compensation Committee ("the Committee") comprised of two Non-Executive/Independent Directors:

- Mr. P.R. Barpande
- Dr. Prakash Apte

Effective July 25, 2013, the Committee was reconstituted as follows:

- Mr. Vepa Kamesam - Independent Director
- Mrs. Asha Das - Independent Director
- Mr. Joseph Massey - Shareholder Director/Non - Executive Director

During the financial year 2012-13, the Committee met once on March 23, 2013.

Member	Category	Meetings held	Meetings Attended
Mr. P.R. Barpande*	Non-Executive, Independent director	1	1
Dr. Prakash Apte*	Non-Executive, Independent director	1	1

* Ceased as member of the Committee w.e.f. July 25, 2013.

The Company Secretary is the Secretary of the Committee.

b. Details of remuneration payable to Directors

• Remuneration of the Managing Director and his Shareholding

Mr. U Venkataraman has been appointed as Managing Director & CEO ("MD and CEO") of the Company w. e. f. April 3, 2013 pursuant to approval received from SEBI. Based on recommendation of Remuneration cum Compensation Committee, the Board at its meeting held on May 9, 2013 had approved remuneration as stated below to be paid to MD and CEO w. e. f. April 3, 2013.

Sr. No.	Components	Amount in ₹
1	Basic	42,00,000
2	HRA	21,00,000
3	Other Allowance	5,04,000
4	Special Allowance	25,17,777
5	Food Coupons	14,400
6	Medical Reimbursement	15,000
7	LTA Reimbursement	3,50,000
8	Other Entitlements or Reimbursement	5,64,000
A	Total Cash Component	10,265,177
Benefits		
1	Annual Gratuity	2,01,923

Sr. No.	Components	Amount in ₹
2	Annual Personal Accident Policy	1,700
3	Annual Mediclaim	45,500
4	Annual Car Eligibility	2,80,000
5	Annual Group Insurance	5,700
B	Total benefits	5,34,823
(A+B)	Gross Cash and Non-cash salary	1,08,00,000
	Notice Period	6 months
	Severance fees	Nil except notice pay

Managing Director and CEO is not holding any shares in the Company.

- Remuneration of the Non-Executive Directors and their shareholding as on 31.03.2013 is as below:

Name of the Director	Sitting Fees (Amount in ₹)		Shareholding in the Company as on 31.03.2013 (in Nos.)
	Board Meetings	Committee Meetings	
Dr. Prakash Apte	30,000	130,000	NIL
Prof. (Mrs.) Ashima Goyal	30,000	50,000	NIL
Mr. P.R. Barpande	40,000	190,000	NIL
Mr. Joseph Massey	NIL	NIL	NIL
Mr. Paras Ajmera	NIL	NIL	NIL

iii. Shareholders Grievance Committee

The Company has constituted Shareholders Grievance Committee primarily with the objective of redressing shareholders' and investors' grievances.

a. Terms of reference

- Handling and redressal of various Shareholders' complaints;
- Noting of dematerialization, rematerialization, share transfer, transposition of names, transmission requests etc.;
- Issue of duplicate share certificates in case of torn or loss of share certificate;
- Any other specific shareholder matters as may be specified by the Board from time to time

b. Composition, meetings and attendance during the year

During the year our Shareholders Grievance Committee (the Committee) comprised two Non-Executive/Shareholder Directors and one Non-Executive/Independent Director:

- Mr. Joseph Massey
- Mr. P R Barpande
- Mr. U Venkataraman

Effective July 25, 2013, the Committee was reconstituted as follows:

- Mr. Joseph Massey - Shareholder Director/Non - Executive Director
- Mrs. Asha Das - Independent Director
- Mr. P K Chhokra - Independent Director

During the financial year 2012-13, the Committee met once on March 15, 2013.

Member	Category	Meetings held	Meetings Attended
Mr. Joseph Massey	Non-Executive Director/ Shareholder Director	1	1
Mr. P. R. Barpande**	Non-Executive, Independent Director	1	1
Mr. U Venkataraman#**	Managing Director and CEO	1	1

Appointed as Managing Director of the Company w. e. f. April 3, 2013.

** Ceased as member of the Committee w.e.f. July 25, 2013

The Company Secretary is the Secretary of the Committee.

During the financial year 2012-13, the Company has not received any complaint from its shareholders and there are no unresolved complaints at the end of the period.

Nature of requests /complaints received and redressed during the year 2012-13 are as follows:

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

No complaints were pending as on March 31, 2013.

IV. Other Board Committees

Your Company is regulated by SEBI and is required to comply with the requirements of SEBI Regulations. Other than the Audit Committee, Shareholders Grievance Committee and Remuneration cum Compensation Committee constituted by the Company under the provisions of Companies Act, 1956 and Listing Agreement, your Company is additionally required to constitute Committees which are mandated by SEBI for clearing corporations. The Board has also constituted certain other Committees for operational convenience.

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

Sr. No.	Name of the Committee
1	Advisory Committee
2	Defaulters Committee
3	Clearing and Settlement Oversight Committee
4	Member Regulation Oversight Committee
5	Disciplinary Action Committee
6	Ethics Committee
7	Executive Committee – Currency Derivatives Segment
8	Executive Committee – Capital Market Segment
9	Executive Committee – Futures and Options Segment
10	Investors Service Committee
11	Risk Management Committee
12	Membership Selection Committee
13	Grievance Redressal Committee
14	Standing Committee on Technology
15	Committee to monitor compliance with SEBI inspection report
16	Management Committee
17	Investment Committee
18	Public Interest Directors Committee

V. Compliance reports of applicable laws

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

VI. Code of Conduct

The Company has formulated and implemented a comprehensive Code of Conduct for Directors, Key Management Personnel and employees of the Company. The Code of Conduct has been posted on the website of the MCX Stock Exchange Limited, parent Company – www.mcx-sx.com under the section MCX-SX CCL.

The Board Members and the Senior Management Personnel affirm compliance with the Code of Conduct on an annual basis. The necessary declaration by the Managing Director & Chief Executive Officer under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct has been obtained for the financial year 2012-13 and forms part of the Annual Report.

VII. General Body Meetings

A. Details of the General Body Meetings and special resolutions passed therein during previous three financial years:

Date	Time	Category	Venue of the meeting	Particulars of special resolution passed
June 18, 2010	11.00 A.M.	AGM (FY- 2009-2010)	Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai - 400093	No special business was conducted
December 15, 2010	4.00 P.M.	EGM	Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai - 400093	Alteration of Memorandum of Association
August 04, 2011	11.00 A.M.	AGM (FY- 2010-2011)	Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai - 400093	No special business was conducted
September 25, 2012	11.00 A.M.	AGM (FY- 2011-2012)	Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai - 400093	i) Reappointment of Mr. U Venkataraman as a CEO & Whole-Time Director. ii) Alteration of the Articles of Association.
March 11, 2013	10.30 A.M.	EGM	Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai - 400093	Alteration of the Articles of Association.

B. Postal Ballot

Section 192A of the companies Act, 1956 relating to postal ballot is not applicable to the Company and the Company has not passed any resolution by way of postal ballot.

VIII. Disclosures

A. Disclosures on materially significant related party transactions

The Company has not entered into any materially significant related party transactions with the Directors or Management or their relatives that may have potential conflict with the interests of the Company. Nonetheless, the details of the related parties' transactions as required under AS 18 have been disclosed in the Notes to Accounts and forms part of the Annual Report.

B. Penalties imposed by Stock Exchanges, SEBI or any statutory authority, on any matter related to the capital markets during the last three years: Nil.

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 Key Management Personnel and Employees which includes a Whistle Blower Policy. No personnel have been denied access to the Audit Committee.

D. Risk management policy

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

E. Management discussions and analysis

The Management Discussion and Analysis is covered separately in this Annual Report.

F. CEO/CFO certification

The certification received under clause 49 of the Listing Agreement from Mr. U. Venkataraman, MD and CEO and Mr. Partha Sarathi Sen, - Senior Manager - Finance and Accounts on the financial statements of the Company for the year ended March 31, 2013 is annexed to this report.

G. Auditors' certificate on Corporate Governance

The Auditors' Certificate regarding the compliance of conditions of Corporate Governance under clause 49 of the listing agreement is annexed to the Directors Report.

H. Compliance with Clause 49

Mandatory requirements

As per the regulation 35 of SECC Regulations, 2012 the disclosure requirements and corporate governance norms as applicable to listed company are mutatis mutandis applicable to a recognized clearing corporation.

SEBI had vide its letter dated April 3, 2013 granted in-principle recognition to your Company to act as a Clearing Corporation for a period of one year subject to the fulfillment of certain terms and conditions.

In view of the same Company has started complying with all the mandatory requirements of clause 49 of Listing Agreement to the extent practicable and applicable.

Non mandatory requirements

- i) The Company has constituted Remuneration Committee which was redesignated as Compensation Committee by the Board at its meeting held on September 7, 2012. The Committee has been further redesignated as Remuneration cum Compensation Committee on July 25, 2013 to comply with the SECC Regulations read with SEBI circular dated December 13, 2012 as well as Companies Act, 1956.
- ii) The financial statements of the Company are unqualified.
- iii) The Company has adopted a Code for Key Management Personnel and Employees which includes a Whistle Blower Policy. This policy enables an employee to report any actual or possible violation of the code of conduct. This policy ensures confidentiality and protection to the employee against retaliation.

I. Means of communication:

SEBI had vide its letter dated April 3, 2013 granted in-principle recognition to your Company to act as a Clearing Corporation for a period of one year subject to the fulfillment of certain terms and conditions. As per the regulation 35 of SECC Regulations, 2012 the disclosure requirements and corporate governance norms as applicable to listed company are mutatis mutandis applicable to a recognized clearing corporation.

In view of the same, the Company will be publishing the quarterly results from the next financial year i.e. FY- 2013-14. The results will be published in one English newspaper having circulation in the whole or substantially the whole of India and in one Marathi newspaper.

The Company is voluntarily complying with the corporate governance norms, the website of the Company is under development and hence currently information/ updates are posted under section MCX-SX CCL on the website of the MCX Stock Exchange Limited, parent company. The updation of shareholding pattern, Clause 49 Certificate and Annual Reports etc. is being adhered from quarter ended March 31, 2013.

In view of in principle recognition received from SEBI vide its letter dated April 3, 2013, the Company will post significant events from next financial year under the section MCX-SX CCL on the website of the MCX Stock Exchange Limited, parent Company www.mcx-sx.com.

IX. General Shareholder Information

Date	Time
Annual General Meeting (F.Y. 2012-13)	September 20, 2013 at 4 p.m. at Exchange Square, CTS No. 255, Suren Road, Andheri (E), Mumbai – 400 093.
Financial year	April 01, 2012- March 31, 2013
Book Closure date	Not Applicable
Dividend payment date	Not Applicable
Mode of payment of dividend	Not Applicable
Listing on Stock Exchanges	Your Company is not listed.
Stock Market Code	Not Applicable
Name and designation of compliance officer	Mr. Ameya Paranjape- Company Secretary-Senior Manager
Registrars & Transfer Agents	Karvy Computershare Private Limited Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad – 500 081.
Share Transfer system	Authority has been delegated to the Management Committee of the Board to approve share transfers and the Shareholders Grievance Committee reviews disposal of transfer requests, if any, from time to time
Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	You Company do not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments
The Company's operations are located at	Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai -400 093. India.
Address for Correspondence	Registered Office: Mr. Ameya Paranjape, Company Secretary and Compliance Officer MCX SX Clearing Corporation Limited Exchange Square, CTS No. 255, Chakala, Suren Road, Andheri (East), Mumbai - 400 093. India. Tel: 67319000 Website: www.mcx-sx.com
Email	shareholdergrievance@mcx-sxccl.com

Plant locations

Your Company is engaged in the business of providing clearing and settlements of the securities traded on the trading platform of its parent Company i.e. MCX-SX. Therefore this section is not applicable.

Dematerialisation of Shares

The shares of the Company are under dematerialised (electronic) form as required

under SECC regulations except for four equity shares of ₹10 each which are held by individuals as nominees of promoters of the Company. The securities of the Company are admitted for dematerialisation with both the depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

ISIN of the Company's equity shares is INE831N01013.

As on March 31, 2013, a total of 2,49,99,996 equity shares of the Company were in dematerialized form.

Stock market data

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

Share price performance to broad based indices

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

Distribution of Shareholding & Shareholding pattern (As on March 31, 2013)

i. Distribution of Shareholding

Sr. No.	Category	Shareholders		Shares held	
		No. of holders	% of Total	No. of Shares	% of Total
1	up to 5,000	-	-	-	-
2	5,001 - 10,000	-	-	-	-
3	10,001 - 20,000	-	-	-	-
4	20,001 - 30,000	-	-	-	-
5	30,001 - 40,000	-	-	-	-
6	40,001 - 50,000	-	-	-	-
7	50,001 - 100,000	-	-	-	-
8	100,001 & above	3	100	25,000,000	100
	Total	3	100	25,000,000	100

ii. Shareholding Pattern

Sr. No.	Category	No. of Shareholders	No. of Shares held	% of Shareholding
(A)	Promoter and Promoter Group			
1.	Indian			
(a)	Bodies Corporate	3	25,000,000	100
	Sub-Total A(1)	3	25,000,000	100
2.	Foreign	0	0	0.00
	Sub-Total A(2)	0	0	0.00
	Total A=A(1)+A(2)	3	25,000,000	100
(B)	Public shareholding			
(1)	Institutions			
(a)	Mutual Funds /UTI	0	0	0.00
(b)	Financial Institutions /Banks	0	0	0.00
(c)	Venture Capital Funds	0	0	0.00
(d)	Foreign Institutional Investors	0	0	0.00
(e)	Foreign Bodies Corporate	0	0	0.00
	Sub-Total B(1)	0	0	0.00
(2)	Non-Institutions			
(a)	Bodies Corporate	0	0	0.00
(b)	Individuals	0	0	0.00
(c)	Others	0	0	0.00
	Trusts	0	0	0.00
	Non-Resident Indian	0	0	0.00
	Clearing Members	0	0	0.00
	Sub-Total B(2)	0	0	0.00
	Total B=B(1)+B(2)	0	0	0.00
	Total (A+B)	3	2,50,00,000	100

Note: The above figures include holdings of four nominee shareholders of the above shareholders who hold one share each as allowed u/s 49(3) of the Companies Act, 1956.

Auditors Certificate on Corporate Governance

TO THE MEMBERS,
MCX-SX CLEARING CORPORATION LIMITED

We have examined the compliance of conditions of Corporate Governance by MCX- SX Clearing Corporation Limited ('the Company') for the year ended on 31st March, 2013, as stipulated in regulation 35 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 read with Clause 49 of the Listing Agreement, to the extent applicable to the Company.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. 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 and based on the representations made by the Directors and the Management, read with note (VIII) -H of the Corporate Governance Report, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement, to the extent applicable to the Company.

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

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117364W)

Abhijit A. Damle
Partner
Membership No: 102912

Mumbai, July 25, 2013

Management Discussion and Analysis

Economic overview

The developments over the last year in the major economies of the world have been pessimistic and lackluster. The predominant reason for subdued growth in the advanced economies remains the sovereign debt crisis that started in the peripheral economies of the US and the European Union. The policy and procedural reforms in areas such as retail, insurance, agriculture, banking, capital markets and commodity markets should continue for these sectors to remain attractive. Further liberalization of policies and regulations would aid in the improvement of the market sentiment, thereby strengthening the growth prospects of the economy.

Industry Structure and Developments

The Indian stock exchange industry has a very long history and more than a decade of electronic trading. The past years witnessed an important milestone in this history when MCX Stock Exchange Limited, parent Company became the third stock exchange with nationwide electronic presence to enter the equity and equity derivative space. Accordingly your Company commenced clearing and settlement of trades carried out on MCX Stock Exchange Limited.

Your Company, received authorization from RBI under Section 10 of Foreign Exchange Management Act, 1999 on August 3, 2012 to undertake activities relating to clearing and settlement of currency options contracts. It had commenced clearing and settlement of currency options contracts dealt on MCX-SX from August 10, 2012. MCX-SX received permission from SEBI to commence trading in Interest Rate Derivatives, Equity, Futures & Options on Equity and Whole-sale Debt segments on December 19, 2012. Accordingly MCX-SX commenced its operations in the Capital Market and Futures & Options on Equity from February 11, 2013. Your Company has carried out the clearing and settlement of the above trades executed on MCX-SX. Further pursuant to approval received from SEBI MCX-SX has commenced trading in Index future and options on SX 40, flagship Index of MCX-SX w.e.f. May 15, 2013. Your Company has carried out clearing and settlement of the above trades.

The company currently clears and settles the deals entered in the Capital Market, Futures & Options, Currency Derivatives and Debt Market Segments of MCX-SX.

During the year under review, SEBI had notified the SECC Regulations and issued a circular laying down the procedural norms, laying down many more regulatory requirements for stock exchanges and clearing corporations.

Opportunities and Outlook

With strong innate economic fundamentals, India continues to be the highly attractive destination for investments globally. Existing products and asset classes would continue to evince interest, it is expected that there would be attraction towards the new asset classes as

well. New products and services, technological innovation, robust risk management system and strong regulatory framework would continue to be the key drivers for the securities market.

Risks and Concerns

While the fundamentals of the Indian economy remain headstrong, the domestic capital market and especially the inflow of foreign funds are to a large extent susceptible to the developments in the global economy. Also, the sovereign debt crisis that started in the peripheral economies of the US and the European Union post the sign of initial improvement could have adverse impact on the Indian Capital Market. However, with key policy changes and domestic growth expectations within the country these risks would be largely mitigated.

Business Risks

The Risk Management Committee of the Company had approved a "Risk Management Framework" for Clearing and Settlement Operations carried out by the Company in the Currency Derivatives Segment, Capital Market, Futures and Options Segment and Debt Market after identifying the risks and taking adequate measures to cover these risks as and when they materialize.

Operational Risks

Clearing Corporation operates a highly automated system for clearing, settlement and risk management activities thereby minimizing chances of manual intervention and associated risks. Maker checker controls are implemented in operational activities like collateral management wherein manual intervention is unavoidable. Various operational risks are reviewed as part of the business impact analysis and appropriate controls are implemented to ensure seamless operations.

Opportunities and Threats

SEBI has been deliberating regarding feasibility of interoperability of Clearing Corporations and introduction of a single clearing corporation. Though MCX-SXCCL has better capabilities for managing risks efficiently for Exchange traded markets, its shorter tenure of operations and the current dominating position of the competing clearing corporation may have an adverse impact for MCX-SXCCL if interoperability is introduced in the near future.

Segment wise Performance

The Company operates only in the business of clearing and settlement services of trades carried out at MCX Stock Exchange Limited within India. Consequently there are no reportable business or geographical segments.

Internal Audit & Control System and their Adequacy

The Company believes in formulating adequate and effective internal control systems and implementing the same to ensure that its assets and interests are safeguarded. The reliability of accounting data and its accuracy are ensured with proper checks and balances. The Company has internal auditors to examine and evaluate the adequacy and effectiveness of internal control systems. The internal audits ensure that the systems designed and implemented, provide adequate internal control commensurate with the size and operations of the Company. The Audit Committee of the Board, Statutory Auditors and the Risk Management Committee periodically apprised of the internal audit activities and findings. The Audit Committee of the Company comprising of non-executive/shareholder and Public Interest Directors periodically reviews and recommends the audited financial statements of the Company on quarterly as well as annual basis. The statutory auditors, M/s. Delloite Haskins & Sells, Chartered Accountants, Mumbai have audited the Company's financial statements under the Indian GAAP and have conducted such tests and related procedures as they deemed necessary. The report of the statutory auditors based upon their audit of the Company's financial statements, is contained in this Annual Report.

Financial Performance with respect to Operational Performance

Discussion on financial performance w.r.t operational performance-

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012 (Amount in ₹)
Total Income	200,977,306	165,677,071
Less: Expenditure	199,991,755	158,814,625
Profit Before Tax	9,85,551	68,62,446
Less: Provision For Tax	-	-
Profit After Tax	9,85,551	6,862,446

During the year under review, the Company has registered a total income of ₹200,977,306 as against ₹165,677,071/- in the previous year. The profit after tax for the year under review is ₹9,85,551 as compared to ₹6,862,446/-for the previous year.

The drop in profit compared to previous year is mainly due to setup cost incurred by the Company for two new segments i.e. capital market and derivatives.

Material developments in Human Resources

In light of the launch of Capital Market, F&O and Debt Market Segments by the MCX Stock Exchange, the Company has started clearing and settlement of the trades executed in the above segments. Accordingly, the Company has made substantial expansion in terms of Human Capital especially in the Operations department. Our headcount as at March 31, 2013 stood at 36 as against 10 as on March 31, 2012. The attrition rate stood at 11% as on March 31, 2013.

Cautionary Statement

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 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.

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 as adopted by the Board of Directors.

U. Venkataraman

Managing Director & CEO

Date: May 9, 2013

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

(Issued in accordance with the provisions of regulation 35 of SECC regulations read with Clause 49 of the Listing Agreement)

To the Board of Directors of MCX-SX Clearing Corporation Limited

Dear Sirs,

We have reviewed the financial statements and cash flow statement of MCX-SX Clearing Corporation Limited for the financial year ended March 31, 2013 and to the best of our knowledge and belief, we hereby certify that:

- a. i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- ii. These statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's codes of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies. In our opinion there are adequate internal controls over financial reporting.
- d. We have indicated to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
 - iii. that there have been no instances of significant fraud of which we have become aware.

Yours Sincerely,

U. Venkataraman
Managing Director & CEO

Partha Sarathi Sen
Senior Manager- Finance and Accounts

Date: May 9, 2013

Independent Auditors' Report

TO THE MEMBERS OF
MCX-SX CLEARING CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of MCX-SX Clearing Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these 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 Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

1. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
2. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
3. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - e. On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117364W)

Abhijit A. Damle
Partner
Membership No: 102912

Mumbai – May 9, 2013

Annexure to the Independent Auditor's report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. Having regard to the nature of the Company's business/activities/results during the year, clauses (ii), (iii), (v), (vi), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to Company.
- ii. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- iii. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and sale of services. The Company being a service Company does not purchase inventory or sell goods. During the course of our audit, we have not observed any major weakness in the internal control system.
- iv. In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.
- v. According to the information and explanations given to us, in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.


Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

1. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
2. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
3. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

- 
- e. On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117364W)

Abhijit A. Damle
Partner
Membership No: 102912

Mumbai – May 9, 2013

Balance Sheet as at March 31, 2013

As at March 31, 2013			As at March 31, 2012		
Note No	₹	₹	₹	₹	
A Equity and Liabilities					
Shareholder's Funds					
Share Capital	2	250,000,000		250,000,000	
Reserves and Surplus	3	30,643,813	280,643,813	29,658,262	279,658,262
Non-Current Liabilities					
Other Long-Term Liabilities	6	371,000,000		55,000,000	
Long Term Provisions	4	1,133,617	372,133,617	418,284	55,418,284
Current Liabilities					
Trade Payables	5	37,197,290		7,857,122	
Other Current Liabilities	6	973,852,687		503,358,463	
Short Term Provisions	4	74,419	1,011,124,396	138,892	511,354,477
TOTAL			1,663,901,826		846,431,023
B Assets					
Non-Current Assets					
Fixed Assets	7				
Tangible Assets		2,948,891		887,183	
Intangible Assets		51,680		76,319	
Long Term Loans and Advances	10	38,052,223	41,052,794	28,024,994	28,988,496
Current Assets					
Current Investments	8	655,199,870		40,509,918	
Cash and Bank Balances	9	918,105,375		733,893,688	
Short-Term Loans and Advances	10	17,181,005		9,959,434	
Other Current Assets	11	32,362,782	1,622,849,032	33,079,487	817,442,527
TOTAL			1,663,901,826		846,431,023
See accompanying notes to the financial statements					

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117364W)

Abhijit A.Damle
Partner
Membership No: 102912

Place : Mumbai
Date : May 09, 2013

For and on behalf of the Board
MCX-SX Clearing Corporation Limited

Joseph Massey
Director

U.Venkataraman
MD & CEO

Ameya Paranjape
Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2013

		As at March 31, 2013	As at March 31, 2013
	Note No	₹	₹
A Revenue			
Revenue from Operations	12	168,652,853	142,252,738
Other Income	13	32,324,453	23,424,333
Total		200,977,306	165,677,071
B Expenses			
Employee Benefits Expense	14	19,486,950	11,708,826
Depreciation & Amortisation Expense	7	319,500	208,077
Other Expenses	15	180,185,305	146,897,722
Total		199,991,755	158,814,625
Profit for the year		985,551	6,862,446
Earnings Per Share	16		
Basic / Diluted		0.04	0.27
Face Value Per Share		10/-	10/-
See accompanying notes to the financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117364W)

Abhijit A.Damle
Partner
Membership No: 102912

Place : Mumbai
Date : May 09, 2013

For and on behalf of the Board
MCX-SX Clearing Corporation Limited

Joseph Massey
Director

U.Venkataraman
MD & CEO

Ameya Paranjape
Company Secretary

Cash Flow Statement

for the year ended March 31, 2013

	For the year ended March 31, 2013		For the year ended March 31, 2012	
	₹	₹	₹	₹
A Cash Flow from Operating Activities				
Net Profit Before Tax		985,551		6,862,446
Adjustments for				
Depreciation/Amortisation	319,500		208,077	
Dividend from Current Investments	(1,534,799)		(1,786,705)	
Interest Income	(30,057,527)		(19,303,356)	
Profit on Sale of Current Investment (Net)	(254)		(160,383)	
Loss on Sale of Fixed Asset	12,317		-	
		(31,260,763)		(21,042,367)
Operating loss before working capital changes		(30,275,212)		(14,179,921)
Working Capital Changes				
(Increase) in Loans and Advances	(7,202,650)		(9,978,873)	
(Increase) in Fixed Deposits	(127,249,500)		(347,294,407)	
Increase in Liabilities and Provision	787,145,084		109,355,336	
Increase in Trade Payables	29,340,168	682,033,102	7,135,639	(240,782,305)
Cash generated from/(used in) Operating Activities		651,757,890		(254,962,226)
Taxes (paid)		(10,046,150)		(608,444)
Net Cash generated from/(used in) Operating Activities		641,711,740		(255,570,670)
B Cash flow from Investing Activities				
(Purchase)/Sale of Current Investments (Net)		(614,689,698)		238,903,799
Purchase of Fixed Assets		(2,747,245)		(143,905)
Proceeds from Sale of Fixed Assets		378,359		-
Dividend Income		1,534,799		1,786,705
Interest Income		30,774,232		(252,558)
Net Cash (used in)/generated from Investing Activities		(584,749,553)		240,294,041
Net Increase / (Decrease) in Cash and Cash Equivalents		56,962,187		(15,276,629)
Cash and Cash Equivalents at the beginning of the year		8,893,688		24,170,317
Cash and Cash Equivalents at the end of the year (Refer Note 9)		65,855,875		8,893,688
Net Increase / (Decrease) in Cash and Cash Equivalents as disclosed above		56,962,187		(15,276,629)

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117364W)

Abhijit A.Damle
Partner
Membership No: 102912

Place : Mumbai
Date : May 09, 2013

For and on behalf of the Board
MCX-SX Clearing Corporation Limited

Joseph Massey
Director

U.Venkataraman
MD & CEO

Ameya Paranjape
Company Secretary

Notes forming part of Financial Statements

1. Significant Accounting Policies

A. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting and in accordance with generally accepted accounting principles in India (Indian GAAP) and as per the provisions of the Companies Act, 1956.

B. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported amounts of income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

C. Revenue Recognition

- Revenue is recognized when no significant uncertainty as to measurement and realization exists.
- Dividend income is recognized when the Company's right to receive dividend is established.
- Interest income is recognized on time proportion basis.
- Clearing and Settlement fees are recognized in accordance with the terms of Agreement with MCX- SX

D. Employee Benefits

Employee benefits costs are expensed to revenue, as incurred.

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

Gratuity, a defined benefit plan: The Company has taken a group gratuity cum life assurance policy from Life Insurance Corporation of India. The premium payable under the policy is charged to the Statement of Profit and Loss. Additionally, the shortfall, if any, between the balance of the fund with the Life Insurance Corporation of India and the obligations determined by the actuarial valuation is charged to the Statement of Profit and Loss.

Compensated absences, other long term employee benefits: Provision is made to based upon actuarial valuation done at the end of every financial year.

E. Fixed assets and depreciation/amortisation

Tangible assets are stated at cost of acquisition 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. Depreciation is charged over the estimated useful life of a fixed asset on a straight line basis in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956.

Intangible Assets are stated at cost less accumulated amortisation and impairment loss, if any. Computer Software is amortised over a period of five years.

Assets individually costing ₹5,000 or less are fully depreciated in the year of purchase/acquisition.

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.

F. Impairment Loss

Impairment loss is provided to the extent the carrying amounts of assets exceed their recoverable amounts. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

G. Investments

Current investments are stated at the lower of cost and fair value. Long Term investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of Long Term investments. Any reduction in the carrying amount of investments and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

H. Income tax

Current tax is measured at the amount expected to be paid to taxation authorities, using the applicable tax rates and tax laws. The tax effect of the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations. The carrying amount of deferred tax asset at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

I. Provisions and Contingencies

Provisions are recognized when the Company has a legal and constructive obligation because of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

2. Share Capital

As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹
Authorised			
25,000,000 equity shares of ₹10/- each		250,000,000	250,000,000
Issued and Subscribed			
25,000,000 equity shares of ₹10/- each fully paid		250,000,000	250,000,000
TOTAL		250,000,000	250,000,000

2.1 Shareholding pattern in respect of Equity Shares

	As at 31.03.2013		As at 31.03.2012	
	Numbers	% holding	Numbers	% holding
MCX Stock Exchange Limited - Holding Company	12,750,000	51.00%	12,750,000	51.00%
Multi Commodity Exchange of India Limited	6,500,000	26.00%	6,500,000	26.00%
Financial Technologies (India) Limited	5,750,000	23.00%	5,750,000	23.00%
	25,000,000	100.00%	25,000,000	100.00%

2.2 The Equity Shares of the Company are having face value of ₹10 per share. Shareholders are eligible for one vote per share held. Shareholders are entitled to residual assets after payment of all liabilities in the event of liquidation of the Company.

3. Reserves and Surplus

As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹
Surplus in Statement of Profit and Loss			
Balance as per last Balance Sheet	29,658,262		22,795,816
Add : Profit for the year	985,551	30,643,813	6,862,446
TOTAL		30,643,813	29,658,262

4. Provisions

	As at 31.03.2013		As at 31.03.2012	
	Current ₹	Non current ₹	Current ₹	Non current ₹
For Employee Benefits				
Compensated Absences	74,419	1,133,617	138,892	418,284
TOTAL	74,419	1,133,617	138,892	418,284

5. Trade Payables

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
Total outstanding dues of creditors other than micro enterprises and small enterprises		37,197,290		7,857,122
TOTAL		37,197,290		7,857,122
5.1 There are no dues to Micro, Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, disclosures, if any, relating to amounts unpaid as at the year end and together with the interest paid/payable as required under the said Act have not been given.				

6. Other Liabilities

	As at 31.03.2013		As at 31.03.2012	
	Current ₹	Non current ₹	Current ₹	Non current ₹
Settlement Banks Deposits	-	290,000,000	-	30,000,000
Members Margin and Deposits	963,844,802	-	498,443,340	-
Other Deposits	40,548	6,000,000	-	-
MCX-SX Contribution to Settlement Guarantee Fund	-	75,000,000	-	25,000,000
Other Payables				
For Expenses	1,605,271	-	727,890	-
For Gratuity (Refer Note 18)	979,699	-	-	-
For Statutory Dues	7,382,367	-	4,187,233	-
TOTAL	973,852,687	371,000,000	503,358,463	55,000,000

7. Fixed Assets

Tangible Assets									
Particulars	Gross Block			Depreciation			Net Block		
	As at 01.04.2012 ₹	Additions ₹	Deletions ₹	As at 31.03.2013 ₹	Upto 31.03.2012 ₹	For the year ₹	Deletions ₹	Upto 31.03.2013 ₹	As at 31.03.2013 ₹
Office Equipments	13,500	248,648	-	262,148	1,342	1,509	-	2,851	259,297
Computer Hardware	1,261,028	2,498,597	424,791	3,334,834	386,003	293,352	34,115	645,240	2,689,594
TOTAL	1,274,528	2,747,245	424,791	3,596,982	387,345	294,861	34,115	648,091	2,948,891
Previous year	1,132,344	143,905	1,721	1,274,528	205,628	183,438	1,721	387,345	887,183

Intangible Assets									
Particulars	Gross Block			Depreciation			Net Block		
	As at 01.04.2012 ₹	Additions ₹	Deletions ₹	As at 31.03.2013 ₹	Upto 31.03.2012 ₹	For the year ₹	Deletions ₹	Upto 31.03.2013 ₹	As at 31.03.2013 ₹
Computer Software	123,195	-	-	123,195	46,876	24,639	-	71,515	51,680
TOTAL	123,195	-	-	123,195	46,876	24,639	-	71,515	51,680
Previous year	123,195	-	-	123,195	22,237	24,639	-	46,876	76,319

8. Current Investments

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
In units of Mutual Funds (Quoted, Non Trade): (at lower of cost and market value)				
60,042.141 (Previous Year NIL) of ₹1,000/- each in Axis Liquid Fund Daily Dividend Reinvestment Plan		60,048,787		-
1,138,596.650 (Previous Year NIL) of ₹100/- each in DWS Insta Cash Plus Fund Daily Dividend Reinvestment Plan		114,205,798		-
7,840,186.447 (Previous Year NIL) of ₹10/- each in JPMorgan India Liquid Fund Daily Dividend Reinvestment Plan		78,463,802		-
74,982.589 (Previous Year NIL) of ₹1,000/- each in Morgan Stanley Liquid Fund Daily Dividend Reinvestment Plan		75,019,863		-
20,427.157 (Previous Year NIL) of ₹1,000/- each in Reliance Liquid Fund Daily Dividend Reinvestment Plan		31,227,815		-
220,458.130 (Previous Year NIL) of ₹1,000/- each in SBI Premier Liquid Fund Daily Dividend Reinvestment Plan		221,174,619		-
7,429,763.529 (Previous Year NIL) of ₹10/- each in Sundaram Money Fund Daily Dividend Reinvestment Plan		75,059,186		-
NIL (Previous Year 40,478.146) of ₹1,000/- each in Religare Liquid Fund Daily Dividend Reinvestment Plan		-		40,509,918
TOTAL		655,199,870		40,509,918
Aggregate Book Value / Aggregate Market Value		655,199,870		40,509,918

9. Cash and Bank Balances

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
Cash and Cash Equivalents				
Cash on hand	9,504		15,204	
Balances with Banks:				
- In Current Accounts	23,846,371		8,878,484	
- In Deposit Accounts	42,000,000	65,855,875	-	8,893,688
Other Bank Balances				
- Fixed Deposit with original maturity for more than 3 months but less than 12 months	-		550,000,000	
- Fixed Deposit with original maturity for more than 12 months	852,249,500	852,249,500	175,000,000	725,000,000
9.1 Balance in Current Account includes ₹21,043,281/- (Previous Year ₹8,010,695/-) towards Clearing and Settlement Obligation				
9.2 Fixed deposits aggregating ₹75,000,000/- (Previous Year ₹25,000,000/-) earmarked towards Settlement Guarantee Fund.				
9.3 Fixed Deposits under lien with a Bank for Bank Guarantee- ₹250,000,000/- (Previous Year ₹250,000,000/-)				
TOTAL		918,105,375		733,893,688

10. Loans and Advances (Unsecured and considered good)

	As at 31.03.2013		As at 31.03.2012	
	Current	Non current	Current	Non current
	₹	₹	₹	₹
Advance Payment of Income Tax	-	38,051,705	-	28,005,555
Input VAT Credit	-	518	-	19,439
Service Tax Input Credit	14,158,633	-	7,820,923	-
Prepaid Expenses	1,155,852	-	1,222,277	-
Advances to Vendors	329,901	-	371,512	-
Deposits	1,503,000	-	543,852	-
Others Receivables	33,619	-	870	-
TOTAL	17,181,005	38,052,223	9,959,434	28,024,994

11. Other Current Assets

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
Accrued Interest on Bank Deposits		32,362,782		33,079,487
TOTAL		32,362,782		33,079,487

12. Revenue from operations

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
Sale of Services				
Clearing and Settlement Fees		107,711,777		94,315,706
Other Operating Revenues				
Interest on Deposits with Banks		43,704,572		27,814,961
Dividend from Current Investments		17,236,504		20,122,071
TOTAL		168,652,853		142,252,738

13. Other Income

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
Interest on Deposits with Banks		30,057,527		19,303,356
Dividend from Current Investments		1,534,799		1,786,705
Profit on Sale of Current Investments (net)		254		160,383
Interest received on Income Tax Refund		731,873		842,773
Margin Non Compliance recovery		-		1,331,116
TOTAL		32,324,453		23,424,333

14. Employee Benefits Expense

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
Salaries and Bonus	18,799,876		11,225,064	
Contribution to Provident Fund	606,703		427,332	
Staff Welfare Expenses	80,371	19,486,950	56,430	11,708,826
TOTAL		19,486,950		11,708,826

15. Other Expenses

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
Rent (Refer Note 19)		3,252,312		3,252,312
Shared Service Cost		1,800,593		1,801,773
Technology Cost		166,193,372		137,802,405
Audit Fees				
- Statutory Audit Fees	500,000		75,000	
- Other Services (Interim Audit)	200,000	700,000	150,000	225,000
Non-Compliance Charges		2,861,603		-
Insurance		751,098		402,106
Legal and Professional Charges		1,594,173		594,500
Directors Sitting Fees		470,000		200,000
Bank Charges		1,248,490		1,732,786
Loss on Sale of Fixed Asset		12,317		-
Miscellaneous Expenses		1,301,347		886,840
TOTAL		180,185,305		146,897,722

16. Earnings Per Share

	As at 31.03.2013		As at 31.03.2012	
Profit for the year attributable to equity shareholders (₹)		985,551		6,862,446
Weighted average number of Equity Shares outstanding during the year (Nos.)		25,000,000		25,000,000
Basic /Diluted Earnings per share (₹)		0.04		0.27
Nominal Value of Equity Share (₹)		10		10

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

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

17. Related Party information

A. Names of related parties and nature of relationship

i. Holding Company (Control exists)

a. MCX Stock Exchange Limited (MCX-SX)

ii. Company having significant influence over the Company

a. Financial Technologies (India) Limited (FTIL)

b. Multi Commodity Exchange of India Limited (MCX)

B. Transactions with related parties

Sr. No.	Nature of transactions	Company whose Control Exists (MCX-SX)	Companies having Significant Influence (MCX)	Companies having Significant Influence (FTIL)
		₹	₹	₹
1.	Clearing and Settlement Fees	107,711,777 (94,315,706)	- (-)	- (-)
2.	Purchase of Fixed Assets	301,507 (134,450)	68,355 (-)	12,215 (9,454)
3.	Sale of Fixed Assets	353,173 (-)	22,471 (-)	- (-)
4.	Rent Paid	3,252,312 (3,252,312)	- (-)	- (-)
5.	Shared Service Cost	1,800,000 (1,800,000)	- (-)	593 (1,773)
6.	Software License Expenses	- (-)	- (-)	4,584 (-)
7.	Technology Cost	166,193,372 (137,802,406)	- (-)	- (-)
8.	Other Expenses	- (31,566)	- (6,996)	82,519 (22,910)
9.	Amount received for Settlement Guarantee Fund	50,000,000 (-)	- (-)	- (-)
10.	Payables (Balance at the end of the year)	36,432,134 (7,698,957)	- (-)	- (-)
11.	Bank Guarantee Given (Refer Note No 21)	250,000,000 (500,000,000)	- (-)	- (-)

Notes:

- There are no provisions for doubtful debts or amounts written back/ written off during the year in respect of debts due to/ from related parties.
- Figures in bracket are in respect of previous year

18. Employee Benefit Plans in respect of Gratuity - Funded

Provision is made for gratuity based upon actuarial valuation done at the end of every financial year. Major drivers in actuarial assumptions, typically are years of service and employee compensation. Commitments are actuarially determined using the 'Projected Unit Credit' method. Gains or losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

	Current Year	Previous Year
	₹	₹
I. Reconciliation of defined benefit commitments		
Liability at the start of the year	597,770	283,665
Interest Cost	52,305	23,402
Current Service Cost	168,469	149,222
Liability transfer in	342,144	-
Benefits Paid	-	(240,288)
Actuarial loss on obligations	954,994	381,769
Liability at the end of the year	2,115,682	597,770
II. Reconciliation of Fair value of plan assets		
Fair value of plan assets at the start of the year	992,803	-
Expected return on plan assets	85,381	-
Contributions	49,383	969,932
Actuarial gain on plan assets	8,416	22,871
Fair value of plan assets at the end of the year	1,135,983	992,803
III. Amount recognized in the Balance Sheet		
Fair Value of Plan Assets at the end of the year	1,135,983	992,803
Present Value of Benefit obligation as at the end of the year	(2,115,682)	(597,770)
Net (Liability) / Assets recognized in the Balance Sheet	(979,699)	395,033
IV. Expense recognised in the Statement of Profit and Loss		
Current service cost	168,469	149,022
Interest cost	52,305	23,402
Expected return on plan assets	(85,381)	-
Net actuarial loss recognized	946,578	358,898
Expense recognised in the Statement of Profit and Loss	1,081,971	531,522
V. Composition of Fund		
Insurer Managed Funds (LIC)	100%	100%
VI. Actuarial Assumption		
Discount rate	8.00%	8.75%
Salary escalation	7.50%	7.50%
Mortality	LIC 1994-96 (Ultimate)	LIC 1994-96 (Ultimate)
The above information is as certified by the actuary		

19. Operating Lease

The Company has taken office premise on cancellable operating lease basis. The agreement is executed for period upto 36 months with a renewal clause. Operating lease rentals debited to the Statement of Profit and Loss for the year is ₹3,252,312/- (Previous year ₹3,252,312/-)

20. Deferred Tax

	As at 31.03.2013	As at 31.03.2012
	₹	₹
Deferred Tax Assets / (Liabilities) (net):		
Difference in Written Down Value of Fixed Assets	(377,326)	(212,578)
Deferred Tax (Liability)	(377,326)	(212,578)
Provision for Compensated Absences	391,947	180,776
Carry Forward business losses and Depreciation	18,428,568	12,988,157
Deferred Tax Asset	18,820,515	13,168,993
Deferred Tax Asset Recognised	377,326	212,578

Recognition of deferred tax asset is restricted to the amount of deferred tax liability in view of losses incurred during the year. Deferred tax asset has not been recognised on a conservative basis.

- 21.** The Company has obtained a Bank Guarantee of ₹500,000,000/- (Previous Year ₹500,000,000/-) in favour of MCX Stock Exchange Limited (holding company) from Punjab National Bank as a fall back measure with respect to return of cash deposits collected as margin money/security deposit from the banks who are the clearing members of the Company. The Company has deposited ₹250,000,000/- (Previous Year ₹200,000,000/-) as fixed deposit with the bank towards the guarantees issued by the said bank.

22. The Company has set up a Settlement Guarantee Fund, the details of which are provided hereunder. Besides this the risk management process includes an insurance coverage of `100,000,000/- (Previous Year `25,000,000/-)

Sr. No.	As on 31.03.2013	Total SGF	Exchange Contribution	Member Deposits				
				Cash Deposits*	Non Cash deposits			Other approved Securities
		₹	₹	₹	Bank Guarantee	Fixed Deposit Receipts	Govt. Securities	₹
1.	Equity Cash Market	571,512,478	25,000,000	344,862,464	95,550,000	106,100,000	-	14
2.	Equity Derivatives Segment	1,887,359,475	25,000,000	272,550,010	627,500,000	907,200,000	-	55,109,465
3.	Currency Derivative Segment	10,780,419,845	25,000,000	592,432,328	2,946,000,000	4,192,527,168	2,270,931,651	753,528,698
		13,239,291,798	75,000,000	1,209,844,802	3,669,050,000	5,205,827,168	2,270,931,651	808,638,177

* Includes an amount of ₹246,000,000/- lying in MCX-SX as a part of total SGF available in the eventuality of default / demand.

Sr. No.	As on 31.03.2013	Total SGF	Exchange Contribution	Member Deposits				
				Cash Deposits*	Non Cash deposits			Other approved Securities
		₹	₹	₹	Bank Guarantee	Fixed Deposit Receipts	Govt. Securities	₹
1.	Currency Derivative Segment	8,751,648,245	25,000,000	498,443,340	1,495,325,000	2,779,076,595	3,277,022,945	676,780,365

23. Segment Reporting

The Company operates only in the business of clearing and settlement services of trades carried out at MCX Stock Exchange Limited within India. Consequently, there is no reportable business or geographical segments.

24. During the last quarter of the current year, substantial cost (including on technology) was incurred on commencement of two new service lines namely Equity Cash and Equity F&O impacting profitability for the year which would be fully operational from the next year.

25. Figures of the previous year have been regrouped wherever necessary to correspond with those of the current year.

Signature to Notes to Financial Statements 1 to 25

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117364W)

Abhijit A.Damle
Partner
Membership No: 102912

Place : Mumbai
Date : May 09, 2013

For and on behalf of the Board
MCX-SX Clearing Corporation Limited

Joseph Massey
Director

U.Venkataraman
MD & CEO

Ameya Paranjape
Company Secretary



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ANNUAL REPORT

2012-13

MCX'SX

— KYC Registration Agency —

Corporate Information

Board of Directors

- Mr. Joseph Massey – Director
- Mr. U Venkataraman – Director
- Mr. Saji Cherian – Director

Statutory Auditors

- M/s. Mukesh P Shah & Co.

Registered Office

- Exchange Square, CTS No. 255, Suren Road, Andheri (East), Mumbai – 400093

Directors' Report

TO THE MEMBERS,

MCX-SX KYC REGISTRATION AGENCY LIMITED

Your Directors have pleasure in presenting their First Annual Report and Audited Statement of Accounts and the Auditors' Report for the period commencing from March 2, 2012 to March 31, 2013.

1. Financial Results

(Amount in ₹)

Particulars	March 2, 2012 to March 31, 2013
Total Income	-
Less: Expenditure	83,109
Loss Before Tax	(83,109)
Less: Provision For Tax	-
Loss After Tax	(83,109)

2. Review of Operations

Your Company was incorporated on March 2, 2012. The main object of your Company is to carry on the business of a KYC registration agency and accordingly application was made to SEBI on April 2, 2012 for seeking approval to act as Know Your Client Registration Agency under the provisions of the SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011. Your Company is a wholly owned subsidiary of M/s. MCX Stock Exchange Limited ('MCX-SX'). The Company has been granted the certificate of commencement of business issued by Registrar of Companies, Maharashtra, Mumbai on March 22, 2012. Your Company will commence its business operations upon receipt of approval from SEBI.

3. Dividend and Reserves

No dividend is recommended by the Board as the Company is yet to commence its business operations and has not been making profits. For the same reason, no amount is available for transferring to the General Reserves for the period ended March 31, 2013.

4. Share Capital

The authorized and paid-up share capital of the Company is ₹5 lakh divided into 50,000 equity shares of ₹10/- each entirely held by MCX-SX.

Regulation 6(2) of the SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011

has prescribed a minimum networth of ₹25 crore to be maintained on continuous basis. Your Company vide its letter dated May 4, 2012 has intimated to SEBI that the Company will infuse necessary capital to comply with minimum networth requirement after getting in-principle approval for commencing the activity of KRA.

5. Directors

Mr. Joseph Massey, Mr. U Venkataraman and Mr. KRCV Seshachalam were the first directors of the Company. Mr. KRCV Seshachalam ceased as a Director and Mr. Saji Cherian was appointed as an Additional Director w.e.f. April 3, 2012 of the Company. Mr. Saji Cherian would hold office till the date of Annual General Meeting.

The Company has received notice in writing from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Saji Cherian for the office of Director of the Company.

Your Directors recommend the appointment of Mr. Joseph Massey, Mr. U Venkataraman and Mr. Saji Cherian as Directors of the Company.

6. Human Resources & Particulars of Employees

There are no employees drawing remuneration in excess of the limits prescribed under sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and accordingly no disclosure is being made.

7. Auditors

M/s. Mukesh P. Shah & Co., Chartered Accountants, Mumbai, Statutory Auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for appointment.

M/s. Mukesh P. Shah & Co., Chartered Accountants, have confirmed that their appointment will be within the limits as prescribed under Section 224(1B) of the Companies Act, 1956. If appointed M/s. Mukesh P. Shah & Co., Chartered Accountants, Mumbai shall hold office till the conclusion of the second Annual General Meeting of the Company. Your Directors recommend their re-appointment.

8. Deposits

The Company has not accepted any public deposits during the reported period.

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

A. Conservation of Energy, Technology Absorption

In view of the nature of activities which are being proposed to be carried out on by the Company, Rules 2(A) and 2(B) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption, respectively, are not applicable to the Company.

B. Foreign Exchange earnings/outgo during the period under review

There were no foreign exchange earnings or expenditure during the period under review.

10. Sweat Equity Shares

The Company did not issue any sweat equity shares and hence the requirements of Rule 7 of the Unlisted Companies (Issue of Sweat Equity Shares) Rules, 2003 are not applicable to the Company.

11. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Management, confirm that:

- i. In the preparation of the annual accounts for the period ended March 31, 2013, the applicable accounting standards have been followed and there are no material departures;
- ii. They have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. 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, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. They have prepared the annual accounts on a going concern basis.

12. Buy-Back of Shares

Your Company did not have any scheme of buyback of shares, the requirements specified in Section 217(2B) read with Section 77A of the Companies Act, 1956 are not applicable to the Company.

13. Acknowledgements

The Directors wish to convey their appreciation to SEBI, investors, auditors, and other concerned government departments for their co-operation.

For and on behalf of the Board of Directors

U Venkataraman

Director

Joseph Massey

Director

Place: Mumbai

Date: May 9, 2013

Independent Auditor's Report

TO THE MEMBERS OF
MCX-SX KYC REGISTRATION AGENCY LIMITED

Report on the Financial Statement

We have audited the accompanying financial statements of MCX-SX KYC REGISTRATION AGENCY LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the period March 2, 2012 to March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. in the case of the Statement of Profit and Loss, of the loss for the period March 2, 2012 to March 31, 2013; and
- c. in the case of the Cash Flow Statement, of the cash flows for the period March 2, 2012 to March 31, 2013.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as 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. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **Mukesh P. Shah & Co.**
Chartered Accountants
Firm Registration No: 121719W

Mukesh P. Shah
Partner
Membership No.: 033862

Place : Mumbai
Date : May 9, 2013

Balance Sheet as at March 31, 2013

Particulars		March 31, 2013
	Note No	₹
A Equity and Liabilities		
Shareholder's Funds		
Share Capital	2	500,000
Reserves and Surplus	3	(83,109)
		416,891
Current Liabilities		
Trade Payables	4	20,224
Other Current Liabilities	5	2,248
		22,472
		439,363
B Assets		
Current Assets		
Cash and Bank Balances	6	439,327
Short-Term Loans and Advances	7	36
		439,363
		439,363
Summary of significant accounting policies	1	

The accompanying notes are integral part of the financial statements

As per our report of even date

For **Mukesh P. Shah & Co.**
Chartered Accountants

Mukesh P. Shah
Partner
Membership No.: 033862

Place : Mumbai
Date : May 9, 2013

For and on behalf of the Board
MCX-SX KYC Registration Agency Limited

Joseph Massey
Director

U.Venkataraman
Director

Statement of Profit and Loss

for the period March 2, 2012 to March 31, 2013

Particulars		March 2, 2012 to March 31, 2013
	Note No	₹
Income		-
Total revenue		-
Expenditure		
Other expenses	8	83,109
Total expenses		83,109
Loss before tax		(83,109)
Less : Provision for Taxation		-
Loss for the period		(83,109)
Earnings per equity share of face value of ₹10/- each	9	
Basic and Diluted (in ₹)		(1.66)
Summary of significant accounting policies	1	

The accompanying notes are integral part of the financial statements

As per our report of even date

For **Mukesh P. Shah & Co.**
Chartered Accountants

Mukesh P. Shah
Partner
Membership No.: 033862

Place : Mumbai
Date : May 9, 2013

For and on behalf of the Board
MCX-SX KYC Registration Agency Limited

Joseph Massey
Director

U.Venkataraman
Director

Cash Flow Statement

for the period March 2, 2012 to March 31, 2013

Particulars	March 31, 2013	
	₹	₹
A Cash flow from Operating Activities		
Net loss before tax		(83,109)
Adjustments		-
Operating loss before working capital changes		(83,109)
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Short-term loans and advances	(36)	
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	20,224	
Other current liabilities	2,248	
		22,436
Cash (used) / generated from operations		(60,673)
Less: Taxes paid		-
Net Cash (used) / generated from operations		(60,673)
B Cash flow from Investing Activities		-
C Cash flow from Financing Activities		
Proceeds from issuance of shares		500,000
Net Cash Generated from Financing Activities		500,000
Net cash flow during the period		439,327
Net increase in cash and cash equivalents		439,327
Cash and cash equivalents (closing balance)		439,327

Notes to cash flow statement

1. Cash and cash equivalents include cash and bank balances in current and deposit accounts

Cash and cash equivalents includes:

Cash and cheques on hand

Bank balances

- in current account

- in deposit account (maturing within 3 months)

March 31, 2013

-

439,327

-

439,327

2. 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.

The schedules referred to above form an integral part of the accounts.

As per our report of even date

For **Mukesh P. Shah & Co.**
Chartered Accountants

For and on behalf of the Board
MCX-SX KYC Registration Agency Limited

Mukesh P. Shah
Partner
Membership No.: 033862

Joseph Massey
Director

U Venkataraman
Director

Place : Mumbai
Date : May 9, 2013

Notes forming part of Financial Statements

1. Summary of Significant Accounting Policies

A. Basis of accounting and preparation of financial statements

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous period. All assets and liabilities are classified as current or non-current as per the company's normal operating cycle and other criteria as set out in the Revised Schedule VI to the Companies Act, 1956.

B. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

C. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash at bank and in hand. Cash equivalents are short-term balances and demand deposits with an original maturity of three months or less from the date of acquisition.

D. Revenue recognition

Revenue is recognized when no significant uncertainty as to determination or realization exists.

E. Taxes on income

Income taxes are accounted for in accordance with Accounting Standard (AS-22) "Accounting for Taxes on Income". Tax expense comprises current tax, deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax laws. The company recognizes deferred tax (subject to consideration of prudence) based on the tax effect of timing differences, being differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of profit and loss using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

F. 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 assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs 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 recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at lower of historical cost or recoverable amount.

G. Provisions and contingencies

The company recognizes a provision when there is a present obligation as a result of past event on which it is probable that there will be outflow of resources to settle the obligation in respect of which reliable estimates can be made.

Contingent liabilities are disclosed by way of notes to Financial Statements after careful evaluation by the management of the facts and legal aspects of the matter involved.

Contingent assets are neither recognized nor disclosed.

2. Share Capital

Particulars	March 31, 2013	
	No of Shares	₹
A Authorised		
Equity shares of ₹10/- each	50,000	500,000
	50,000	500,000
B Issued, Subscribed and Paid up:		
Equity shares of ₹10/- each fully paid up	50,000	500,000
	50,000	500,000
1. Reconciliation of the shares outstanding at the beginning and at the end of the period		
	March 31, 2013	
	No of Shares	₹
Equity shares		
At the beginning of the period	-	-
Issued during the period	50,000	500,000
Outstanding at the end of the period	50,000	500,000
*The company has only one class of equity shares having par value of Re 10/- each. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholdings.		
2. Shares held by Holding Company		
	March 31, 2013	
	No of Shares	₹
MCX Stock Exchange Ltd	50,000	500,000
3. Details of shareholders holding more than 5% shares in the company		
	March 31, 2013	
	No of Shares	% holding
MCX Stock Exchange Ltd	50,000	100.00%

3. Reserves and Surplus

Particulars	March 31, 2013
	₹
Deficit in statement of Profit and Loss Account	
Loss for the period	(83,109)
	(83,109)

4. Trade Payables

Particulars	March 31, 2013
	₹
Trade payables (refer note 12 for details of dues to micro and small enterprises)	20,224
	20,224

5. Other Current Liabilities

Particulars	March 31, 2013
	₹
Statutory payables	
TDS payable	2,248
	2,248

6. Cash and Bank Balances

Particulars	March 31, 2013
	₹
Cash and cash equivalents	
Balances with banks - in current accounts	439,327
	439,327

7. Short Term Loans and Advances

Particulars	March 31, 2013
	₹
Other loans and advances	
Prepaid expenses	36
	36

8. Other Expenses

Particulars	March 2, 2012 to March 31, 2013
	₹
Payment to auditor (refer details below) *	
- Professional fees	30,899
- Preliminary and preoperative expenses	49,716
Professional fees	2,000
Registration charges	494
	83,109

Particulars	March 2, 2012 to March 31, 2013
	₹
* Details of payment to auditors:	
As auditor	
Audit fee	16,854
In other capacity	
Taxation matters	11,236
Company law matters	29,214
Other services	23,311
	80,615

9. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	March 31, 2013
Net Profit / (Loss) after tax for calculation of basic EPS	(83,109)
Weighted average number of equity shares basic and diluted (nos.)	50,000
Basic and diluted earnings per share	(1.66)
Nominal value of equity share	10/-

10. Related party disclosures

A. Name of related parties and related party relationship :

i. Company whose control exists (holding company)

MCX Stock Exchange Ltd (since incorporation)

B) Details of transactions with related parties

Nature of Transaction	March 31, 2013
	₹
Issue of Share Capital	500,000
Reimbursement of expenses : - charged by them	530

11. Contingent liabilities and commitments

Nature of Transaction	March 31, 2013
	₹
a. Estimated amount of contract to be executed in capital account and not provided for	NIL
b. For commitments relating to lease arrangements,	NIL
c. Contingent liabilities not provided for	NIL
	NIL

12. Details of due to micro and small enterprises as defined under the MSMED Act, 2006

Nature of Transaction	March 31, 2013
	₹
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period	
Principal amount due to micro and small enterprises	NIL
Interest due on above	NIL
	NIL
Disclosures as required under Schedule VI of the Companies Act, 1956 relating to amounts unpaid as at the period-end together with interest unpaid/payable etc. have been considered and disclosed on the basis of and to the extent replies to the company's communication received from vendors/suppliers, etc. regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.	

13. The Company has adopted Accounting standard -26 "Intangible assets" and accordingly, written off the preliminary and pre operative expenses of ₹49,716/- during the period and are shown in note no 8 "Other Expenses"

- 14.** Prior period comparatives are not presented as at March 31st, 2013 as financial statements are prepared from the date of incorporation March 2, 2012, to March 31, 2013.

As per our report of even date

For **Mukesh P. Shah & Co.**
Chartered Accountants

Mukesh P. Shah
Partner
Membership No.: 033862
Place : Mumbai
Date : May 9, 2013

For and on behalf of the Board
MCX-SX KYC Registration Agency Limited

Joseph Massey
Director
Place : Mumbai
Date : May 9, 2013

U Venkataraman
Director



MCX Stock Exchange Limited
Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (E), Mumbai - 400 093

