

MCX STOCK EXCHANGE LIMITED

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR QUARTER ENDED JUNE 30, 2014

(₹ in Lacs except per share data)

Particulars				For the Year Ended
	30.06.14	31.03.14	30.06.13	31.03.14
	Reviewed	Audited	Reviewed	Audited
PART I				
1 Income from operations	1,072.13	1,358.91	3,442.98	9,182.69
Total Income from operations	1,072.13	1,358.91	3,442.98	9,182.69
2 Expenditure				
(a) Operating expenses	821.45	674.90	3,058.55	10,380.92
(b) Employee benefits expense	635.54	403.40	819.19	3,040.48
(c) Depreciation and amortisation expense	352.07	557.08	532.87	2,217.24
(d) Advertisement and business promotion expenses	7.78	862.13	1,265.43	5,579.40
(e) Other expenses	730.95	587.90	1,451.01	5,101.19
Total Expenditure	2,547.79	3,085.41	7,127.05	26,319.23
3 Profit/ (Loss) from Operations before Other Income, Finance Costs and Exceptional Items (1-2)	(1,475.66)	(1,726.50)	(3,684.07)	(17,136.54)
4 Other Income	293.12	323.20	632.37	1,973.05
5 Profit/ (Loss) before Finance Costs and Exceptional Items (3+4)	(1,182.54)	(1,403.30)	(3,051.70)	(15,163.49)
6 Finance Costs	0.96	0.02	-	4.71
7 Profit/ (Loss) from Ordinary Activities after Finance Costs but before Exceptional Items (5-6)	(1,183.50)	(1,403.32)	(3,051.70)	(15,168.20)
8 Exceptional items	-	-	285.00	285.00
9 Profit / (Loss) from ordinary activities before tax (7-8)	(1,183.50)	(1,403.32)	(3,336.70)	(15,453.20)
10 Tax expense (Net of MAT credit)	-	-	29.84	-
11 Net Profit/ (Loss) for the period (9-10)	(1,183.50)	(1,403.32)	(3,366.54)	(15,453.20)
12 Paid-up Equity Share Capital (Equity Shares of ₹ 1/- each.) (refer note 2 & 3)	5,529.51	5,392.52	5,392.52	5,392.52
13 Reserves excluding revaluation reserves	-	-	-	6,617
14 Earnings Per Share of Re 1/- each (In ₹) (Not Annualised)				
(a) Basic	(0.21)	(0.26)	(0.62)	(2.87)
(b) Diluted	(0.21)	(0.26)	(0.62)	(2.87)
PART II				
Particulars of Shareholdings				
15 Public shareholding				
– Number of shares	558,383,776	544,685,400	490,355,400	544,685,400
– Percentage of shareholding	100.00	100.00	90.03	100.00
16 Promoters and Promoter Group Shareholding				
a) Pledged / Encumbered				
– Number of Shares	Nil	Nil	Nil	Nil
– Percentage of Shares (as a % of the total shareholding of promoters and promoter group)	Nil	Nil	Nil	Nil
– Percentage of Shares (as a % of the total share capital of the Company)	Nil	Nil	Nil	Nil
b) Non - encumbered				
– Number of Shares	Nil	Nil	54,330,000	Nil
– Percentage of Shares (as a % of the total shareholding of the Promoters and Promoter group)	Nil	Nil	100.00	Nil
– Percentage of Shares (as a % of the total share capital of the Company)	Nil	Nil	9.97	Nil

PART III
Investor Complaints for the quarter ended June 30, 2014

Pending at the beginning of the quarter	Nil
Received during the quarter	Nil
Responded during the quarter	Nil
Pending at the end of the quarter	Nil

Notes :

- 1 The above unaudited financial results of the Company for the quarter ended June 30, 2014 have been approved by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on September 24, 2014 and subjected to a limited review by statutory auditors.
 - 2 The paid up capital of the company stood enhanced from Rs. 54,46,85,400 to Rs. 55,83,83,776 pursuant to allotment of 1,36,98,376 Equity Shares of Re 1/- each under rights issue on June 30, 2014.
 - 3 The paid-up equity share capital in item no. 12 of the above results is net of 5,433,000 equity shares held by MCX Stock Exchange ESOP Trust.
 - 4 The Board had at meeting held on August 14, 2014, after perusing a legal opinion, decided to treat the warrants held by FTIL as extinguished and of no effect whatsoever, in view of FTIL having failed to divest the same within the time allowed in the Securities and Exchange Board of India's Order dated March 19, 2014 read with the Securities Appellate Tribunal's order dated July 9, 2014. Consequently the Board also decided to transfer an amount of Rs. 5624.60 Lakhs standing as non-refundable interest free deposit against the same to the capital reserve, which has been implemented on the said date.
 - 5 The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (SECC Regulations) requires every recognised stock exchange to credit 25% 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. The Company had made a representations to SEBI vide its letter dated July 8, 2014 requesting for set off of previously accumulated loss prior to transferring portion of profits to the SGF. The amount of Rs. 535.56 Lakhs in respect of earlier period continues to be not provided in the financial results pending final reply from SEBI.
 - 6 The SEBI has renewed the recognition of the Company as a stock exchange for a period of one year vide letter dated September 15, 2014. The said renewal is subject to the conditions as also mentioned in SEBI's press release PR No. 111/2014 dated September 15, 2014.
 - 7 During the quarter, the Company has discontinued the Liquidity Enhancement Scheme effective from April 10, 2014 in Capital Market and Futures and Options segments.
 - 8 The auditor had in their report on the financial statements for the quarter ended June, 2014 expressed certain qualifications which are reproduced below along with the Company's comments on the same:
 - a. During the quarter, the Company has not provided infrastructure and software support expenses amounting to Rs.976.69 Lakhs (Rs.204.89 Lakhs upto 30.06.2014), payable pursuant to various long term contracts executed with erstwhile promoter of the company. Accordingly, to that extent fundamental accounting assumption of accrual basis of accounting has not been followed. Had such expenses been provided for, the Net Loss would have been higher by the said amount. The said amount has not been provided as the new management of the Company has decided to review all such contracts to ensure that charges paid for infrastructure and software support services are comparable to those paid by other exchanges in similar line of business.
 - b. The Company, in the earlier years, entered into various contracts with few parties mentioned in the register maintained under Section 301 of the Companies Act, 1956 to whom Rs.9432.33 Lakhs have been paid as Infrastructure, software and software support charges during the said years in respect of which no alternative quotations are / were available. As informed by the Management, they are in the process of reviewing such contracts / charges to establish their reasonableness for similar line of business. The impact of this is not readily quantifiable.
 - c. The company continues to prepare its Financial Statements on going concern basis, even though its net-worth has been substantially eroded due to losses incurred during the previous year and in the current quarter. The impact of this qualification is not readily quantifiable.
- The Company believes that going concern assumption is justified as:
- The Exchange has discontinued various support services and rationalising other services thereby reducing the technology and operating cost to a large extent.
 - Steps have been taken to reduce the operating cost by discontinuing the Liquidity Enhancement Scheme with effect from April 10, 2014.
 - With regulators implementing industry friendly policies the Exchange will see growth in its turnover and in turn in its operating revenue.
- 9 Pursuant to the enactment of the Companies Act, 2013 (the 'Act') effective April 1, 2014, the Company has revised the estimated useful lives of its tangible fixed assets to ensure compliance with the stipulations of Schedule II to the Act. Further, the Company has also revised the useful life of its intangible asset from the existing 5 years to 10 years. Accordingly, the unamortised depreciable amounts are being charged over the revised remaining useful lives. This has the net impact of decreasing depreciation / amortisation charge for the quarter by Rs.199.87 Lakhs. Depreciation related to the assets whose life has expired as on April 1, 2014 has been adjusted with the opening Reserves.
 - 10 Previous period/year figures have been re-grouped, re-arranged and re-classified wherever necessary, to make them comparable with those of the current quarter.

For and on Behalf of Board of Directors
MCX Stock Exchange Ltd.