

# MCX Stock Exchange Limited

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CIN - U65999MH2008PLC185856

**MCX'SX™**  
India's New Stock Exchange

## Statement of Financial Results for the Quarter and Year Ended 31.03.2014

(₹ in lakhs except per share data)

Sr. No.	Particulars	Standalone					Consolidated	
		Quarter Ended		Year Ended		Year Ended	Year Ended	
		31.03.2014 Audited	31.12.2013 Reviewed	31.03.2013 Audited	31.03.2014 Audited	31.03.2013 Audited	31.03.2014 Audited	
1	<b>PART I Income from operation</b>							
	(a) Operating income	1,525.88	1,966.88	5,375.36	10,313.41	17,437.17	6,750.69	
	Less :- Service tax recovered	166.97	214.68	588.98	1,130.72	1,913.96	738.65	
	<b>Total Income from operation (net)</b>	<b>1,358.91</b>	<b>1,752.20</b>	<b>4,786.38</b>	<b>9,182.69</b>	<b>15,523.21</b>	<b>6,012.04</b>	
2	<b>Expenditure</b>							
	(a) Operating expenses	674.90	3,082.73	2,141.91	10,380.92	6,189.78	7,989.32	
	(b) Employee benefits expense	403.40	926.19	755.31	3,040.48	2,363.41	3,440.50	
	(c) Depreciation and amortisation expense	557.08	530.91	455.72	2,217.24	1,026.77	2,225.60	
	(d) Advertisement and business promotion expenses	862.13	1,404.23	1,462.40	5,579.40	2,832.53	5,579.40	
	(e) Other expenses	587.90	1,373.67	1,786.65	5,101.19	3,604.10	5,221.74	
	<b>Total Expenditure</b>	<b>3,085.41</b>	<b>7,317.73</b>	<b>6,601.99</b>	<b>26,319.23</b>	<b>16,016.59</b>	<b>24,456.56</b>	
3	<b>Profit / (Loss) from Operations before Other Income, Finance cost and Tax (1-2)</b>	<b>(1,726.50)</b>	<b>(5,565.53)</b>	<b>(1,815.61)</b>	<b>(17,136.54)</b>	<b>(493.38)</b>	<b>(18,444.52)</b>	
4	Other Income	323.20	396.12	808.75	1,973.05	3,206.65	3,293.58	
5	<b>Profit/ (Loss) before Finance Costs and Exceptional Items (3+4)</b>	<b>(1,403.30)</b>	<b>(5,169.41)</b>	<b>(1,006.86)</b>	<b>(15,163.49)</b>	<b>2,713.27</b>	<b>(15,150.94)</b>	
6	Finance Costs	0.02	0.86	-	4.71	1.02	4.71	
7	<b>Profit/ (Loss) from Ordinary Activities after Finance Costs but before Exceptional Items (5-6)</b>	<b>(1,403.32)</b>	<b>(5,170.27)</b>	<b>(1,006.86)</b>	<b>(15,168.20)</b>	<b>2,712.25</b>	<b>(15,155.65)</b>	
8	Exceptional items	-	-	-	285.00	570.00	285.00	
9	<b>Profit / (Loss) from ordinary activities before tax (7-8)</b>	<b>(1,403.32)</b>	<b>(5,170.27)</b>	<b>(1,006.86)</b>	<b>(15,453.20)</b>	<b>2,142.25</b>	<b>(15,440.65)</b>	
10	Tax expense (Net of MAT credit)	-	-	-	-	-	-	
11	<b>Net Profit/ (Loss) for the period/year (9-10)</b>	<b>(1,403.32)</b>	<b>(5,170.27)</b>	<b>(1,006.86)</b>	<b>(15,453.20)</b>	<b>2,142.25</b>	<b>(15,440.65)</b>	
12	Minority Interest in Income	-	-	-	-	-	6.26	
13	<b>Net Profit/ (Loss) after taxes and minority interest (11-12)</b>	<b>(1,403.32)</b>	<b>(5,170.27)</b>	<b>(1,006.86)</b>	<b>(15,453.20)</b>	<b>2,142.25</b>	<b>(15,446.91)</b>	
14	Paid-up Equity Share Capital (Equity Shares of ₹ 1/- each.)	5,392.52	5,392.52	5,392.52	5,392.52	5,392.52	5,392.52	
15	Reserves excluding revaluation reserves	-	-	-	6,617	22,071	7,829	
16	Earnings Per Share of Re 1/- each ( In ₹ )							
	(a) Basic	(0.26)	(0.96)	(0.18)	(2.87)	0.40	(2.86)	
	(b) Diluted	(0.26)	(0.96)	(0.18)	(2.87)	0.12	(2.86)	
	<b>PART II PARTICULARS OF SHAREHOLDINGS</b>							
17	Public shareholding							
	- Number of shares	544,685,400	544,685,400	490,355,400	544,685,400	490,355,400	544,685,400	
	- Percentage of shareholding	100.00	100.00	90.03	100.00	90.03	100.00	
18	Promoters and Promoter Group Shareholding							
	(a) Pledged / Encumbered							
	- Number of Shares	Nil	Nil	Nil	Nil	Nil	Nil	
	- Percentage of Shares (as a % of the total shareholding of the promoters and promoter group)	Nil	Nil	Nil	Nil	Nil	Nil	
	- Percentage of Shares (as a % of the total share capital of the Company)	Nil	Nil	Nil	Nil	Nil	Nil	
	(b) Non - encumbered							
	- Number of Shares	Nil	Nil	54,330,000	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	100.00	Nil	
	- Percentage of Shares (as a % of the total share capital of the Company)	Nil	Nil	9.97	Nil	9.97	Nil	
	<b>PART III INVESTOR COMPLAINTS FOR THE QUARTER ENDED MARCH 31, 2014</b>							
	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	

## Statement of Assets and Liabilities

Sr. No.	Particulars	Standalone		Consolidated	
		As at March 31, 2014 Audited	As at March 31, 2013 Audited	As at March 31, 2014 Audited	As at March 31, 2013 Audited
		(₹ in lakhs)			
<b>A</b>	<b>EQUITIES AND LIABILITIES</b>				
1	<b>Shareholders' Fund</b>				
	(a) Share capital	5,392.52	5,392.52	5,392.52	5,392.52
	(b) Reserves and surplus	6,617.46	22,070.67	27,463.19	7,829.04
		12,009.98	27,463.19	13,221.56	23,010.83
2	<b>Share application money pending allotment</b>	2,716.50	-	2,716.50	-
3	<b>Non Refundable Interest Free Deposits Against Warrants</b>	11,966.30	11,966.30	11,966.30	11,966.30
		<b>26,692.78</b>	<b>39,432.49</b>	<b>27,904.36</b>	<b>40,369.65</b>
4	<b>Minority Interest</b>	-	-	-	1,381.41
5	<b>Non-Current Liabilities</b>				
	(a) Other long-term liabilities	1,386.00	1,735.12	1,386.00	1,735.12
6	<b>Current Liabilities</b>				
	(a) Trade payables	1,340.83	1,630.55	1,354.79	1,653.84
	(b) Other current liabilities	7,084.32	9,999.10	15,598.84	22,624.26
	(c) Short-term provisions	107.89	133.03	134.74	154.90
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>36,611.82</b>	<b>52,927.29</b>	<b>47,760.14</b>	<b>67,912.92</b>
<b>B</b>	<b>ASSETS</b>				
1	<b>Non-Current Assets</b>				
	(a) Fixed Assets	9,289.63	10,983.26	9,333.46	11,013.26
	(b) Non-current investments	1,280.00	1,280.00	-	-
	(c) Long-term loans and advances	4,115.59	2,645.70	4,691.18	3,026.22
		<b>14,685.22</b>	<b>14,908.96</b>	<b>14,024.64</b>	<b>14,039.48</b>
2	<b>Current Assets</b>				
	(a) Current investments	1,850.92	1,200.92	4,953.32	7,752.92
	(b) Trade receivables	658.13	807.03	204.01	793.58
	(c) Cash and bank balances	13,308.03	30,119.92	21,736.22	39,305.37
	(d) Short-term loans and advances	5,256.95	4,701.73	5,538.47	4,509.22
	(e) Other current assets	852.57	1,188.73	1,303.48	1,512.35
	<b>TOTAL ASSETS</b>	<b>36,611.82</b>	<b>52,927.29</b>	<b>47,760.14</b>	<b>67,912.92</b>

### NOTES:

- The aforesaid results have been reviewed by the Audit Committee and has been approved by the Board of Directors at its meeting held on June 13, 2014 and audited by the statutory auditors.
- The audited accounts are subject to review by the Comptroller and Auditor General of India under section 619(4) read with section 619B of the Companies Act, 1956.
- The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.
- 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. In response to SEBI's letter dated December 26, 2013 requiring the Company to comply with the same, the Company had made a representation to SEBI vide its letter dated January 3, 2014 requesting for set off of previously accumulated loss prior to transferring portion of profits to the SGF. The amount of Rs. 5.36 crore in respect of earlier period continues to be not provided in the financial results pending final reply from SEBI.
- The Company has made rights issue in which allotment shall be made shortly.
- The Board of Directors had at their meeting held on February 13, 2014 took note that Multi Commodity Exchange of India Ltd. (MCX) and Financial Technologies (India) Ltd. (FTIL) are not promoters of the Company. Since then their shareholdings are not classified under the head 'Promoters and Promoter Group Shareholding' and are classified under the head 'public shareholding'.
- "In terms of SEBI's letter dated July 10, 2012, the erstwhile promoters MCX and FTIL were required to bring down their joint shareholding in the Company within 5%

limit as mentioned in the SECC Regulations within 18 months from the date of the letter. The deadline for the same has since passed and the erstwhile promoters together continue to hold shares above this limit. In the meantime SEBI had vide order dated March 19, 2014 declared FTIL as not fit and proper person to acquire or hold any equity share or any instrument that provide for entitlement for equity shares or rights over equity shares at any future date in a recognized stock exchange or clearing corporation either directly or indirectly. Further vide same order SEBI had directed inter-alia that:

- FTIL shall divest the equity shares and/or any instrument that provide for entitlement for equity shares or rights over equity shares at any future date held by it directly or indirectly inter alia in MCX Stock Exchange Ltd. (MCX-SX) and MCX-SX Clearing Corporation Ltd. (MCX-SX CCL) within 90 days from the date of this order through sale of shares and/or instruments and
  - FTIL and entities through whom it indirectly holds equity shares or any instrument entitling voting rights inter alia in MCX-SX and MCX-SX CCL shall cease to be entitled to exercise voting rights in respect of those shares or instruments with immediate effect. As on date FTIL continue to hold its stake in the Companies."
- During the quarter ended March 31, 2014, the Company has commenced trading in Interest Rate Futures from January 20, 2014.
  - "The auditor had in their report on the financial statements for the year ended March 31, 2014 expressed certain qualifications which are summarised below along with the Company's comments on the same:
    - The auditors have expressed that during the year the Company has not provided infrastructure and software support expenses aggregating to Rs. 1,071.20 lakhs, payable pursuant to various long term contracts executed with Financial Technologies (India) Ltd. (FTIL), erstwhile promoter of the Company. Accordingly, to that extent fundamental accounting assumption of accrual has not been followed. Had such expenses been provided there would have been Net Loss of Rs.16,524.41 lakhs as against reported amount of Rs.15,453.21 lakhs and Reserve & Surplus would have been Rs 5546.26 lakhs as against reported amount of Rs. 6617.46 lakhs. The management of the Company has decided to review all such contracts to ensure that charges paid for infrastructure, software and software support services are comparable to those paid by other exchanges in similar line of business. This is based on a legal opinion received by MCX-SX, which raises concern on the arm's length nature of these contracts.
    - The auditors have expressed that the Company continued to prepare its Financial Statements on going concern basis, even though its networth substantially eroded due to losses as a result of dampened market sentiments. The impact of the same is not readily quantifiable. The Company believes that the going concern assumption is justified on account of the following:
      - The Board of the Exchange has been recast with eminent persons to spearhead the revival of growth at the Exchange and provide a strong vision for implementing an alternative development model for the Indian securities market.
      - The Company has made rights issue in which allotment shall be made shortly to augment the fresh capital.
      - Steps have been taken to reduce the operating cost by discontinuing the Liquidity Enhancement Scheme with effect from April 10, 2014, reviewing the contracts to ensure that charges paid for infrastructure, software and software support are comparable to those paid by other exchanges in similar line of business and taking steps to reduce other administrative costs.
      - The Exchange has arrested the decline of its market share in Currency Derivative segment and with regulators implementing industry friendly policies the Exchange will see sizable growth in its turnover and in turn in its operating revenue.
    - The Exchange, in the current year and earlier years, entered into various contracts with few parties mentioned in the Register maintained under Section 301 of the Companies Act, 1956, the management is in the process of reviewing such contracts/charges to establish their reasonableness for similar line of business. The adjustments, if any, that will be arising out of such review, are not readily quantifiable."
  - Exceptional Items represent the amount contributed by the Company towards Settlement Guarantee Fund maintained by MCX-SX Clearing Corporation Limited, Investor Protection Fund maintained by the Trust set up by the Company and Investor Service Fund maintained by the Company.
  - The paid-up equity share capital in item no. 14 of the above results is net of 5,433,000 equity shares held by MCX Stock Exchange ESOP Trust.
  - The Consolidate accounts have been prepared as per Accounting Standard (AS) 21 on Consolidated Financial Statements notified in the Companies (Accounting Standard) Rules 2006.
  - Previous period/year figures has been re-grouped, re-arranged and re-classified wherever necessary, to make them comparable with those of the current quarter/year.

## Audited Consolidated Segment Information for the Year Ended March 31, 2014

Primary Segment			
Business Segments: (₹ in lakhs)			
Sr. No.	Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
<b>I</b>	<b>SEGMENT REVENUE</b>		
	(a) Trading Services	9,182.69	15,523.21
	(b) Clearing Services	2,393.10	1,077.12
	<b>Total</b>	<b>11,575.79</b>	<b>16,600.33</b>
	Less : Inter Segment Revenue	5,563.75	2,757.05
	<b>Total Income</b>	<b>6,012.04</b>	<b>13,843.27</b>
<b>II</b>	<b>SEGMENT RESULTS</b>		
	(a) Trading Services	(17,384.86)	(1,031.40)
	(b) Clearing Services	(1,334.62)	(922.80)
	<b>Profit / (Loss) before Interest and Taxation</b>	<b>(18,719.48)</b>	<b>(1,954.20)</b>
	Less : Interest	4.71	-
	Add : Unallocable Income	3,283.56	4,106.02
	<b>Profit / (loss) before Taxation</b>	<b>(15,440.63)</b>	<b>2,151.83</b>
	Less : Provision for Taxation (Net)	-	-
	<b>Profit / (loss) after Taxation</b>	<b>(15,440.63)</b>	<b>2,151.83</b>
	Less : Minority Interest	6.26	4.82
	<b>Profit/ (loss) for the year</b>	<b>(15,446.89)</b>	<b>2,147.00</b>
<b>III</b>	<b>CAPITAL EMPLOYED</b>		
	<b>(Segment Assets - Segment Liabilities)</b>		
	(a) Trading Services	6,358.11	3,263.53
	(b) Clearing Services	(8,085.79)	(12,243.17)
	(c) Unallocable	28,296.94	50,724.45
	<b>Total Capital Employed</b>	<b>26,569.27</b>	<b>41,744.81</b>

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

### Note on Consolidated Segment Information:

"In accordance with AS-17 "Segment Reporting", 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."

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

Sd/-  
Saurabh Sarkar  
Managing Director & CEO

Place : Mumbai  
Dated : June 13, 2014