

ANNUAL REPORT – FY 2009-10

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BOARD OF DIRECTORS

1. Mr. Joseph Massey- Chairman
2. Mr. V. Hariharan
3. Mr. Paras Ajmera
4. Mr. P.R. Barpande
5. Prof. (Mrs.) Ashima Goyal
6. Dr. Prakash G. Apte
7. Mr. U. Venkataraman – CEO & Whole-time Director

Key Associates

Statutory Auditors M/s V. Sankar Aiyar & Co., Chartered Accountants

Clearing Banks: Axis Bank Limited
Yes Bank Limited
ICICI Bank Limited
IndusInd Bank Limited
HDFC Bank Limited
Kotak Mahindra Bank Limited
State Bank of India
Union Bank of India



MCX-SX Clearing Corporation Limited
Report of Directors

To
The Members,

Your Directors are pleased to present their Second 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, 2010.

1. REVIEW OF OPERATIONS

Your Company, MCX-SX Clearing Corporation Limited (MCX-SXCCL), 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.

The company was incorporated on November 7, 2008 and was permitted by SEBI to undertake clearing and settlement functions of trades done in MCX-SX on January 2, 2009. The company commenced its operations on February 16, 2009 after completion of requisite formalities including opening of accounts and execution of agreements with participants. The company currently clears the deals entered in the Currency Derivatives Segment of MCX-SX.

MCX-SX CCL 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. Currently, it performs clearing and settlement functions in respect of deals executed in the Currency Derivatives Segment of MCX-SX.

A) Clearing and Settlement - Currency Derivatives Segment:

During the financial year 2009-10, the Clearing Corporation has successfully carried out 240 settlements amounting to Rs. 937.53 Crores without any delay and shortages. On account of its robust risk management practices, SGF has never been put to use. Quantum of transactions cleared by the clearing corporation increased multifold in the current financial year as compared to the previous year as given below.

Daily average statistics:

Month	No of trades	No of contracts traded	Trade Value in Rs. Crores
Mar-09	16411.95	499012.90	2560.21
Mar-10	77324.05	3824972.85	18167.24
Growth (%)	371.14%	666.51%	609.60%

Monthly statistics of transactions and settlements:

Month	No of Trades	No of Contracts Traded	Trade Value (in Rs. Crs.)	Daily Settlement (in Rs. Crs.)	Final Settlement (in Rs. Crs.)	Total Settlement (in Rs. Crs.)
Apr-09	246046	7547128	37858.09	36.68	1.39	38.07
May-09	359423	12053551	58469.28	58.66	2.16	60.82
Jun-09	400106	14198087	67984.93	44.11	1.23	45.34
Jul-09	552179	18188940	88290.01	60.83	2.77	63.60
Aug-09	787278	18648790	90292.29	89.36	0.93	90.29
Sep-09	989684	22636371	109665.80	57.73	0.65	58.38
Oct-09	1055173	32849655	153629.83	137.74	2.54	140.28
Nov-09	1053621	34666197	161641.09	135.81	0.33	136.14
Dec-09	1123000	42513360	198497.62	68.31	0.21	68.51
Jan-10	1343573	63591431	292344.89	73.04	3.62	76.67
Feb-10	1284071	64773311	322635.46	75.40	0.74	76.14
Mar-10	1546481	76499457	363344.81	75.66	7.63	83.29
2009-10	10740635	408166278	1944654.10	913.33	24.20	937.53

The company has witnessed strong and steady growth in the transaction volumes throughout the review period.

B) Risk Management - Currency Derivatives Segment:

The robust risk management framework implemented at MCX-SXCCL acts as its backbone to effectively assume the role of the central counterparty and guarantee settlements. The Clearing Corporation has adopted internationally acclaimed SPAN® (SPAN® is a registered trademark of Chicago Mercantile Exchange used herein under License) methodology for computing margin requirement for client portfolios, in terms of regulatory prescriptions. SPAN® estimates potential losses at

16 different scenarios of price and volatility movements and applies the worst case loss on the portfolio as initial margins. Portfolio level margins are aggregated at Trading Member level and clearing member level and compared against the prudential limits on a real-time basis to ensure that clearing corporation is insulated from losses arising out of member defaults.

Risk parameters used in SPAN® are computed based on Exponentially Weighted Moving Average (EWMA) methodology as prescribed by the RBI-SEBI Standing Technical Committee on Exchange Traded Currency Futures. Collection of margins based on the above methodology cover potential losses based on 99% value at risk over a one day time horizon. Risk parameters used in SPAN® are revised 5 times a day to account for the intraday price fluctuations of the contract.

The Clearing Corporation charges extreme loss margins over and above SPAN® margins to cover the risk arising out of unprecedented price movements and volatility. Additionally, Clearing Corporation has put in place a mechanism to monitor MTM losses on a real time basis to proactively pre-empt settlement defaults.

On violating the prescribed limits members are automatically put in the 'square off mode' after which they can reduce open positions and are not allowed to take fresh positions. Members will be brought into the 'normal mode' of trading only after the member reduces its open position below the allowable limits.

Following table depicts the underlying wise average annualized volatility of near month futures contracts, underlying wise open interest and corpus of the Settlement Guarantee Fund (SGF) as on last working day of the month.

Month	Open interest in contracts				Annualized volatility (%)			
	USD-INR	EUR-INR	GBP-INR	JPY-INR	USD-INR	EUR-INR	GBP-INR	JPY-INR
Apr-09	105957	EURINR, GBPINR and JPYINR contracts were introduced in Feb-10			10.91	EURINR, GBPINR and JPYINR contracts were introduced in Feb-10		
May-09	208805				12.12			
Jun-09	193771				11.30			
Jul-09	346072				8.41			
Aug-09	482549				8.04			
Sep-09	413206				7.28			
Oct-09	474485				7.87			
Nov-09	502301				8.01			
Dec-09	425451				6.45			
Jan-10	595355				6.39			
Feb-10	511402	14402	7752	3968	6.42	10.56	12.14	17.79
Mar-10	395286	15441	7046	5541	5.00	8.91	12.90	14.47

The SGF had grown from Rs. 175.29 Crores as on March 31, 2009 to Rs. 372.35 Crores as on March 31, 2010. The growth in SGF is commensurate with the growth in transaction volumes and open interest.

C) New Initiatives and Developments

Many initiatives had been taken by MCX-SX CCL to bring efficiency in clearing and settlement operations as well as to provide better services to its business partners.

1) LAAA (SO) rating from ICRA:

MCX-SX CCL was rated LAAA (SO) by ICRA, indicating highest level of safety of collaterals parked with the Clearing Corporation. MCX-SX CCL is the first clearing corporation to receive such rating during its first year of operation. The rating indicates highest credit quality rating assigned by ICRA.

2) 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) in its first year of operations.

3) Collection of MTM before start of next day trading:

MCX-SX was the first in India to start collection of MTM pay-in prior to start of next day trading in the currency derivatives market, which is being implemented by MCX-SX CCL since the transfer of clearing and settlement functions to it. The expeditious collection of MTM pay-in has benefited the market participants and the Clearing Corporation alike. It has helped the Clearing Corporation to insulate itself from the default risk arising from the overnight price fluctuations. The clearing members of MCX-SX CCL have also been benefited by way of reduction in margins, on account of non-applicability of the scale up factor for overnight price fluctuations in case of MTM collection prior to start of the next day trading.

4) Launch of new currency pairs:

During the year MCX-SX has grown from a single product exchange to multiple product exchange. With effect from February 01, 2010, MCX-SX CCL started clearing & settlement services on the three newly introduced currency pairs viz, EUR-INR, GBP-INR and JPY-INR.

5) Rationalization of Calendar Spread Margins:

The Clearing Corporation has implemented the revised methodology for calendar spread margins in terms of revised requirements of SEBI from February 1, 2010. Previously, spread charges were applied uniformly irrespective of the duration of the spread. The new methodology uniquely identifies the duration of the spread and applies differential calendar spread rates commensurate with the associated risk. This rationalization has resulted in reduction in margins for spread positions with shorter duration.

6) New Clearing Banks:

MCX-SX CCL has empanelled more banks as its clearing banks during the year. Currently MCX-SX CCL has nine banks functioning as its clearing banks viz, HDFC Bank, ICICI Bank, Axis Bank, State Bank of India, Union Bank of India, Kotak Mahindra Bank, Indusind Bank, Yes Bank and Bank of India. MCX-SX CCL is in the process of adding more banks to the league of clearing banks to provide wide choice to the clearing members.

7) Introduction of Bank Gateway System:

MCX-SX CCL has initiated an innovative method called BGS (Bank Gateway System) for accepting cash collateral from the clearing members through the clearing banks. BGS brings in better operational efficiency in terms of time reduction, lesser manual intervention, operational ease and convenience for the clearing members, clearing banks and clearing corporation.

8) New Custodians:

MCX-SX Clearing Corporation has tied-up with two custodians for custody and handling of collaterals in the form of approved securities. Currently, HDFC Bank and IL&FS Securities Services are empanelled as custodians. The Clearing Corporation is in the advanced stage of empanelling new custodians to provide more choice to clearing members.

9) Depository tie-ups:

MCX-SXCCL has tied up with both the depositories in the country viz, CDSL and NSDL in the capacity of Clearing Corporation Depository Participant (CC-DP) to provide clearing & settlement services in the proposed new segments. Additionally, as a pro-active measure to ensure seamless activation of members in the proposed new segments and to provide ancillary services, MCX-SX CCL has registered with CDSL as Depository Participant.

10) Intraday-interim settlement of contracts

The Clearing Corporation has introduced a facility to compute final settlement obligation on an intraday basis on receipt of final settlement rates from RBI and adjust the same from the liquid assets of the member. Expiring

positions are excluded from margin computation on final settlement day after deduction of final settlement obligation from the liquid assets of the member. This improvement has resulted in optimum use of margin deposits by members on days of contract expiry.

2. FINANCIAL RESULTS

	(Rs.)	
	Period ended March 31, 2010	Period ended March 31, 2009
Total Income	12,05,75,406.00	1,58,26,458.00
Less: Expenditure	10,91,85,339.00	1,43,79,624.00
Profit Before Tax	1,13,90,067.00	14,46,834.00
Less: Provision For Tax	-	4,175.00
Profit After Tax	1,13,90,067.00	14,42,659.00

During the year under review, the Company has registered the Total Income of Rs. 12,05,75,406/- as against Rs. 1,58,26,458/- for the previous year. The Profit after tax for the year under review was Rs. 1,13,90,067/- as compared to Rs. 14,42,659/- for the previous year.

3. PERFORMANCE

There has been an impressive growth in the market parameters, the volumes and number of contracts cleared and settled and also in the open interest. This has resulted in correspondingly enhanced profitability for the Clearing Corporation.

4. DIVIDEND AND RESERVES

No dividend is recommended by the Board in view of the Company being in its initial stages. Your Directors feel that at this stage it would be important for the Company to build up its reserves. No amount is proposed to be carried to the reserves for the year ended March 31, 2010.

5. OUTLOOK FOR THE CURRENT YEAR

MCX-SX, the holding company of the Clearing Corporation has achieved compliance with the Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006 as far as its promoters' shareholding is concerned and has made applications to SEBI for regulatory approval to commence Equity, Futures & Options, Debt and trading in other products such as interest rate derivatives and exchange traded funds. It is planned that upon commencement of trading in the new asset classes at MCX-SX, the said asset classes would also be introduced in the different clearing segments of MCX-SX CCL.

As a result, there is expected to be a corresponding increase in transaction volumes and consequently profitability at the Clearing Corporation.

6. SHARE CAPITAL

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

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

7. DIRECTORS

Mr. V. Hariharan and Mr. Prakash Apte retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

8. MANAGEMENT

The Management of the Company is headed by Mr. U. Venkataraman, the CEO and Whole-time Director of the Clearing Corporation.

9. HUMAN RESOURCES

During financial year 2009-10, 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, 2010 was 13.

10. AUDITORS

The retiring auditors, M/s V. Sankar Aiyar & Co., Chartered Accountants have given a letter confirming that if re-appointed, they will be in compliance with the limits provided in section 224(1B) of the Companies Act, 1956. Your Directors recommend their reappointment.

11. AUDIT COMMITTEE

As per section 292A of the Companies Act, 1956, the Company has constituted an Audit Committee of the Board comprising of three directors of which two are independent, non-executive directors. The composition of the Audit Committee is as follows:

1. Mr. P.R. Barpande – Independent Chairman
2. Prof. (Mrs.) Ashima Goyal – Member (Independent Director)
3. Mr. Joseph Massey – Member (Non-executive Director)

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

In view of the nature of activities which are being 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.

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 and indirectly encourages foreign trade.

14. PARTICULARS OF EMPLOYEES

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 forming part of the Directors' Report for the period ended March 31, 2009, is given as an Annexure to this Report.

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. 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.

17. 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.

18. 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. 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 continuous support given by them to the Company and their confidence in its Management.

For and on behalf of the Board of Directors

Sd/-

**Joseph Massey
Chairman**

Mumbai, May 17, 2010

Annexure to the Directors' Report

Statement pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

Sl. No	Name and Qualification	Age in yrs	Designation/Nature of Duties	Remuneration Received (Rs.)	Experience (no. of yrs)	Date of commencement of employment	Previous employment
1.	Mr. Tapas Das B.Sc, M.Sc., MBA	48	Chief Operating Officer	52,04,604	25	February 12, 2009	Executive Director-Operations, Goldman Sachs
2.	Mr. Narendra Kumar Ahlawat BV. Sc. & AH, PGDRM, CFA	48	Head - Development	47, 25,000	24	March 1, 2009	Head-Development, Financial Technologies (India) Ltd.
3.	Mr. Balu Nair BBM. MBA	32	Asst. Vice President-CCL Operations	26,66,667	9	June 1, 2009	Manager, National Stock Exchange of India Ltd.
4.	Mr. Shaju Paul, BA, MBA	34	Asst. Vice President-CCL Operations	13,33,333	9	November 2, 2009	Asst. Vice President, Bank of America
5.	Mr. Ajit Rokade* B. Com., C.A.	36	Asst. Vice President-CCL Operations	13,50,000	11	February 24, 2009	Vice President, Morgan Stanley

Notes:

1. The employee whose name is marked with an (*) was employed with the company for part of the year.
2. All 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.
3. 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.

AUDITOR'S REPORT TO THE SHAREHOLDERS OF MCX-SX CLEARING CORPORATION LIMITED

1. We have audited the attached Balance Sheet of MCX-SX Clearing Corporation Limited as at 31st March, 2010 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and read together with the Companies (Auditor's Report) Amendment Order, 2004 (hereinafter referred to as the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) 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;
 - (ii) 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;
 - (iii) The Company's Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
 - (v) On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts and read with the

Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956 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 31st March, 2010,
- (b) In the case of the Profit and Loss Account, 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.

**For V. Sankar Aiyar & Co.
Chartered Accountants**

Place: Mumbai
Dated: 17th May, 2010

**[G. Sankar]
Partner
Membership No. 46050
Firm Reg.No 109208 W**

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITOR'S REPORT TO THE SHAREHOLDERS OF MCX-SX CLEARING CORPORATION LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.

- i. The company has maintained proper records showing, full particulars including quantitative details and situation of fixed assets.

All the assets have been physically verified by the management during the year and in our opinion, the verification program is reasonable having regard to the size of the company and the nature of the assets. No material discrepancy was noticed on such verification.

During the year, the company has not disposed of any assets.

- ii. The activities of the Company and the nature of its business do not involve the use of inventories. Accordingly, clause 4(ii) of the Order is not applicable to the company.
- iii. The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanation given to us, there exists adequate internal control system commensurate with the size of company and the nature of its business with regard to purchase of fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- v. (a) Based on the audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.
- (b) According to the information and explanations given to us, where the transactions made in pursuance of such contracts or arrangements during the year are in excess of Rs. 5 lacs, they have been made at prices, which are, prima facie, reasonable having regard to the prevailing market prices at the relevant time, except that in respect of certain services, no comparison price could be made as the management informed us that these transactions are of a special nature for which suitable alternative sources do not exist for obtaining comparative quotations.
- vi. The company has not accepted any deposits from the public within the meaning of the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules made thereunder.
- vii. In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountant appointed by the management is commensurate with the size and nature of the Company and nature of the business.

- viii. According to information and explanation given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub section (1) section 209 of the Act. Accordingly, clause 4(viii) of the Order is not applicable to the Company.
- ix. (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, custom duty, excise duty, cess and other material statutory dues that are required to be deposited regularly with authorities, have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts in respect of the aforesaid statutory dues were in arrears, as at 31st March, 2010, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the company, there are no dues of sales tax / income tax / customs duty / wealth tax / service tax / excise duty / cess which have not been deposited on account of disputes.

- x. The company does not have any accumulated losses at the end of the financial year. The company has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanation given to us, the Company has not borrowed any amounts from financial institutions or by issue of debentures.
- xii. In our opinion and according to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund or a niche or a mutual benefit society. Therefore the provisions of sub para (xiii) of para 4 of the Order are not applicable to the Company.
- xiv. In respect of shares, securities and other investments dealt in or traded by the Company, proper records have been maintained of the transactions and contracts and timely entries have been made therein. All the investments are held by the Company in its own name.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for any loans taken by others from any bank or financial institution.
- xvi. In our opinion, and according to the information and explanation given to us, the Company has not taken any term loan. Therefore provision of sub para (xvi) of para 4 of the Order is not applicable to the Company.

- xvii. According to the information and explanations given to us, based on an overall examination of the balance sheet of the Company, related information made available to us and as represented to us by the Management, funds raised on short term basis, prima facie, have not been used during the year for long term investment.
- xviii. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. According to information and explanation given to us, the Company has not issued any debentures during the year and therefore the question of creating security or charge in respect of debenture issued, does not arise.
- xx. According to the information and explanation given to us, the Company has not made any public issue of any securities during the year and therefore the question of disclosing the end-use of money raised by any public issue does not arise.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For V. Sankar Aiyar & Co.
Chartered Accountants**

Place: Mumbai
Dated: 17th May, 2010

**[G. Sankar]
Partner
Membership No. 46050
Firm Reg.No 109208 W**

MCX-SX Clearing Corporation Limited

AUDITED BALANCE SHEET AS AT 31.03.2010

	Schedule No.	As at 31.03.2010		As at 31.03.2009	
		Rupees	Rupees	Rupees	Rupees
I. SOURCES OF FUNDS					
(1) Shareholder's Funds					
(a) Share Capital	1	250,000,000		50,000,000	
(b) Reserves and Surplus	2	12,832,726	262,832,726	1,442,659	51,442,659
(c) Deferred Tax Liability		56,490			
Less: Deferred Tax Asset (Refer Note 7)		56,490	-		-
TOTAL			262,832,726		51,442,659
II. APPLICATION OF FUNDS					
(1) Fixed Assets					
(a) Gross Block	3	729,182		-	
(b) Less : Depreciation		49,521		-	
(c) Net Block		679,661			
(d) Capital work in progress		58,118	737,779		
(2) Investments	4		367,969,723		236,767,524
(3) Current Assets, Loans and Advances					
(a) Cash and Bank Balances	5	317,037,078		21,427,185	
(b) Sundry Debtors	6	-		10,681,599	
(c) Loans and Advances	7	19,842,538		196,050,886	
(a)		336,879,616		228,159,670	
Less: Current Liabilities and Provisions :					
(a) Current Liabilities	8	441,418,635		413,071,210	
(b) Provisions	9	1,335,757		413,325	
(b)		442,754,392		413,484,535	
Net Current Assets	(a)-(b)		(105,874,776)		(185,324,865)
TOTAL			262,832,726		51,442,659

Significant accounting policies and
Notes to the accounts 13

The schedules referred to above form an integral
part of this balance sheet.
As per our attached report of even date

For V. Sankar Aiyar & Co.,
Chartered Accountants

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

G. Sankar
Partner
(M.No.46050)

Joseph Massey
Director

U.Venkataraman
Director

Place : Mumbai
Date : May 17, 2010

MCX-SX Clearing Corporation Limited

AUDITED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

	Schedule No.	Year ended 31.03.2010 Rupees	Year ended 31.03.09 Rupees
INCOME			
Operational Income	10	87,323,846	10,889,528
Other Income	11	33,251,560	4,936,930
	TOTAL	120,575,406	15,826,458
EXPENDITURE			
Operating and Other Expenses	12	109,135,818	14,379,624
Depreciation	3	49,521	-
	TOTAL	109,185,339	14,379,624
Profit Before Tax		11,390,067	1,446,834
Less : Provision for Taxation			
- Current Tax		-	-
- Deferred Tax Liability/(Asset)		-	-
- Fringe Benefit Tax		-	4,175
Profit After Tax		11,390,067	1,442,659
Balance brought forward from previous year		1,442,659	
Profit After Tax Carried forward to Balance Sheet		12,832,726	1,442,659
Earnings Per Share (Refer note 10 of Schedule 13)			
Basic		0.48	0.29
Diluted		0.48	0.29
Face Value per Share		10/-	10/-

Significant Accounting Policies and Notes
to Accounts

13

The schedules referred to above form an integral part of this balance sheet.

As per our attached report of even date

For **V. Sankar Aiyar & Co.,**
Chartered Accountants

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

G. Sankar
Partner
(M.No.46050)

Joseph Massey
Director

U.Venkataraman
Director

Place : Mumbai
Date : May 17, 2010

MCX-SX Clearing Corporation Limited				
SCHEDULES FORMING PART OF THE AUDITED ACCOUNTS				
	As at 31.03.2010		As at 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
Schedule 1: Share Capital:				
Authorised:				
25,000,000 equity Shares of Re.10/- each		250,000,000		250,000,000
Issued, Subscribed and Paid up:				
25,000,000 equity Shares (Previous Year 5,000,000 equity shares) of Re 10/- each fully paid of the above :-		250,000,000		50,000,000
12,750,000 equity shares (Previous Year 2,550,000 equity shares) of Rs.10/-each are held by MCX Stock Exchange Ltd, the holding company.				
TOTAL		250,000,000		50,000,000
Schedule 2: Reserves and Surplus:				
Surplus in Profit and Loss Account		12,832,726		1,442,659
		12,832,726		1,442,659

MCX-SX Clearing Corporation Limited

SCHEDULES FORMING PART OF THE AUDITED ACCOUNTS

SCHEDULE 3 : FIXED ASSETS

(in Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK			
	Cost as at 01.04.2009	Additions during the year	Deletions/ Adjustments	Cost as at 31.03.2010	Upto 01.04.2009	For the year	Deletions/ Adjustments	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS:										
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
Office Equipments	-	13,500	-	13,500	-	60	-	60	13,440	-
Computer Hardware	-	715,682	-	715,682	-	49,461	-	49,461	666,221	-
Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-
TOTAL	-	729,182	-	729,182	-	49,521	-	49,521	679,661	-
Capital Work in Progress		58,118		58,118						

Note:- Capital Work in progress represents computer software under installation

Schedule 4: Investments				
Current: (Unquoted) [At Lower of Cost and Market Value]				
Non-trade:				
In units of mutual funds				
89980.978 Units (Previous Year NIL) of Rs.1000.3161 each in DSP Black Rock Liquidity Fund - Daily Dividend Plan	90,009,421	-	-	-
NIL (Previous Year 6965156.55 Units) of Rs.10.0500 each in DWS Insta Cash Plus Fund - IP -Daily Dividend	-	-	70,010,968	-
5547480.008 Units (Previous Year NIL) of Rs.10.0150 each in IDFC Money Manager - Invest Plan - Plan B Daily Dividend Plan	55,558,012	-	-	-
9992164.338 Units (Previous Year NIL) of Rs.10.0091 each in Baroda Treasury Advantage Fund Daily Dividend Plan	100,012,572	-	-	-
NIL (Previous Year 6376346 Units) of Rs.10.9800 each in LIC MF Liquid Fund Dividend Plan	-	-	70,012,917	-
5451687.754 Units (Previous Year NIL) of Rs.10.0000 each in LIC MF Savings Plus Fund Daily Dividend Plan	54,516,878	-	-	-
514517.22 Units (Previous Year 3057263.91 Units) of Rs.15.2872 each in Reliance Liquid Fund - TP - Institutional Plan - Daily Dividend Reinvestment	7,865,528	-	46,737,005	-
60006.712 Units (Previous Year NIL) of Rs.1000.0101 each in Taurus Liquid Fund - Super Institutional Plan - Daily Dividend Reinvestment	60,007,313	-	-	-
NIL (Previous Year 49973.003 Units) of Rs.10.6700 each in Templeton India TMA - Super Institutional Plan - Daily Dividend Reinvestment	-	-	50,006,635	-
		367,969,723		236,767,524
TOTAL		367,969,723		236,767,524
Notes:		367,969,723		236,767,524
1 Net Asset Value of the units of Mutual Funds				
2 Purchased and sold during the year	Purchase Units	Redeemed Units		
a) Units of mutual funds:				
1 AIG India Liquid Fund Super IP Daily Dividend	248,315	(248,315)		
2 Axis Liquid Fund - Dly Dividend	1,955,233	(1,955,233)		
3 Baroda Pioneer Liquid Fund - Institutional Daily Dividend Plan	99,503,067	(99,503,067)		
4 Baroda Treasury Advantage Fund Daily Dividend Plan	9,992,164	-		
5 Birla Sun Life Cash Plus - Institutional Premium Plan - Daily Dividend Reinvest	388,061,229	(388,061,229)		
6 Canara Robeco Liquid Super Institutional Premium Plan - Daily Dividend Reinvest	380,900,462	(380,900,462)		
7 DSP BlackRock Cash Manager Fund - Institutional Premium Plan - Daily Dividend Reinvest	171,000	(171,000)		
8 DSP BlackRock Money Manager Fund - Institutional Premium Plan - Daily Dividend Reinvest	100,012	(100,012)		
9 DSP BlackRock Strategic Bond Fund - Institutional Premium Plan - Daily Dividend Reinvest	49,966	(49,966)		
10 DSP Black Rock Liquidity Fund - Daily Dividend Plan	1,603,368	(1,513,387)		
11 DWS Cash Opportunities Fund - Reg - Daily Dividend Reinvest	25,097,513	(25,097,513)		
12 DWS Insta Cash Plus Fund - Institutional Premium Plan - Daily Dividend Reinvest	6,978,297	(6,978,297)		
13 DWS Insta Cash Plus Fund - Super Institutional Premium Plan - Daily Dividend Reinvest	135,919,448	(142,884,605)		
14 Fortis Money Plus Institutional Premium Plan - Daily Dividend Reinvest	24,879,447	(24,879,447)		
15 Fortis Overnight Fund - Institutional Premium Plan - Daily Dividend Reinvest	110,944,506	(110,944,506)		
16 ICICI Prudential Flexible Income Plan - Premium - Daily Dividend Reinvest	1,426,702	(1,426,702)		
17 ICICI Prudential Liquid - Super Institutional Premium Plan - Daily Dividend Reinvest	39,762,781	(39,762,781)		
18 IDFC Cash Fund - Plan B - Institutional Premium Plan - Daily Dividend Reinvest	4,726,062	(4,726,062)		
19 IDFC Cash Fund - Plan C - Super Institutional Premium Plan - Daily Dividend Reinvest	12,428,446	(12,428,446)		
20 IDFC Money Manager - Invest Plan - Plan B - Daily Dividend Reinvest	5,547,480	-		
21 Kotak Flexi Debt Fund - Institutional Premium Plan - Daily Dividend Reinvest	2,998,842	(2,998,842)		
22 Kotak Floater - LT - Daily Dividend Reinvest	5,564,695	(5,564,695)		
23 Kotak Liquid - Inst Premium Plan - Daily Dividend Reinvest	85,795,556	(85,795,556)		
24 LIC MF Liquid Fund - Daily Dividend Reinvest	266,866,938	(273,243,284)		
25 LIC MF Income Plus Fund - Daily Dividend Reinvest	7,554,600	(7,554,600)		
26 LIC MF Savings Plus Fund - Daily Dividend Reinvest	23,958,132	(18,506,444)		
27 PRINCIPAL Cash Mgmt Fund LO- I P - Daily Dividend Reinvest	12,305,989	(12,305,989)		
28 PRINCIPAL Cash Mgmt Fund LO- Inst Prem. Plan - Daily Dividend Reinvest	180,914,493	(180,914,493)		
29 Reliance Liquid Fund - TP - IP - Daily Dividend Reinvest	7,367,903	(9,910,650)		
30 Reliance Liquidity Fund - Daily Dividend Reinvest	280,867,200	(280,867,200)		
31 Reliance Medium Term Fund - Daily Dividend Reinvest	5,876,812	(5,876,812)		
32 Religare Liquid Fund - Super IP - Daily Dividend Reinvest	127,293,089	(127,293,089)		
33 Religare Ultra Short Term Fund - IP - Daily Dividend Reinvest	10,018,773	(10,018,773)		
34 Sundaram BNP Paribas Money Fund - Super IP - Daily Dividend Reinvest	42,107,338	(42,107,338)		
35 Taurus Liquid Fund - Super IP - Daily Dividend Reinvest	46,297,126	(46,237,119)		
36 Taurus Ultra Short Term Bond Fund - Super IP - Daily Dividend Reinvest	8,354,365	(8,354,365)		
37 Templeton India TMA - Super IP - Daily Dividend Reinvest	1,399,953	(1,449,926)		
38 UTI Liquid Fund - Cash Plan - IP - Daily Dividend Reinvest	1,357,849	(1,357,849)		

Schedule 5 : Cash and Bank Balances				
Cash on hand		18,104		6,100
Bank Balances with Scheduled Banks:				
- In Current Accounts*		13,153,574		21,421,085
- Fixed Deposit**		303,865,400		-
* Balance in Current Account includes Rs.7120569 (previous year Rs.18,667,352) towards Clearing and Settlement Obligation				
** Includes fixed deposits aggregating Rs.27,133,694 (previous year nil) earmarked towards settlements guarantee fund.				
TOTAL		317,037,078		21,427,185
Schedule 6 : Sundry Debtors				
(Considered good)				
Debts outstanding for a period exceeding six months	-		-	
Other Debts	-		10,681,599	10,681,599
Due from holding company Rs.Nil (previous year Rs.10,681,599)				
TOTAL		-		10,681,599
Schedule 7 : Loans and Advances				
Advances recoverable in cash or in kind or for value to be received*		3,413,483		194,686,022
Accrued Interest on Bank Fixed Deposits		2,852,271		-
Advance Tax Paid including Tax Deducted at Source		13,576,784		1,364,864
* Includes Rs.Nil (previous year Rs.165,000,000) towards Members Security Deposit and Rs.Nil (previous year Rs.25,000,000) towards Settlement Guarantee Fund received from MCX Stock Exchange Ltd on 17 June 2009.				
TOTAL		19,842,538		196,050,886
Schedule 8: Current Liabilities				
Sundry Creditors				
- Total outstanding dues of micro enterprises and small enterprises	-		-	
- Total outstanding dues of creditors other than micro enterprises and small enterprises*	1,641,000	1,641,000	12,866,969	12,866,969
* Includes Rs.1,246,678 (previous year Rs.10,819,828) Due to MCX Stock Exchange Ltd.				
Members Margin Deposit		208,297,696		206,053,229
Members Security Deposit		202,500,000		165,000,000
Settlement Guarantee Fund		25,000,000		25,000,000
Other Liabilities		3,979,939		4,151,012
Accrued Expenses				-
TOTAL		441,418,635		413,071,210
Schedule 9: Provisions				
Provision for Fringe Benefit Tax		4,175		4,175
Provision for Gratuity		490,769		121,498
Provision for Leave Encashment		840,814		287,652
TOTAL		1,335,758		413,325

Schedule 10 : Operating Income				
Clearing & Settlement Fees		87,323,846		10,889,528
	TOTAL	87,323,846		10,889,528
Schedule 11 : Other Income				
Dividend from Non trade investments:				
- Current Investments		21,029,044		4,571,428
Interest on Fixed Deposits with Banks (TDS is Rs.1286797 (Previous Year Rs. Nil))		11,905,217		339,041
Interest on Loan to employee		70,856		9,852
Non Compliance Margin		212,947		-
Profit on Sale of current investments (net)		33,496		16,608
	TOTAL	33,251,560		4,936,930
Schedule 12: Operating and Other Expenses				
Payment to and Provisions for Employees:				
Salaries and Bonus	23,920,093		4,216,385	
Contribution to Provident Fund	703,295		54,318	
Staff Welfare Expenses	3,622	24,627,010	-	4,270,703
Rent		3,252,312		454,937
Outsourced Service Charges		51,000,000		537,348
Audit Fees		75,000		75,000
Sales Promotion Expenses		14,006		
Legal & Professional Charges		1,356,050		120,000
Directors Sitting Fees		220,000		
Software & Hardware Support Charges		24,527,400		6,928,304
Interest Others		14,726		-
Preliminary Expenses		-		1,908,200
Miscellaneous Expenses*		4,049,314		85,132
* Miscellaneous Expenses includes Corporate Professional Tax Rs.2,040, Insurance Charges Rs.563,630, Travelling & Conveyance Rs.189,034, Bank Charges Rs.1,530,650 and Stamp duty Rs.1,015,430 etc.				
	TOTAL	109,135,818		14,379,624

MCX-SX Clearing Corporation Limited

AUDITED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

	Year ended 31.03.2010		Year ended 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
A. Cash Flow from Operating Activities				
Net Profit Before Tax		11,390,067		1,446,834
Adjustments for				
Interest Expenses	-		4,721	
Depreciation/Amortisation	49,521			
Dividend from Investment	(21,029,044)		(4,571,428)	
Interest Income	(11,905,217)		(339,041)	
Profit on Sale of Investment (Net)	(33,496)		(16,608)	
Preliminary Expenses	-		1,908,200	
Provision for Gratuity and leave Encashment	922,433		409,150	
		(31,995,803)		(2,605,007)
Operating profit/ (loss) before working capital changes		(20,605,736)		(1,158,173)
Adjustments for				
Loans and Advances	187,897,085		(206,732,485)	
Current Liabilities and Provisions	28,347,424	216,244,510	413,071,210	206,338,725
Cash from Operations		195,638,774		205,180,552
Less: Advance Taxes Paid		(1,007,138)		-
Net Cash from Operating Activities		194,631,636		205,180,552
B. Cash Flow from Investing Activities				
Purchase of Investments		(131,202,199)		(236,767,524)
Profit on Sale of Investment		33,496		16,608
Purchase of Fixed Assets		(787,300)		-
Dividend Income		21,029,044		4,571,428
Interest Income		11,905,217		339,041
Fixed deposit placed with banks		(303,865,400)		-
Net Cash Used in Investing Activities		(402,887,142)		(231,840,446)
C. Cash Flow from Financing Activities				
Proceeds from issue of Equity Shares		200,000,000		50,000,000
Preliminary Expenses		-		(1,908,200)
Interest Expenses		-		(4,721)
Net Cash from Financing Activities		200,000,000		48,087,079
Net Cash Flow during the year		(8,255,506)		21,427,185
Net Increase/(Decrease) in Cash and Cash Equivalents		(8,255,507)		21,427,185
Cash and Cash Equivalents (Opening Balance)		21,427,185		-
Cash and Cash Equivalents (Closing Balance)		13,171,678		21,427,185

Notes to Cash Flow Statement:

- Cash and cash equivalents include cash and bank balances in current account.
- The Cash Flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS 3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- Closing Balance of Cash and Cash Equivalents consists of:

	Current Period
	Rupees
Cash and Cheques on Hand	18,104
Bank Balances:	
- In Current Accounts	13,153,574
	13,171,678

- Fixed Deposits with bank are deposits with the maturity period of more than three months, hence classified and grouped in investing activity and not included in cash and cash equivalents.

The schedules referred to above form an integral part of this balance sheet.

As per our attached report of even date

For **V. Sankar Aiyar & Co.,**
Chartered Accountants

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

G. Sankar
Partner
(M.No.46050)

Joseph Massey
Director

U.Venkataraman
Director

Schedule 13

I. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation of interim financial statements

The accompanying financial statements have been prepared under the historical cost convention in accordance with Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

B. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between actual results and estimates are recognized in the year in which the results are known/materialize.

C. Revenue Recognition

- a) Revenue is recognized when no significant uncertainty as to measurement and realization exists.
- b) Dividend income is recognized when the Company's right to receive dividend is established.
- c) Interest income is recognized on time proportion basis.
- d) Clearing and Settlement fees are recognized at the end of the year based on expenses incurred less total income plus mark-up of 15% based on agreed terms with MCX-SX.

D. Employee Benefits

Provision is made for Leave Encashment and Gratuity on basis of actuarial valuation determined using the Projected Unit Credit Method.

E. Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. 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.

The depreciation rates prescribed in Schedule XIV to the Companies Act, 1956 are considered as minimum rates. If the management's estimate of the estimated useful life of the fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid Schedule XIV, depreciation is charged at a higher rate based on the management's estimate of the estimated useful life / remaining useful life of the fixed asset. Pursuant to this policy, depreciation is charged at the following rates:

Class of Assets	Rate of depreciation (%)
Computers hardware and Office equipments	16.21%

Assets individually costing Rs. 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. Investments

Current investments are carried at lower of cost and fair value. The difference between the carrying average amount of the investment and sale proceeds, net of expenses, is recognized as profit/ loss on sale of investments.

G. Income taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred Tax, which is computed on the basis of enacted/substantively enacted rates, is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

H. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized, but are disclosed in the notes forming part of accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

I. 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 profit and loss account. 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.

II. NOTES FORMING PART OF ACCOUNTS

- 1) The Company was incorporated on November 7, 2008 and obtained certificate to commence business on November 10, 2008 and commenced operation from February 16, 2009 hence, the figures for the previous year (November 7, 2009 to March 31, 2009) is not strictly comparable with the current year figures.
- 2) The Company utilizes hardware and software purchased or leased by the holding company viz., M/s. MCX Stock Exchange Limited (MCX-SX). For this, MCX-SX charges the Company towards Software & Hardware support charges.
- 3) Collaterals in the form of Bank Guarantees, Fixed Deposits, Securities and G-Secs aggregating Rs.330.77 crores (at the value based on risk parameters followed by the company) (Previous Year Rs.136.72 crores) received from members do not form a part of the Balance Sheet.
- 4) The Company has obtained a Bank Guarantee of Rs.40 crores in favour of MCX-SX Ltd (holding company) 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. The Company has deposited Rs.22 crores as fixed deposit with the bank towards the guarantees issued by the said bank. This risk management is further supported by an insurance of Rs 2.50 crores to cover an open interest exposure over Rs 100 crores which is backed by a SGF deposit of Rs. 372.35 crores as on March 31, 2010.
- 5) Bank Guarantees and Fixed Deposit Receipts aggregating Rs. NIL (Previous Year Rs.10.15 crores) placed by certain members with the MCX-SX towards collaterals and in respect of which limits are granted to the members for trading continue to be in the name of MCX-SX.
- 6) Segment Reporting

- a. The Company considers business segment (business of facilitating clearing and settlement of trading in currency futures of MCX Stock Exchange Limited 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, the results of which are disclosed in the financial statements.
- b. During the year ended March 31, 2010, the Company had no reportable geographical segment and on that basis, no secondary segment information is furnished.

7) a) Breakup of the deferred tax assets/liabilities as accounted, is as under:

Particulars	For the year ended March 31, 2010
(a) Deferred tax liability:	
Depreciation	(56,490)
(b) Deferred tax asset:	
Provision for employee benefit	56,490
Total	Nil

The deferred tax asset has been recognized only to the extent of liability and the remaining asset consisting mainly on account of unabsorbed loss would be accounted for in the subsequent year/years considering the requirements of Accounting Standard (AS) 22 "Accounting for Taxes on Income" regarding certainty/virtual certainty and the accounting policy followed by the company in this respect.

- b) No provision for Income Tax is required to be made in view of the deductions available under the provisions of Income Tax Act, 1961 including carry forward of losses.

8) Related Party information:

a) Names of related parties and nature of relationship:

i. Company whose control exists:

MCX Stock Exchange Limited

ii. Company having significant influence over the Company

- a) MCX Stock Exchange Limited (MCX-SX)
b) Financial Technologies (India) Limited (FTIL)
c) Multi Commodity Exchange of India Limited (MCX)

iii. Key Managerial Personnel:

- (a) Mr. U. Venkataraman – CEO & Whole Time Director.
– Appointment made on April 17, 2009.

b) Transactions with related parties

(Rupees)

Sr. No.	Nature of transactions	Company whose Control Exists MCX-SX	Companies having Significant Influence MCX	Companies having Significant Influence FTIL
1	Clearing & Settlement Fees	8,73,23,846 (10,889,528)	-	-
2	Rent Paid	32,52,312 (454,937)	-	-

Reimbursement of Expenses				
	Preliminary Expenses	-	-	
		(500,200)	(1,358,000)	
	Outsourced Service Charges	5,10,00,000		
		(537,348)		
	Software & Hardware Support Charges	2,45,27,400	-	-
		(6,928,304)		
	Deputation Charges	-	34,89,117	-
			(56,657)	(283,074)
	Other Expenses	-	47,302.40	1,68,383.00
		(2,133)	(21,790)	
3	Advances Given			
	Balance at the start of the year	191,597,099	-	-
		(-)		
	Given / Debited during the year	-	-	-
		(228,523,128)		
	Repaid/Adjusted during the year	191,597,099	-	-
		(36,926,029)		
	Balance as at the end of the year	-	-	-
		(191,597,099)		
4	Sundry Debtors (Balance at the end of the year)	-	-	-
		(10,681,599)		
5	Sundry Creditors (Balance at the end of the year)	12,46,678	2,05,927.76	45,348
		(10,819,828)	(1,436,447)	(283,074)
6	Bank Guarantee Given(Refer Note No 3)	400,000,000	-	-

Out of the above items, transactions with related parties in excess of 10% of the total related party transactions are:

Sr. No.	Transactions with related parties	Rupees
1	Reimbursement of Preliminary Expenses - MCX	-
		(1,358,000)
2	Clearing & Settlement Fees – MCX-SX	8,73,23,846
		(1,08,89,528)
3	Outsourced Service Charges and Software & Hardware Support Charges – MCX-SX	7,55,27,400
		(74,65,652)

Notes:

- (i) Related party relationship is as identified by the Company and relied upon by the auditors.
- (ii) There are no amounts written off or written back in the year ended 31-Mar 2010 in respect of debts due from or to related parties.

9) Employee benefit plans

Defined contribution plans: Amounts recognized as expenses towards contributions to provident fund by the Company are Rs. 7,03,295 (Previous year Rs.54,318)

Post employment defined benefit plan:

	Gratuity (Non Funded)	Leave Encashment (Non Funded)
I. Change in benefit obligation:		
Projected benefit obligation at the beginning of the year	121,498	287,652
	(Nil)	(Nil)
Interest Cost	Nil	Nil
Current Service Cost	369.271	553,162

	(121,498)	(287,652)
Benefit Paid	Nil	Nil
	(Nil)	(Nil)
Actuarial (gain) / loss on obligations	Nil	Nil
	(Nil)	(Nil)
Projected benefit obligation at the end of the year	490,769	840,814
	(121,498)	(287,652)
II. Change in plan assets		
Fair value of the plan asset at the beginning of the year	Nil	Nil
	(Nil)	(Nil)
Expected return on plan assets	Nil	Nil
	(Nil)	(Nil)
Contributions	Nil	Nil
	(Nil)	(Nil)
Benefits paid	Nil	Nil
	(Nil)	(Nil)
Actuarial gain on plan assets	Nil	Nil
	(Nil)	(Nil)
Fair value of plan assets at the end of the year	Nil	Nil
	(Nil)	(Nil)
Excess of obligation over plan assets		
III. Expense for the year ended 31-03-2010		
Current service cost	369,271	553,162
	(121,498)	(287,652)
Interest cost	Nil	Nil
	(Nil)	
Expected return on plan assets	Nil	Nil
	(Nil)	
Net (gain)/loss recognized	Nil	Nil
	(Nil)	
Gratuity cost	369,271	553,162
	(121,498)	(287,652)
IV Assumptions		
Discount rate	7.50%	7.50%
	(7.75%)	(7.75%)
Salary escalation rate	7.50%	7.50%
	(7.50%)	(7.50%)

10) Earning Per Share is as follows:

	For the Year ended 31-03-2010	For the Year ended 31-03-2009
	Rupees	Rupees
a. Net Profit after tax	1,12,92,899	1,442,659
b. Weighted average number of Equity Shares Basic/Diluted (Nos.)	25,000,000	5,000,000
c. Basic /Diluted Earnings per share	0.48	0.29
d. Nominal value of equity share	10	10

11) Previous year figures have been regrouped wherever necessary. Amounts in '()' pertain to previous year.

As per our report of even date
For V. Sankar Aiyar & Co.,
Chartered Accountants

For and on behalf of the Board

G. Sankar
Partner
(M.No.46050)

Joseph Massey
Director

U. Venkataraman
Director

Place : Mumbai
Date : May 17, 2010

Balance Sheet Abstract and the Company's General Business Profile:**I. Registration Details**

Registration Number State Code
 Balance Sheet date

II. Capital raised during the year ended March 31, 2010 (Amount in Rs.)

Public Issue <input type="text" value="Nil"/>	Rights Issue <input type="text" value="20,00,00,000"/>
Bonus Issue <input type="text" value="Nil"/>	Private Placements <input type="text" value="Nil"/>

III. Position of Mobilisation and deployment of funds (Amounts in Rs.)

TOTAL LIABILITIES <input type="text" value="26,28,32,726"/>	TOTAL ASSETS <input type="text" value="26,28,32,726"/>
PAID-UP CAPITAL <input type="text" value="250,000,000"/>	RESERVES & SURPLUS <input type="text" value="1,28,32,726"/>
SECURED LOANS <input type="text" value="Nil"/>	UNSECURED LOANS <input type="text" value="Nil"/>
NET FIXED ASSETS <input type="text" value="7,37,779"/>	INVESTMENTS <input type="text" value="36,79,69,723"/>
NET CURRENT ASSETS <input type="text" value="(10,58,74,776)"/>	DEFERRED TAX <input type="text" value="Nil"/>
MISC. EXPENDITURE <input type="text" value="Nil"/>	ACCUMULATED LOSSES <input type="text" value="Nil"/>

IV. Performance of Company (Amount in Rs.)

Turnover (Sales and Other Income) <input type="text" value="12,05,75,406"/>	Total Expenditure <input type="text" value="10,91,85,339"/>
Profit/(Loss) Before Tax <input type="text" value="1,13,90,067"/>	Profit/(Loss) After Tax <input type="text" value="1,13,90,067"/>
Earning per Share in Rs. <input type="text" value="0.48"/>	Dividend Rate % <input type="text" value="Nil"/>

V. Generic Names of Three Principal Products / Service of Company (as per monetary terms)

Item Code (ITC Code) <input type="text" value="N. A."/>	Product Description <input type="text" value="Clearing & Settlement Operation"/>
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For and on behalf of the Board

Joseph Massey
Director

U. Venkataraman
Director