



ANNUAL REPORT
2017-18

Metropolitan Clearing Corporation of India Ltd.

www.mclear.in

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Corporate Information

Name of the Company

Metropolitan Clearing Corporation of India Limited (MCCIL)

CIN: U67120MH2008PLC188032

LEI number: 335800QRNLKAHGA1BL68

Website: www.mclear.in

Board of Directors

Mr. Alok Kumar Mittal – Public Interest Director

Ms. Rita Menon – Public Interest Director (w.e.f. August 10, 2018)

Mr. Vijay Ranjan – Public Interest Director (w.e.f. August 24, 2018)

Mr. Udai Kumar – Shareholder Director

Mr. Balu Nair – Managing Director

Key Managerial Personnel

Mr. Krishna Wagle – Chief Financial Officer

Ms. Avni Patel – Company Secretary

Mr. Sageer Khan – Compliance Officer

Statutory Auditor

M/s. Kirtane & Pandit LLP, Chartered Accountants

Internal Auditor

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

Secretarial Auditor

Mr. A. Sekar, Practicing Company Secretary

Registered Office

4th Floor, Vibgyor Towers, Bandra Kurla Complex,
Bandra (East), Mumbai – 400098

Registrar and Share Transfer Agents

Karvy Computershare Pvt. Ltd.

Selenium Tower B, Plot number 31 & 32, Financial District
Gachibowli, Hyderabad- 500 032, Telangana

Phone: 040 67161525

www.karvycomputershare.com

DIRECTORS' REPORT

To

The Members

Metropolitan Clearing Corporation of India Limited (MCCIL)

Your Directors are pleased to present their Tenth Report on the business and operations of your Company together with the Audited Statements of Accounts and the Auditors' Report for the financial year ended March 31, 2018.

FINANCIAL MARKET SCENERIO

The year 2017 was marked by a number of key structural initiatives to build strength across macro-economic parameters for sustainable growth in the future. The growth in the first half of the year suffered despite global tailwinds, in view of an uncertain environment with the economy coming to terms with the impact of demonetization that came into effect on 8 November 2016. As a result, during the first quarter (April-June 2017), real GDP growth declined to 5.7% — the lowest in 12 successive quarters. The second quarter (July-September 2017) also saw disruption in economic activity on account of teething troubles that accompanied the nation-wide rollout of the Goods and Services Tax (GST). At 6.5%, while GDP growth in the second quarter was higher than the immediately previous one, it was nevertheless the third-lowest in 12 quarters. However, the weakness seen at the beginning of 2017 seems to have bottomed out as 2018 set in. The third quarter has shown a much needed uptick — posting 7.2% GDP growth vis-à-vis the same quarter in the previous year, and the highest that India saw in five successive quarters. Currently, the economy seems to be on the path to recovery, with indicators of industrial production, stock market index, auto sales and exports having shown some uptick. We believe that India's economic outlook is expected to strengthen further in FY18-19.

1. FINANCIAL RESULTS FOR 2017-18

Table 1: Summary of Financials

(Amount in INR)

Items	As on March 31, 2018	As on March 31, 2017
Total Income	149,203,456	90,103,367
Less: Expenditure	140,478,770	73,701,830
Profit Before Tax	8,724,687	16,401,536
Add/Less: Tax Expenses/(Income)	(145,231)	-
Profit After Tax	8,869,918	16,401,536
Add: Other Comprehensive Income	56,841	(300,401)
Balance carried to Balance Sheet	8,926,759	16,101,135

Note: During the financial year 2017-18, the Company earned total income of INR 149,203,456/- as against INR 90,103,367/- in the previous year. The profit after tax of the company for the year under review amounted to INR 8,869,918/- as compared to INR 16,401,536/- for the previous year. Decrease in Profit before tax was due to increase in Technology and other expenses. The company is trying to make efforts to keep the cost under control.

The components of expenditure and its quantum in comparison with the total income are presented in Table 2 below.

Table 2: Expenditure as % of total income

Particulars	FY 2017-18	FY 2016-17
Technology cost	51.54%	41.18%
Employees benefits expense	17.70%	24.18%
Depreciation and amortization expense	0.11%	0.25%
Other expenses	24.80%	16.19%
Total expenses	94.15%	81.80%

It may be observed that technology cost is the highest cost incurred by the Company forming 51.54% of the Total Income in the FY 2017-18 (Table 2). Employees benefit expenses stood at 17.70% followed by other expenses at 24.80%. However, the technology cost increased from 41.18% of the total income in the FY 2016-17 to 51.54% of the total income in the FY 2017-18. Employee cost has decreased to 17.70% of the total income in the FY 2017-18 from 24.18% in the FY 2016-17. The other expenses have increased to 24.80% of the total income in the FY 2017-18 from 16.19% in the FY 2016-17. The Total expenses increased from 81.80% in the FY 2016-17 to 94.15% in the FY 2017-18. The Company is on course of reducing its expenses to economize on the operations cost. The net profit for the current year under reference stood at 5.98% of the total income for the FY 2017-18.

2. REVIEW OF OPERATIONS

Your Company is a subsidiary of the Metropolitan Stock Exchange of India Limited (MSE). The MCCIL was incorporated in November, 2008 with the main objective to act as central counterparty to provide novation and clearing & settlement services to various Exchanges. At present your Company is providing clearing and settlement services to MSE.

On September 29, 2014, the SEBI granted recognition to MCCIL to act as a Clearing Corporation under the Regulation 4 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012. The MCCIL is also designated as a Qualified Central Counter Party (QCCP) by the SEBI. The Company is registered with both the depositories (i.e. NSDL & CDSL) as a Clearing Corporation as well as a SEBI registered Depository Participant. The MCCIL is also authorized by the RBI and the SEBI to settle OTC deals in Corporate Bonds, Structured Debt Instruments, CPs and CDs reported in RBI approved reporting platforms. The MCCIL is also authorized by the RBI under section 10 of FEMA to carry out Clearing & Settlement activities for currency derivatives contracts.

The MCCIL has adopted best practices in the industry to make sure transactions are managed efficiently and completed seamlessly which include transparency in its functions, capital adequacy norms for membership and dedicated settlement guarantee funds. The company has been using globally accepted strategies for margining the assets, online monitoring of members' position by applying prudential limit norms, automatic trading restriction on breach of prudential limits, multilateral netting for obligation computation and periodic back testing of margins.

A. Clearing and Settlement Operations:

The MCCIL is providing the clearing and settlement services to the MSE in respect of all the four segments namely; Currency Derivatives, Equity Derivatives, Equity Cash Market & Debt Segment and settlement of OTC deals on corporate bonds, certificate of deposits, commercial paper and structured debt instruments.

On the strength of its state of art risk management techniques and competent management, all settlements undertaken by the Clearing Corporation during the financial year 2017-18 were completed without defaults and delay. Thus, the Clearing Corporation maintained its impeccable track record of having completed all settlements from the date of commencement of its operations (i.e. from February 16, 2009) to the end of the financial year 2017-18, in a timely manner without defaults.

The settlement volumes in various segments during the financial year 2017-18 were as follows:

a. Currency Derivatives Segment:

Monthly settlement statistics in the currency derivatives segment for the financial year 2017-18 are as provided in Table 3.

Table 3 - Currency Derivatives Segment (CDS)

Amount in INR crore

Month	Futures Daily Settlement	Futures Final Settlement	Premium Settlement	Options Exercise Settlement	Total
(1)	(2)	(3)	(4)	(5)	(6)= (2)+(3)+(4)+(5)
Apr 17	39.94	2.83	1.54	0.53	44.84
May 17	49.85	0.54	1.70	0.57	52.66
Jun 17	17.02	0.05	0.67	0.21	17.95
Jul 17	20.11	1.91	1.83	1.39	25.24
Aug 17	31.30	1.08	3.27	2.42	38.07
Sep 17	30.42	2.35	2.65	4.58	40.01
Oct 17	24.43	1.37	4.63	1.74	32.17
Nov 17	22.62	0.99	2.04	2.83	28.48
Dec 17	8.19	0.16	0.56	0.41	9.32
Jan 18	25.81	0.13	1.22	0.98	28.13
Feb 18	33.52	0.82	0.64	0.28	35.26
Mar 18	18.48	1.14	0.49	0.33	20.44
Total	321.69	13.38	21.25	16.26	372.58

During the financial year 2017-18, the MCCIL successfully carried out all settlements in the currency derivatives segment without reporting any members' default and delay in settlements. However, the aggregate value of settlements declined from INR 615.50 crores in FY 2016-17 to INR 372.58 crores in FY 2017-18. The decline was mainly on account of the reduction in the open interest and trading volumes in MSE in the currency derivatives segment.

b. Equity Cash Market:

Monthly settlement statistics in the equity cash market for the financial year 2017-18 are as provided in Table 4.

Table 4 - Equity Cash Market (ECM)

Month	Quantity in Lakhs			Value in INR Crores		
	Traded	Deliverable	Delivery %	Traded	Deliverable	Delivery %
(1)	(2)	(3)	(4) = (3)/(2)	(5)	(6)	(7) = (6)/(5)
Apr 17	0.6974	0.6974	100	2.6865	2.6865	100.00
May 17	3.5793	1.91216	53.42	2.8800	1.9658	68.26
Jun 17	1.2495	1.2495	100.00	0.9066	0.9066	100.00
Jul 17	125.5289	3.5289	2.81	149.7456	1.5156	1.01
Aug 17	3.1326	3.1326	100	3.4689	3.4689	100.00
Sep 17	2.0020	2.0020	100	4.1667	4.1667	100.00
Oct 17	2.7920	2.7920	100	6.3245	6.3245	100.00
Nov 17	1.2770	1.2770	100	3.5707	3.5707	100.00
Dec 17	0.4006	0.4006	100	1.2781	1.2781	100.00
Jan 18	1.2708	1.2708	100	3.4927	3.4927	100.00
Feb 18	2.0599	2.0599	100	5.6610	5.6610	100.00
Mar 18	7.7995	7.7995	100	8.5853	8.5853	100.00
Total	151.7895	28.1224	18.53	192.7667	43.6225	22.63

During the financial year 2017-18, the MCCIL successfully carried out all settlements in the equity cash market without reporting any default and delay. However, the aggregate value of securities traded and delivered decreased from INR 248.08 crores and INR 237.12 crores in FY 2016-17 to INR 192.77 crores and INR 43.62 crores respectively in FY 2017-18. One of the main reasons for the abovementioned decrease of traded value was the low trading volumes in MSE in the capital market segment.

c. Clearing and Settlement – Equity Derivatives Segment:

During the financial year 2017-18, there was no settlement in the Equity Derivatives Segments as there was no trade in this segment of the MSE.

d. Clearing and Settlement – Debt Market Segment:

During the financial year 2017-18, the Clearing Corporation did not receive any trade for settlement in Debt Market Segment.

B. Core Settlement Guarantee Fund & Liquid Assets Deposited by Clearing Members
a. Core Settlement Guarantee Fund (Core SGF)

In line with the SEBI guidelines, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, the Company constituted Core SGF, for each segment of the exchange with effect from December 1, 2014 against which no exposure is given and which is readily and unconditionally available to meet settlement obligations of clearing corporation in case of clearing member(s) failure to honor settlement obligation. In the event of a clearing member(s) failing to honor settlement commitments,

the Core SGF will be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process.

Securities & Exchange Board of India had issued norms related to the computation and contribution to the Core Settlement Guarantee Fund (Core SGF) as part of the SEBI circular CIR/CMD/DRMNP/25/2014 dated August 27, 2014. Based on said guidelines clearing corporation and stock exchange are required to respectively contribute at least 50% and 25% of the minimum required corpus (MRC) of the core SGF whereas up to 25% of the MRC of the core SGF contribution can be collected from clearing members. The Core SGF also includes penalties levied by the Clearing Corporation and accruals from investment of the Core SGF. Minimum required corpus (MRC) of the core SGF is determined every month based on stress tests.

Accordingly, an amount of Rs. 41.65 crore was computed as the Minimum Required Corpus (MRC) of Core SGF in Currency Derivatives Segment. Contributions (including interest income) to the Core SGF in Currency Derivatives Segment comprise of Rs. 28.54 crore contributed by the MCCIL, Rs. 13.37 crore contributed by MSE and Rs. 0.31 crore contributed by the Clearing Members (interest income only). In view of adequacy of corpus of Core SGF taking into consideration of the contribution made by the MCCIL and the MSE (including interest income), the Clearing Corporation has decided to discontinue obtaining contributions from the Clearing Members w.e.f. July 1, 2017. Further, in accordance with the directions received from the SEBI, the MCCIL contributed an amount of Rs. 25 lakh each in Equity Derivative Segment, Equity Cash Market and Debt Market Segment as the minimum corpus of Core SGF with effect from February 2, 2015.

Minimum Required Corpus (MRC) of Core SGF

Segment	MRC	Contribution Required from MCCIL	Contribution Required from MSE
(a)	(b)	(c)=50%*b	(d)=25%*b
CDS	416,540,338	208,270,169	104,135,084
ECM	0.00	0.00	0.00
EDS	0.00	0.00	0.00
DMS	0.00	0.00	0.00
Total	416,540,338	208,270,169	104,135,084

Corpus of Core SGF

Segment	Total Corpus	Total Contribution to Core SGF				Penalties
		MCCIL	MSE	Clearing Members		
(a)	(b)=(c)+(d)+(e)+(f)+(g)	Cash	Cash	Cash	Non-Cash	Cash
(a)	(b)=(c)+(d)+(e)+(f)+(g)	(c)	(d)	(e)	(f)	(g)
CDS	467,443,881	285,371,109	133,665,619	3,138,456	-	45,268,696
ECM	3,216,451	3,206,371	-	-	-	10,080
EDS	3,500,423	3,206,371	-	-	-	294,052
DMS	3,206,371	3,206,371	-	-	-	-
Total	477,367,125	294,990,222	133,665,619	3,138,456	-	45,572,827

Further, Clearing Members are required to maintain liquid assets in the prescribed forms with the Clearing Corporation to meet their minimum liquid net worth requirement, base minimum capital requirement, core settlement guarantee fund (Core SGF) contribution requirement, membership requirement and margin requirements.

The total value of liquid assets (cash and non-cash) maintained by the Clearing Members with MCCIL as on March 31, 2018 amounts to Rs. 340.01 crore (previous year: Rs. 513.80 crore).

b. Liquid Assets Deposited by the Clearing Members

The Clearing members are required to maintain liquid assets in the prescribed forms with the Clearing Corporation to meet their base minimum capital requirement, minimum liquid net worth requirement, core settlement guarantee fund (Core SGF) contribution requirement, membership requirement and margin requirements. The total value of liquid assets (cash and non-cash) maintained by the Clearing Members including their Core SGF Contribution as on March 31, 2018 are presented in Table 6:

Table 6: Liquid Assets Maintained by the Clearing Members as on March 31, 2018

Segment	Cash Deposits		Non-Cash Deposits (MCCIL)				Total Liquid Assets
	with MSE	with MCCIL	BG	FDR	G-Secs	App. Sec.	
1	2	3	4	5	6	7	8=2+3+4+5+6+7
ECM	0.00	3.97	0.58	0.71	0.00	0.49	32.20
EDS	0.00	9.91	1.50	6.90	0.00	0.00	18.31
DMS	0.00	0.30	0.00	0.00	0.00	0.00	0.30
CDS	0.00	24.70	74.92	52.70	150.84	12.48	315.64
Total	0.00	38.88	77.00	60.31	150.84	12.97	340.01
<i>ECM – Equity Cash Market</i>			<i>DMS – Debt Market Segment</i>				
<i>EDS – Equity Derivatives Segment</i>			<i>CDS – Currency Derivatives Segment</i>				

C. New Initiatives and Developments

a. Increase in authorized share capital and paid up capital of the Company

Increase in Authorised share capital of the Company

The Board of Directors in its meeting held on July 25, 2017 and shareholders through Extra ordinary General Meeting held on August 04, 2017 approved increase in Authorised share capital of the Company from Rs. 100 crores to Rs. 150 crore.

The Board of Directors through circular resolution passed on September 07, 2017 and shareholders through Annual General Meeting held on September 12, 2017 approved further increase in Authorised share capital of the Company from Rs. 150 crores to Rs. 300 crore.

Increase in paid up share capital of the Company

The Board of Directors in its meeting held on July 25, 2017 approved to create, offer, issue and allot, in one or more tranches, through preferential allotment on private placement basis, 5,00,00,000 equity shares of Rs.10 each to MSE. The shareholders approved the same in the Extra-ordinary General Meeting held on August 04, 2017. MSE subscribed to 62,16,375 Equity Shares of Rs. 10/- on August 10, 2017. Subsequently, the Board of Directors in its meeting held on August 10, 2017 allotted 62,16,375 Equity Shares of Rs. 10/- each to MSE.

The Board of Directors in its meeting held on September 12, 2017 approved to offer 199,541,877 shares of Rs. 10 each to its existing shareholders on rights issue basis. The issue opened on September 16, 2017 and closed on October 05, 2017 with one extension. MSE subscribed to 10,00,00,000 Equity Shares of Rs. 10/- each on October 05, 2017. The said shares were allotted to MSE on October 06, 2017. None of the other shareholders subscribed to the Rights issue. Subsequently, the Board of Directors through circular resolution passed on November 23, 2017 approved offering 9,95,41,877 equity shares of Rs. 10 each, being the unsubscribed portion of Rights issue to MSE. MSE subscribed to 5,30,00,000 equity shares of Rs. 10 each on November 24, 2017, 1,10,00,000 equity shares of Rs. 10 each on November 28, 2017 and 3,13,50,000 equity shares of Rs. 10 each on December 29, 2017, being the unsubscribed portion of Rights issue. The said shares were allotted to MSE on November 24, 2017, November 28, 2017 and December 29, 2017 respectively.

In view of the aforesaid allotments, the paid up share capital of the Company increased to Rs. 295,37,09,910/- consisting of 29,53,70,991 Equity shares of Rs. 10 each.

b. Renewal of the Recognition

The SEBI vide letter dated September 26, 2017 renewed recognition of the Company as Clearing Corporation for a period of one year commencing from October 03, 2017 and ending on October 02, 2018 subject to the following conditions:

- MCCIL shall achieve networth of Rs. 200 crore in terms of SEBI circular dated May 04, 2016 by October 06, 2017 and submit the auditor's certificate to this effect immediately.
- MCCIL shall achieve networth of Rs. 300 crore (in terms of SEBI circular dated May 04, 2016) so as to ensure compliance with SECC regulations, 2012, by November 30, 2017 and submit an auditor's certificate to this effect immediately.

MCCIL was able to achieve networth of Rs. 200 crore by October 06, 2017. SEBI vide letter no. MRD/DRMNP/OW/29786/2017/1 dated November 29, 2017 extended the deadline of achieving net worth of Rs. 300 crore upto December 31, 2017. MCCIL was able to achieve networth of Rs. 300 crore by December 29, 2017. Thus, MCCIL has fulfilled both the conditions with regard to the renewal of recognition of the Company.

c. Live Operations from Disaster Recovery site:

The Clearing Corporation carried out all intraday and post trade live operations including settlements in all the segments from the DR site in Delhi on August 10 & August 11, 2017 and February 08 & February 09, 2018. The operations were switched over from the primary site to DR site without prior intimation to members to demonstrate the capability and readiness of the DR site setup. The operations were carried out from the DR site smoothly and no issue was reported related to connectivity, performance and availability of systems. The switch over from live site to DR site and vice versa was also conducted faultless.

d. Renewal of ISO certification

The MCCIL follows well defined operating procedures and clearly defined service standards to provide qualitative and timely services to members. Considering the sensitive nature of its business, the company adheres to stringent information security standards. The MCCIL has obtained ISO certifications for quality management system (ISO 9001-2008) and information security management

system (ISO 27001-2005/2013). The above certification was renewed for one more year in the month of September 2017.

e. Special Contingency Insurance Cover for default risk

The Clearing Corporation has renewed the special contingency insurance cover for risks arising out of default of clearing member resulting in pecuniary loss to the Settlement Guarantee Fund. The annual limit of the insurance cover for FY 2017-18 is Rs. 40 crore.

The abovementioned insurance cover form part of the default waterfall mechanism adopted by the Company. On account of the sound risk management framework, there was no default in settlements and therefore the insurance cover was never put to use.

f. Recognition from European Securities Market Authority (ESMA)

European Market Infrastructure Regulation (EMIR) is a regulation of the European Parliament and the council of European Union. European Securities and Markets Authority (ESMA) is an independent EU Authority that contributes to safeguarding the stability of the European Union's financial system. ESMA is accountable to the European Parliament, Council of the European Union and European Commission.

According to EMIR, a CCP established in a third country (non-EU) may provide clearing services to clearing members or trading venues established in the EU only where that CCP is recognized by ESMA. Certain banks that are clearing members of MCCIL are registered in European Union and are operating in India as foreign bank branch. Hence as per the above provisions they can continue to obtain clearing services of MCCIL only if MCCIL is recognised as a third-country CCP by ESMA. Hence MCCIL had applied to ESMA for recognition as third country CCP under EMIR. MCCIL received recognition from ESMA as a third country CCP under EMIR on September 27, 2017.

g. Readiness for new products

On March 09, 2016, the SEBI vide Circular SEBI/HO/MRD/DP/CIR/P/2016/0000000038 issued guidelines for the introduction of exchange traded derivatives contracts on cross currency pairs EUR-USD, GBP-USD & USD-JPY and exchange traded option contracts on EUR-INR, GBP-INR & JPY-INR.

MCCIL has completed the testing of systems for clearing and settlement of these contracts as and when introduced by the MSE. The MSE and the MCCIL are currently awaiting the SEBI approval for the launch of the abovementioned products.

3. REGULATORY UPDATES

a. Acceptance of Central Government Securities by Clearing Corporations towards Core Settlement Guarantee Fund (SGF) Contribution by Clearing Members

The SEBI vide circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014, specified the guidelines for Core Settlement Guarantee Fund, Default Waterfall and Stress Test for Clearing Corporations. In terms of the said circular CC's are allowed to accept only cash collateral for Core SGF contribution. CC's are further allowed to accept Bank FD's for CM contribution.

SEBI vide circular no. CIR/MRD/DRMNP/ 33 /2017 dated April 26, 2017 notified that the clearing members shall be permitted to bring their contribution towards Core Settlement Guarantee Fund, in the form of Central Government Securities as well.

As the contribution made by the Exchange and Clearing Corporation along with interest income were adequate to meet the Core SGF requirement, your Company has ceased to obtain Core SGF contribution from Clearing Members. However, as and when, in future, if Clearing Members are required to make contribution to Core SGF, Clearing Members may contribute the same in the form of Central Government Securities in addition to Cash collateral & Fixed Deposits.

b. Participation of Non Resident Indians (NRIs) in the Exchange Traded Currency Derivatives (ETCD) segment

Reserve Bank of India (RBI) vide A.P. (DIR Series) Circular no. 30 dated February 02, 2017 has permitted Non Resident Indians (NRIs) to participate in the exchange traded currency derivatives market to hedge the currency risk arising out of their investments in India under FEMA, 1999. Subsequently, SEBI vide circular no. SEBI/HO/MRD/DP/CIR/P/2017/63 dated June 28, 2017 permitted Non Resident Indians (NRIs) to trade in the currency derivatives segment of stock exchanges subject to certain terms and conditions. Your company has vide its circular dated June 29, 2017 informed members to take note of the provisions of the aforesaid circular.

c. Policy of Annual Inspection of Members by Stock Exchanges/Clearing Corporations

The SEBI vide circular MIRSD/Master Cir-04/2010 dated March 17, 2010, CIR/MIRSD/13/2012 dated December 07, 2012 and SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/92 dated September 23, 2016, had directed stock exchanges to formulate a policy for exchange inspection of their members in consultation with SEBI. In terms of the above circulars SEBI vide circular CIR/HO/MIRSD/MIRSD2/CIR/P/2017/73 dated June 30, 2017 laid down the policy for annual inspection of members.

Your company has accordingly formulated its policy for annual inspection of members and has complied with the requirements of above circular.

d. Outsourcing of activities by Stock Exchanges and Clearing Corporations

SEBI vide circular SEBI/HO/MRD/DP/CIR/P/2017/101 dated September 13, 2017 advised all Stock Exchanges and Clearing Corporations to formulate and document an outsourcing policy duly approved by their Board based on the guidelines provided in the circular, Your company formulated its Outsourcing policy as per the guidelines of the SEBI circular and the same was approved by the Board of Directors on February 03, 2018.

e. Integration of broking activities in Equity Markets and Commodity Derivatives Markets under single entity.

The SEBI vide circular SEBI/HO/MIRSD/MIRSD1/CIR/P/2017/104 dated September 21, 2017 has informed that for ease of doing business the restriction on stock brokers for dealing in securities (other than commodity derivatives) to deal in commodity derivatives has been done away with and vice versa. Thus, a stock broker can deal in commodity derivatives and other securities under a single entity.

Your company has duly intimated its members about the aforesaid SEBI circular vide circular no. MCCIL/ALL/895/2017 dated September 22, 2017.

f. Margin provisions for intra-day crystallised losses

The SEBI vide circular CIR/MRD/DRMNP/008/2018 dated January 08, 2018 has issued the following directions with regard to Margin provisions for intra-day crystallised losses:

- (i) The intra-day crystallised losses shall be monitored and blocked by Clearing Corporations from the free collateral on a real-time basis only for those transactions which are subject to upfront margining. For this purpose, crystallised losses can be offset against crystallised profits at a client level, if any.
- (ii) If crystallised losses exceed the free collateral available with the Clearing Corporation, then the entity shall be put into risk reduction mode as specified in Para 7 of SEBI Circular no. CIR/MRD/DP/34/2012 dated December 13, 2012.
- (iii) Crystallised losses shall be calculated based on weighted average prices of trades executed.
- (iv) Adjustment of intraday crystallised losses shall not be done from exposure free liquid networth of the clearing member.

Your company has duly implemented the directions of the said circular.

4. DIVIDEND AND RESERVES

Your Company has not declared dividend during the Financial Year 2017-18.

5. SHARE CAPITAL

The paid up Share Capital of the Company as on March 31, 2018 was Rs. 2,95,37,09,910 /- divided into 29,53,70,991 Equity shares of Rs.10/- each. The shareholding pattern as on March 31, 2018 is provided in Table 7:

Sr. No.	Name of Shareholder	No. of shares of Rs. 10/- each	Percentage
1.	Metropolitan Stock Exchange of India Ltd.	283,120,991	95.85%
2.	Multi Commodity Exchange of India Ltd.	65,00,000	2.20%
3.	63 moons technologies limited (formerly known as Financial Technologies (India) Ltd.)	57,50,000	1.95%
	Total	29,53,70,991	100%

Vide order dated March 19, 2014 SEBI has directed 63 moons technologies limited (formerly known as Financial Technologies (India) Ltd.) (FTIL) inter-alia to divest equity shares held in the MCCIL directly or indirectly within 90 days of order. Further, vide same order the SEBI stated that the 63 moons technologies limited (formerly known as Financial Technologies (India) Ltd.) (FTIL) and entities through whom it indirectly hold equity shares or any instrument entitling voting rights in the MCCIL shall cease to be entitled to exercise voting rights in respect of those shares or instrument with immediate effect. The Securities Appellate Tribunal (SAT) has since its order dated July 09, 2014 upheld the decision of SEBI.

In the Extra Ordinary General Meeting (EGM) held on June 16, 2015, shareholders of the Metropolitan Clearing Corporation of India Limited (MCCIL) passed a special resolution unanimously to amend the Articles of Association of the Company to include provisions for certain restrictions on shareholding and divestment of shareholding, of such persons held to be 'not fit and proper persons' by any competent court or regulatory authorities and/ or holding shares in excess of the percentage that they are entitled to hold as per the SECC Regulations, by insertion of new articles.

This amendment has been carried out with the objective to transfer entire shareholding of 63 moons technologies Ltd (formerly known as Financial Technologies (India) Limited) (FTIL) to demat escrow account to be operated by the Board of Directors of the MCCIL, to ensure compliance with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

These amendments have been published in Central and State Gazette and, thereafter, the same has been submitted to the SEBI for approval. The amendments are under consideration of SEBI.

The Board of Directors in its meeting held on July 25, 2017 and shareholders through Extra ordinary General Meeting held on August 04, 2017 approved increase in Authorised share capital of the Company from Rs. 100 crores to Rs. 150 crore.

The Board of Directors through circular resolution passed on September 07, 2017 and shareholders through Annual General Meeting held on September 12, 2017 approved further increase in Authorised share capital of the Company from Rs. 150 crores to Rs. 300 crore.

The Board of Directors in its meeting held on July 25, 2017 approved to create, offer, issue and allot, in one or more tranches, through preferential allotment on private placement basis, 5,00,00,000 equity shares of Rs.10 each to MSE. The shareholders approved the same in the Extra ordinary General Meeting held on August 04, 2017. MSE subscribed to 62,16,375 Equity Shares of Rs. 10/- on August 10, 2017. Subsequently, the Board of Directors in its meeting held on August 10, 2017 allotted 62,16,375 Equity Shares of Rs. 10/- each to MSE.

The Board of Directors in its meeting held on September 12, 2017 approved to offer 199,541,877 shares of Rs. 10 each to its existing shareholders on rights issue basis. The issue opened on September 16, 2017 and closed on September 30, 2017 with one extension. MSE subscribed to 10,00,00,000 Equity Shares of Rs. 10/- each on October 05, 2017. The said shares were allotted to MSE on October 06, 2017. None of the other shareholders subscribed to the Rights issue. Subsequently, the Board of Directors through circular resolution passed on November 23, 2017 approved offering 9,95,41,877 equity shares of Rs. 10 each, being the unsubscribed portion of Rights issue to MSE. MSE subscribed to 53,00,00,000 equity shares of Rs. 10 each on November 24, 2017, 11,00,00,000 equity shares of Rs. 10 each on November 28, 2017 and 3,13,50,000 equity shares of Rs. 10 each on December 29, 2017, being the unsubscribed portion of Rights issue. The said shares were allotted to MSE on November 24, 2017, November 28, 2017 and December 29, 2017 respectively.

In view of the aforesaid allotments, the paid up share capital of the Company increased to 295,37,09,910 crores consisting of 295,37,09,91 Equity shares of Rs. 10 each

6. DIRECTORS

As per the SECC Regulations, the Governing Board of a clearing corporation comprises of (i) public interest directors (PIDs), (ii) shareholder directors 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.

As on March 31, 2018, the Company's Governing Board consists of two Public Interest Directors, one Shareholder Director and the Managing Director.

A. Public Interest Directors

As on March 31, 2018, the following were the Public Interest Directors of the Company:

- Mr. Vijay Bhaskar Pedomallu (DIN: 06629884)
- Mr. Alok Kumar Mittal (DIN: 00008577)

During the Financial Year 2017-18, Mr. Parveen Kumar Chhokra (DIN: 03107873) resigned from the Company on August 30, 2017 pursuant to the completion of his term of appointment as Public Interest Director. The Board wishes to place on record its sincere appreciation and gratitude for his valuable contribution made during his tenure as Public Interest Directors of the Company.

The abovementioned PIDs are independent directors in terms of provisions of Companies Act, 2013 and have given declarations that they meet the criteria of independence as laid down u/s 149(6) of the Companies Act, 2013. Mr. Vijay Bhaskar Pedamallu, Chairman and Public Interest Director of the Company vacated his office on account of death on May 04, 2018. The Board wishes to place on record its sincere appreciation and gratitude for his valuable contribution made during his tenure as Public Interest Directors of the Company.

In view of the resignation of Mr. P.K. Chhokra pursuant to completion of his term of appointment as Public Interest Director and vacation of office by Mr. Vijay Bhaskar Pedamallu, on account of death, your company appointed Ms. Rita Menon and Mr. Vijay Ranjan as Public Interest Director w.e.f. on August 10, 2018 and August 24, 2018 respectively.

B. Shareholder Director

On February 11, 2016, the Board of Directors approved the appointment of Mr. Udai Kumar (DIN: 06750460) as Shareholder Director of MCCIL. Mr. Udai Kumar's appointment was subsequently approved by the Shareholders of the MCCIL in the Extraordinary General Meeting held on March 3, 2016, subject to approval of the SEBI. The SEBI vide its letter no. OW/13573/1/2016 dated May 10, 2016 approved the appointment of Mr. Udai Kumar as Shareholder Director.

Mr. Udai Kumar retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment subject to compliance with applicable regulations. The Board recommends the re-appointment of Mr. Udai Kumar as Director of the Company to the shareholders at the forthcoming annual general meeting of the company subject to applicable regulations.

C. Managing Director

According to the recommendation of the Selection Committee and Nomination and Remuneration cum Compensation Committee, the Board at its meeting held on March 23, 2016 approved the appointment of Mr. Balu Nair (DIN: 07027100) as the Managing Director of the Company and his remuneration subject to the approval of the SEBI and shareholders. The SEBI approved the appointment of Mr. Balu Nair as the Managing Director of the company for a period of three years and his remuneration on June 14, 2016. Mr. Balu Nair was appointed as the Managing Director of the Company w.e.f. June 20, 2016. The shareholders approved the appointment of Mr. Balu Nair as Managing Director of the Company at the Annual General Meeting held on August 18, 2016.

7. KEY MANAGERIAL PERSONNEL

Mr. Balu Nair was appointed as the Managing Director of the Company w.e.f. June 20, 2016 in terms of the SEBI's approval received on June 14, 2016.

The Company appointed Mr. Krishna Wagle as Chief Financial Officer with effect from July 10, 2015 and Ms. Avni Patel as Company Secretary with effect from July 1, 2016.

8. HUMAN RESOURCES

During the financial year 2017-18, 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, 2018 was 29.

9. AUDITORS

M/s Kirtane & Pandit LLP, Statutory Auditors of the Company were appointed as Statutory Auditors of your Company at the 6th Annual General Meeting held on September 30, 2014 for a term of five consecutive years, until the conclusion of the AGM to be held for the financial year 2018-19 (subject to ratification of the appointment by the Members at every AGM, till the tenure). As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by the Members at every Annual General Meeting.

The Board of Directors recommends the ratification of the appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants, Mumbai at the ensuing Annual General Meeting by the shareholders for financial year 2018-19.

10. AUDIT COMMITTEE

As per the section 292A of the Companies Act, 1956, the Company constituted an Audit Committee of the Board on April 17, 2009 and the scope of the Committee was revised from time to time in line with the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

At the beginning of the year of 2017-18 the members of the Audit Committee were:

- Mr. Alok Kumar Mittal, Public Interest Director – Chairman
- Mr. P.K. Chhokra, Public Interest Director – Member
- Mr. Udai Kumar, Shareholder Director – Member

Due to resignation of Mr. Parveen Kumar Chhokra, Public Interest Director, on August 30, 2017 the Audit Committee was reconstituted by the Board of Directors vide circular resolution passed on September 05, 2017 and accordingly following were the members of the Audit committee as on March 31, 2018:

- Mr. Alok Kumar Mittal, Public Interest Director – Chairman
- Mr. Vijay Bhaskar Pedomallu, Public Interest Director – Member
- Mr. Udai Kumar, Shareholder Director – Member

During the financial year 2017-18, the Audit Committee met 5 (five) times on May 10, 2017, July 25, 2017, August 10, 2017, December 07, 2017 and February 03, 2018.

All the recommendations of the audit committee were accepted by the Board during 2017-18.

11. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board met 6 (six) times during the year i.e. on May 10, 2017, July 25, 2017, August 10, 2017, September 12, 2017, December 07, 2017, and February 03, 2018.

Details of the meetings of the Stakeholders Relationship Committee and the Nomination and Remuneration Cum Compensation Committee have been given in the Corporate Governance Report.

12. DEPOSITS

The Company did not accept any public deposits during the financial year 2017-18.

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, Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 concerning conservation of energy and technology absorption, respectively, are not applicable to the Company. At MCCIL, a conscious effort is made to minimize the negative effects of its footprint on the environment. The Company strives to optimize energy usage and reduces its wastage.

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

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

14. CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not fall within the limits prescribed under section 135 of the Companies Act, 2013 and the rules made thereunder, your Company is not required to undertake any activity under Corporate Social responsibility.

15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year, your Company did not provide any loan, guarantees or made any investments as per Section 186 of the Companies Act, 2013.

16. RISK AND INTERNAL ADEQUACY OF CONTROLS

A. Risks and Concerns

Macro-economic conditions do affect the Company's operations. Low demand, economic slowdown, political instability, higher inflation, natural calamities may affect the business. Business therefore cannot be accepted as a risk free profession. What is therefore important is to correctly assess the area-wise risk to take steps to mitigate it before it becomes a potential threat. The general risk areas for the MCCIL are statutory compliances, changes in the economy, financial, government regulations and policies, market related, operational, products and technology, intellectual property etc.

The Company has implemented an Enterprise Risk Management Policy with the aid of its internal auditors which would cover all aspects of our business. This policy would enable us to mitigate risks identified by internal auditors. The implementation and reporting of this policy is under the supervision of the Audit Committee and the Board.

B. Internal Control Systems and their Adequacy

The Company has implemented effective control systems to ensure that all its assets, interests and information are safeguarded with proper checks and balances. The Company 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 Company as per the extant regulatory guidelines. The Company has carried out an evaluation of internal control mechanism and

prepared the Risk Control Matrices with the help of external experts. Statutory Auditors have ascertained the adequacy of the internal financial controls system in place and the operating effectiveness of such controls based on the Risk Control Matrices.

The Audit Committee is in overall supervision of the internal controls and reports are being made to the Board in a periodic manner.

17. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY AND THE DATE OF THE REPORT

No such material change or commitment affecting financial position of the company which occurred between the end of the financial year of the company and the date of the report.

18. EXPLANATIONS OR COMMENTS ON THE QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITORS IN THEIR REPORT

There is no qualification, reservation or adverse remarks or disclaimer made by the statutory Auditors in their reports. The observations by the Secretarial Auditor are covered under the head 'Secretarial Audit'.

19. EMPLOYEES STOCK OPTION PLAN

The Company has not issued any Employee Stock Options. However, the Parent Exchange, MSE had granted stock options to the employees of the MCCIL to subscribe to MSE equity shares under its Employees Stock Options, 2009.

20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC 2 is set out in the Annexure I to the Directors' Report.

In terms of regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all material related party transactions continuing beyond the date of notification of regulations shall be placed for the approval of shareholders of the Company. Accordingly, two general meetings were held namely 8th Annual General Meeting on August 18, 2016 and Extra Ordinary General meeting on February 23, 2017 in which all ongoing material RPT's were placed for approval of the shareholders. But approval from disinterested shareholders was not received. These transactions were once again placed for approval before the shareholders in the annual general meeting held on September 12, 2017. The shareholders approved the transactions in the said annual general meeting.

21. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company has to comply with the SEBI (Securities Contract and Clearing Corporation Regulation), 2012 for appointment of directors on the governing board. Further the remuneration payable to the Directors is also governed by the SECC Regulations. The Board periodically evaluates the need for change in its composition and size taking into account financial strength of the company.

The Company has a policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director and also remuneration for key managerial personnel and other employees.

22. DECLARATION BY INDEPENDENT DIRECTORS

Every independent Director, at the first meeting of the Board in every financial year has to give declaration or whenever there is a change in the circumstances which may affect his status as an independent director give a declaration that he meets the criteria of Independence. The Company has received necessary declaration from each independent director under section 149 (7) that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

23. EVALUATION OF DIRECTORS AND THE BOARD

The Board has put in place a framework for evaluation of its own performance, that of its committees and the Individual Directors.

The following process has been adopted by the Company for performance evaluation:

- (a) Independent Directors review the performance of the Chairperson, the Non-Independent Director and the Board;
- (b) The Nomination and Remuneration Committee ("NRC") carries out the evaluation of every Director's performance. The NRC, while doing so, also takes into account the inputs of review by Independent Directors;
- (c) The Board evaluates the performance of the Board, its Committees and each Director and while doing so, takes into account the inputs received from the NRC and the review by Independent Directors.

The performance evaluation by Independent Directors, the NRC and the Board respectively, is carried out on the basis of criteria laid down in the Board Evaluation framework, which, inter-alia, includes the abovementioned parameters.

A meeting of independent directors was conducted on March 13, 2018 wherein all the independent directors were present to evaluate the performance of the non-independent directors, board of directors as a whole & the chairperson, and effectiveness of the mechanism for obtaining the desired information from the management of the Company.

24. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The details of training and familiarization program are provided in Corporate Governance report. Further, at the time of appointment of an independent director, the Company issues a formal letter of appointment outlining his/her role, functions, duties and responsibilities.

25. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies' Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed Mr. A. Sekar, Practicing Company Secretary to undertake the secretarial audit of the Company. The Secretarial Audit Report is annexed as Annexure II to this report. The Board's responses to the qualifications in the Secretarial Audit Report are annexed as Annexure B to the Secretarial Audit Report.

26. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion & Analysis Report is annexed separately to this report.

27. VIGIL MECHANISM

Your Company has a well-established vigil mechanism in place which is managed by the compliance and ethics team.

28. LITIGATIONS

During the year, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

29. PARTICULARS OF EMPLOYEES

In compliance with the requirements of Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Securities Contracts(Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2012, a statement containing details of employees is enclosed as Annexure III.

30. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed as Annexure IV.

31. CORPORATE GOVERNANCE REPORT

In terms of Regulation 17(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Corporate Governance Report along with certificate issued by M/s. Kirtane & Pandit LLP, Chartered Accountants is attached and forms part of this report.

32. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief, make following statements that:-

- (i) The applicable Accounting Standards have been followed in the preparation of the annual accounts along with the proper explanation relating to material departure, if any.
- (ii) Such accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company in the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss for the said financial year ended March 31, 2018.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.
- (v) The proper internal financial controls were in place and that such internal financial controls are adequate and were operating effectively.
- (vi) The systems to ensure compliance with the provisions of all applicable laws were in place and such systems were adequate and operating effectively.

33. BUY-BACK OF SHARES

During the last financial year your Company did not have any scheme of buyback of shares, as specified in the Companies Act, 2013.

34. POLICY TO DEAL WITH SEXUAL HARASSMENT OF WOMEN AT WORK PLACE

The Company has implemented a sexual harassment policy in line with the requirement of Sexual Harassments of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment, and on-going training is provided to employees. During the financial year 2017-18 the Company has not received any complaints regarding sexual harassment.

35. ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to the Company's employees for their enormous 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 the Securities and Exchange Board of India and Reserve Bank of India and confidence reposed by shareholders, clearing members, banks, clearing banks, technology providers and all other business associates in your Company's Management.

For and on behalf of the Board of Directors

Date: August 31, 2018
Place: Mumbai

Sd/-
Alok Mittal
Public Interest Director
DIN: 00008577

Sd/-
Balu Nair
Managing Director
DIN: 07027100

Management Discussion and Analysis Report

1. Global Economic Scenario

Despite recent softening, global economic growth will remain robust at 3.1 percent in 2018-19 this is the fastest rate of growth since 2011, and reflects upward revisions to forecasts for roughly 40 per cent of the world's economies. Underpinning this is a stronger outlook for developed economies, reflecting rising wages, favourable investment conditions and the short-term impact of fiscal stimulus measures in the United States. Many commodity-exporting countries are also benefitting from higher prices of energy and metals. Activity in advanced economies is expected to grow 2.2 percent in 2018 before easing to a 2 percent rate of expansion next year, as central banks gradually remove monetary stimulus. Growth in emerging market and developing economies overall is projected to strengthen to 4.5 percent in 2018, before reaching 4.7 percent in 2019 as the recovery in commodity exporters matures and commodity prices level off following this year's increases global economic activity continues to strengthen, global growth is forecast to grow by 3.9% during 2018 as per the International Monetary Fund's (IMF) January 2018 World Economic Outlook. The IMF expects India to grow at 7.4% during 2018 which could increase further to 7.8% during 2019 in contrast to 6.7% during 2017.

After several years of oversupply, the oil and gas industry could very well be moving headlong into a supply crunch. This may seem hard to imagine, given the ramping up of U.S. oil production and the burgeoning sense of optimism that is sweeping the sector. The price of oil has rebounded. After appearing limited to a range between the mid-\$40s and \$50 per barrel (bbl), Brent crude is now trading above \$65. It had briefly breached \$75 in March 2018.

In June 2018, the US Federal Reserve raised short term interest rates as stipulated. Although the yield curve has not inverted yet, it has flattened recently. This is primarily down to the Fed pushing up short-term rates while long-term yields have barely budged. The flattening could herald an inversion in the near future. For the first time since the 2008–2009 financial crisis, the global economy appears to have entered a synchronized expansion. Strong growth, ample liquidity, and low inflation have produced an extended period of exceptionally low volatility—not just in global equity markets, but in credit and currency markets as well. While it remains to be seen whether this period of calm will persist in 2018, we would not necessarily view it as forecasting a correction to come. Periods of low market volatility can resolve themselves to either the upside or the downside.

During the quarter ended June 2018, the US Dollar has appreciated by around 8.5%. Emerging economies face financial stability risks and lower export revenues as major challenges to maintain higher growth rates. A full-blown trade war would punch a hole in global economic growth because of reduced trade volume, supply chain disruptions, and lost confidence.

2. Domestic Economic Scenario

Currently, the economy seems to be on the path to recovery, with indicators of industrial production, stock market index, auto sales and exports having shown some uptick. We believe that India's economic outlook remains promising FY18-19. However, the signs of green shoots should not be taken for granted as downside risks remain. The biggest challenges for 2018 are as to how the economy can maintain its recovery in the face of increasing inflationary pressures, coupled with a higher fiscal deficit as well as an increasing debt burden. The key to this conundrum lies in the revival of consumer demand and private investment.

In contrast to the economic situation in India, global economic conditions have gained momentum and have possibly created a ripple effect across regions. India is the world's seventh-largest economy at USD 2.2 trillion, sitting between France and Italy. A report by World Economic Forum has projected that by 2050, the Indian economy is expected to be the world's second-largest, behind only China.

The government is assuming a further enhancement in gross tax to GDP ratio to ~12.1% for FY18-19. Every rupee in the government coffer, 19 paise will come from market borrowing and other liabilities in 2018-19, even as it will spend 18 paise towards interest payment. According to the Budget 2018-19 presented in Parliament by Finance Minister Arun Jaitley, 70 paise will come from direct and indirect taxes for the every rupee earned. On the expenditure side, the biggest component is states' share of taxes and duties at 24 paise and interest payment of 18 paise. Allocation towards defence has been kept unchanged 9 paise. As the single largest source of revenue, the collection from Goods and Services Tax (GST) has been pegged at 23 paise as a percentage of every rupee earned. Similarly, tax mobilisation from corporation tax has been fixed at 19 paise.

Income tax mobilisation for the next fiscal has been kept at 16 paise. The government will earn 4 paise from custom in the next fiscal. The government intends to earn 8 paise from non-tax revenue like disinvestment, while it plans to mobilise 3 paise from non-debt capital receipts.

India's fiscal deficit in the year ended March 2018 came in at 3.53% of gross domestic product, in line with the revised estimates. India revised its fiscal deficit target in February to 3.5% of GDP from 3.2% of GDP for the 2017/18 fiscal year. For the current fiscal year, the government estimates to trim the deficit to 3.3% of GDP. The shortfall for the 2017/18 fiscal year was 5.9 trillion (\$87.53 billion), the data showed and reach the target of 3% by FY21.

The latest CPI reading stood lower than market expectations, though slightly higher than RBI's estimated range of 4.8% to 4.9% in H1 FY19. We believe that inflation will likely peak in the current reading, barring a spike in September due to a reversal in base effect. Going forward, this favorable base is expected to help in keeping a lid on upside momentum in the coming months. Additionally, as the fresh Kharif produce enters the market and the seasonality factor kicking in, these pressures might be moderated. In its Second Monetary Policy statement, RBI revised its inflation projection for H2 FY19 upwards by 30 bps to 4.7%. Contingent upon stable commodity cycle, kharif procurement and pro-active food stock management, our base case scenario suggests inflation to remain fairly in line with H2FY19 estimates, even after factoring in impact of MSP. With RBI reiterating its intent to curb higher inflation while keeping evolving market conditions in mind, the current reading suggests that RBI may hold off hiking Repo rate in the upcoming policy and instead wait to assess incoming data closely.

While retail inflation inched up in the current reading, market sentiments eased as overall inflation came in lower than expectations. With the consumer prices broadly staying as per median estimates, we believe that the current reading does not meaningfully raise caution on the inflation targets. Contingent upon good rainfall this season, headline inflation trajectory would remain within the 2%-6% goalpost set by RBI. After the recent hike in policy rates, impact of higher MSP on inflation trajectory, developments in international crude oil prices, favorability of monsoon rainfall and adherence of fiscal deficit targets by central and state governments would play a critical role in determining market sentiment.

3. Industry Developments

Indian companies raised Rs 1,77,116 crore during 2017-18 through the equity market route, the highest amount ever raised in a financial year, says a report. IPOs and QIPs dominated the fund mobilisation route in 2017-18. 2017-18 witnessed raising of Rs 1,77,116 crore through the public equity markets, 3.46 times that was raised in the

preceding year during 2016-17, Rs 51,120 crore was raised through equity market route. The previous highest amount raised through equity market was Rs 86,710 crore in 2009-10. The year also witnessed significant activity on the SME platform.

There were as many as 155 SME IPOs, the highest ever, which collected a total of Rs 2,247 crore. Offer for sale through stock exchanges (OFS), which is for dilution of promoters' holdings, saw an increase from Rs 8,390 crore raised last financial year to Rs 18,438 crore raised in 2017-18. Out of the total amount of Rs 1,77,116 crore, the amount raised through fresh capital was only Rs 91,205 crore, the remaining Rs 85,911 crore being offer for sale. In divestment space, 2017-18 was the best year ever, with Rs 98,965 crore being raised by the government. In the bond market, eight issues raised Rs 4,861 crore, lower than 16 issues raising Rs 29,547 crore in 2016-17.

4. Highlights of the Clearing Corporation

Metropolitan Clearing Corporation of India Limited (MCCIL) is qualifying central counterparty (QCCP) recognised by the SEBI. The QCCP status requires ongoing conformance of domestic rules and regulations with the Principles for Financial Market Infrastructures (PFMIs) framed by the Committee on Payments and Settlement Systems (CPSS) and the International Organization of Securities Commissions (IOSCO). PFMIs are internationally accepted benchmarks for capital requirements, risk management, governance arrangements and disclosure requirements applicable for systemically important financial market infrastructures. PFMI provides guidelines for identification and estimation of various risk involved in the CCP business and assessment of adequacy of financial resources and liquid assets required to effectively mitigate these risks.

The MCCIL has benchmarked its policies and procedures with PFMIs. The MCCIL monitors adequacy of its financial resources based on the PFMI. The MCCIL maintains a Core Settlement Guarantee Fund (SGF) for each segment to guarantee the settlement of trades executed in respective segment. The MCCIL maintains sufficient financial resources to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their associates that would potentially cause the largest aggregate credit exposure to the clearing corporation in extreme but plausible market conditions (Cover 2 loss). The corpus of the core SGF is always maintained at adequate level to ensure that the Clearing Corporation will be able to fulfill the settlement obligations and complete the settlement without affecting the normal settlement process even in the event of simultaneous failure of two clearing members to honour settlement commitments.

The corpus of the core SGF maintained by the MCCIL is more than four times of the latest estimated cover 2 losses. The MCCIL is the only CCP in India, which has secured an insurance cover as part of the default waterfall for settlement defaults since its commencement of operations in February 2009. The MCCIL has increased the default fund insurance cover to INR 40 crore which is more than four times of the latest estimated cover 2 losses. Apart from the core SGF and default fund insurance, the MCCIL maintains own liquid assets which is more than approximately thirty times of the latest estimated cover 2 losses. In view of adequacy of Core SGF Corpus the MCCIL has decided not to insist on the primary contribution from Clearing Members with effect from July 01, 2017. However, in the event of shortage in corpus of Core SGF, clearing members may be called upon to make predetermined risk based contribution to Core SGF as informed in advance to them on a monthly basis.

The robustness of the systems, procedures and policies of the MCCIL to pre-empt default risk is evidenced by the fact that since inspection there has been no case of defaults in the MCCIL. In fact, the MCCIL is the only SEBI recognised QCCP with a history of nil clearing member defaults.

Systems used by the MCCIL for clearing, settlement, collateral management and risk management are closely integrated with the trading systems of the parent stock exchange, MSE and other business partners. The MCCIL has adopted a Business Continuity Plan and a Disaster Recovery Plan. The MSE and the MCCIL are the only Exchange and Clearing Corporation in India which have conducted multiple sessions of live trading and clearing operations from the Disaster Recovery Site without prior intimation or announcement to its members. The Quality Management System of the MCCIL is certified with ISO 9001:2008 and the Information Security Management System is certified with ISO/IEC 27001:2013.

5. Risks & Concerns and Adequacy of Internal Control Systems

Macro-economic conditions do affect the Company's operations. Low demand, economic slowdown, political instability, higher inflation, natural calamities may affect the business. Business therefore cannot be risk free. What is therefore important is to correctly assess the risk area wise and to take steps to mitigate the risk before it becomes a potential threat. The general risk areas are statutory compliances, economy, financial, government regulations and policies, market related, operational, products and technology, intellectual property etc.

The Company has implemented an Enterprise Risk Management Policy with the aid of its internal auditors which would cover all aspects of our 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.

Clearing Corporation may incur a loss if one more member defaults on its settlement obligations and the liquid assets/margin deposits of such defaulting members are insufficient to meet their settlement obligations.

Considering the nature of its business, the Clearing Corporation has adopted a comprehensive risk management policy to identify various risks in the business of central counterparty services and to assess the adequacy of existing controls and financial resources to mitigate such risks. The Risk Management policy of the Clearing Corporation is periodically updated based on the change in market scenario, regulatory requirements and other relevant environmental variables. The Risk Management Committee of the Clearing Corporation reviews the changes in the Risk Management Policy and the policy is duly approved by the Governing Board of the Clearing Corporation.

The Company operates in a very competitive environment and faces competition from two other CCPs which are larger in terms of size and business volumes, in rendering clearing and settlement services in various products /segments. There could also be newer clearing corporations starting operations in these segments. At present MCCIL is providing the clearing and settlement services exclusively to the MSE and therefore MCCIL has a well differentiated market. Therefore the outlook for the corporation will be largely determined by the performance of MSE.

Unresponsiveness or interruption in trade execution, clearing or settlement may result due to power or telecommunications failure, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses/malwares, acts of vandalism or similar events. The MCCIL has an approved business continuity plan and a disaster recovery plan in effect, to mitigate business interruptions from the aforesaid risks. We have improved latency and backup of our communication systems. Regular system audits are conducted for identifying risks and compliance. All necessary software and hardware enhancements are undertaken on time. Annual maintenance contracts are maintained for all critical communication functions and systems.

Clearing Corporations in India are highly regulated. Any change in the regulatory environment may affect the Company's business. The Company is required to obtain statutory and regulatory permits, licenses and approvals

for our operations from SEBI from time to time. Any failure to obtain, renew and maintain the same may adversely affect our business.

The SECC Regulations, which was enacted in 2012 stipulated shareholding and ownership norms for clearing corporations, wherein entities other than stock exchanges and financial institutions were not allowed to hold more than 5% in CCs. However CCs were required to have at least 51% shareholding by stock exchanges(s) while financial institutions were allowed to hold up to 15%. As per SECC regulations 2012, a new applicant CC is required to have net worth of INR 100 crores initially and a net worth of INR 300 crores within three years from the date of recognition. Further, the SECC regulations do not allows CC (i) to distribute dividend until it achieves a net worth of INR 300 crores and (ii) to list its shares. During FY 2017-18, the MSE has infused additional equity of INR 201.57 crore thereby helping the MCCIL to achieve a net worth of INR 300 crore (i.e. paid up capital of INR 295.37 crore + reserves of INR 7.80 crores) as on March 31, 2018.

The Company has implemented effective control systems to ensure that all its assets, interests and information are safeguarded with proper checks and balances. The Company 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 Company as per the extant regulatory guidelines. The Company has carried out an evaluation internal control mechanism and prepared the Risk Control Matrices with the help of external experts. Statutory Auditors have ascertained the adequacy of the internal financial controls system in place and the operating effectiveness of such controls based on the Risk Control Matrices.

The Audit Committee is in overall command of supervision of the internal controls and reports are being made to the Board in a periodic manner.

6. Financial performance

a) Financial performance with respect to operational performance

Amount in INR crores

Financial Highlights	2017-18	2016-17
Revenue from operations	5.78	3.69
Profit before Interest, Depreciation, Tax and Exceptional Items	0.89	1.66
Profit before tax	0.88	1.61
Cash profit	0.91	1.63
Net profit	0.89	1.61

b) Revenue and operating expenses

The Company earned total revenues of INR 5.78 crore from operations during the year ended March, 2018 as against INR 3.69 crore in the year ended March, 2017. The Increase in revenue was mainly due to increase in other operating income.

c) Operating profit before depreciation and amortization and exceptional items

The Company earned EBITDA of INR 0.89 crore for the year ended March, 2018 as compared to INR 1.66crore during the previous year ended March, 2017. The EBITDA margin for the year 2017 - 2018 is 15.40% as against 44.99% for the year 2016-17.

d) Depreciation and Amortization

The depreciation and amortization charges were INR 0.02 crore for the year ended March, 2018 as against INR 0.02 crore for the year ended March, 2017.

e) Profit after tax

The profit after tax stood at INR 0.89 crore for the year 2017 - 2018 as compared to a profit of INR 1.61 crore for the year 2016 – 2017.

f) Balance Sheet

As on March 31, 2018, the Company had total assets of INR 388.29 crore and shareholders' funds at INR 303.17 crore. The Company is debt-free as on March 31, 2018.

7. Material Developments in Human Resources

The Company is in the process of strengthening its manpower and the no of employees as March 31, 2018 stood at 29 as against 27 employees as on March 31, 2017.

8. Future Business Outlook

Clearing corporation plays a critical role in the growth of capital market. Over the last few years, the SEBI has announced several far-reaching reforms to promote the capital market and protect the investors' interest. The merger of the FMC with SEBI will increase economies of scope and economies of scale for the government, exchanges, financial firms and stakeholders. New regulations enable launch of commodity options and regulations are underway to enable participation of banks and foreign portfolio investors in commodities market. Pursuant to the merger of the FMC with the SEBI, recognised associations under FCRA are deemed to be recognised stock exchanges under SCRA w.e.f. September 28, 2015. Such exchanges are required to carry out the clearing and settlement of trades executed at their platform through recognized CCs within three years from the date of recognition. MCCIL is contemplating the option of offering clearing and settlement services to commodity exchange and is talks with a few commodity exchanges for considering the feasibility of the same.

The MCCIL is designated as a Qualified Central Counter Party (QCCP) by the SEBI and it has already benchmarked its policies and procedures with PFMI. The MCCIL has applied to ESMA for recognition as third country CCP under EMIR. MCCIL received recognition from ESMA as a third country CCP under EMIR on September 27, 2017.

The aforesaid regulatory changes and credentials of MCCIL as a QCCP open up opportunities for MCCIL to offer its services for the commodities markets.

Due to changes in regulatory environment post financial crisis in 2008, more and more listed and OTC market products are expected to be mandatorily cleared through a QCCP. This presents immense opportunities for the Company to offer not only clearing and settlement services for the products listed on its holding stock exchange, but offer such services for listed products of member exchanges and OTC products.

The SEBI Board in its meeting held on June 21, 2018 took note of the recommendations of the Gandhi Committee constituted by SEBI for 'Review of regulation and relevant circulars pertaining to MII's' and the proposals thereon, took the following decisions which are relating to shareholding and network of Clearing Corporation:

- In order to bring parity across MII's, the shareholding limits, which can be held by both eligible domestic and foreign entities in a Market Infrastructure Institution ('MII'), have been harmonized across MII's.
- Eligible domestic and foreign entities, may be permitted to hold upto 15% shareholding in case of Depository and Clearing Corporation, as is the case for Stock Exchanges; Additionally, multilateral and bilateral financial institutions, as notified by the Government, have also been recommended to hold upto 15% in an MII.

- In order to adequately capture the risks faced by a Clearing Corporation, it has been decided to adopt a risk based approach towards computation of Networth of a Clearing Corporation. Instead of a higher minimum net worth of INR 300 crores, the Clearing Corporations may be required to maintain a net worth at all times of either INR 100 crores or such other amount to cover the various risks (operational, market, credit, etc.) as notified by SEBI from time to time.

The aforesaid decisions of the SEBI would enable the Clearing Corporation to enter into strategic partnership with both domestic and foreign entities with expertise in the field of post trade activities with larger shareholding limits. Further, the proposed reduction in networth requirement of clearing corporation will allow the clearing corporation to maintain equity at optimum levels taking into consideration of various aspects such as shareholder value, risk, exposure and expenditure.

Based on the recent changes in the regulatory regime as mentioned above, the MCCIL can reasonably anticipate the market's future needs and respond with the solutions that lower costs, improve efficiency, reduce risk and increase transparency for the segments of markets it serves.

For and on behalf of the Board of Directors

Date: August 31, 2018
Place: Mumbai

Sd/-
Alok Mittal
Public Interest Director
DIN: 00008577

Sd/-
Balu Nair
Managing Director
DIN: 07027100

Disclaimer

Certain statements made in the 'Management Discussion and Analysis Report' relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include and economic conditions affecting demand and supply, government regulations and taxation, international scenario, macroeconomic developments, natural calamities and so on over which the Company does not have any direct control. There are certain provisional statistics used in the report.

Form No. AOC – 2

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts arrangements transactions	Duration of contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contract or arrangements or transactions	Date of the approval of the Board	Amount paid as advance if any	Date on which special resolution was passed in general meeting as required u/s. 188
NIL								

2. Details of contracts or arrangements or transactions at arm's length basis

Name of related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangement /transactions	Salient terms of the contracts or arrangements or transactions including the value for the year	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Metropolitan Stock Exchange of India Limited (hereinafter referred to as MSE) (Holding Company)	Agreement for providing Clearing & Settlement Services	Ongoing since October 1, 2012	Clearing and settlement income aggregating Rs. 23,08,986/- earned by the MCCIL from the MSE for clearing and settling of trades done on the Exchange.	February 10, 2017	Nil
	Agreement for sharing resources entered between MCCIL and MSE	Ongoing since January 2, 2013	Installation, maintenance and support of Software and networking infrastructure aggregating Rs. 7,37,52,890/- paid to the MSE, including balance payable at the end of the year Rs. 33,41,593/-.	February 10, 2017	Nil
	MOU for sharing office premises entered between MSE & MCCIL	From August 19, 2016 to August 18, 2022	To occupy and use office premises a rent of Rs. 61,69,188/- was paid	November 11, 2016	Nil
	Tripartite Agreement between MSE, MCCIL and 63 Moons Technologies Limited (formerly known as Financial Technologies (India) Ltd.) (FTIL)	Ongoing since April 15, 2010	Agreement to call upon the MCCIL to pay amounts under the agreements dated 25th August 2008 and 15th September 2008, in case of default by MSE	February 10, 2017	Nil

Name of related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangement /transactions	Salient terms of the contracts or arrangements or transactions including the value for the year	Date(s) of approval by the Board, if any	Amount paid as advances, if any
	Allotment of equity shares of Rs.10/- each to MSE	-	Rs.20,15,66,3750/-	August 10, 2017, October 06, 2017, November 24, 2017, November 28, 2017 and December 29, 2017.	Nil
Key Management Personnel	Remuneration paid to Key Management Personnel	Ongoing	Salary and allowances (excludes gratuity and long term compensated absences which are actuarially valued for the Company as a whole) Rs. 84,11,903/-	May 10, 2017	Nil

For and on behalf of the Board of Directors

Date: August 31, 2018
Place: Mumbai

Sd/-
Alok Mittal
Public Interest Director
DIN: 00008577

Sd/-
Balu Nair
Managing Director
DIN: 07027100

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED MARCH 31, 2018

To
The Members

Metropolitan Clearing Corporation of India Limited

CIN: U67120MH2008PLC188032

4th Floor, Vibgyor Towers,

Plot no. C-62, G. Block,

Bandra Kurla Complex, Bandra (East),

Mumbai – 400098.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Metropolitan Clearing Corporation of India Limited (MCCIL)**. Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representative during the conduct of secretarial audit, I hereby report that in my opinion the Company has during the period covering April 1, 2017 to March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period April 1, 2017 to March 31, 2018 according to the provision of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment. During the period the Company has not made any Overseas Direct Investment nor it has availed loans through External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
 - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
 - ~~b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act and dealing with client;~~
- (vi) The following regulations / laws which on the basis of the nature of business operations carried on by the company are specifically applicable to the company:-
 - a) Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (SECC) Regulations, 2012, (SECC Regulations, 2012).
 - b) Securities and Exchange Board of India Act, 1992
 - c) Securities Contracts (Regulation) Act, 1956

- d) Rules, Regulations, Circulars, Orders, Notification and Directives issued under the above statutes to the extent applicable.

For the year under review, the provisions of the following Acts / Regulations were not applicable to the company:-

- a) Foreign Exchange Management Act, 1999 and the rules made thereunder;
- b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- c) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
- d) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- g) The Securities and Exchange Board of India (Share Based Employee Payments Regulations), 2014.

I have also examined the compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India,
- (ii) The provisions relating to Corporate Governance and disclosure requirements under the SEBI Listing (Obligations and Disclosure) Regulations, 2015 in so far as the provisions mutatis mutandis apply to the company.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned above, except non-compliance of sub section (1) of section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 with regard to appointment of at least one woman director.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Public Interest Directors, Managing Director and Shareholders' director except to the extent stated above regarding non-appointment of at least one woman director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.

The company has formulated a Compliance Management System to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, which in my opinion are prima facie commensurate with the size and operations of the company. The systems and processes in the company for compliance management are continuously reviewed by the Management so as to ensure that they are at any point of time commensurate with the size and operations of the company with respect to monitoring the compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the company has not undertaken any action having a major bearing on the company's affairs in pursuance of the above referred laws other than the following :-

- a) Resignation of Mr. Parveen Kumar Chhokra, Public Interest Director of the Company with effect from August 30, 2017.

- b) i) The company received letter no. MRD/DRMNP/OW/16691/2017/1 dated July 18, 2017 from SEBI, advising to achieve networth of Rs. 100 crore and submit action plan for achieving networth of Rs. 300 crore by October 02, 2017. In order to comply with the same MCCIL undertook the following steps:
- The shareholders vide Extra Ordinary General Meeting held on August 04, 2017 approved increase in Authorised share capital of the Company from Rs. 100 crore to Rs. 150 crore and issue of 5,00,00,000 Equity shares of Rs. 10 each through preferential allotment on private placement basis to Metropolitan Stock Exchange of India Limited in one or more tranches.
 - The Board of Directors allotted 62,16,375 Equity Shares of Rs. 10/- each to Metropolitan Stock Exchange of India Limited on August 10, 2017.

Thus, the Company was able to achieve networth of Rs. 100 crore within the time line set by SEBI

- ii) Subsequently, SEBI vide letter no. MRD/DRMNP/OW/23379/2017/1 dated September 26, 2017 renewed recognition of the Company subject to the Company achieving networth of Rs. 200 crore by October 06, 2017 and networth of Rs. 300 crore by November 30, 2017. The shareholders in its Annual General Meeting held on September 12, 2017 approved increase in Authorised share capital of the Company from Rs. 150 crore to Rs. 300 crore.
- The Board of Directors in its meeting held on September 12, 2017 approved further issue of 199,541,877 equity shares of Rs. 10 each to its existing shareholders..
 - The Board of Directors allotted 10,00,00,000 Equity shares of Rs. 10 each vide circular resolution passed on October 06, 2017.
 - The Board of Directors vide circular resolution allotted 53,00,00,000 equity shares of Rs. 10 each on November 24, 2017, 11,00,00,000 equity shares of Rs. 10 each on November 28, 2017, being the unsubscribed portion of Rights issue

The Company achieved a net worth of Rs. 270.65 crore on November 28, 2017, consequent to the foregoing issue on that date.

- iii) Subsequently, SEBI vide letter no. MRD/DRMNP/OW/29786/2017/1 dated November 29, 2017 extended the deadline of achieving net worth of Rs. 300 crore upto December 31, 2017.

The Board of Directors vide circular resolution allotted 3,13,50,000 equity shares of Rs. 10 each on December 29, 2017, being the unsubscribed portion of Rights issue.

Thus the Company was able to achieve net worth of Rs. 300.43 Crore on December 29, 2017.

MCCIL continues to maintain a networth of Rs.300 crores on a continuous basis during the period of audit.

- c) The Metropolitan Stock Exchange of India Limited (MSE), MCCIL's holding company has implemented IND-AS from the quarter ended September 30, 2017. MCCIL being the subsidiary of MSE, has also undertaken steps to implement IND-AS from the Quarter ended on September 30, 2017.

Sd/-

Place : Mumbai
Date : May 04, 2018

A SEKAR
COMPANY SECRETARY
ACS 8649 CP 2450

This report is to be read with our letters of even date which is annexed as **Annexure A** and **Annexure B** and forms an integral part of this report.

'Annexure A'

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, followed by me provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records, Books of Accounts and records pertaining to direct and indirect taxation of the company, which I believe are the domain of other professionals on whom the responsibility is entrusted by the provisions of the Companies Act, 2013.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-

Place : Mumbai
Date : May 04, 2018

A SEKAR
COMPANY SECRETARY
ACS 8649 CP 2450

‘Annexure B’

The Board’s responses to the qualifications in the Secretarial Audit Report

The Secretarial Auditor has qualified their opinion in relation to the following matters appearing in the Secretarial Audit report. The Board’s responses to the qualifications by the Auditors are given below:

Observation 1:

In terms of sub section (1) of section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appointment of at least one woman director. In terms of regulation 24 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 read with clause 6 of the SEBI circular on Procedural norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations dated December 13, 2012, the Company had made application for nomination of woman director as Public Interest Director of the Company to SEBI. However, SEBI has asked the Company to forward two more names for nomination of Public Interest Director. The Company is in the process of forwarding the names to SEBI.

Management Response:

The Company had identified three potential women candidates to be nominated Public Interest Directors and had made an application to SEBI for nomination of a Woman Director as a Public Interest Director. However, SEBI has asked for additional names of candidates to be nominated as Public Interest Director. The Company has approached several women candidates and is in the process of finalization of additional names to be sent to SEBI for being nominated as Public Interest Director.

For and on behalf of the Board of Directors

Date: May 04, 2018
Place: Mumbai

Sd/-
Alok Mittal
Public Interest Director
DIN: 00008577

Sd/-
Balu Nair
Managing Director
DIN: 07027100

Annexure – III

Statement pursuant to Regulation 27(5) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the period from April 1, 2017 to March 31, 2018

Sl. No	Name	Age (Yrs.)	Designation	Remuneration received (Gross Rs.)	Qualification	Experience no. of Yrs	Date of commencement of employment	Last employment held before joining the company
1	Mr. Balu Nair	40.06	Managing Director	50,85,824	BBM / BBA, MBA	17.05	18 Feb 2009	National Stock Exchange of India Ltd.
2	Mr. Krishna Wagle	43.06	Chief Financial Officer	17,75,211	MBA, B.Com	22.03	10 Jul 2015	Inter Connected Stock Exchange India Ltd.
3	Ms. Avni Patel	34.01	Company Secretary	13,57,977	CS, LLB, B.Com	09.09	01 Jul 2016	CD Equisearch Pvt Ltd
4	Mr. Sageer Khan	45.10	Compliance officer	8,00,423	BA, LLB, Executive MBA	17	23 Jul 2015	Inter Connected Stock Exchange India Ltd.

Notes:

- All employees listed above are/were in employment of the Company in accordance with terms and conditions of employment agreed with them and the service rules of the company.
- The above remuneration excludes gratuity and long term compensated absences which are actuarially valued for the Company as a whole.
- None of the employees are holding any equity shares in the Company within the meaning of clause (iii) of sub-rule 2 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- None of the above employees were related to any Director of the Company.

For and on behalf of the Board of Directors

Sd/-
Alok Mittal
 Public Interest Director
 DIN: 00008577

Sd/-
Balu Nair
 Managing Director
 DIN: 07027100

Date: August 31, 2018
 Place: Mumbai

Form No. MGT-9
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	U67120MH2008PLC188032
Registration Date	November 7, 2008
Name of the Company	Metropolitan Clearing Corporation of India Limited
Category / Sub-Category of the Company	Public Company/ Limited by shares
Address of the Registered office and contact details	4 th Floor, Vibgyor Towers, Opp. Trident Hotel, Plot No. C-62, Bandra Kurla Complex, Bandra (East), Mumbai – 400098 Tel- 022-61129000
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. Selenium Tower B, Plot number 31 & 32, Financial District Gachibowli, Hyderabad- 500 032, Telangana.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
Processing & Clearing services of Securities Transactions	6619	3.99%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable section
Metropolitan Stock Exchange of India Limited	U65999MH2008PLC185856	Holding	95.85	2(87(ii) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change in shareholding during the year
	Demat	Physical	Total	%	Demat	Physical	Total	%	
Promoter									
Indian	--	--	--	--	--	--	--	--	--
Individual/ HUF	--	--	--	--	--	--	--	--	--
Central Govt	--	--	--	--	--	--	--	--	--
State Govt(s)	--	--	--	--	--	--	--	--	--
Bodies Corp	8,15,54,614	2	8,15,54,616	86.94	283120989	2	283120991	95.85	8.91
Banks / FI	--	--	--	--	--	--	--	--	--
Any Other	--	--	--	--	--	--	--	--	--
Sub-total(A)(1)	8,15,54,614	2	8,15,54,616	86.94	283120989	2	283120991	95.85	8.91
Foreign	--	--	--	--	--	--	--	--	--
NRIs-Individuals	--	--	--	--	--	--	--	--	--
Other-Individuals	--	--	--	--	--	--	--	--	--
Bodies Corp.	--	--	--	--	--	--	--	--	--
Banks / FI	--	--	--	--	--	--	--	--	--
Any Other....	--	--	--	--	--	--	--	--	--
Sub-total (A)(2):-	--	--	--	--	--	--	--	--	--
Public Shareholding	--	--	--	--	--	--	--	--	--
Institutions	--	--	--	--	--	--	--	--	--
Mutual Funds	--	--	--	--	--	--	--	--	--
Banks / FI	--	--	--	--	--	--	--	--	--
Central Govt	--	--	--	--	--	--	--	--	--
State Govt(s)	--	--	--	--	--	--	--	--	--
Venture Capital Funds	--	--	--	--	--	--	--	--	--
Insurance Companies	--	--	--	--	--	--	--	--	--
FIs	--	--	--	--	--	--	--	--	--
Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(1)	--	--	--	--	--	--	--	--	--
2. Non Institutions	--	--	--	--	--	--	--	--	--
Bodies Corp. (i) Indian (ii) Overseas	1,22,49,998	2	1,22,50,000	13.06	1,22,49,998	2	1,22,50,000	4.15	(8.91)
Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	--	--	--	--	--	--	--	--	--
Others(Specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(2)	1,22,49,998	2	1,22,50,000	13.06	1,22,49,998	2	1,22,50,000	4.15	(8.91)
Total Public Shareholding (B)=(B)(1)+(B)(2)	1,22,49,998	2	1,22,50,000	13.06	1,22,49,998	2	1,22,50,000	4.15	(8.91)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change in shareholding during the year
	Demat	Physical	Total	%	Demat	Physical	Total	%	
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	9,38,04,612	4	9,38,04,616	100	295370987	4	295370991	100	--

ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
Metropolitan Stock Exchange of India Limited	8,15,54,616	86.94	-	283120991	95.85	-	8.91
Total	8,15,54,616	86.94	-	283120987	95.85	-	8.91

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Metropolitan Stock Exchange of India Limited				
	At the beginning of the year	8,15,54,616	86.94	8,15,54,616	86.94
	Allotment of shares pursuant to preferential allotment on private placement basis on August 10, 2017	62,16,375	0.81	8,77,70,991	87.75
	Allotment of shares pursuant to Rights Issue on October 06, 2017	10,00,00,000	6.13	18,77,70,991	93.88
	Allotment of shares pursuant to Rights Issue on November 24, 2017	5,30,00,000	1.28	24,07,70,991	95.16
	Allotment of shares pursuant to Rights Issue on November 28, 2017	1,10,00,000	0.2	25,17,70,991	95.36
	Allotment of shares pursuant to Rights Issue on December 29, 2017	3,13,50,000	0.49	28,31,20,991	95.85
	At the End of the year			28,31,20,991	95.85

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Multi Commodity Exchange of India Limited				
	At the beginning of the year	65,00,000	6.93	65,00,000	6.93
	Date wise Increase/Decrease in shareholding during the year specifying the reason for increase /decrease (eg. Allotment/ transfer/ bonus/sweat equity shares, etc)	-	-	-	-
	At the End of the year	65,00,000	2.20	65,00,000	2.20
2.	63 moons technologies limited(formerly known as Financial Technologies (I) Limited)				
	At the beginning of the year	57,50,000	6.13	57,50,000	6.13
	Date wise Increase/Decrease in shareholding during the year specifying the reason for increase /decrease (eg. Allotment/ transfer/ bonus/sweat equity shares, etc)	-	-	-	-
	At the End of the year	57,50,000	1.95	57,50,000	1.95

v) Shareholding of Directors and Key Managerial Personnel:

Sr.No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in shareholding during the year specifying the reason for increase /decrease (eg. Allotment/transfer/ bonus/sweat equity shares, etc)	-	-	-	-
	At the End of the year	-	-	-	-

V. INDEBTEDNESS*

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

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

* The Company has never borrowed.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Amount in rupees

Particulars of Remuneration	Mr. Balu Nair* MD	Total Amount
Gross salary		
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	50,85,824	50,85,824
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	--	--
Stock Option		
Sweat Equity		
Commission	--	--
- as % of profit		
- others, specify...		
Others, please specify	--	--
Total (A)	50,85,824	50,85,824

B. Remuneration to other directors:

Amount in rupees

Particulars of Remuneration	Name of the Directors			Total Amount
	Mr. P. K. Chhokra	Mr. Vijay Bhaskar Pedamallu	Mr. Alok Mittal	
Independent Directors				
- Fee for attending board committee meetings	2,40,000	7,20,000	7,20,000	16,80,000
- Commission	-	-	-	-
- Others, please specify	-	-	-	-
Total (1)	2,40,000	7,20,000	7,20,000	16,80,000
Other Non-Executive Directors				
- Fee for attending board committee meetings	-	-	-	-
- Commission	-	-	-	-
- Others, please specify	-	-	-	-
Total (2)	-	-	-	-
Total (B)=(1+2)	2,40,000	7,20,000	7,20,000	16,80,000
Total Managerial Remuneration	2,40,000	7,20,000	7,20,000	16,80,000
Overall Ceiling as per the Act	Rs.1,00,000 (per Director/per meeting)			

C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD

Amount in rupees

Particulars of Remuneration	Key Management Personnel		
	Mr. Krishna Wagle CFO	Ms. Avni Patel* CS	Total
Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17,75,211	13,57,977	31,33,188
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
Stock Option	--	--	--
Sweat Equity	--	--	--
Commission	--	--	--
- as % of profit			
- others, specify...			
Others, please specify	--	--	--
Total	17,75,211	13,57,977	31,33,188

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief description	Details of Penalty/Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
B. Directors					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
C. Other Officers In Default					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

For and on behalf of the Board of Directors

Sd/-
Alok Mittal
 Public Interest Director
 DIN: 00008577

Sd/-
Balu Nair
 Managing Director
 DIN: 07027100

Date: August 31, 2018
 Place: Mumbai

Corporate Governance Report

1. Company's Philosophy on Corporate Governance:

The Company's philosophy on Corporate Governance procedures is founded upon a legacy of fair, ethical and transparent governance practices inherited from internationally recognized standards.

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

The Corporate Governance is an ongoing process which is being discharged by the Metropolitan Clearing Corporation of India Limited to the best of its strength. To keep pace with an evolving global environment, your Company continuously and persistently adapts to the best governance practices for carrying its business in the highest ethical and transparent manners.

Your Company always endeavors to ensure that the highest corporate manners and behavior are extended not only to its shareholders but also to its domestic as well foreign clients, thereby evidencing that your Company's management is the trustee of its shareholders' capital and not the owners.

2. Board of Directors:

A. Composition of the Board:

Your Company being a Clearing Corporation is regulated by the SEBI and is required to comply with the Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and circulars and instructions issued by the SEBI from time to time ("SECC Regulations"), Securities Contracts (Regulation) Act, 1956 ("SCRA") and Securities Contracts (Regulations) Rules, 1957 ("SCR") (collectively hereinafter referred to as "SEBI Regulations") besides the Companies Act, 1956 (including amended Companies Act, 2013) and the rules made thereunder ("the Act").

The present Board of the Company comprises of 3 Directors viz. one Public Interest Directors, one shareholder Director and one Managing Director. The SECC Regulations require 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.

Your Company has adequately complied with the provisions with regard to constitution of the Board during the financial year 2017-18.

During the Financial Year 2017-18, Mr. Parveen Kumar Chhokra, Public Interest Directors resigned with effect from August 30, 2017 (on account of completion of term as Public Interest Director). Mr. Vijay Bhaskar Pedomallu, Chairman and Public Interest Director of the Company vacated his office on account of death on May 04, 2018.

In view of the resignation of Mr. P.K. Chhokra pursuant to completion of his term of appointment as Public Interest Director and vacation of office by Mr. Vijay Bhaskar Pedomallu, on account of death, your company

appointed Ms. Rita Menon and Mr. Vijay Ranjan as Public Interest Director w.e.f. on August 10, 2018 and August 24, 2018 respectively.

B. Meetings of the Board

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

During the Financial Year 2017-18, the Board of Directors met Six (6) times May 10, 2017, July 25, 2017, August 10, 2017, September 12, 2017, December 07, 2017 and February 03, 2018.

The Company Secretary prepares the agenda and the explanatory notes in consultation with the Managing 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 and other items on the agenda. 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. The comments, if any, received from them are incorporated in the minutes in consultation with the Chairman. The minutes are confirmed by the members of the Board in the next Meeting. The 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 arrived at the Board/Committee meetings are communicated to the concerned departments promptly for action.

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 details of 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 for the financial year 2017-18 is given in Table A:

Table A: Details of Board's composition for the Financial Year 2017-18

Name of the Director	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. Vijay Bhaskar Pedamallu ¹ (DIN: 06629884)	Chairman & Public Interest Director	6	6	Present	8	2	-
Mr. P.K. Chhokra ² (DIN 03107873)	Public Interest Director	3	3	-	1	-	-
Mr. Alok Kumar Mittal (DIN: 00008577)	Public Interest Director	6	6	Present @@@	3	-	--
Mr. Udai Kumar (DIN: 06750460)	Shareholder Director	6	6	Present	2	-	1
Mr. Balu Nair (DIN: 07027100)	Managing Director	6	6	Present	-	-	-

[#]No. of meetings held during the tenure of the Director.
[^] Excludes directorship(s) in Indian Private Companies, Foreign Companies, Section 25 Companies and Alternate Directorships
^{**} Only Audit Committee and Shareholders' Grievance Committee of Indian Public Limited companies have been considered.
¹ Vacated office due to death on May 04, 2018.
² Resigned with effect from August 30, 2017.
 @@@ Chairman of the Audit Committee.

Notes to table A:

- 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, 2013.
- None of the Directors hold any shares of the Company

C. Familiarization programs imparted to Public Interest Directors (PID):

The Company has formulated a familiarization program for independent Directors (PIDs) in order to assist them understand details about the Company, their role, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. All PID's are introduced to our company's culture through orientation sessions. Senior management personnel provide an overview of operations to familiarize the new PIDs. They are also introduced to our organization structure, our services and Board procedures, matters reserved for the Board, and our major risks and risk management strategy. The details of familiarization program imparted to Independent Directors are given on the Company's website at the following location www.mclear.in

D. Board evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board works with the Nomination and Remuneration cum compensation committee to lay down the evaluation criteria for performance of the Chairman, the Board, the Committees and individual directors excluding the Director being evaluated. The Board has adopted a framework on Board evaluation. As per the framework, the Company will carry

out an evaluation of the Board as a whole, Board Committees and Directors on an annual basis. For the financial year 2017-18, Board evaluation was done in terms of the framework adopted.

E. Separate meeting of Independent Directors

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule IV of the Companies Act, 2013 and Rules framed thereunder, Independent Directors shall hold at least one meeting in a year, without the presence of non-independent directors and members of the management in order to (a) review the performance of non-independent directors and the board of directors as a whole; (b) review the performance of the chairperson, taking into account the views of executive directors and non-executive directors; (c) assess the quality, quantity and timeliness of flow of information between the management and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

Accordingly, a meeting of Independent Directors was conducted on March 13, 2018 wherein all the Independent Directors were present.

3. Board Committees

A. Audit Committee:

The Audit Committee plays a vital role in ensuring high level of governing standards by overseeing, monitoring and advising the Company's management and auditors in conducting audits and preparation of financial statements. The audit committee helps the Board monitor the Management's financial reporting process and ensure that the disclosures are not only accurate and timely, but follow the highest level of transparency, integrity and quality of financial reporting.

Terms of Reference

The terms of reference of the Audit Committee are as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 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 recommend for appointment, remuneration and terms of appointment of auditors of the Company
- l) To review and monitor the auditors independence and performance and effectiveness of audit process.
- m) To examine financial statement and the auditor's report thereon.
- n) To approve entering into or any subsequent modification of transactions of the Company with related parties.
- o) To scrutinise inter corporate loans and investments.
- p) To undertake valuation of undertakings or assets of the Company wherever it is necessary.
- q) To evaluate internal financial control and risk management systems.
- r) To monitor end use of funds raised through public offers and related matters.

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

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and

5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Composition, meetings and attendance during the F.Y. 2017-18:

At the beginning of the F. Y. 2017-18 the members of the Audit Committee consisted of:

- Mr. Alok Kumar Mittal, Public Interest Director – Chairman
- Mr. P.K. Chhokra, Public Interest Director – Member
- Mr. Udai Kumar, Shareholder Director – Member

Due to resignation of Mr. Parveen Kumar Chhokra, Public Interest Director, (on account of completion of term as Public Interest Director) the Audit Committee was reconstituted by the Board of Directors vide circular resolution passed on September 05, 2017. The following were the members of Audit committee as on March 31, 2018:

- Mr. Alok Kumar Mittal, Public Interest Director – Chairman
- Mr. Vijay Bhaskar Pedamallu, Public Interest Director – Member
- Mr. Udai Kumar, Shareholder Director – Member

During the financial year 2017-18, the Audit Committee met 5 (five) times on May 10, 2017, July 25, 2017, August 10, 2017, December 07, 2017 and February 03, 2018.

Member	Category	Meetings Held	Meetings Attended
Mr. Alok Kumar Mittal	Public Interest Director	5	5
Mr. P.K. Chhokra*	Public Interest Director	3	3
Mr. Udai Kumar	Shareholder Director	5	5
Mr. Vijay Bhaskar Pedamallu@	Public Interest Director	2	2
* Ceased as member of the Committee with effect from August 30, 2017 @Appointed as Member of the Committee with effect from September 05, 2017			

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

The Chief Financial Officer, the representatives of the statutory auditors and internal auditors are regularly invited to the Audit Committee meetings. The Company Secretary is the Secretary to the Committee. Mr. Alok Kumar Mittal, Chairman of the Audit Committee attended the Annual General Meeting held on September 12, 2017 to answer shareholders queries.

B. Nomination and Remuneration cum Compensation Committee

The Board constituted a 'Remuneration Committee' at its meeting held on April 17, 2009 as per the provisions of Companies Act, 1956, the nomenclature of the Committee was further changed to 'Compensation Committee' in terms of SECC Regulations on September 7, 2012. On July 25, 2013 the Board again changed the nomenclature to '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 Board at its meeting held on May 21, 2014 had to change the nomenclature of the Committee as 'Nomination and Remuneration cum Compensation Committee' in order to comply with provisions of Section 178 of the Companies Act, 2013. The terms of reference of the Committee was expanded to align the same with the requirements of Section 178 of the Companies Act, 2013. 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.

The committee identifies and recommends to Board person who are qualified to be become director and who may be appointed in senior management in accordance with the criteria laid down. The committee also determines the employment terms and compensation payable to Key Managerial Personnel. The committee formulates the compensation policy and reviews the same on a periodic basis. It coordinates and oversees the annual evaluation of the Board and the individual directors.

Composition, meetings and attendance during the F.Y. 2017-18:

At the beginning of the year, the members of the Committee were:

1. Mr. P.K.Chhokra, Public Interest Director – Chairman
2. Mr. Vijay Bhaskar Pedamallu, Public Interest Director - Member
3. Mr. Udai Kumar, Shareholder Director – Member

Due to resignation of Mr. Parveen Kumar Chhokra on account of completion of his term as Public Interest Director, the committee was reconstituted by the Board of Directors on September 05, 2017 and the composition of the committee as on March 31, 2018 was as follows:

1. Mr. Alok Kumar Mittal, Public Interest Director – Chairman
2. Mr. Vijay Bhaskar Pedamallu, Public Interest Director – Member
3. Mr. Udai Kumar, Shareholder Director – Member

During the financial year 2017-18, the Committee met 3 (three) times on May 10, 2017, June 19, 2017 and December 07, 2017.

Member	Category	Meetings held	Meetings Attended
Mr. Alok Kumar Mittal ^{&}	Public Interest Director	1	1
Mr. P.K. Chhokra [*]	Public Interest Director	2	2
Mr. Vijay Bhaskar Pedamallu	Public Interest Director	3	3
Mr. Udai Kumar	Shareholder Director	3	3
* Ceased as member of the Committee with effect from August 30, 2017. .			
^{&} Appointed as member of the committee on September 05, 2017.			

The Company Secretary is the Secretary to the Committee.

Details of remuneration to Directors:

i. Remuneration of the Managing Director and his Shareholding

Mr. Balu Nair was appointed as the Managing Director of the Company w.e.f. June 20, 2016 pursuant to the SEBI approval received on June 14, 2016. The Nomination and Remuneration cum Compensation committee at its meeting March 23, 2016 approved the remuneration of Rs. 55 lacs per annum to be paid to Mr. Balu Nair (on Cost to company basis). The said remuneration was approved by the Board of Directors in its meeting held on March 23, 2016, the SEBI vide letter dated June 14, 2016 and the shareholders of the Company in its Annual General Meeting held on August 18, 2016.

The details of remuneration paid to Mr. Balu Nair for the financial year 2017-18 is as follows:

Components of the Salary Package	Amount(p.a.)
Fixed Pay	
Basic Salary	2,310,000
HRA	1,155,000
Conveyance Allowance	-
Provident Fund (Employer Contribution) / Other Allowances	277,200
Special Allowance	1,033,289
Sub Total (A)	4,775,489
Fringe Benefits	
Food Coupons	30,000
Medical Reimbursement	15,000
LTA Reimbursement	192,500
Other Entitlements/Reimbursement	99,600
Sub Total (B)	337,100
Total of A+B (Gross Salary)	5,112,589
Other Benefits Costed	
Car Entitlement*	240,000
Insurance Benefits (Group Term life Insurance + Accident Insurance+ Mediclaim)	36,353
Gratuity	111,058
Sub Total (C)	387,411
Total Remuneration (Gross Salary + Other Benefits)	5,500,000

The Board of Directors in its meeting held on May 10, 2017 and the shareholders in the Annual General meeting held on September 12, 2017 approved revision in remuneration of Mr. Balu Nair, Managing Director of the Company from Rs. 55 Lakhs per annum to Rs. 65 Lakhs per annum (all inclusive on a cost to company basis) for a period of one year with effect from July 01, 2017 subject to the approval of SEBI. However, SEBI vide its letter no. MRD/DRMNP/OW/001673/2018/1 dated January 17, 2018 informed us that the revision in remuneration of Mr. Balu Nair, Managing Director of the Company has not been acceded.

Remuneration of the Non-Executive Directors and their shareholding as on 31.03.2018 is as below:

Name of the Director	Sitting Fees (Amount in INR)		Shareholding in the Company as on 31.03.2018
	Board Meetings	Committee Meetings	
Mr. P.K. Chhokra	90,000/-	1,50,000/-	NIL
Mr. Vijay Bhaskar Pedamallu	1,80,000/-	5,40,000/-	NIL
Mr. Alok Kumar Mittal	1,80,000/-	5,40,000/-	NIL
Mr. Udai Kumar*	NIL	NIL	NIL

* Sitting fees had been waived off by Mr. Udai Kumar.

C. Stakeholders Relationship Committee

The Board had constituted Shareholders Grievance Committee on March 15, 2013 primarily with the objective of redressing shareholders' and investors' grievances. The name of the Committee was changed from Shareholders Grievance Committee to Stakeholders Relationship Committee on May 19, 2015 pursuant to regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the terms of reference with regards to objectives of the Committee were also modified to a certain extent.

Terms of reference

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

Composition, meetings and attendance during the F.Y. 2017-18:

At the beginning of the year the members of the Committee were:

1. Mr. Alok Kumar Mittal, Public Interest Director – Chairman
2. Mr. P.K. Chhokra, Public Interest Director – Member
3. Mr. Balu Nair, Managing Director – Member

Due to resignation of Mr. Parveen Kumar Chhokra on account of completion of his term as Public Interest Director, the committee was reconstituted by the Board of Directors on September 05, 2017 and the composition of the committee as on March 31, 2018 was as follows:

1. Mr. Alok Kumar Mittal, Public Interest Director – Chairman
2. Mr. Vijay Bhaskar Pedamallu, Public Interest Director – Member
3. Mr. Balu Nair, Managing Director – Member

During the financial year 2017-18, the Committee met 1 (one) time on August 10, 2017.

Member	Category	Meetings held	Meetings Attended
Mr. Alok Kumar Mittal	Public Interest Director	1	1
Mr. P.K. Chhokra*	Public Interest Director	1	1
Mr. Vijay Bhaskar Pedamallu#	Public Interest Director	-	-
Mr. Balu Nair	Managing Director	1	1
*Ceased as member of the Committee with effect from August 30, 2017			
#Appointed as member of the Committee with effect from September 05, 2017.			

The Company Secretary is the Secretary to the Committee. During the financial year 2017-18, 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 2017-18 are as follows:

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

No complaints were pending as on March 31, 2018.

A. Other Board Committees

Your Company is regulated by the SEBI and is required to comply with the requirements of the SEBI Regulations. Other than the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration cum Compensation Committee constituted by the Company under the provisions of the Companies Act, 2013 and the Listing Regulations, your Company is additionally required to constitute Committees which are mandated by the 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 with the terms of reference defined by the SEBI:

Sr. No.	Name of the Committee
1.	Advisory Committee
2.	Audit Committee
3.	Committee for monitoring compliance with SEBI inspection report
4.	Disciplinary Action Committee
5.	Executive Committee
6.	Investor Services Committee
7.	Management & Investment Committee
8.	Member Regulation Oversight Committee
9.	Member Selection Committee
10.	Nomination and Remuneration Cum Compensation Committee
11.	Public Interest Directors Committee
12.	Risk Management Committee
13.	Selection Committee
14.	Stakeholders Relationship Committee
15.	Standing Committee on Technology
16.	Ethics Committee
17.	Defaulters Committee
18.	Independent Directors Committee

B. Compliance reports of applicable laws:

The Board periodically reviews compliance reports of all the 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.

C. General Body Meetings

- a. Extra Ordinary General Meeting of the Company was held on August 04, 2017 at 11.30 AM at 4th floor, Vibgyor Towers, Plot no. C-62, G Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (East), Mumbai- 400098. The special resolution with regard to increase in Authorised share capital of the Company and alteration of capital clause of Memorandum of Association of the Company and to raise funds by issuing equity shares through offer of further shares were passed at the said meeting.
- b. Annual General meeting of the Company was held on September 12, 2017 at 11.30 AM at 4th floor, Vibgyor Towers, Plot no. C-62, G Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (East), Mumbai- 400098. The special resolution with regard to revision in remuneration of Mr. Balu Nair Managing Director of the Company subject to approval of SEBI with effect July 01, 2017, Ratification and approval of transactions with Metropolitan Stock Exchange of India Limited under Regulation 23

(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, increase in Authorised share capital of the Company and alteration of capital clause of Memorandum of Association of the Company were passed at the said meeting.

- c. 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 business/ resolution passed
September 30, 2014	11.30 A.M.	AGM for the FY 2013-14	Vibgyor Towers, 4th floor, Plot No C 62, G Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (E), Mumbai – 400098	Nil
March 31, 2015	11.30 A.M	EGM		<ol style="list-style-type: none"> 1. Appointment of Mr. Vepa Kamesam, Public Interest Director as Independent Director 2. Appointment of Dr. Mohamed Yaqub Khan, Public Interest Director as Independent Director 3. Appointment of Mr. Parveen Kumar Chhokra, Public Interest Director as Independent Director
June 16, 2015	11.30 AM	EGM		Alteration of Articles of Association of the Company
July 01, 2015	10.30 AM	EGM		<ol style="list-style-type: none"> 1. Increase in Authorised share capital of the Company and alteration of Capital clause of the Memorandum of Association of the Company 2. Alter name clause of the Memorandum of Association of the Company 3. to raise funds by issuing equity shares through offer of further shares
September 22, 2015	11.30 AM	AGM		Appoint & fix remuneration of Mr. Udai Kumar as Managing Director of the Company.
March 03, 2016	2.00 PM	EGM		Appointment of Mr. Udai Kumar as Shareholder Director
February 23, 2017	11:30 AM	EGM		<ol style="list-style-type: none"> 1. Appointment of Mr. Vijay Bhaskar Pedamallu as an Independent Director. 2. Appointment of Mr. Alok Mittal as an Independent Director.
August 04, 2017	11:30 AM	EGM		<ol style="list-style-type: none"> 1. To Increase the Authorised Share Capital of the Company and Alteration of the Capital Clause of the Memorandum Of Association of the Company. 2. To raise funds by Issuing Equity Shares through Offer of Further Shares.

Date	Time	Category	Venue of the meeting	Particulars of special business/ resolution passed
September 12, 2017	11:30 AM	AGM		<ol style="list-style-type: none"> 1. Revision in remuneration of Mr. Balu Nair, Managing Director of the Company with effect from July 01, 2017 2. Ratification and approval of transactions with Metropolitan Stock Exchange of India Limited (MSE) under Regulation 23(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. <ol style="list-style-type: none"> (i) Ratification of Agreement for providing Clearing & Settlement Services dated October 1, 2012 (ii) Ratification of Agreement for sharing resources dated January 2, 2013 (iii) Ratification of Agreement for Sub-License of Office Premises dated April 15, 2015 (iv) Ratification of Memorandum of Understanding for utilizing office premises dated January 30, 2017. (v) Ratification of Tripartite Agreement between MSE, MCCIL and Software Vendor (63 moons technologies limited) ("FTIL") dated April 15, 2010. 3. Increase in Authorised Share Capital of the Capital of the Company and alteration of the capital clause of the Memorandum of Association of the Company.

D. Postal Ballot:

The Company has not passed any resolution by way of postal ballot.

E. Means of Communication:

Quarterly and Annual financial statements are posted on website of the Company - www.mclear.in. Further, the section also provides information on all material events for the Financial Year 2017-18.

F. General Shareholder Information:

1.	Annual General Meeting (F.Y. 2017-18) Day, Date, Time and Venue	Tuesday, September 25, 2018 at 11:30 am 4th Floor, Vibgyor Towers, Opp. Trident Hotel, Bandra Kurla Complex (BKC), Mumbai - 400 098
2.	Financial year	April 01, 2017- March 31, 2018
3.	Dividend payment date	Not Applicable
4.	Listing on Stock Exchanges	Your Company is not listed.
5.	Market Price data in last financial year	Not applicable
6.	Performance in comparison to broad based indices such as BSE sensex, CRISIL Index, etc.	Not applicable

7.	Registrars & Transfer Agents (RTA)	Karvy Computershare Private Limited Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad – 500 081.
8.	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. The Company has also appointed Karvy Computershare Private Limited as its RTA who periodically receives from the Depositories, the beneficial holdings of the Company.
9.	Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	Your Company do not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments
10.	Commodity Price Risk or foreign exchange risk and hedging activities	Not applicable
11.	Name and Designation of Compliance Officer	Mr. Sageer Khan, Compliance Officer
12.	Address for Correspondence	<u>Metropolitan Clearing Corporation of India Limited</u> 4th Floor, Vibgyor Towers, Opp. Trident Hotel, Bandra Kurla Complex, Mumbai - 400 098 Tel:61129000 Website: www.mclear.in
13.	Email	shareholdergrievance@mclear.in

Dematerialization of Shares: Most of the shares of the Company are under dematerialized (electronic) form as required under the SECC regulations except for four equity shares of INR 10 each which are held by individuals as nominees of the Metropolitan Stock Exchange of India Limited and 63 moons technologies limited (formerly known as Financial Technologies (India) Limited). The securities of the Company are admitted for dematerialization with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The ISIN of the Company's equity shares is INE831N01013. As on March 31, 2018, a total of 29,53,70,987 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.

A. Distribution of Shareholding & Shareholding pattern (As on March 31, 2018):

Sr. No	Category (Amount)	Shareholders		Shares held	
		No. of holders	% of Total	No. of shares	% of Total
1	up to 5000	-	-	-	-
2	5001 - 10000	-	-	-	-
3	10001 - 20000	-	-	-	-
4	20001 - 30000	-	-	-	-
5	30001 - 40000	-	-	-	-
6	40001 - 50000	-	-	-	-
7	50001 - 100000	-	-	-	-
8	100001 & above	3	100	29,53,70,991	100
	Total	3	100	29,53,70,991	100

Shareholding Pattern as on March 31, 2018

Sr. No	Category	No. of shareholders	No. of shares held	% of shareholding
(A)	PROMOTER AND PROMOTER GROUP			
(1)	INDIAN			
	Bodies Corporate	1	28,31,20,991	95.85
	Sub-Total A(1)	1	28,31,20,991	95.85
(2)	FOREIGN	0	0	0.00
	Sub-Total A(2)	0	0	0.00
	Total A=A(1)+A(2)	1	28,31,20,991	95.85
(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	2	1,22,50,000	4.15
(b)	Individuals	0	0	0
(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)	2	1,22,50,000	4.15
	Total B=B(1)+B(2)	2	1,22,50,000	4.15
	Total (A+B)	3	29,53,70,991	100

Notes:

The above figures include holdings of five nominee shareholders of the above shareholders who hold one share each as allowed u/s 187(3) of the Companies Act, 2013.

Based on the definition of promoter as mentioned in Section 2(69) of the Companies Act, 2013 and in the light of fact that the Multi Commodity Exchange of India Limited (MCX) and the 63 moons technologies limited (formerly known as Financial Technologies (India) Limited) (FTIL) neither they have any Board representation on the Clearing Corporation nor they exercise any control over the Clearing Corporation. The Board at its meeting held on May 21, 2014 noted that the MCX and the FTIL are not promoters of the Company and decided not to classify them as promoter in future filings.

The SEBI in its order dated March 19, 2014 stated that 63 moons technologies limited (formerly known as Financial Technologies (India) Limited) (FTIL) is not a 'fit and proper person' to acquire or hold any equity share or any instrument that provides 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, and directed them to divest equity shares held in MCCIL, directly or indirectly, within 90 days of the order. In the same order, SEBI also stated that 63 moons technologies limited (formerly known as Financial Technologies (India) Limited) (FTIL) and entities through whom it indirectly holds equity shares or any instrument entitling voting rights in MCCIL shall cease to be entitled to exercise voting rights in respect of those shares or instruments with immediate effect. The Securities Appellate Tribunal (SAT) has since its order dated July 09, 2014 upheld the decision of the SEBI. The SEBI had vide its letter dated September 29, 2014 directed the Company to comply with the shareholding requirements of SECC Regulations and SEBI's direction issued vide order dated March 19, 2014 with regard to entities which have been declared not 'fit and proper' person.

*During the financial year 2017-18, the Company has received following investments in Equity Shares from Metropolitan Stock Exchange of India Limited:

1. Preferential allotment on private placement basis: Rs. 6,21,63,750 towards 62,16,375 equity shares of Rs. 10 each for cash at par.
2. Rights Issue and Unsubscribed Portion of Rights Issue : Rs. 195,35,00,000 towards 19,53,50,000 equity shares of Rs. 10 each for cash at par.

B. Other Disclosures

(A) Disclosures on materially significant related party transactions

The transactions with related parties are entered in the ordinary course of business and at arm's length. The details of the related party transactions are disclosed in the Annual Report. The 'Policy on dealing with related party transactions' of the Company is available on the Website of the Company at the following address:

www.mclear.in

(B) Details of non-compliance, Penalties, strictures imposed by the Stock Exchanges, the SEBI or any statutory authority, on any matter related to the capital markets during the last three years: Nil

(C) Disclosure relating to establishment of Whistle Blower policy and affirmation that company employees 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. Further, no person of the Company has been denied the access to the Audit Committee.

(D) Details of compliance with Mandatory Requirements and adoption of non- mandatory requirements:

Mandatory Requirements:

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

In view of the same, the Company has been duly complying with all the mandatory requirements as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent practicable and applicable.

Non Mandatory Requirements:

- i) The financial statements of the Company are unqualified.
- ii) 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.

C. Certificate on Corporate Governance:

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Auditors' certificate on corporate governance is annexed to the Board's report.

D. Secretarial Audit

The Company has engaged the services of, Mr. A. Sekar, Practising Company Secretary, Mumbai Secretaries, to conduct Secretarial Audit pursuant to the requirements of the Companies Act, 2013 and the rules laid

down thereunder for the financial year ended 31st March, 2018. The report of Secretarial Auditor is annexed to the Board's report.

E. CEO and CFO certification

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the CFO certification is provided in this Annual Report.

F. Management's discussion and analysis

A detailed report on our Management's discussion and analysis forms part of this Annual Report.

G. 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.

H. 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 www.mclear.in

The Board Members and the Senior Management Personnel affirm compliance with the Code of Conduct on an annual basis.

A declaration to this effect obtained for the financial year 2017-18, signed by the Managing Director, forms part of the Annual Report.

For and on behalf of the Board of Directors

Date: August 31, 2018
Place: Mumbai

Sd/-
Alok Mittal
Public Interest Director
DIN: 00008577

Sd/-
Balu Nair
Managing Director
DIN: 07027100

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members of

Metropolitan Clearing Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Metropolitan Clearing Corporation of India Limited ('the Company') for the year ended March 31, 2018, as stipulated in Schedule V of Securities Exchange of Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Schedule V of Securities of Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 except non-compliance of appointment of Woman Director. Company is in process to appoint a Woman Director.

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

For **Kirtane & Pandit LLP**,
Chartered Accountants
FRN: 105215W/W100057

Place: Mumbai
Date: September 03, 2018

Sd/-

Sandeep D. Welling

Partner

Membership No: 044576

DECLARATION REGARDING COMPLIANCE BY BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

I hereby declare that all the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year 2017 -18 as adopted by the Board of Directors.

For the purpose of this declaration, Senior Management Personnel means Key Management Persons appointed under SECC Regulations, 2012 and Key Managerial personnel appointed under the Companies Act, 2013 as on March 31, 2018.

Sd/-

Balu Nair

Managing Director

DIN: 07027100

Place: Mumbai

Date: August 31, 2018

Managing Director (MD) and Chief Financial Officer (CFO) Certification

(Issued in accordance with the provisions of regulation 35 of SECC regulations read with Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

To

The Board of Directors

Metropolitan Clearing Corporation of India Limited

Dear Sirs,

We have reviewed the financial statements and the cash flow statement of Metropolitan Clearing Corporation of India Limited for the financial year ended March 31, 2018 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, if any, in internal control over financial reporting during the year;
 - II. significant changes, if any, in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
 - III. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Yours Sincerely,

Place: Mumbai
Date: August 31, 2018

Sd/-
Balu Nair
Managing Director

Sd/-
Krishna Wagle
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of Metropolitan Clearing Corporation of India Limited

Report on the standalone Ind AS financial Statements

1. We have audited the accompanying Standalone Ind AS Financial Statements of Metropolitan Clearing Corporation of India Limited ("MCCIL") ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (Including Other Comprehensive Income), Cash Flow Statement and Statement of Changes of Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial Statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

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

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, of the profit, total comprehensive income, its cash flows and the changes in the equity for the year ended March 31, 2018;

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, we give in the "Annexure A" statement on the matters Specified in paragraphs 3 and 4 of the Order.
8. As required by Section 143(3) of the Act, we further report that:
- a) we have sought and 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 including Other Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid Ind AS Financial Statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) on the basis of written representations received from the Directors as on March 31, 2018, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act;
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - (i) The Company does not have any pending litigations at the end of the Ind AS Financial Statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
 - (iii) The Company regularly transfers sums to the Investor Education and Protection Fund.

For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm Registration No. 105215W/ W100057

Sd/-

Sandeep D. Welling

Partner

M. No.:044576

Place: Mumbai

Date: May 04, 2018

Metropolitan Clearing Corporation of India Limited

Annexure A to the Auditor's Report – March 31, 2018

Annexure A referred to in paragraph 7 of our Report of even date to the members of Metropolitan Clearing Corporation of India Limited on the accounts of the company for the year ended March 31, 2018.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment ;
- (b) As explained to us, Property, Plant and Equipment have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
- (c) According to the information and explanation given to us and on the basis of examination of the records, Company does not possess any immovable property.
- (ii) The nature of the business of the Company does not require it to have any inventory. Hence, the requirement of clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, Firms, LLP or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In respect of loans, investments, guarantees and security, provisions of Section 185 and Section 186 of the Companies Act, 2013 have been complied with.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under Sub-Section (1) of Section 148 of the Act.
- (vii) According to the information and explanations given to us and based on the records of the company examined by us,
 - (a) The company has generally been regular in depositing the undisputed statutory dues, including Provident Fund, Income-tax, Goods and Service Tax, and other material statutory dues, as applicable, with the appropriate authorities in India. As explained to us, the Company did not have any dues for more than six months on account of Provident Fund, Income Tax, Goods and Service Tax.
 - (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Provident Fund, Income Tax and Goods and Service Tax which have not been deposited on account of any disputes.
- (viii) In our opinion, and according to the information and explanations given to us and based on our examination of the records, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.
- (ix) In our opinion, and according to the information and explanations given to us, the Company does not raise money by way of initial public offer or further public offer and term loans, other than for what it was purposes.

- (x) During the course of audit, we have not noticed any fraud by the company or any fraud on the company by its officers or employees during the year. .
- (xi) According to the information given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The nature of business is not related to Nidhi Company; hence, this clause is not applicable.
- (xiii) In our opinion, and according to the information and explanations given to us and based on our examination of the records of the Company, all transactions with related parties are in compliances with the Section 177 & 188 of the Companies Act, 2013 and details have been disclosed in the standalone Ind AS financial Statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of records, the Company has made private placement of shares of Rs.6.22 Crs during the year. The requirement of Section 42 of the Companies Act, 2013 have been complied with and amount raised have been used for the purposes for which the funds were raised.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm Registration No. 105215W/ W100057

Sd/-

Sandeep D. Welling

Partner

M. No.:044576

Place: Mumbai

Date: May 04, 2018

Annexure B to the Auditor's Report – March 31, 2018

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

We have audited the internal financial controls over financial reporting of Metropolitan Clearing Corporation Of India Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately

and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm Registration No. 105215W/ W100057

Sd/-

Sandeep D. Welling
Partner
M. No.:044576

Place: Mumbai
Date: May 04, 2018

METROPOLITAN CLEARING CORPORATION OF INDIA LIMITED

CIN-U67120MH2008PLC188032

Balance Sheet as at March 31, 2018

(Amount in INR)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
Non-current Assets				
Property, Plant and Equipment	3	2,76,398	1,82,103	3,23,894
Other Intangible Assets	3	1,78,298	28,194	3,48,610
Other Non - Current Financial Assets	4	2,16,77,19,440	39,11,392	24,21,39,605
Deferred tax assets (Net)	5	1,45,231	-	-
Other Non - Current Assets	6	2,65,61,109	24,86,22,631	7,66,00,700
		2,19,48,80,476	25,27,44,320	31,94,12,809
Current assets				
Financial Assets				
Investments	7	23,72,61,226	14,64,65,232	32,10,52,702
Cash and Cash Equivalents	8	76,73,373	57,18,523	46,56,668
Bank balances other than above	9	1,37,88,85,112	1,45,63,74,791	92,14,80,520
Other Current Financial Assets	10	263	2,724	83,021
Current Tax Assets (Net)	11	6,27,88,814	6,95,98,395	4,51,14,834
Other Current Assets	12	14,24,420	10,10,059	7,61,712
		1,68,80,33,207	1,67,91,69,724	1,29,31,49,456
TOTAL ASSETS		3,88,29,13,683	1,93,19,14,044	1,61,25,62,265
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	13	2,95,37,09,910	93,80,46,160	70,00,00,000
Other Equity	14	7,80,38,182	6,91,11,424	5,30,10,289
		3,03,17,48,092	1,00,71,57,584	75,30,10,289
Non-current liabilities				
Financial Liabilities				
Other Financial Liabilities	15	44,79,26,957	45,19,51,757	36,27,37,873
Provisions	16	12,85,634	11,93,834	6,86,547
		44,92,12,591	45,31,45,591	36,34,24,420
Current liabilities				
Financial Liabilities				
Trade Payables	17	69,22,688	14,42,978	1,58,08,274
Other Financial Liabilities	18	38,88,22,550	46,82,57,122	47,63,04,844
Other Current Liabilities	19	54,81,039	11,78,924	39,15,997
Provisions	20	7,26,722	7,31,845	98,441
		40,19,53,000	47,16,10,869	49,61,27,556
		85,11,65,591	92,47,56,459	85,95,51,976
TOTAL EQUITY AND LIABILITIES		3,88,29,13,683	1,93,19,14,044	1,61,25,62,265

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **Kirtane & Pandit LLP,**

Chartered Accountants

Firm's Registration No: 105215W/W100057

Sd/-

Sandeep D. Welling

Partner

M. No : 044576

Place: Mumbai

Date : May 04, 2018

For and on behalf of the Board of Directors

Sd/-

Alok Mittal

Public Interest Director

DIN:00008577

Sd/-

Krishna J. Wagle

Chief Financial Officer

Place: Mumbai

Date : May 04, 2018

Sd/-

Balu Nair

Managing Director

DIN:07027100

Sd/-

Avni Patel

Company Secretary

METROPOLITAN CLEARING CORPORATION OF INDIA LIMITED

CIN-U67120MH2008PLC188032

Statement of Profit and Loss for the year ended March 31, 2018

(Amount in INR)

Particulars		Note No.	Year ended March 31, 2018	Year ended March 31, 2017
I	Revenue From Operations	21	5,78,42,169	3,68,76,159
II	Other Income	22	9,13,61,287	5,32,27,208
III	Total Income		14,92,03,456	9,01,03,367
IV	Expenses			
	Employee Benefit Expenses	23	2,64,02,650	2,17,87,761
	Finance Costs	24	-	-
	Depreciation and Amortization Expenses	25	1,65,824	2,21,405
	Other Expenses	26	11,39,10,296	5,16,92,665
	Total expenses		14,04,78,770	7,37,01,830
V	Profit / (Loss) Before Tax		87,24,687	1,64,01,536
VI	Tax Expense			
	Current Tax		-	-
	Deferred Tax		(1,45,231)	-
VII	Profit/ (Loss) for the period		88,69,918	1,64,01,536
VIII	Other Comprehensive Income (OCI)			
A.	(i) Items that will not be reclassified to profit or loss			
	a. Remeasurement of gains and losses on defined benefit obligations (net)		56,841	(3,00,401)
IX	Total comprehensive income for the period		56,841	(3,00,401)
	Total Income for the period		89,26,759	1,61,01,135
X	Earnings per share (for continuing operations)	27		
	(a) Basic		0.05	0.38
	(b) Diluted		0.05	0.38

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **Kirtane & Pandit LLP,**

Chartered Accountants

Firm's Registration No: 105215W/W100057

Sd/-

Sandeep D. Welling

Partner

M. No : 044576

Place: Mumbai

Date : May 04, 2018

For and on behalf of the Board of Directors

Sd/-

Alok Mittal

Public Interest Director

DIN:00008577

Sd/-

Krishna J. Wagle

Chief Financial Officer

Place: Mumbai

Date : May 04, 2018

Sd/-

Balu Nair

Managing Director

DIN:07027100

Sd/-

Avni Patel

Company Secretary

METROPOLITAN CLEARING CORPORATION OF INDIA LIMITED

CIN-U67120MH2008PLC188032

Statement of Changes in Equity
A. Equity Share Capital

(Amount in INR)

Particulars	Amount
Balance as at April 01, 2016	70,00,00,000
Changes in equity share capital during the year	23,80,46,160
Balance as at March 31, 2017	93,80,46,160
Changes in equity share capital during the year	2,01,56,63,750
Balance as at March 31, 2018	2,95,37,09,910

B. Other Equity

Particulars	Retained Earnings	Total
Balance as at April 01, 2016	5,29,89,939	5,29,89,939
<u>Ind AS Adjustments</u>		
Fair value of Investments through FVTPL	20,350	20,350
Balance as at April 01, 2016	5,30,10,289	5,30,10,289
Profit for the year	1,64,01,536	1,64,01,536
Other Comprehensive Income for the year	(3,00,401)	(3,00,401)
Balance as at March 31, 2017	6,91,11,424	6,91,11,424
Profit for the year	88,69,918	88,69,918
Other Comprehensive Income for the year	56,841	56,841
Balance as at March 31, 2018	7,80,38,182	7,80,38,182

METROPOLITAN CLEARING CORPORATION OF INDIA LIMITED

CIN-U67120MH2008PLC188032

Cash Flow Statement for the Year Ended March 31, 2018

(Amount in INR)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A. Cash Flow from Operating Activities		
Net Profit Before Tax	87,24,687	1,64,01,536
Adjustments for :		
Depreciation and Amortisation Expense	1,65,824	2,21,405
Dividend from Current Investments	(51,32,539)	(24,10,501)
Interest Income	(7,61,07,144)	(4,52,20,624)
Assets Write off	-	2,84,448
Remeasurement of Post-Employment Benefit Obligations	56,841	(3,00,401)
	(8,10,17,018)	(4,74,25,673)
Operating Loss Before Working Capital Changes	(7,22,92,331)	(3,10,24,136)
Adjustments for :		
(Increase)/Decrease in Trade Receivables	-	-
(Increase)/Decrease in Other Current Financial Assets	(1,33,03,853)	(36,02,26,504)
(Increase)/Decrease in Other Non Current Financial Assets	(2,16,38,08,049)	23,82,28,214
(Increase)/Decrease in Other Current Assets	63,95,220	(2,47,31,909)
(Increase)/Decrease in Other Non Current Assets	22,20,61,522	(17,20,21,931)
Increase/(Decrease) in Trade Payables	54,79,711	(1,43,65,296)
Increase/(Decrease) in Other Current Financial Liabilities	(7,51,32,456)	(1,07,84,795)
Increase/(Decrease) in Other Non Current Liabilities	(39,33,000)	8,97,21,171
Increase/(Decrease) in Short Term Provisions	(5,113)	6,33,407
	(2,02,22,46,018)	(25,35,47,645)
Cash (used in) / generated from Operating Activities	(2,09,45,38,349)	(28,45,71,781)
Taxes Paid (Net)	-	-
Net Cash (used in) / generated from Operating Activities	(2,09,45,38,349)	(28,45,71,781)
B. Cash Flow from Investing Activities		
Purchase of Property, Plant & Equipment	(4,10,234)	(46,107)
Proceeds from Sale of Property, Plant & Equipment	-	2,458
Dividend Income	51,32,539	24,10,501
Interest Income	7,61,07,144	4,52,20,624
Net Cash generated from / (used in) Investing Activities	8,08,29,449	4,75,87,476

METROPOLITAN CLEARING CORPORATION OF INDIA LIMITED

CIN-U67120MH2008PLC188032

Cash Flow Statement for the Year Ended March 31, 2018 (Contd.)

(Amount in INR)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
C. Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares	2,01,56,63,750	23,80,46,160
Interest Expenses	-	-
Net Cash used in Financing Activities	2,01,56,63,750	23,80,46,160
Net(Decrease) / Increase in Cash and Cash Equivalents	19,54,850	10,61,855
Cash and Cash Equivalents at the beginning of the year	57,18,523	46,56,668
Cash and Cash Equivalents at the end of the year	76,73,373	57,18,523
	19,54,850	10,61,855

As per our report of even date
For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm's Registration No: 105215W/W100057

Sd/-
Sandeep D. Welling
Partner
M. No : 044576

Place: Mumbai
Date : May 04, 2018

For and on behalf of the Board of Directors

Sd/-
Alok Mittal
Public Interest Director
DIN:00008577

Sd/-
Krishna J. Wagle
Chief Financial Officer

Place: Mumbai
Date : May 04, 2018

Sd/-
Balu Nair
Managing Director
DIN:07027100

Sd/-
Avni Patel
Company Secretary

Notes to financial statements

1 GENERAL INFORMATION

Metropolitan Clearing Corporation of India Limited ("the Company") ("MCCIL") U67120MH2008PLC188032(CIN) is a unlisted limited company incorporated and domiciled in India. The address of the registered office and principal office is at 4th Floor, Vibgyor Towers, Opposite Trident Hotel, Plot No. C62, Bandra Kurla Complex, Bandra (East), Mumbai 400098. The Company is in the business of Clearing and Settlement of deals in multi assets classes carried out at Metropolitan Stock Exchange of India Limited (MSE).

2 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation of Financial Statements

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). Further, the Company has prepared the opening balance sheet as at April 01, 2016 (the transition date) in accordance with Ind AS. For all the periods up to the year ended March 31, 2016, the Company had prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These are the Company's first Ind AS financial statements. Refer Note 39 for the details of first-time adoption exemptions availed by the Company.

B. Compliance with Ind AS

"These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP and guidelines issues by the Securities Exchange Board of India (SEBI)."

C. Revenue Recognition

"Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net off allowances, incentives, applicable taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Revenue is recognised in the period when the service is provided as per arrangements/agreements with the customers. The sources of revenue are:

- Clearing and Settlement of Deals."

D. Interest Income

Interest Income is recognized when it is probable that the economic benefits will flow to the company and amount can be measured reliably. Interest income is accrued on time basis.

E. Income Taxes

"The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax provision is made based on the estimated tax liability as computed after taking credit for allowances and exemptions in accordance with the Income Tax Laws prevalent at the time of the relevant assessment year.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. In absence of probability of future profits till last year, deferred tax was not calculated.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity."

MAT (Minimum Alternate Tax)

As per Section 115JB of Income Tax Act, 1961, the Company recognizes MAT Credit as an asset only when and to the extent there is a convincing evidence that the Company will be liable to pay normal Income Tax during the specified period.

F. Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

G. Leases

"Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company has entered into an Operating Lease for premises. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed."

H. Impairment of Assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the

carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and 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.

I. Financial Instruments

(i) Classification of Financial Assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(iii) Equity Instruments

The Company subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain / (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) De-recognition of financial assets

A financial asset is de-recognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or;
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(vi) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

J. Financial Liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(iii) De-recognition

A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty."

K. Fair Value Measurement

Fair Value Hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of following three levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are unobservable inputs for the asset or liability.

L. Property, plant and equipment

Property, Plant and Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognised as at April 01, 2016 measured as per the previous Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value are as follows:

Asset Category	No. of Years
Computer Software	10
Computer Hardware	6
Office Equipment	5
Furniture & Fixtures	10

Depreciation for the year ended March 31, 2018 has been provided on the basis of useful lives as prescribed in the Schedule II of the Companies Act, 2013.

Depreciation on Property, Plant and Equipment purchased / sold during the year is provided for pro-rata basis, for period during which the assets are put to use. Where there is a revision of the estimated useful life of an asset, the unamortized depreciable amount is charged over the revised remaining useful life of the said asset. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses)."

M. Intangible assets

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- i. it is technically feasible to complete the software so that it will be available for use
- ii. management intends to complete the software and use or sell it
- iii. there is an ability to use or sell the software
- iv. it can be demonstrated how the software will generate probable future economic benefits
- v. adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- vi. the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software cost includes employee costs and an appropriate portion of relevant overheads. Intangible Assets are stated at cost less accumulated amortisation and impairment loss, if any. Computer Software is amortised over a period of ten years, as per revised useful lives prescribed in the Schedule II.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value the deemed cost of intangible assets.

N. Provisions

Provisions for legal claims and discounts / incentives are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

O. **Contingent Liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

P. **Employee Benefits**

(i) **Gratuity Obligations**

The Company has maintained a Group Gratuity cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income ;and
- Re-measurement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

(ii) **Defined Contribution Plans**

Provident fund and Family Pension Fund

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.

Compensated Absences

The provision is based on an independent external actuarial valuation at the balance sheet date, which includes assumptions about demographics, early retirement, salary increases and interest rates.

Q. **Earnings per share**

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.

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

R. Use of Estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Note 3 Property, Plant and Equipment

Tangible Assets

(Amount in INR)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	NET BLOCK
	As at March 31, 2017	Additions	Deletions	As at March 31, 2018	Upto March 31, 2017	For the year	Deletions	Upto March 31, 2018	As at March 31, 2018	As at March 31, 2017
Office Equipments	2,66,498	31,990	-	2,98,488	2,11,211	59,350	-	2,70,561	27,927	55,286
Computer Hardware	35,55,522	2,08,320	59,975	37,03,868	34,52,365	83,771	59,975	34,76,161	2,27,707	1,03,169
Furniture & Fixtures	25,703	-	-	25,703	2,056	2,883	-	4,939	20,764	23,648
TOTAL	38,47,723	2,40,310	59,975	40,28,058	36,65,632	1,46,004	59,975	37,51,661	2,76,398	1,82,103
Previous Year	38,98,241	30,982	81,500	38,47,723	35,74,348	1,70,312	79,042	36,65,618	1,82,103	3,23,894

Intangible Assets (Acquired):

(Amount in INR)

Particulars	GROSS BLOCK				AMORTISATION				NET BLOCK	NET BLOCK
	As at March 31, 2017	Additions	Deletions	As at March 31, 2018	Upto March 31, 2017	For the year	Deletions	Upto March 31, 2018	As at March 31, 2018	As at March 31, 2017
Computer Software	1,38,320	1,69,924	-	3,08,244	1,10,126	19,820	-	1,29,946	1,78,298	28,194
TOTAL	1,38,320	1,69,924	-	3,08,244	1,10,126	19,820	-	1,29,946	1,78,298	28,194
Previous Year	6,27,907	15,125	5,04,712	1,38,320	2,79,297	51,093	2,20,264	1,10,126	28,194	3,48,610

Note 4 Other Non - Current Financial Assets

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Fixed Deposit with original maturity for more than 12 months	2,16,62,19,440	24,11,392	24,06,34,605
Deposits	15,00,000	15,00,000	15,05,000
Total	2,16,77,19,440	39,11,392	24,21,39,605

Note 5 Deferred tax assets (Net)

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Opening Balance	-	-	-
Deferred Tax Credit / (Charge)	1,45,231	-	-
Closing Balance	1,45,231	-	-

Note 6 Other Non - Current Assets

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advances other than capital advances			
Advances given to Related Parties	-	19,34,87,500	-
Taxes Recoverable, Statutory Deposits and Dues from Government	2,65,61,109	5,51,35,131	7,66,00,700
Total	2,65,61,109	24,86,22,631	7,66,00,700

Note 7 Investments

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Investments in Mutual Funds (Quoted, Non Traded)			
Axis Liquid Fund - Direct Plan - Daily Dividend	-	2,07,74,693	5,63,20,397
Axis Liquid Fund - Direct Growth	4,67,43,676	-	-
BOI AXA Liquid Fund - Direct Plan - Daily Dividend	1,94,69,394	48,81,387	3,79,32,120
BOI AXA Liquid Fund - Direct Plan - Growth	4,67,52,022	-	-
DHFL Pramerica Insta Cash Plus Fund - Direct Plan - Daily Dividend	36,88,027	67,46,974	3,56,26,831
Reliance Liquid Fund - Treasury Plan - Daily Dividend	-	90,74,992	1,61,50,967
SBI Premier Liquid Fund - Direct Plan - Daily Dividend	90,13,591	4,88,47,163	10,67,89,972
Sundaram Money Fund - Direct Plan - Daily Dividend	1,50,13,246	1,50,08,532	5,01,42,091
Sundaram Money Fund - Direct Plan - Growth	4,67,26,979	-	-
ICICI Prudential Liquid - Direct Plan - Daily Dividend	31,28,135	4,11,31,491	1,80,90,323
Mirae Asset Cash Management Fund - Direct Plan - Growth	4,67,26,153	-	-
Total	23,72,61,226	14,64,65,232	32,10,52,702
Aggregate amount of quoted investments and market value thereof	23,72,61,226	14,64,65,232	32,10,52,702

Note 8 Cash and Cash Equivalents

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with Banks	76,73,373	57,18,523	46,48,164
Cash on hand	-	-	8,504
Total	76,73,373	57,18,523	46,56,668

Note 9 Bank balances other than above

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Fixed Deposit with original maturity for less than 12 months	1,37,88,85,112	1,45,63,74,791	92,14,80,520
Total	1,37,88,85,112	1,45,63,74,791	92,14,80,520

Note 10 Other Current Financial Assets

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Others Receivables	263	2,724	83,021
Total	263	2,724	83,021

Note 11 Current Tax Assets (Net)

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Taxes Recoverable, Statutory Deposits and Dues from Government	6,27,88,814	6,95,98,395	4,51,14,834
Total	6,27,88,814	6,95,98,395	4,51,14,834

Note 12 Other Current Assets

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Prepaid Expenses	14,24,420	10,10,059	7,61,712
Total	14,24,420	10,10,059	7,61,712

Note 13 Equity Share Capital

(Amount in INR)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
(a) Authorised Equity Shares of the par value of Rs.10/- each	30,00,00,000	3,00,00,00,000	10,00,00,000	1,00,00,00,000	10,00,00,000	1,00,00,00,000
(b) Issued Equity shares of the par value of Rs.10/- each	29,95,62,868	2,99,56,28,680	9,38,04,616	93,80,46,160	7,00,00,000	70,00,00,000
(c) Subscribed and Fully Paid Up Equity shares of the par value of Rs.10/- each	29,53,70,991	2,95,37,09,910	9,38,04,616	93,80,46,160	7,00,00,000	70,00,00,000

13.1 Reconciliation of the number of Shares outstanding at the beginning and at the end of the year

(Amount in INR)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	9,38,04,616	93,80,46,160	7,00,00,000	70,00,00,000	2,50,00,000	25,00,00,000
Add : Shares issued during the year	20,15,66,375	2,01,56,63,750	2,38,04,616	23,80,46,160	4,50,00,000	45,00,00,000
Outstanding at the end of the year	29,53,70,991	2,95,37,09,910	9,38,04,616	93,80,46,160	7,00,00,000	70,00,00,000

13.2 Shares held by holding company

(Amount in INR)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Metropolitan Stock Exchange of India Limited	28,31,20,991	95.85%	8,15,54,616	86.94%	5,77,50,000	82.50%

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

(Amount in INR)

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of shares	% Shareholding	No. of shares	% Shareholding	No. of shares	% Shareholding
Metropolitan Stock Exchange of India Limited	28,31,20,991	95.85%	8,15,54,616	86.94%	5,77,50,000	82.50%
Multi Commodity Exchange of India Limited	-	-	65,00,000	6.93%	65,00,000	9.29%
63 moons technologies Limited (formerly known as Financial Technologies (India) Limited (FTIL))	-	-	57,50,000	6.13%	57,50,000	8.21%
	28,31,20,991	95.85%	9,38,04,616	100%	7,00,00,000	100%

13.4 The company has only one class of shares referred to as equity shares having a par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share.

13.5 The company declares and pays dividend in Indian Rupees. No dividend has been declared by the company during the year ended March 31, 2018.

Note 14 Other Equity

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017
Retained Earnings		
Balance at the beginning of the year	6,94,11,825	5,30,10,289
Additions/ (Deletions) during the year	88,69,918	1,64,01,536
Balance at the end of the year	7,82,81,743	6,94,11,825
Other Comprehensive Income (OCI)		
Balance at the beginning of the year	(3,00,401)	-
Remeasurement of post-employment benefit obligations	56,841	(3,00,401)
Balance at the end of the year	(2,43,560)	(3,00,401)
Total	7,80,38,182	6,91,11,424

Note 15 Other Financial Liabilities

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Settlement Banks Deposits	20,00,00,000	20,00,00,000	20,00,00,000
Other Deposits	40,30,000	40,30,000	66,30,000
Core Settlement Guarantee Fund	24,38,96,957	24,79,21,757	15,61,07,873
Total	44,79,26,957	45,19,51,757	36,27,37,873

Note 16 Provisions

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for Employee Benefits			
Provision for Leave Encashment	12,85,634	11,93,834	6,86,547
Total	12,85,634	11,93,834	6,86,547

CURRENT LIABILITIES
Note 17 Trade Payables

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Due to Micro and Small Enterprises	-	-	-
Others	69,22,688	14,42,978	1,58,08,274
Total	69,22,688	14,42,978	1,58,08,274

Note 18 Other Financial Liabilities

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Members Margin and Deposits	38,88,22,550	46,82,57,122	47,63,04,844
Total	38,88,22,550	46,82,57,122	47,63,04,844

Note 19 Other Current Liabilities

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<u>Others</u>			
For Expenses	38,16,750	7,72,415	13,01,481
For Statutory Dues	16,64,289	4,06,509	26,14,516
Total	54,81,039	11,78,924	39,15,997

Note 20 Provisions

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for Employee Benefits			
Provision for Gratuity	5,47,062	4,96,075	-
Provision for Leave Encashment	1,79,660	1,43,927	98,441
Provision for Bonus	-	91,843	-
Total	7,26,722	7,31,845	98,441

Note 21 Revenue From Operations

(Amount in INR)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sale of Services	23,08,986	67,38,123
<u>Other Operating Revenue</u>		
Interest on Deposits with Banks	5,14,78,638	2,20,04,980
Dividend from Investments	39,77,544	80,33,056
Annual Subscription Fees	77,000	1,00,000
Total	5,78,42,169	3,68,76,159

Note 22 Other Income

(Amount in INR)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income		
- On Deposits with Banks - Own Funds	7,61,07,144	4,52,20,624
- On Income Tax Refund	45,74,204	55,65,785
Dividend Income	51,32,539	24,10,501
MTM - Investments measured at FVTPL	49,48,831	-
Other Non-Operating Income	5,98,570	30,298
Total	9,13,61,287	5,32,27,208

Note 23 Employee Benefit Expenses

(Amount in INR)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
*Salaries, wages and bonus	2,51,46,612	2,08,20,214
Contributions to Provident Fund & other funds	9,68,576	7,43,245
Staff welfare expenses	2,87,461	2,24,302
Total	2,64,02,650	2,17,87,761

*Inclusive of Remeasurement of gains and losses on Defined Benefit Obligations routed through OCI.

Note 24 Finance Costs

(Amount in INR)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Expenses	-	-
Total	-	-

Note 25 Depreciation and Amortization Expenses

(Amount in INR)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on Property, Plant and Equipment	1,46,004	1,70,312
Amortisation of Intangible Assets	19,820	51,093
Total	1,65,824	2,21,405

Note 26 Other Expenses

(Amount in INR)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Payment to Auditors **(exclusive of taxes)	14,87,105	3,55,000
Bank Charges	34,980	30,427
Director Sitting Fees	16,80,000	16,60,000
Insurance	14,11,773	11,93,251
Legal and Professional Charges	11,74,532	17,37,839
Office Expenses	20,05,843	8,03,078
Rent	61,69,188	49,27,448
ROC Fees Expenses	1,50,14,500	22,100
Stamp Duty Expenses	50,15,664	-
Technology Cost	7,69,00,390	3,71,02,962
Miscellaneous Expenses	30,16,321	38,60,560
Total	11,39,10,296	5,16,92,665

Payment to Auditors

(Amount in INR)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Statutory Audit Fees	1,50,000	1,50,000
Tax Audit Fees	1,50,000	1,00,000
Other Services	11,87,105	1,05,000
Out of Pocket Expenses		-
Total	14,87,105	3,55,000

Note 27 Earnings per share (for continuing operations)

(Amount in INR)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit for the year attributable to Equity Shareholders	88,69,918	1,64,01,536
Weighted Average Number of Equity Shares Outstanding During The Year (Nos.)	17,62,67,845	4,29,24,140
Basic /Diluted Earnings Per Share (Rs.)	0.05	0.38
Nominal Value of Equity Share (Rs.)	10	10

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

Note 28 Related party disclosures

As per Ind AS 24, the disclosures of transactions with related parties are given below:

28.1 Details of Related Parties

Sr No	Names of related parties where control exists and description of relationships	Country of Incorporation	Proportion of ownership interest for the year ended	
			31st March, 2018	31st March, 2017
A	Holding Company			
(i)	Metropolitan Stock Exchange of India Ltd. (MSE)	India	95.85%	86.94%
B	Key Managerial Personnel			
(i)	Mr. Balu Nair - Managing Director			
(ii)	Mr. Krishna J. Wagle -Chief Financial Officer			
(iii)	Mrs. Avni Patel - Company Secretary			

(Note: Related parties have been identified by the management)

28.2 Details of transactions with related parties

(Amount in INR)

Sr No.	Nature of Transactions	Holding Company	Key Managerial Person/ Relative of KMP	Total
1	Allotment of Shares	2,01,56,63,750	-	2,01,56,63,750
		23,80,46,160	-	23,80,46,160
2	Receipt of advances given	18,50,75,000	-	18,50,75,000
		-	-	-
3	Services rendered	23,08,986	-	23,08,986
		67,38,123	-	67,38,123

Sr No.	Nature of Transactions	Holding Company	Key Managerial Person/ Relative of KMP	Total
4	Expenses Paid			
	- IT Support Charges	7,37,52,890	-	7,37,52,890
		<i>3,71,02,962</i>	-	<i>3,71,02,962</i>
	- Rent paid	61,69,188	-	61,69,188
		<i>49,27,448</i>	-	<i>49,27,448</i>
	- Office Expenses	12,52,116	-	12,52,116
		-	-	-
5	Director Remuneration	-	51,94,824	51,94,824
		-	<i>39,78,048</i>	<i>39,78,048</i>
6	Employee Cost:			
(a)	Mr. Krishna J. Wagle	-	18,20,211	18,20,211
		-	<i>13,96,661</i>	<i>13,96,661</i>
(b)	Mrs. Avni Patel	-	13,96,868	13,96,868
		-	<i>9,21,737</i>	<i>9,21,737</i>

Figures in italic represents Previous Year's amounts.

28.3 Details of balances with related parties at the year end

(Amount in INR)

Sr No.	Related Party Transaction Summary	Holding Company	Key Managerial Person/ Relative of KMP	Total
1	Payable for IT Support charges	(33,41,593)	-	(33,41,593)
		<i>(10,42,987)</i>	-	<i>(10,42,987)</i>
2	Receivable of advances given	-	-	-
		<i>19,34,87,500</i>	-	<i>19,34,87,500</i>

Figures in italic represents Previous Year's amounts.

Note 29 Contingent Liabilities

There is no contingent liability as on March 31, 2018.

Note 30 Capital Commitment

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contract to be executed for Cyber Security Operation Centre (C-SOC)	52,90,000	-

Note 31 Capital Management

The Company's objectives when management capital are to safeguard their liability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimum capital structure to reduce the cost of capital. For the purpose of the Company's capital management, capital includes issued equity capital and all other equity attributable to the equity holders.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

Note 32 Disclosure as per Revised Ind AS 19 'Employee Benefits'

A. Gratuity

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017
Changes in present value of obligations		
Present Value of Obligations at beginning of the year	23,14,683	16,94,352
Service Cost	4,06,813	3,15,061
Interest Cost	1,68,046	1,35,718
Actuarial Loss / (Gain)	(70,885)	2,67,449
Benefits Paid	(1,62,245)	(97,897)
Defined benefit obligations at end of the year (a)	26,56,412	23,14,683
Changes in fair value of plan assets		
Fair Value of Plan Assets as at beginning of the year	18,18,608	17,77,110
Expected Return on Plan Assets	1,32,031	1,42,347
Contributions by Employer	3,35,000	30,000
Return on Plan Asset, excluding interest income	(14,044)	(32,952)
Actuarial Loss / (Gain)	-	-
Benefits Paid	(1,62,245)	(97,897)
Fair value of Plan Assets at end of the year (b)	21,09,350	18,18,608
Present Value of Funded Obligations (a-b)	5,47,062	4,96,075
The net amount recognized in the statement of Profit and Loss for the year ended March 31, 2018 is as follows:		
Current Service Cost	4,06,813	3,15,061
Interest Cost	1,68,046	1,35,718
Expected Return on Plan Assets	(1,32,031)	(1,42,347)
Net Actuarial Loss / (Gain) Recognized	(56,841)	3,00,401
Net Amount Recognized	3,85,987	6,08,833
Actual Return on Plan Assets		
The principal actuarial assumptions used as at March 31, 2018 are as follows:		
Discount Rate	7.88	7.26
Expected Rate of Return on Plan Assets	7.88	7.26
Withdrawal Rate:		
For service 4 years and below	10	10
and thereafter	5	5
Rate of increase in Compensation Levels	7.50	7.50

Note 33 Leases

The company has entered into Operating Lease Agreements. As required under the Indian Accounting Standard 17 on 'Leases', the details of lease payments are as follows:

(Amount in INR)

Particulars	As at March 31, 2018	As at March 31, 2017
Not later than one year	61,69,188	61,69,188
Later than one year and not later than five years	1,43,89,063	2,05,58,251
Later than five years	-	-

Note 34 Segment Reporting

The Company is engaged mainly in the business of Clearing & Settlement of Trades. These in the context of Ind As 108 - Operating Segments Reporting are considered to constitute one reportable segment.

Note 35 Corporate Social Responsibility

Provisions of Section 135 Corporate Social Responsibility are not applicable to the Company.

Note 36 Core Settlement Guarantee Fund (Core SGF)

Securities & Exchange Board of India (SEBI) had issued norms related to the computation and contribution to the Core Settlement Guarantee Fund (Core SGF) as part of the SEBI Circular CIR/CMD/DRMNP/25/2014 dated August 27, 2014. Based on said guidelines Clearing Corporation and Stock Exchange are required to contribute at least 50% and 25% of the Minimum Required Corpus (MRC) of the Core SGF whereas up to 25% of the Core SGF contribution can be collected from Clearing Members.

Minimum Required Corpus (MRC) of Core SGF

(Amount in INR)

Segment	MRC	Contribution required from MCCIL (Minimum)	Contribution required from MSE (Minimum)	Contribution required from Clearing Members (Maximum)
(a)	(b)	(c)=50%*b	(d)=25%*b	(e)=25%*b
CDS	41,65,40,337	20,82,70,169	10,41,35,084	10,41,35,084
ECM	0	0	0	0
EDS	0	0	0	0
DMS	0	0	0	0
Total	41,65,40,337	20,82,70,169	10,41,35,084	10,41,35,084

Corpus of Core SGF as on March 31, 2018

(Amount in INR)

Segment	Total Corpus	MCCIL	MSE	Clearing Members		Penalties
		Cash	Cash	Cash	Non-Cash	Cash
(a)	(b)=(c)+(d)+(e)+(f)+(g)	(c)	(d)	(e)	(f)	(g)
CDS	46,74,43,881	28,53,71,109	13,36,65,619	31,38,456	-	4,52,68,696
ECM	32,16,451	32,06,371	-	-	-	10,080
EDS	35,00,423	32,06,371	-	-	-	2,94,052
DMS	32,06,371	32,06,371	-	-	-	-
Total	47,73,67,125	29,49,90,222	13,36,65,619	31,38,456	-	4,55,72,827

Note:

- Contribution made by the MCCIL to the Core SGF Corpus is funded through its Equity.
- Further, in accordance with the directions received from the SEBI, MCCIL had contributed an amount of INR 25 lakh each in Equity Derivative Segment, Equity Cash Market and Debt Market Segment as the minimum corpus of Core SGF with effect from February 2, 2015.

- 3 Corpus of Core SGF includes contribution made by the contributors, penalties levied and income earned on the corpus.
- 4 In view of adequacy of corpus of Core SGF taking into consideration of the contribution made by the MCCIL and the MSE (including interest income), MCCIL has decided to discontinue obtaining contributions from its Clearing Members w.e.f. July 1, 2017.
- 5 Further, Clearing Members are required to maintain liquid assets in the prescribed forms with MCCIL to meet their minimum liquid net worth requirement, base minimum capital requirement, core settlement guarantee fund (Core SGF) contribution requirement, membership requirement and margin requirements.

The total value of liquid assets (cash and non-cash) maintained by the Clearing Members with MCCIL in addition to their Core SGF Contribution as on March 31, 2018 amounts to INR 340.01 crore (previous year: INR 492.40 crore).

Note 37 SEBI in its order dated March 19, 2014 stated that 63 moons technologies limited (Formerly known as Financial Technologies (India) Limited) is not a 'fit and proper person' to acquire or hold any equity share or any instrument that provides 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 and directed them to divest equity shares held in MCCIL, directly or indirectly, within 90 days of the order. In the same order, SEBI also stated that 63 moons technologies limited (Formerly known as Financial Technologies (India) Limited) and entities through whom it indirectly holds equity shares or any instrument entitling voting rights in MCCIL shall cease to be entitled to exercise voting rights in respect of those shares or instruments with immediate effect. The Securities Appellate Tribunal (SAT) has since its order dated July 09, 2014 upheld the decision of SEBI. SEBI had vide its letter dated September 29, 2014 directed the Company to comply with the shareholding requirements of SECC Regulations and SEBI's direction issued vide order dated March 19, 2014 with regard to entities which have been declared not 'fit and proper' person. Further the Company sent multiple letters to 63 moons technologies limited (Formerly known as Financial Technologies (India) Limited) regarding divestment of their stake in the Company; in reply to these letters 63 moons technologies limited (Formerly known as Financial Technologies (India) Limited) informed us that they are in search of the suitable buyer to acquire their stake in the Company.

Note 38 The MCCIL has achieved Networth of INR 300.43 Crore on 29.12.2017 as per Regulation 14 of SECC Regulations, 2012 and Para B. I and II of SEBI Circular dated May 04, 2016 and with respect to letter received from SEBI MRD/DRMNP/OW/16691/2017/1 dated July 18, 2017.

Note 39 First Time adoption

Transition to Ind AS

These are the Company's first financial statement prepare in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the Company's date of transition to Ind AS). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts

reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes:

Fair valuation as deemed cost for items of Property, Plant and Equipment and other Intangible Assets

The Company has elected to measure certain items of its Property, Plant and Equipment and its related intangible as its fair value and use that fair value as its deemed cost at the transition to Ind AS. Other items of Property, Plant and Equipment and other intangible assets have been measured as per Ind AS 16 and Ind AS 36 and Ind AS 38, respectively.

First Time Adoption Reconciliations

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101.

Reconciliation between Previous GAAP and Ind AS
Opening Balance Sheet as at April 1, 2016

(Amount in INR)

Particulars	IGAAP as at April 1, 2016	Ind AS Adjustments	Ind AS as at April 1, 2016
ASSETS			
Non-current Assets			
Property, Plant and Equipment	3,23,894	-	3,23,894
Other Intangible assets	3,48,610	-	3,48,610
*Other Non - Current Financial assets	24,21,39,605	-	24,21,39,605
Deferred tax assets (Net)	-	-	-
Other Non - Current assets	7,66,00,700	-	7,66,00,700
	31,94,12,809	-	31,94,12,809
Current assets			
Financial Assets			
Investments	32,10,32,352	20,350	32,10,52,702
Cash and Cash Equivalents	46,56,668	-	46,56,668
Bank balances other than above	92,14,80,520	-	92,14,80,520
Other Current Financial Assets	83,021	-	83,021
Current Tax Assets (Net)	4,51,14,832	-	4,51,14,832
Other Current Assets	7,61,712	-	7,61,712
	1,29,31,29,106	20,350	1,29,31,49,455
TOTAL ASSETS	1,61,25,41,915	20,350	1,61,25,62,265
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	70,00,00,000	-	70,00,00,000
Other Equity	5,29,89,939	20,350	5,30,10,289
	75,29,89,939	20,350	75,30,10,289
Non-current liabilities			
Financial Liabilities			
Other Financial Liabilities	36,27,37,873	-	36,27,37,873
Provisions	6,86,547	-	6,86,547
	36,34,24,420	-	36,34,24,420
Current liabilities			
Financial Liabilities			
Trade Payables	1,58,08,274	-	1,58,08,274
Other Financial Liabilities	47,63,04,844	-	47,63,04,844
Other Current Liabilities	39,15,997	-	39,15,997
Provisions	98,441	-	98,441
	49,61,27,556	-	49,61,27,556
TOTAL EQUITY AND LIABILITIES	1,61,25,41,915	20,350	1,61,25,62,265

Balance Sheet as at March 31, 2017

(Amount in INR)

Particulars	IGAAP as at March 31, 2017	Ind AS Adjustments	Ind AS as at March 31, 2017
ASSETS			
Non-current Assets			
Property, Plant and Equipment	1,82,103	-	1,82,103
Other Intangible assets	28,194	-	28,194
*Other Non - Current Financial assets	39,11,392	-	39,11,392
Deferred tax assets (Net)	-	-	-
Other Non - Current assets	24,86,22,631	-	24,86,22,631
	25,27,44,320	-	25,27,44,320
Current assets			
Financial Assets			
Investments	14,64,65,232	-	14,64,65,232
Cash and Cash Equivalents	57,18,523	-	57,18,523
Bank balances other than above	1,45,63,74,791	-	1,45,63,74,791
Other Current Financial Assets	2,724	-	2,724
Current Tax Assets (Net)	6,95,98,395	-	6,95,98,395
Other Current Assets	10,10,059	-	10,10,059
	1,67,91,69,724	-	1,67,91,69,724
TOTAL ASSETS	1,93,19,14,044	-	1,93,19,14,044
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	93,80,46,160	-	93,80,46,160
Other Equity	6,91,11,424	-	6,91,11,424
	1,00,71,57,584	-	1,00,71,57,584
Non-current liabilities			
Financial Liabilities			
Other Financial Liabilities	45,19,51,757	-	45,19,51,757
Provisions	11,93,834	-	11,93,834
	45,31,45,591	-	45,31,45,591
Current liabilities			
Financial Liabilities			
Trade Payables	14,42,978	-	14,42,978
Other Financial Liabilities	46,82,57,122	-	46,82,57,122
Other Current Liabilities	11,78,924	-	11,78,924
Provisions	7,31,845	-	7,31,845
	47,16,10,869	-	47,16,10,869
TOTAL EQUITY AND LIABILITIES	1,93,19,14,044	-	1,93,19,14,044

Opening Statement of Profit & Loss as on April 1, 2016

(Amount in INR)

Particulars	IGAAP	Ind AS Adjustment	Ind AS
Revenue From Operations	10,21,00,169		10,21,00,169
Other Income	3,12,46,563	20,350	3,12,66,913
Total Income	13,33,46,732	20,350	13,33,67,082
Expenses			
Employee Benefit Expenses	2,17,20,535	-	2,17,20,535
Finance Costs	-	-	-
Depreciation and Amortization Expenses	11,29,795	-	11,29,795
Other Expenses	10,30,65,591	-	10,30,65,591
Total expenses	12,59,15,921	-	12,59,15,921
Profit / (Loss) Before Tax	74,30,811	20,350	74,51,161
<u>Tax Expense</u>			
Current Tax	-	-	-
Deferred Tax	-	-	-
Profit/ (Loss) for the period	74,30,811	20,350	74,51,161
Other Comprehensive Income (OCI)			
(i) Items that will not be reclassified to profit or loss			
a. Remeasurement of gains and losses on defined benefit obligations (net)	-	-	-
Total comprehensive income for the period	-	-	-
Total Income for the period	74,30,811	20,350	74,51,161
Earnings per share (for continuing operations)			
(a) Basic	0.15	-	0.15
(b) Diluted	0.15	-	0.15

Statement of Profit & Loss for the year ended March 31, 2017

(Amount in INR)

Particulars	IGAAP	Ind AS Adjustment	Ind AS
Revenue From Operations	3,68,76,159	-	3,68,76,159
Other Income	5,32,47,558	(20,350)	5,32,27,208
Total Income	9,01,23,717	(20,350)	9,01,03,367
Expenses			
Employee Benefit Expenses	2,20,88,162	(3,00,401)	2,17,87,761
Finance Costs	-	-	-
Depreciation and Amortization Expenses	2,21,405	-	2,21,405
Other Expenses	5,16,92,665	-	5,16,92,665
Total expenses	7,40,02,232	(3,00,401)	7,37,01,831
Profit / (Loss) Before Tax	1,61,21,485	2,80,051	1,64,01,536
<u>Tax Expense</u>			
Current Tax	-	-	-
Deferred Tax	-	-	-
Profit/ (Loss) for the period	1,61,21,485	2,80,051	1,64,01,536
Other Comprehensive Income (OCI)			
(i) Items that will not be reclassified to profit or loss			
a. Remeasurement of gains and losses on defined benefit obligations (net)	-	(3,00,401)	(3,00,401)
Total comprehensive income for the period	-	(3,00,401)	(3,00,401)
Total Income for the period	1,61,21,485	(20,350)	1,61,01,135
Earnings per share (for continuing operations)			
(a) Basic	0.38	-	0.38
(b) Diluted	0.38	-	0.38

Reconciliation of Total Equity as at March 31, 2017 and April 01, 2016

(Amount in INR)

Particulars	Notes to first time adoption	As at March 31, 2017	As at April 01, 2016
Equity as reported per previous GAAP		1,00,71,57,584	75,29,89,939
Add/(Less) : Adjustments for previous GAAP differences			
Effect of measuring Fair Value of Investments	a	-	20,350
Total Ind AS Adjustments		-	20,350
Equity as per Ind AS		1,00,71,57,584	75,30,10,289

Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

(Amount in INR)

Particulars	Notes to first time adoption	Year ended March 31, 2017
Net profit after tax as per previous GAAP		1,61,21,485
Remeasurement of Defined Benefit Obligations presented under OCI	b	3,00,401
Total Ind AS Adjustments		3,00,401
Net profit after tax as per Ind AS		1,64,21,886
Other Comprehensive Income		
Remeasurement of Defined Benefit Obligations presented under OCI	b	(3,00,401)
Total Other Comprehensive Income		(3,00,401)
Total Comprehensive Income		1,61,21,485

Notes to reconciliation between Previous GAAP's and Ind As

- a As per Ind AS 109, the Investments in Mutual Fund units are to be fair valued on NAV basis. Investments have been classified as Fair Value through Profit and Loss Account (FVTPL).
- b Under Ind AS, remeasurements i.e. actuarial gains/losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability were recognized in Other Comprehensive Income instead of Profit & Loss account. Under the previous GAAP, these measurements were forming part of the profit or loss for the year. As a result of these changes, the profit under previous GAAP for the year ended March 31, 2017 was increased by INR 3,00,401/-. There was no impact on the total equity as at March 31, 2017.

Note 40 Other Disclosures

- (a) Based on the information available with the Company and as informed to us by the management, there are no suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence the disclosure relating thereto under the said Act is not applicable.
- (b) Prior year comparatives have been regrouped and reclassified wherever necessary to conform to the current year's presentation. Amounts and other disclosures for the prior year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm's Registration No: 105215W/W100057

Sd/-
Sandeep D. Welling
Partner
M. No : 044576

Place: Mumbai
Date : May 04, 2018

For and on behalf of the Board of Directors

Sd/-
Alok Mittal
Public Interest Director
DIN:00008577

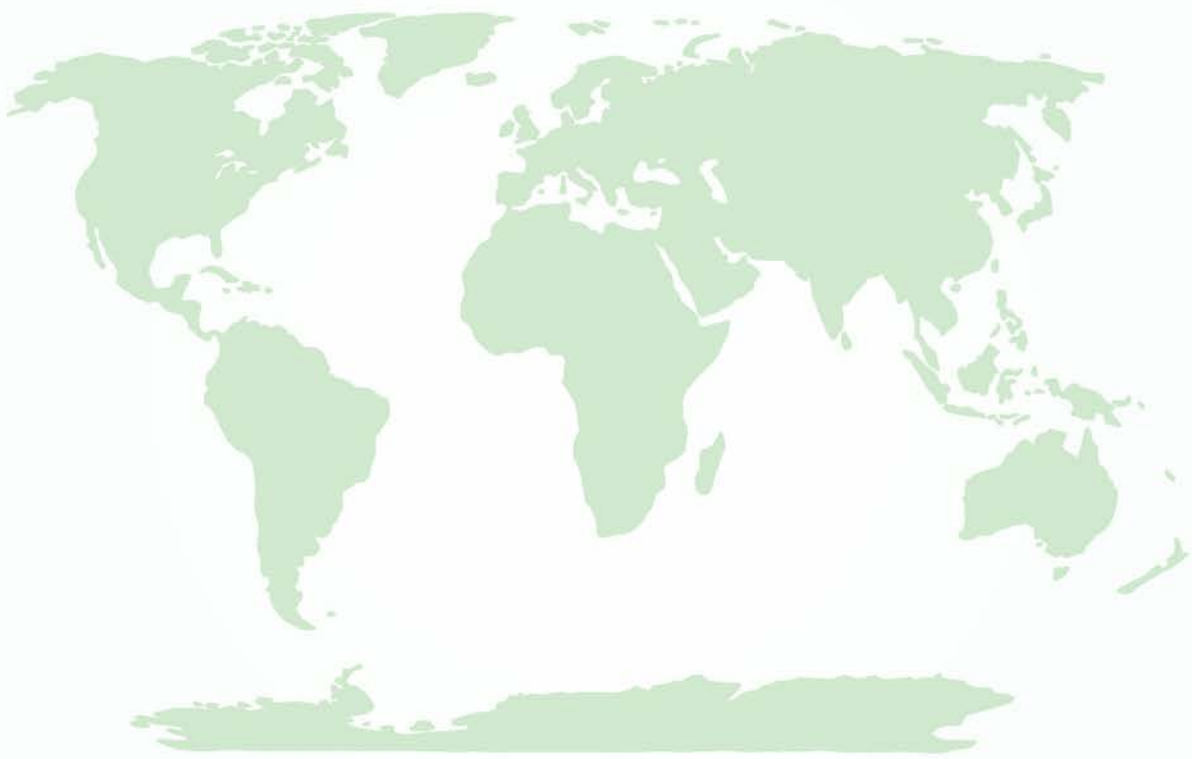
Sd/-
Krishna J. Wagle
Chief Financial Officer

Place: Mumbai
Date : May 04, 2018

Sd/-
Balu Nair
Managing Director
DIN:07027100

Sd/-
Avni Patel
Company Secretary

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METROPOLITAN
CLEAR >>>>

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