

METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED

Registered Office: Vibgyor Towers, 4th Floor, C-62,
'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400098
Tel. +91 22 6112 9000 | Fax +91 22 6112 9009 | Website: www.msei.in | e-mail: secretarial@msei.in

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of Metropolitan Stock Exchange of India Limited will be held on Thursday, September 14, 2017 at 11:30 a.m. at Banquet Hall, Ground Floor, MCA Recreation Centre, RG-2, G-Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051.

ORDINARY BUSINESS:

1. Adoption of Financial Statements

To consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors ("the Board") and Auditors thereon.

2. Ratification of Appointment of Auditors

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in terms of the provisions of Sections 139 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof) and pursuant to the resolution passed by the Members at the Seventh Annual General Meeting (AGM) held on September 30, 2015 appointing M/s. T. R. Chadha & Co. LLP, Chartered Accountants (LLP Identification No. AAF-3926 and Firm Registration No. FRN 006711N/N500028) as Statutory Auditors to hold office from the conclusion of the Seventh AGM till conclusion of the Eleventh AGM, the appointment of M/s. T. R. Chadha & Co. LLP, as Statutory Auditors of the Company, to hold office from the conclusion of this AGM until the conclusion of the next Annual General Meeting of the Company, be and is hereby ratified by the members at such remuneration plus service tax and such other tax(es) as may be applicable and reimbursement of out-of-pocket expenses in connection with the audit as the Board of Directors may fix in this behalf."

SPECIAL BUSINESS:

3. Appointment of Mr. Sudhir Bassi as a Shareholder Director of the Company

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT based on the recommendation of Nomination and Remuneration cum Compensation Committee (NRC) and the approval of the Board of the Company and pursuant to Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") and Rules made there under (including any statutory modification(s) thereto or re-enactment thereof, for the time being in force), Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and SEBI Circular dated 13th December, 2012 on 'Procedural norms on recognitions, ownership and governance for stock exchanges and clearing corporations' as may be amended from time to time and subject to approval of SEBI and other approvals in this regard as may be necessary and subject to such condition(s) and modification(s) as may be prescribed and imposed by such authorities while granting such approval(s), permission(s) and sanction(s), Mr. Sudhir Bassi (DIN: 07819617) who has consented to act as a Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Shareholder proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company in Shareholder Director category, liable to retire by rotation.

RESOLVED FURTHER THAT any Director of the Company and the Company Secretary be and are hereby severally authorized to take necessary steps as may be required to give effect to the resolution and matters related thereto."

4. Appointment of Mr. Dinesh Kumar Mehrotra as an Independent Director of the Company

To consider and if though fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 23 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (hereinafter referred as ‘SECC Regulations, 2012’), SEBI Circular dated December 13, 2012 on ‘Procedural norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations’ as may be amended from time to time and Articles of Association of the Company, Mr. Dinesh Kumar Mehrotra (DIN: 00142711), who was appointed as a Public Interest Director (pursuant to approval of Securities and Exchange Board of India) on January 5, 2017 for a period of three years and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a shareholder proposing him as a candidate for the office of Director, be and is hereby appointed as an Independent Director of the Company for his remaining period as Public Interest Director, not liable to retire by rotation.

RESOLVED FURTHER THAT any Director of the Company and the Company Secretary be and are hereby severally authorized to take necessary steps as may be required to give effect to the resolution and matters related thereto.”

5. Appointment of Mr. Dilip Gopal Patwardhan as an Independent Director of the Company

To consider and if though fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 23 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (hereinafter referred as ‘SECC Regulations, 2012’), SEBI Circular dated December 13, 2012 on ‘Procedural norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations’ as may be amended from time to time and Articles of Association of the Company, Mr. Dilip Gopal Patwardhan (DIN: 06914050), who was appointed as a Public Interest Director (pursuant to approval of Securities and Exchange Board of India) on January 5, 2017 for a period of three years and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a shareholder proposing him as a candidate for the office of Director, be and is hereby appointed as an Independent Director of the Company for his remaining period as Public Interest Director, not liable to retire by rotation.

RESOLVED FURTHER THAT any Director of the Company and the Company Secretary be and are hereby severally authorized to take necessary steps as may be required to give effect to the resolution and matters related thereto.”

6. Appointment of Mr. Ajai Kumar as an Independent Director of the Company

To consider and if though fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 23 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (hereinafter referred as ‘SECC Regulations, 2012’), SEBI Circular dated December 13, 2012 on ‘Procedural norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations’ as may be amended from time to time and Articles of Association of the Company, Mr. Ajai Kumar (DIN: 02446976), who was appointed as a Public Interest Director (pursuant to approval of Securities and Exchange Board of India) on April 5, 2017 for a period of three years and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a shareholder proposing him as a candidate for the office of Director, be and is hereby appointed as an Independent Director of the Company for his remaining period as Public Interest Director, not liable to retire by rotation.

RESOLVED FURTHER THAT any Director of the Company and the Company Secretary be and are hereby severally authorized to take necessary steps as may be required to give effect to the resolution and matters related thereto.”

7. Appointment of Mr. Ketan Shivji Vikamsey as an Independent Director of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 23 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (hereinafter referred as ‘SECC Regulations, 2012’), SEBI Circular dated December 13, 2012 on ‘Procedural norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations’ as may be amended from time to time and Articles of Association of the Company, Mr. Ketan Shivji Vikamsey (DIN: 00282877), who was appointed as a Public Interest Director (pursuant to approval of Securities and Exchange Board of India) on April 5, 2017 for a period of three years and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a shareholder proposing him as a candidate for the office of Director, be and is hereby appointed as an Independent Director of the Company for his remaining period as Public Interest Director, not liable to retire by rotation.

RESOLVED FURTHER THAT any Director of the Company and the Company Secretary be and are hereby severally authorized to take necessary steps as may be required to give effect to the resolution and matters related thereto.”

8. Approval of the remuneration payable to Mr. Udai Kumar, Managing Director & Chief Executive Officer

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (hereinafter referred to as “Act”) (including any statutory modification(s) or re-enactment thereof for the time being in force), Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (hereinafter referred as ‘SECC Regulations’) and subject to such other necessary approval(s), consent(s) or permission(s), as may be required, the consent of the members of the Company be and is hereby accorded to pay the remuneration of Rs. 120 Lacs per annum to Mr. Udai Kumar (DIN: 06750460) as the Managing Director and Chief Executive Officer (MD & CEO) of the Company for a period of one year with effect from January 22, 2017, of which Rs. 20 Lakhs would be his variable pay on cost to company basis (all inclusive); 50% of the variable pay would be payable to him on a deferred basis after three years and the Malus and Clawback arrangement would be applicable to the compensation of Mr. Udai Kumar as the MD & CEO of the Company, as provided in the SECC Regulations read with the Nomination and Remuneration Policy of the Company and that all other terms and conditions of appointment and remuneration shall remain the same.

RESOLVED FURTHER THAT the Board (including the Committee thereof) be and is hereby authorized to do all acts, deeds and things as may be necessary to carry the above resolution into effect and to sign and execute all the documents, deeds and writings and to do all such acts, things as may be deemed necessary thereto to give effect to this resolution.”

9. To Increase the Authorised Share Capital and amend the Memorandum of Association of the Company

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to provision of Section 61(1)(a) of the Companies Act, 2013, and any other applicable provisions and the relevant rules framed there under and in accordance with the provisions of the Articles of Association of the Company, the authorised share capital of the Company be and is hereby increased from Rs. 350,00,00,000/- (Rupees Three Hundred and Fifty Crore only) divided into 350,00,00,000 (Three Hundred and Fifty Crore only) equity shares of Re. 1/- each to Rs. 550,00,00,000/- (Rupees Five Hundred and Fifty Crore only) divided in to 550,00,00,000 (Five Hundred and Fifty Crore only) equity shares of Re.1/- each; and

RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded under provisions of Section 13 of the Companies Act, 2013 to amend the existing Clause V. A of Memorandum of Association of the Company by substituting first four lines by following lines as mentioned here under:

V. A. The Authorised Share Capital of the Company is Rs. 550,00,00,000/- (Rupees five hundred and fifty crore) divided into 550,00,00,000 (five hundred and fifty crore) Equity shares of Re.1/- (Rupee one) each with the power to increase and/or reduce the capital, to divide the shares in the capital for the time being into several classes and to attach thereto such preferential, deferred, qualified or special rights, privileges or conditions in such manner

as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act or by the regulations of the Company and consolidate or subdivide the shares and issue shares of higher or lower denominations.

- B. The Authorised Capital was increased from Rs. 350 Crores to Rs. 550 Crores vide resolution passed by the members of the Company in their Meeting held on 14.9.2017

10. To authorise the Board for increase in investment limit

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Section 186(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification thereof for the time being in force and as may be enacted from time to time), and in terms of Articles of Association of the Company and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) for making investment(s) in excess of limits specified under Section 186 (2) of Companies Act, 2013 from time to time in acquisition of securities of body(ies) corporate or for giving loans, guarantees or providing securities to body(ies) corporate or other person / entity whether in India or outside India, including but not limited to its subsidiary/associate companies, as may be considered appropriate for an amount not exceeding Rs.200 Crore (Rupees Two hundred crore only), notwithstanding that such investment and acquisition together with the Company's existing investments in all other bodies corporate, loans and guarantees given and securities provided shall be in excess of the limits prescribed under section 186(2), of the Companies Act, 2013.”

By Order of the Board of Directors

Rathindra Das

Head (Legal) & Company Secretary

Membership No. ACS 24421

Mumbai, 11th August, 2017

CIN: U65999MH2008PLC185856

Website: www.msei.in

E-mail: secretarial@msei.com

Registered and Corporate Office:

Vibgyor Towers, 4th Floor, C-62, G Block,

Bandra Kurla Complex, Mumbai 400 098

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item nos. 3 to 10 of the Notice is annexed hereto.
2. Members are requested to bring duly filled-in attendance slip to attend the meeting along with their copy of Annual Report to the Meeting. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the Registration Counter at the venue. Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM. As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting.
3. Members desiring any information relating to the accounts and/or operations of the Company are requested to write to the Company at least 7 (seven) days before the date of the meeting so as to enable the management to keep the information ready at the meeting, to the extent practicable.
4. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING SHALL BE ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE AT THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES SUBMITTED ON BEHALF OF COMPANIES, SOCIETIES, PARTNERSHIP FIRMS, HUF, LLP ETC. MUST BE SUPPORTED BY APPROPRIATE RESOLUTION/AUTHORITY LETTER, AS APPLICABLE, ISSUED ON BEHALF OF THE NOMINATING ORGANISATION/ENTITY. PROXIES IN ORDER TO BE VALID, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE COMMENCEMENT OF THE AGM. During the period beginning 24 hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the meeting, a Member would be entitled to inspect the proxies lodged, during business hours, provided that a requisition for the same from a Member is received in writing not less than 3 days before the commencement of the Meeting.
5. A person appointed as proxy shall act on behalf of such member or number of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company.
6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Karvy Computershare Private Limited (KARVY) to provide efficient and better services.
7. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participant with whom they are maintaining their demat accounts.
8. Information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") in respect of appointment of Director is furnished in the annexed Explanatory Statement and forms part of the notice. **Note: As prescribed in Regulation 2(1)(r) under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, only the shareholders who are not Trading Members of the Company or their Associates and Agents shall be eligible to vote and recognized for counting of votes, for Item No. 3 (selection of Shareholder Director) of the notice. For definition of Trading Member and Associate, please refer Regulation 2(1)(s) and 2(1)(b) of SECC.**
9. The Register of Members and Share Transfer Books will remain closed from September 8, 2017 to September 14, 2017
10. The Notice of the AGM along with the Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Depositories and to Members who have not registered their e-mail address with the Depositories, through Courier/Speed Post/Registered Post or any other permissible means. The notice and annual report are also available on the website of the Company i.e. <http://www.msei.in/about-us/financials.aspx>. Members of the Company who have registered their e-mail address are also entitled to receive such communication in physical form, upon request.
11. In case of joint holders attending the meeting, only such joint-holder who is higher in the order of names, will be entitled to vote at the Meeting.
12. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the

Companies Act, 2013, the Register of Contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013 will be available for inspection at the Annual General Meeting.

13. To support the 'Green initiative', the Members who have not registered their e-mail addresses, are requested to register the same with their depository participant or RTA of the Company.
14. All the documents referred to in the accompanying Notice are open for inspection at the registered Office of the Company on all working days between 11.00 A.M to 1.00 P.M. up to the date of AGM.
15. Members are requested to make all other correspondence in connection with the Equity Shares held by them by addressing letters directly to the RTA viz. Karvy Computershare Private Limited, Unit: Metropolitan Stock Exchange of India Limited, Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad - 500 032 or to the Company at its Registered Office as mentioned in this Notice, quoting reference of their Client ID number and DP ID number.
16. Institutional members (i.e. other than Individuals, HUF, NRI etc.) who intend to send their Authorised Representatives to attend and vote at the Meeting are requested to ensure that the Authorised Representative carries a duly certified true copy of the Board Resolution, Power of Attorney or such other valid authorisation, authorizing him to attend and vote at the Meeting and any one of the photo identity proofs (viz. Driving License, PAN Card, Election Card, Passport or any other valid proof). In terms of the provisions of the Companies Act, 2013, the representatives of Corporate Members without proper authorisation, such as Board Resolution or Power of Attorney or such other valid authorisation, may not be permitted to attend and /or vote at the Meeting.

Specimen Resolution for this purpose is as under:

(To be printed/ typed on the letterhead of Corporate Member)

“RESOLVED THAT pursuant to the provisions of Section 113 and all other applicable provisions, if any, of the Companies Act, 2013, Mr./Ms. _____ or failing him, Mr./Ms. _____ be and is hereby authorized to act as the representative of (name of the Corporate Member) to attend the 9th Annual General Meeting of Metropolitan Stock Exchange of India Limited to be held on Thursday, September 14, 2017 at Banquet Hall, Ground Floor, MCA Recreation Centre, RG-2, G-Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051 or at any adjournment thereof, for and on behalf of the Company as its representative.

RESOLVED FURTHER THAT the aforesaid representative of the company, be and is hereby authorised to vote for and on behalf of the company on the resolutions as stated in the Notice of the 9th Annual General Meeting of Metropolitan Stock Exchange of India Limited or at any such adjournment thereof.”

The aforesaid resolution shall preferably be signed by Director / Authorised Signatory of the Corporate Member.

17. Mr. Dhrumil Shah, (M. No. 8021) Partner, Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner. The Decision of the Scrutiniser on the e-voting result shall be final.

PROCEDURE AND INSTRUCTIONS FOR e-VOTING

- I. **Remote e-voting:** In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
- (A) **In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:**
- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii. Enter the login credentials i.e. User ID and password provided in the e-mail received from Karvy Computershare Private Limited. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, click on “LOGIN”.
 - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the “E-Voting EVENT” i.e., ‘Name of the Company’. Select ‘EVENT’ of Metropolitan Stock Exchange of India limited-AGM and click on submit.
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially “AGAINST” but the total number in “FOR/AGAINST” taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
 - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
 - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
 - x. You may then cast your vote by selecting an appropriate option and click on “Submit”.
 - xi. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s). Upon confirmation, the message ‘Vote Cast Successfully’ will be displayed.
 - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF/JPG Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s) who are authorized to vote, to the Scrutinizer at email dhрумil@dmshah.in with a copy marked to evoting@karvy.com. They may also upload the same in the E-Voting module in their login. The scanned image of the above mentioned documents should be in the naming format “Corporate Name_Event No.”

(B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with Depository Participants (s)]:

- i. E-Voting Event Number, User ID and Password is provided in the bottom of the Attendance Slip annexed to the Notice.
- ii. Please follow all steps from Sl. No. (A) (i) to (xii) above to cast your vote by electronic means.

II. **Voting at AGM:** The Members, who have not cast their vote through Remote e-voting, can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

OTHER INSTRUCTIONS

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr. Premkumar Nair, (Unit: Metropolitan Stock Exchange of India Limited) at Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone no. 040 - 6716 2222 or call Karvy's toll free No. 1800-3454-001 for any further clarifications.
- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on September 9, 2017 at 9 A.M. IST and ends on September 13, 2017 at 5 P.M. IST. During this period, Members of the Company, holding shares as on the cut-off date of September 7, 2017, are entitled to cast their votes electronically. *A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.* The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. September 7, 2017.
- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., September 7, 2017, he/she may obtain the User ID and Password in the manner as mentioned below:
 - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567890

- ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iii. Member may call Karvy's toll free number 1800-3454-001.
- iv. Member may send an e-mail request to evoting@karvy.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT 2013

The following explanatory statement sets out all material facts relating to the special business set out in the accompanying notice of the Ninth Annual General Meeting of the members of Metropolitan Stock Exchange of India Limited to be held on Thursday, September 14, 2017 at 11:30 a.m. at Banquet Hall, Ground Floor, MCA Recreation Centre, RG-2, G-Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051

Item No. 3

The Company has received notice from a shareholder alongwith the deposit of requisite amount under section 160 of the Companies Act, 2013 proposing the candidature of Mr. Sudhir Bassi (DIN: 07819617) for the office of shareholder Director, who if appointed shall be liable to retire by rotation.

The appointment shall be subject to the approval of SEBI pursuant to Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) Regulations, 2012.

Note: As prescribed Regulation 2(1)(r) under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, only the shareholders who are not Trading Members of the Company or their Associates and Agents shall be eligible to vote and recognized for counting of votes, for Item No. 3 (selection of Shareholder Director) of the notice. For definition of Trading Member and Associate, please refer Regulation 2(1)(s) and 2(1)(b) of SECC.

None of the Director or Key Managerial Personnel or their relatives are in any way, concerned or interested, financially or otherwise, in the resolution. Accordingly, the Board commends the ordinary resolution at No. 3 of the accompanying Notice for appointment of Mr. Sudhir Bassi as a shareholder Director for approval by the Members.

Details of Director seeking appointment:

Name of Director	Mr. Sudhir Bassi
Item No.	3
Date of Birth	06-08-1969
Brief Resume	<p>Mr. Bassi is an MBA in Finance and is currently an Executive Director in Capital Markets Practice Group of Khaitan and Company in Mumbai. Prior to joining Khaitan & Company, he was Managing Director at Morgan Stanley India Company Pvt. Ltd. He has vast experience of over 25 years in capital markets wherein he has advised companies on all types of capital raisings (public/private/international both in equity and debt space), open offers, buy-backs, delisting etc. During this period he has been associated with more than 120 equity offerings. He has also worked with JM Morgan Stanley Pvt. Ltd, JM Financial & investment Consultancy Services Pvt. Ltd and PNB Capital Services Ltd.</p> <p>Mr. Bassi has been involved in discussions with SEBI and Stock Exchanges in relation to development of regulatory framework for the 'Offer for Sale Mechanism'. SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009, SEBI (issue and Listing of Debt) Regulations, 2008. Mr. Bassi was also the Head of Capital Market-Policy Issues sub group of the Industry Affairs Committee of Association of Investment Bankers of India (AIBI)</p>
Expertise in specific functional area	Experienced capital markets professional closely associated with the evolution of regulatory framework with more than 20 years of experience. His expertise is in the areas of regulatory framework, excellent relationship with regulators and capital market intermediaries, conceptualizing new concepts (e.g. shelf prospectus, book building, exchangeable bond, index bond, conditional IPO) etc.
Other Directorships	NIL
Chairman/Member of the Committees of the Board of Directors of other companies in which he is a Director	NIL

No. of Equity shares held in the Exchange	NIL
Relationship between Directors inter se	NIL

Item No. 4

The Board in its meeting held on September 24, 2016 approved and recommended the name of Mr. Dinesh Kumar Mehrotra (DIN: 00142711) to SEBI for nomination as Public Interest Director ('PID') on the Board of Exchange. SEBI had vide letter dated January 05, 2017 approved the appointment of Mr. Mehrotra as Public Interest Director of the Exchange for a period of three years under provisions of SECC Regulations. In terms of clause 6.3.7 of SEBI circular dated December 13, 2012, Mr. Mehrotra is not liable to retire by rotation.

As per SECC Regulation 2(1)(n), Public Interest Director is an Independent Director and as per Section 150(2) of the Companies Act 2013, appointment of Independent Director shall be approved by shareholders in a general meeting.

Mr. Mehrotra is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received declaration from him that he meets with the criteria of independence as prescribed under sub-section 149(6) of the Act. In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 for such appointment as Independent Director.

None of the Directors except Mr. Dinesh Kumar Mehrotra, or key managerial personnel, or their relatives are concerned or interested, financially or otherwise, in this resolution. Accordingly, the Board commends the ordinary resolution at Item No. 4 of the accompanying Notice for appointment of Mr. Dinesh Kumar Mehrotra as Independent Director for approval by the Members.

DETAILS OF DIRECTORS SEEKING APPOINTMENT AS REQUIRED UNDER SEBI LISTING OBLIGATION AND DISCLOSURE REQUIREMENT REGULATIONS 2015 READ WITH REGULATION 35 OF THE SECC REGULATIONS

Name of Director	Mr. Dinesh Kumar Mehrotra
Item No.	4
Date of Birth	05.05.1953
Brief Resume	<p>Mr. Mehrotra is an Honours Graduate in Science from the University of Patna. He is the former Chairman of Life Insurance Corporation of India (LIC).</p> <p>He joined LIC as a Direct Recruit Officer in 1977 and in an illustrious career spanning over 35 years, has occupied several pivotal positions in LIC spanning three Zones and the Corporate Office at Mumbai. Prior to taking charge as Managing Director of LIC, Mr. Mehrotra was posted as Executive Director (International Operations) to lead LIC's overseas trust.</p> <p>He has attended several important knowledge forums in India and abroad and is associated with the apex training institutes of insurance in India like the National Insurance Academy and the Insurance Institute of India.</p> <p>He has served on the Board of some of the well know Companies such as LIC Housing finance Limited ACC Limited, ITC Limited and Multi Commodity Exchange of India Limited.</p> <p>Presently, he serves as a Chairman of Indian Energy Exchange Ltd and Director on the Board of Computer Age Management Services Pvt. Ltd., Tata Steel Ltd, TATA AIA Life Insurance Company Ltd, West End Housing Finance Ltd, CAMS Insurance Repository Services ltd and VLS Finance Ltd.</p>
Expertise in specific functional area	Insurance and Risk Management, Resource mobilization and asset allocation, General Management and Governance

Other Directorships	<ul style="list-style-type: none"> • Cams Insurance Repository Services Limited • Indian Energy Exchange Limited • Tata Steel Limited • UTI Asset Management Company Limited • VLS Finance limited • Computer Age Management Services Private Limited • Tata AIA Life Insurance Company Limited • West End Housing Finance Limited
Chairman/Member of the Committees* of the Board of Directors of other companies in which he is a Director	<ul style="list-style-type: none"> • Chairman of Stakeholder Relationship Committee in TATA Steel Ltd • Member of Audit Committee - Indian Energy Exchange Ltd. • Member of Audit Committee - VLS Finance Ltd • Member of Audit Committee - TATAAIA Life Insurance Co. Ltd. • Member of Audit Committee - Computer Age Management Services Pvt. Ltd.
No. of Equity shares held in the Exchange	NIL
Relationship between Directors inter se	NIL

* Memberships of only Audit Committee and Shareholders' / Investors' Grievance Committee have been considered

Item No. 5

The Board vide circular resolution dated December 19, 2016 approved and recommended the name of Mr. Dilip Gopal Patwardhan (DIN: 06914050) to SEBI for nomination as Public Interest Director ('PID') on the Board of Exchange. SEBI had vide letter dated January 05, 2017 approved the appointment of Mr. Dilip Gopal Patwardhan as Public Interest Director of the Exchange for a period of three years under provisions of SECC Regulations. In terms of clause 6.3.7 of SEBI circular dated December 13, 2012, Mr. Patwardhan is not liable to retire by rotation.

As per SECC Regulation 2(1)(n), Public Interest Director is an Independent Director and as per Section 150(2) of the Companies Act 2013, appointment of Independent Director shall be approved by shareholders in a general meeting.

Mr. Patwardhan is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received declaration from him that he meets with the criteria of independence as prescribed under sub-section 149(6) of the Act. In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 for such appointment as Independent Director.

None of the Directors (except Mr. Patwardhan), or key managerial personnel, or their relatives are concerned or interested, financially or otherwise, in this resolution. Accordingly, the Board commends the ordinary resolution at Item No. 5 of the accompanying Notice for appointment of Mr. Patwardhan as Independent Director for approval by the Members.

DETAILS OF DIRECTORS SEEKING APPOINTMENT AS REQUIRED UNDER SEBI LISTING OBLIGATION AND DISCLOSURE REQUIREMENT REGULATIONS 2015 READ WITH REGULATION 35 OF THE SECC REGULATIONS

Name of Director	Mr. Dilip Gopal Patwardhan
Item No.	5
Date of Birth	25.05.1951
Brief Resume	<p>Mr. Patwardhan has done his MSc in Mathematics and stood 2nd in Pune University. DFM (Bombay), DIM (IGNOU), Fellow of Indian Institute of Banking & Finance.</p> <ul style="list-style-type: none"> • Lecturer of Mathematics in BMCC College, Pune for one Term in 1973

Brief Resume	<ul style="list-style-type: none"> Joined Bank of India as a Probationary Officer in February 1974 Credit/Branch Manager for 7 years, Foreign Exchange (Delhi and Hong Kong) for 6 years, Information Technology for 4 years, Chief Manager, Singapore Branch- 4 years, AGM/DGM at Head Office - MIS, Risk Management 4 years (1996-2000), Zonal Manager for over 2 years at Ranchi and Pune (Year 2000 & 2005-06). Executive Director, United Western Bank for 3 years (Jan 2001 to Dec 2004). General Manager & CFO in Bank of India for 2 years (April 2006 to May 2008) Chief General Manager (Vigilance) in SBI for 3 years (June 2008 to May 2011). Chief Executive of FEDAI for 5 years (June 2011 to June 2016) Member of Banking Commission of ICC, Paris since 1998 Chief Examiner for Diploma in International Banking of IIBF for 2 years.
Expertise in specific functional area	Eminent Banking professional with wide experience and exposure in banking arena.
Other Directorship	Garware Holdings Limited
Chairman/Member of the Committees of the Board of Directors of other companies in which he is a Director	NIL
No. of Equity shares held in the Exchange	NIL
Relationship between Directors inter se	NIL

Item No. 6

The Board vide circular resolution dated March 8, 2017 approved and recommended the name of Mr. Ajai Kumar (DIN: 02446976) to SEBI for nomination as Public Interest Director ('PID') on the Board of Exchange. SEBI had vide letter dated April 05, 2017 approved the appointment of Mr. Ajai Kumar as Public Interest Director of the Exchange for a period of three years under provisions of SECC Regulations. In terms of clause 6.3.7 of SEBI circular dated December 13, 2012, Mr. Ajai Kumar is not liable to retire by rotation.

As per SECC Regulation 2(1)(n), Public Interest Director is an Independent Director and as per Section 150(2) of the Companies Act 2013, appointment of Independent Director shall be approved by shareholders in a general meeting.

Mr. Ajai Kumar is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received declaration from him that he meets with the criteria of independence as prescribed under sub-section 149(6) of the Act. In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 for such appointment as Independent Director.

None of the Directors except Mr. Ajai Kumar, or key managerial personnel, or their relatives are concerned or interested, financially or otherwise, in this resolution. Accordingly, the Board commends the ordinary resolution at Item No. 6 of the accompanying Notice for appointment of Mr. Ajai Kumar as Independent Director for approval by the Members.

DETAILS OF DIRECTORS SEEKING APPOINTMENT AS REQUIRED UNDER SEBI LISTING OBLIGATION AND DISCLOSURE REQUIREMENT REGULATIONS 2015 READ WITH REGULATION 35 OF THE SECC REGULATIONS

Name of Director	Mr. Ajai Kumar
Item No.	6
Date of Birth	26.06.1953
Brief Resume	Academic Qualifications: <ul style="list-style-type: none"> M.Sc (Physics), L.L.B. , CAIIB

	<p>Current engagements:</p> <ul style="list-style-type: none"> • Non-Executive Non Independent Director, Yes Bank Ltd • Director, Nuclear Power Corporation of India Ltd • Key note addresses and panel member in financial and technology seminars and conferences organized by RBI, ASSOCHAM, NIBM, ET. • Member for Top Management selection panel of PSU Banks. • Advisory on banking services and banking technology. • Articles and Write ups on banking and financial products in newspapers and magazines. <p>Career Highlights:</p> <p>Forty years of experience in Public Sector Banking Industry holding eminent leadership positions in India and overseas (New York, USA). With a penchant for independent thinking, painstakingly taken several path breaking initiatives for bank's growth through varied strategies as CMD, Corporation Bank, Executive Director UCO Bank and General Manager, Technology and Retail Banking at Bank of Baroda.</p> <p>Career highlights at Corporation Bank:</p> <ul style="list-style-type: none"> • As CMD of Corporation Bank, provided strong leadership to take Bank to next level of Business and Next Generation Technology. Implemented turnaround strategies successfully by creation of strong business processes and structures in the form of Circle Offices for better efficiency and controls, launching SME Loan Centres, Agriculture Business Development Cells, and several Gold Loan Shoppes. • Corporation Bank, as a result of various strategies implemented, emerged as the Bank with very strong financials, best productivity, best asset quality and best customers services among its peers. • The Bank was ranked No. 1 in the country for its performance in MSME finance for the year 2012-13 and honoured with National award by Prime Minister of India. <p>Career highlights at UCO Bank:</p> <ul style="list-style-type: none"> • Developed significant improvements in structures, systems and controls in operations, credit monitoring and supervision. • Provided necessary guidance to implement right technology within definite time frames. CBS implementation in RRB was successfully finalized. <p>Career highlights at Bank of Baroda :</p> <ul style="list-style-type: none"> • In thirty-six years of service at Bank of Baroda, held key responsibilities as General Manager and Head Retail and Projects & IT, alongwith key assignments at Bank's New York Office and Off-shore Banking Operations of Nassau, Bahamas. • General Manager Information Technology and IT Projects in Bank of Baroda, wherein successfully implemented the banking industry's most ambitious "Technology Enabled Business Transformation Program", encompassing migration to Core Banking Solution for domestic and international operations, putting in place Wide Area Network of the Bank, and enhancement of technology platform through implementation of RTGS, NEFT, Cash Management Solution, Phone Banking, Internet Banking, Retail Depository, Institutional On-line Trading, Data Warehouse, Global Treasury, Risk Management, Anti-Money Laundering, Human Resources Information System, Centralization of Swift, City Back Office, Regional Back Office, Internet Payment Gateway. • General Manager (Retail Banking), responsible for setting up of unique retail asset finance concept of Retail Loan Factory and it's roll out across the country which resulted in multi fold increase in efficiency with quality and created a benchmark in Banking industry for most customer friendly delivery model for retail products and services. • Chief Manager, In-Charge of Bank of Baroda New York office operations, covering compliance of US regulations and reporting to Federal Reserve bank, FDIC and NY State Banking Department. • Head of Bank of Baroda Nassau, Bahamas Off Shore Operations, handling Investments, Money market operations, Forex trading, External Commercial Borrowings etc.
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Expertise in specific functional area	Banking and Finance, Investment Management, Treasury Operations encompassing international & domestic operations, Project Management
Other Directorship	<ul style="list-style-type: none"> • Yes Bank Limited • Nuclear Power Corporation of India Limited
Chairman/Member of the Committees* of the Board of Directors of other companies in which he is a Director	<ul style="list-style-type: none"> • Chairman of Audit Committee - Nuclear Power Corporation of India Limited • Member of Audit Committee - Yes Bank Limited
No. of Equity shares held in the Exchange	NIL
Relationship between Directors inter se	NIL

* Memberships of only Audit Committee and Shareholders'/Investors' Grievance Committee have been considered

Item No. 7

The Board in its meeting held on September 24, 2016 approved and recommended the name of Mr. Ketan Vikamsey (DIN: 00282877) to SEBI for nomination as Public Interest Director ('PID') on the Board of Exchange. SEBI had vide letter dated April 05, 2017 approved the appointment of Mr. Vikamsey as Public Interest Director of the Exchange for a period of three years under provisions of SECC Regulations. In terms of clause 6.3.7 of SEBI circular dated December 13, 2012, Mr. Vikamsey is not liable to retire by rotation.

As per SECC Regulation 2(1)(n), Public Interest Director is an Independent Director and as per Section 150(2) of the Companies Act 2013, appointment of Independent Director shall be approved by shareholders in a general meeting.

Mr. Vikamsey is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received declaration from him that he meets with the criteria of independence as prescribed under sub-section 149(6) of the Act. In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 for such appointment as Independent Director.

None of the Directors except Mr. Ketan Vikamsey, or key managerial personnel, or their relatives are concerned or interested, financially or otherwise, in this resolution. Accordingly, the Board commends the ordinary resolution at Item No. 7 of the accompanying Notice for appointment of Mr. Ketan Vikamsey as Independent Director for approval by the Members.

DETAILS OF DIRECTORS SEEKING APPOINTMENT AS REQUIRED UNDER SEBI LISTING OBLIGATION AND DISCLOSURE REQUIREMENT REGULATIONS 2015 READ WITH REGULATION 35 OF THE SECC REGULATIONS

Name of Director	Mr. Ketan Vikamsey
Item No.	7
Date of Birth	30.03.1966
Brief Resume	<p>In 1990, he joined as partner at Khimji Kunverji & Co. and is in overall charge of the Audit Department.</p> <p>Academic Qualifications:</p> <ul style="list-style-type: none"> • Member of the Institute of Chartered Accountants of India (ICAI) since 1990 • Diploma in Information System Audit (DISA) of ICAI • Certification on IFRS held by ICAI • BSE certification on Derivatives Exchange held by the Stock Exchange, Mumbai • Certification on Internal Audit Studies held by the Bombay Chartered Accountants Society [BCAS], Mumbai

	<p>Professional/ Social Activities:</p> <ul style="list-style-type: none"> • Heads the Assurance Practice of the firm, having handled audits of large Corporates, Mutual Funds, Insurance Companies, Nationalised Banks, Foreign Banks, Due diligence, Regulatory Inspections & Investigations • Speaker/ Chairman at various seminars, meetings, lectures held by WIRC of ICAI, NIRC of ICAI, SIRC of ICAI, CIRC of ICAI, BCAS, Study Circles, [Ahmedabad, Nashik, Nagpur, Surat, Jalgaon, Navi Mumbai, Pune] branches of WIRC, Reserve Bank of India and Comptroller and Auditor General of India • Member, Internal Auditing Standards Board of ICAI in 2011-2012 • Member Banking, Finance & Insurance Committee of Indian Merchants' Chamber • Member Banking & Finance Committee, Capital Markets Committee & Economic Affairs Committee of Bombay Chamber of Commerce & Industry • Member, Study group formed by ICAI for preparing Guidance Note on Audit of Banks in 2009 and 2010 • Convener, Residential Refresher Course and Public Relations Committee of the Chamber of Tax Consultants (CTC) in 2011 and 2012 • Member, Study group formed by ICAI for preparing book on Issues on Audit of Banks in 2010 • Trustee, Vipassana Research Institute, Igatpuri and Samyak Vanijja Charitable Trust, Mumbai. Also, Trustee of an Educational Trust • Member, Professional Development Committee of WIRC of ICAI 2009-10 • Member, Expert Study Group of Committee on Insurance and Pension of ICAI, 2006-07 • Member, Auditing and Assurance Standards Board of ICAI in 2004-2005
Expertise in specific functional area	Audit, Due diligence, Mergers & Acquisitions, Accountancy and Corporate Management
Other Directorships	<ul style="list-style-type: none"> • HLB Offices And Services Private Limited • Barkat Properties Private Limited • Trunil Properties Private Limited
Chairman/Member of the Committees of the Board of Directors of other companies in which he is a Director	Nil
No. of Equity shares held in the Exchange	NIL
Relationship between Directors inter se	NIL

Item No. 8

Mr. Udai Kumar was appointed as the Managing Director and CEO of the Exchange by the Governing Board at its Meeting held on December 10, 2015 where the Board based on the recommendation of the Selection Committee appointed Mr. Udai Kumar as the Managing Director, for a period of three years and also approved his remuneration of Rs. 100 Lac per annum for a period of one year from the effective date of his appointment, of which 25% would be his variable pay on cost to company basis (all inclusive), 50% of the variable pay would be payable to him on a deferred basis after three years. The Malus and Clawback arrangement would be applicable to the compensation of Mr. Udai Kumar as the MD & CEO of the Company as provided in the SECC Regulations as well as in the Nomination and Remuneration Policy of the Exchange. All the above mentioned approvals were subject to the approval of SEBI & Shareholders. Further the Company received approval from SEBI vide its letter dated January 11, 2016 for appointment and remuneration of Mr. Udai Kumar as MD & CEO of the Company and the same was noted by the Board in its meeting held on January 16, 2016. Mr. Udai Kumar then joined as MD & CEO of the Exchange with effect from January 22, 2016.

The members of the Company at the Eighth Annual General Meeting of the Company held on August 20, 2016, had approved the appointment of Mr. Udai Kumar as Managing Director & CEO of the Company and the terms of remuneration payable to him as described above. Further the Nomination, Remuneration and Compensation Committee of the Company in its meeting held on November 15, 2016 had approved increased remuneration of Rs. 120 Lakhs per annum to Mr. Kumar and recommended the same to the Board for its approval. Thereafter, the Board of Directors in their meeting held on November 15, 2016 approved the same, subject further to the approval of the Shareholders and SEBI. Approval of the Shareholders is now sought to approve the increase in the remuneration of 20% and a payment of total remuneration up to Rs. 120 Lac per annum (out of which Rs. 20 Lac will be his variable pay) for the period and to be effective from January 22, 2017 to January 21, 2018 to Mr. Udai Kumar (DIN: 06750460) as the Managing Director and Chief Executive Officer (MD & CEO) of the Company.

DISCLOSURES:

I. General Information about the Company

1. Nature of Industry

Your company, Metropolitan Stock Exchange of India Limited, was incorporated on August 14, 2008 under the Companies Act, 1956 (the Act) and is recognised by Securities and Exchange Board of India (SEBI) under Section 4 of Securities Contracts (Regulation) Act, 1956. The Exchange was notified as a “recognised stock exchange” under Section 2(39) of the Companies Act, 1956 by Ministry of Corporate Affairs, Govt. of India on December 21, 2012. In line with global best practices and regulatory requirements, clearing and settlement of trades on the Exchange are conducted through a separate Clearing Corporation - Metropolitan Clearing Corporation of India Limited (Formerly known as MCX-SX Clearing Corporation Ltd) (MCCIL). The Exchange offers an electronic, transparent and hi-tech platform for trading in Capital Market, Futures & Options, Currency Derivatives and Debt Market Segments.

2. Financial Performance

As per the audited figures for the period ended March 31, 2017, the Company had a total income of Rs. 21.28 Crore and a net loss after tax of Rs. 34.11 Crore. The Exchange also successfully managed to reduce its overall loss for the year to Rs. 34.11 Crore as compared to Rs.40.46 Crore in the previous year, a reduction of 16%. During the year under review, processing fees increased to Rs. 6.71 Crore compared to Rs. 1.77 Crore in FY 2015-16 which is 279% increase year on year. The listing fees increased by 48% in FY 2016-17 to Rs. 0.68 Crore as compared to Rs.0.46 Crore in FY 2015-16. Transaction fees declined by 16% in FY 2016-17 to Rs. 4.56 Crore as compared to Rs. 5.42 Crore in FY 2015-16. Other operating revenue stood at Rs.16.72 Crore in FY 2016-17 as against Rs.17.25 Crore in FY 2015-16. The other income increased by 23% to Rs. 11.45 Crore in FY 2016-17 as compared to Rs.9.32 Crore in FY 2015-16.

3. Foreign Investments and Collaborators

As on March 31, 2017, the Company has two non-resident individuals holding 15,79,23,520 shares.

II. Information about the Managerial Personnel

a. Background details

Mr. Udai Kumar comes with rich experience of over 31 years in Banking and Investment Banking and Stock Exchanges with longest stint at JM Financial/ JM Morgan Stanley (JV with Morgan Stanley). He also held senior level positions with frontline organizations like Centrum Capital Limited as Senior VP, Fortune Financial Services as Head of Equity Capital Markets and Inter-connected Stock Exchange of India Ltd. (ISE) as Managing Director. In his prior assignment, he was the MD & CEO at Metropolitan Clearing Corporation of India Limited, handling business operations and business development in the functioning of clearing corporation.

Other particulars relating to Mr. Udai Kumar are as follows:

Date of birth	March 1, 1960
Date of appointment	January 16, 2016
Effective Date of Joining	January 22, 2016

Qualification	<ul style="list-style-type: none"> • B.Sc. (Physics Hons.) From Patna University • M.Sc. (Physics) from University of Delhi • M.B.A (Finance), from Birla Institute of Technology, MESRA Ranchi
Expertise in specific functional area	Financial & Banking Sectors
Directorship held in other public limited companies. (excluding foreign companies and Section 25 companies)	Shareholder Director-Metropolitan Clearing Corporation of India Limited MCX-SX KYC Registration Agency Limited
Chairman/Member of the Committees* of the Board of Directors of other companies in which he is a Director	Member of Audit Committee - Metropolitan Clearing Corporation of India Limited
No. of shares held in the Company	NIL

* Memberships of only Audit Committee and Shareholders'/Investors' Grievance Committee have been considered

b. Recognition and Awards

- Mr. Kumar was selected by Chairman of United Bank of India to set-up and head Merchant Banking Bureau, New Delhi
- Successfully handled Public Issues/Rights Issues for following organisations in the Public & Private Sector

Public Sector: (i) PNB Gilts Ltd, (ii) Vijaya Bank, (iii) Jammu & Kashmir Bank Ltd, (iv) Indian Railways Finance Corporation Ltd., (v) Indraprastha Gas Limited, (vi) Allahabad Bank, (vii) Syndicate Bank.

Private Sector: (i) Bharti Airtel Ltd. (erstwhile Bharti Televentures Ltd.) (ii) DCM Group, (iii) Escorts Ltd., (iv) Apollo Tyres Ltd., (v) Adani Group, (vi) NDTV (New Delhi Television Ltd.).

Mr. Kumar has provided Advisory Services for Capital Restructuring of Power Finance Corporation Ltd. and managed the acquisition of Fine Drugs & Chemicals Ltd by Ranbaxy Group.

c. Job Profile and his suitability

As MD & CEO, Mr. Udai Kumar is in charge of all affairs concerning the Company including business development and also to carry out duties entrusted to him by the Board of Directors from time to time, including serving on any executive body or Committee of the Company. He also exercises powers as assigned to him, subject to superintendence, control and directions of the Board in the best interest of the Company.

d. Remuneration proposed

The members of the Company at the Eighth Annual General Meeting of the Company held on August 20, 2016, had approved the appointment of Mr. Udai Kumar as Managing Director & CEO of the Company and the terms of remuneration payable to him. The members had approved a total salary upto Rs. 100 Lacs for the period of One year. Approval of the shareholders is now sought to approve the increase of 20 % in the remuneration payable and to pay the total remuneration of Rs. 120 Lacs per annum for the period and to be effective from January 22, 2017 to January 21, 2018 to Mr. Udai Kumar (DIN: 06750460) as the Managing Director and Chief Executive Officer (MD & CEO) of the Company.

e. Comparison with industry

The remuneration to MD & CEO is based on a pricing programme that takes into account both market practice as well as internal business considerations. From a market viewpoint, the Company has positioned the remuneration package taking into consideration those of its principal competitors and other companies in the securities and commodities market infrastructure sector.

f. Pecuniary Relationship

Mr. Uday Kumar has no pecuniary relationship directly or indirectly with the Company or with any other managerial personnel of the Company.

III. Other Information

1. Reasons of Loss

The Company has incurred a loss of Rs. 34.11 Crore as against loss of Rs. 40.46 Crore incurred in the previous year. Overall, MSE's financial condition is showing trends of improvement. Year on year, losses have been brought down from Rs. 60.12 Crore in year FY 14-15 to Rs. 34.11 Crore by the close FY 16-17, a close to 43% reduction. Though there was marginal drop in the revenue segments, the losses were reduced primarily due to rationalization in operating and employee benefit expenses. The operating expenses reduced by 24% from Rs.25.55 Crore in FY 2015-16 to Rs.19.41 Crore in FY 2016-17. Employee benefit expenses, depreciation and amortization expenses and other expenses are also reduced. The Exchange has initiated advertisement and branding campaign resulting in an increase in advertising expenses to Rs.4.05 Crore in FY 2016-17 from Rs.0.36 Crore in FY 2015-16. The Finance cost increased to Rs.0.24 Crore in FY 2016-17 from Rs.0.01 Crore in FY 2015-16. However, the Exchange continued its initiatives in the brand building exercise and holding brokers' meet in different key cities of the country and therefore spent substantial expenses on advertising and marketing campaigns. The Exchange plans to continue these efforts which already have generated tremendous positive response from the brokers community and there is a renewed interest in the Exchange where members are showing inclination to start trading after remaining inactive for long times.

2. Steps taken or proposed for improvement

The Exchange is executing a business plan and a turnaround strategy which estimates 'cash break even' in six quarters from now on and net profits in eight quarters. The Exchange has already started its brand building and marketing campaign through placing advertisements in publications like Economic Times, conducting brokers' meet which was attended by close to 500 participants in Mumbai and close to 350 participants in New Delhi and garnered a tremendous positive response.

The Exchange has plans in pipeline to hold brokers meet in cities like Kolkata, Ahmedabad, Kanpur, Indore, Surat, etc. in the coming weeks to attract brokers to join and trade on Exchange platform.

A bouquet of product mix are already in place or awaiting SEBI approval which would differentiate MSE's positioning in the Indian Capital market as a key differentiator.

The Company has taken great efforts in controlling cost and has managed to reduce the loss substantially. The loss has been brought down from Rs 60.12 crore in FY 2014-15 to Rs. 40.47 crore by 32.67% in FY 2015-16 and further to Rs. 34.11 Crore in FY 2016-17. The Company is working to further control on cost in the year FY 2017-18.

Revamp of Exchange IT Infrastructure initiated recently which itself is expected to result in significant cost reduction. The management plans to keep the focus on trading of alternate financial products such as currency derivatives, debt products, Exchange-traded funds (ETFs) and interest rate derivatives. The Company has launched its advertising campaign and already witnessed tremendous response. The Exchange also successfully executed some large volume deals on its platform recently which is expected to further bring in large financial institutions to do trading on its platform. The Company has also entered in to a Memorandum of Understanding (MoU) with GMEX Group, London to explore opportunities in the areas of FPIs coming on its platform to trade and developing new products. The Exchange has already successfully handled attrition and building team through acquisition of competent talent for various key Exchange functionalities.

While investing in business growth, management has been extremely cautious of cutting operating expenses. Mr. Kumar has successfully led the fund raising initiative through the Rights Issue and the Exchange raised about Rs. 97 Crore and ensured fulfilling regulatory requirement of net worth in the Exchange. The Exchange also infused capital in its subsidiary Metropolitan Clearing Corporation of India Limited (MCCIL) so as to make it compliant with net worth requirements and has plans for further funds infusion during the current year to further meet SEBI directives to MCCIL to meet net worth requirements.

3. Expected increase in productivity and profits in measurable terms

The business is projected to grow at CAGR of 48% between FY18 and FY19.

Average Daily Turnover Value (ADTV) is projected to grow at CAGR of 15% (between FY 18 and FY19 turnover of currency futures)

Transaction fees share of operating income is expected to gradually increase at CAGR of 12% (between FY17 and FY19) and achieve industry benchmark of 80% by FY19

None of the Directors (except Mr. Udai Kumar), or key managerial personnel, or their relatives are concerned or interested, financially or otherwise, in this resolution. The Board commends the ordinary resolution set forth in Item No. 8 for approval by the Members.

Item No. 9

The Company may consider raising funds from time to time by issuing further equity shares through Rights Issue, issue of shares on preferential basis/private placement etc. to support financing of its growth plans and further including but not limited to achieving networth and other financial parameters in terms of regulatory requirements. The existing Authorised Capital of the Company is Rs. 350,00,00,000/- (Rupees Three Hundred and Fifty Crore only) and the same would not be sufficient to cover the aforesaid requirements. In view of this, the Company proposes to increase the existing authorised equity capital by creating additional 200,00,00,000 (Two Hundred Crore) equity shares of Re. 1/- each aggregating to Rs. 200,00,00,000/- (Rupees Two Hundred Crore only) thereby increasing the existing Authorised Capital from Rs. 350,00,00,000/- (Rupees Three Hundred and Fifty Crore only) to Rs. 550,00,00,000/- (Rupees Five Hundred and Fifty Crore only) divided into 550,00,00,000 (Five Hundred and Fifty Crore) equity shares of Re. 1/- each.

The proposed increase in authorised capital will consequently require alteration in Capital clause V of Memorandum of Association of the Company.

None of the Directors and Key Managerial Personnel of the Company or their relatives is directly or indirectly concerned or interested in this resolution. The Board commends the ordinary resolution at Item No. 9 of the accompanying Notice for approval by the Members.

Item No. 10

In order to make optimum use of funds available with the Company to achieve short & long term strategic and business objectives including but not limited to compliance of regulatory requirements in a strategic manner, the Board of Directors of the Company proposes to make use of some part of its surplus funds from time to time, by making investment in other bodies corporate or granting loans, giving guarantee or providing security to other persons or other body corporate, including but not limited to its subsidiary companies, as and when required.

In order to make investment(s) in excess of limits specified under Section 186 of Companies Act, 2013, the Company requires approval from the shareholders in a general meeting.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution set out at Item No. 10. The Board commends the special resolution at Item No. 10 of the accompanying Notice for approval by the Members.

By Order of the Board of Directors

Rathindra Das

Head (Legal) & Company Secretary

Membership No. ACS 24421

Registered and Corporate Office:

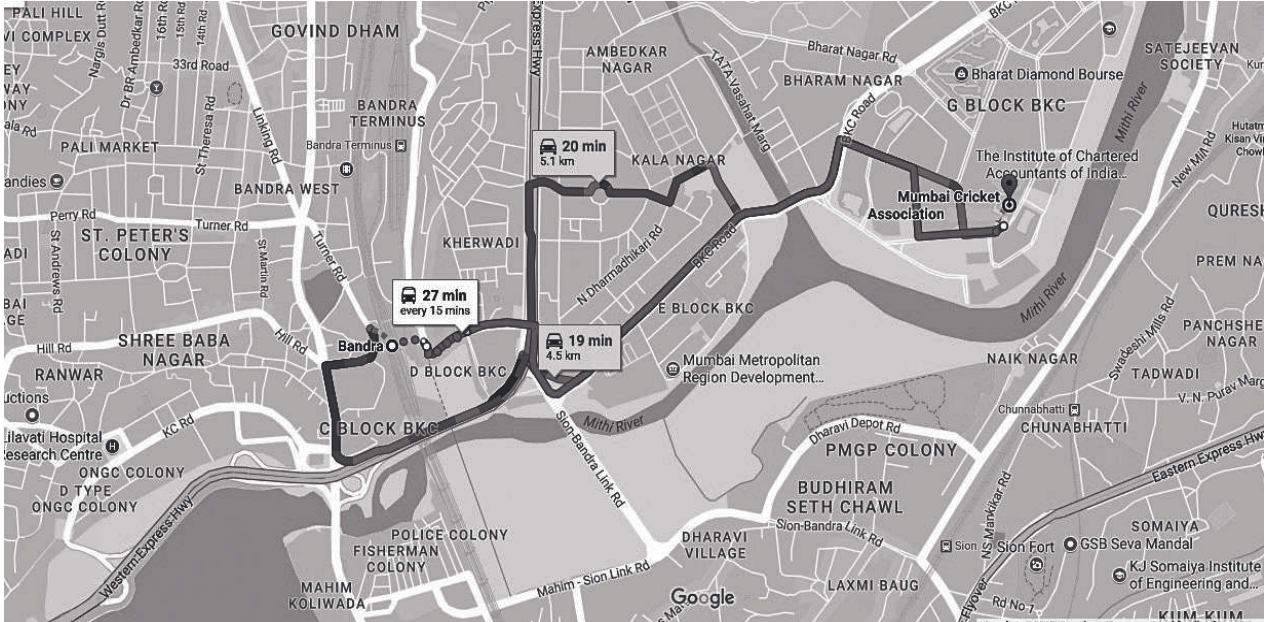
Vibgyor Towers, 4th Floor, C-62, G Block,

Bandra Kurla Complex, Mumbai 400 098

THE ROUTE MAP FOR AGM VENUE

Banquet Hall, Ground Floor, MCA Recreation Center, RG-2, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

Landmark : Opposite ONGC Building





ANNUAL REPORT 2016 - 2017



METROPOLITAN STOCK EXCHANGE

METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED

THE **EXCHANGE** FOR A CHANGING INDIA

Induction of Public Interest Directors during the year



Mr. Ketan S. Vikamsey (Senior Partner, Khimji Kunverji & Co.) being welcomed to the Board by Chairperson Prof. (Mrs.) Ashima Goyal



Mr. Ajai Kumar (Former Chairman and MD of Corporation Bank) being welcomed to the Board by Chairperson Prof. (Mrs.) Ashima Goyal



Mr. Dilip G. Patwardhan (Former CEO at FEDAI) being welcomed to the Board by Chairperson Prof. (Mrs.) Ashima Goyal



Mr. Dinesh K. Mehrotra (Former Chairman of LIC) being welcomed to the Board by Chairperson Prof. (Mrs.) Ashima Goyal

Corporate Events



Joint press conference of MSE and GMEX announcing the Technology and Strategic partnership in St. Regis on May 25, 2017.

L to R: Mr. Abhijit Chakraborty, COO; Mr. Udai Kumar, MD & CEO; Mr. Hirander Misra, Chairman & CEO, GMEX



Mr. Udai Kumar, MD & CEO, addressing the gathering at MSE Re-launch Event in St. Regis, Mumbai on July 11, 2017



Mr. Abhijit Chakraborty, COO addressing the gathering at MSE Re-launch Event in St. Regis, Mumbai on July 11, 2017



Gathering at MSE re-launch event in St. Regis, Mumbai on July 11, 2017

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Corporate Information: Board of Directors

Prof. (Mrs.) Ashima Goyal **Chairperson & Public Interest Director**

Mr. D. K. Mehrotra **Public Interest Director** (w.e.f January 5, 2017)

Mr. D. G. Patwardhan **Public Interest Director** (w.e.f January 5, 2017)

Mr. Ajai Kumar **Public Interest Director** (w.e.f April 5, 2017)

Mr. Ketan Vikamsey **Public Interest Director** (w.e.f April 5, 2017)

Mr. Udai Kumar **Managing Director & CEO**

Other Directors during the year:

Mr. Thomas Mathew T. **Public Interest Director** (up to February 11, 2017)

Mr. Radhakrishnan Nair **Public Interest Director** (up to November 26, 2016)

Mr. Anand Sinha **Public Interest Director** (up to December 31, 2016)

Mr. D. R. Dogra **Public Interest Director** (up to August 16, 2016)

Corporate Information: Board Committees*

Audit

- D K Mehrotra
- Ketan Vikamsey
- D G Patwardhan
- Udai Kumar

Nomination and Remuneration cum Compensation

- D K Mehrotra
- Ashima Goyal
- Ajai Kumar
- Ketan Vikamsey

Stakeholder's Relationship

- Ashima Goyal
- D K Mehrotra
- Ketan Vikamsey
- Udai Kumar

*Statutory committees under Companies Act, 2013. For other Committee compositions, please visit our website.

Corporate Information: Management Team

Mr. Udai Kumar

Managing Director and Chief Executive Officer

Mr. Abhijit Chakraborty

Chief Operating Officer-Strategy & Development (w.e.f November 15, 2016)
Chief Financial Officer (up to November 14, 2016)

Mr. A Sebastin

Chief Operating Officer-Market Operations

Mr. Chetan Utture

Chief Financial Officer (w.e.f November 15, 2016)

Ms. Sridevi Pillalamarri

Compliance Officer

Mr. Devanshu Desai

Head - Technology

Ms. Sripriya Senthilkumar

Head - Membership

Mr. Anish Kumar

Assistant Vice President - Listing

Mr. Savio D'Souza

Head - Human Resources

Mr. Kundan Zamvar

Chief Information Security Officer

STATUTORY AUDITORS

**M/s. T. R. Chadha & Co.
LLP, Chartered Accountants**

INTERNAL AUDITORS

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

COMPANY SECRETARY

Mr. Rathindra Das

(w.e.f March 30, 2017)

Ms. Sangeeta Shetty

(up to January 23, 2017)

**REGISTRAR AND
SHARE TRANSFER AGENTS**

**Karvy Computershare
Private Limited**

**Selenium Tower B, Plot No. 31 & 32,
Financial District, Gachibowli,
Hyderabad-500 032, India.
Tel: +91-040-6716 2222**

REGISTERED OFFICE

**Vibgyor Towers, 4th Floor, C-62, G Block,
Bandra Kurla Complex, Bandra (E), Mumbai -400098,
Tel.: +91-022-6112 9000 | Fax. : +91-022-6112 9009
CIN No:U65999MH2008PLC185856**

DIRECTORS' REPORT

TO THE MEMBERS OF
 METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED

Your Directors present their Ninth Annual Report and the Audited Statement of Accounts and Auditors' Report for the period commencing from April 1, 2016 to March 31, 2017.

1. Financial Results

(Rs. In Lakhs)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations	2,128.73	2,268.21	1,758.70	1,430.29
Expenditure				
(a) Operating expenses	1,941.70	2,555.82	1,874.31	1,904.35
(b) Employee benefits expense	1,474.96	1,530.11	1,695.84	1,747.32
(c) Depreciation and amortization expense	1,392.68	1,398.83	1,394.89	1,410.13
(d) Advertisement and business promotion expenses	405.30	36.32	405.30	36.32
(e) Other expenses	1,440.44	1,660.01	1,536.86	1,813.79
Total Expenditure	6,655.08	7,181.09	6,907.21	6,911.91
Profit / (Loss) from Operations before Other Income, Finance Costs and Exceptional Items	(4,526.35)	(4,912.89)	(5,148.51)	(5,481.62)
Other income	1,144.95	932.44	1,928.53	1,575.25
Profit / (Loss) before Finance Costs and Exceptional Items	(3,381.40)	(3,981.45)	(3,219.98)	(3,906.37)
Finance Costs	29.67	24.89	29.67	24.89
Profit / (Loss) from Ordinary Activities after Finance Costs but before Exceptional Items	(3,411.07)	(4,006.34)	(3,249.65)	(3,931.26)
Exceptional items	–	41.35	–	41.35
Profit / (Loss) from ordinary activities before tax	(3,411.07)	(4,046.69)	(3,249.65)	(3,972.61)
Tax expense	–	–	–	–
Net Profit / (Loss) for the period	(3,411.07)	(4,046.69)	(3,249.65)	(3,972.61)
Minority Interest in Income / (Loss)	–	–	21.05	13.00
Net Profit / (Loss) after taxes and minority interest	(3,411.07)	(4,046.69)	(3,270.70)	(3,985.61)
Balance brought forward from previous year	(38,070.69)	(34,024.00)	(37,633.61)	(33,792.00)
Reallocation of Minority Interest during the year	–	–	23.44	144.00
Depreciation on Assets whose useful life has expired	–	–	–	–
Balance carried to balance sheet	(41,481.76)	(38,070.69)	(40,880.87)	(37,633.61)
Earnings Per Share of Re.1/- each	(0.16)	(0.25)	(0.15)	(0.24)

During the year under review, the Company has reduced its losses by Rs. 6.36 Crore, which is 15.7% reduction year on year, to Rs. 34.11 Crore in FY 2016-17 as compared to Rs. 40.47 Crore in FY 2015-16. This reduction was achieved primarily due to cost rationalization on technology, manpower and clearing & settlement charges to reduce the overall expenses by Rs. 5.2 Crore, which is 7.2% reduction year on year, to Rs.66.84 Crore in FY 2016-17 as compared to Rs. 72 Crore in FY 2015-16. Income from Operations was down by Rs. 1.39 Crore, which is 6.1% decrease year on year, to Rs. 21.29 Crore in FY 2016-17 compared to Rs. 22.68 Crore in FY 2015-16 due to challenging business conditions.

Interest income has gone up by Rs. 3.30 Crore, which is 46.8% increase year on year, to Rs. 10.34 Crore in FY 2016-17 as compared to Rs. 7.04 Crore in FY 2015-16. This increase in interest income is primarily contributed by Rs. 1.35 Crore interest earned on the deposit of Rs. 20 Crore kept with Bombay HC and Rs. 4.09 Crore interest received from Income

Tax department on various refunds received during the year. However, falling interest rate scenarios in the economy and reduction in member deposit funds available with the Exchange impacted interest income received on deposits with banks which is reduced by Rs. 1.4 Crore, which is 22.2% decrease year on year, to Rs. 4.9 Crore in FY 2016-17 as compared to Rs 6.3 Crore in FY 2015-16.

Due to accumulated losses available for income tax set off and net loss for the year under review, Company has paid no income tax for the year. During the year, Company has incurred capital expenditure of Rs. 8.2 Crore mainly on various software to support Exchange's business requirements.

2. Corporate and Business Background

The Company is a full service National level Stock Exchange with license to operate in Equity, Equity Derivatives, Currency Derivatives, Debt and SME Platform. The Exchange has live trading platform in all segments except SME. The Exchange also has a subsidiary Metropolitan Clearing Corporation of India Limited (MCCIL) for clearing and settlement of all trades on the Exchange.

The current ownership of the Exchange is well diversified between corporates, banks and individuals. The shareholding of MSE consists of Banks/FIs at 23.64% which includes leading public and private sector banks like State Bank of India, Bank of Baroda, Punjab National Bank, Axis Bank, HDFC Bank etc.; leading Corporates and institutions hold around 29.94% which includes Edelweiss Commodities Services Limited, IL&FS Financial Services Limited, Multi Commodity Exchange of India Limited, etc. and Individual Investors hold around 40.47% which includes leading investors like Mr. Rakesh Jhunjhunwala, Mr. Radhakishan Damani, Mr. Nemish Shah among others. The Exchange is on course in implementing its revival strategy and has a bouquet of new products and market initiatives like branding campaign, city-wise brokers meet etc. for business growth spanning over the next financial year. The Exchange is required to seek annual renewal of recognition from SEBI which is next falling due in September 2017. The Exchange has already applied to SEBI for the same.

3. Regulatory Updates

Regulatory changes in the CD Segment

Reserve Bank of India has permitted recognized stock exchanges to introduce cross-currency futures and options contracts on EUR-USD, GBP-USD and USD-JPY. They have also permitted recognized stock exchanges to introduce currency options on EUR-INR, GBP-INR and JPY-INR currency pairs. The Exchanges are awaiting approval of the securities market regulator in this regard.

RBI vide circular issued in February 2017, has permitted Non Resident Indians (NRIs) to access Exchange Traded Currency Derivatives (ETCD) market under prescribed terms and conditions.

Regulatory changes in ECM Segment

In order to enhance market integrity and safeguard Interest of investors, all exchanges have introduced Graded Surveillance Measure (GSM) in Equity segment with effect from February 2017. GSM will be applicable to securities which witness an abnormal price rise not commensurate with financial health and fundamentals like Earnings, Book value, Fixed assets, Net-worth, P/E multiple, etc.

The Exchange has launched trading in the Sovereign Gold Bonds in Equity Capital Market with effect from January 09, 2017.

As per SEBI circular dated December 27, 2016 the combined futures and options position limits shall be 20% of the Market wide position limit (MWPL) for Stock brokers / FPI (Category I & II) / Mutual Funds.

Enhanced Supervision for Stock brokers / Depository Participants

SEBI issued the guidelines which broadly emphasized on:

- Uniform nomenclature to be followed by stock brokers;
- Monitoring of Clients' Funds lying with the Stock Broker by the Stock Exchanges;
- Changes in the existing system of internal audit for stock brokers/depository participants viz. appointment, rotation of Internal Auditors;
- Monitoring of Financial Strength of Stock Brokers by Stock Exchanges so as to detect any signs of deteriorating financial health of stock brokers and serve as an early warning system to take preemptive and remedial measures;
- Imposition of uniform penal action on stock brokers/depository participants by the Stock Exchanges/Depositories in the event of non-compliance with specified requirements.

Consultation Paper for Review of Regulations and Relevant Circulars pertaining to Market Infrastructure Institutions (MIIs) viz., Stock Exchanges, Depositories and Clearing Corporations.

SEBI based on recommendation of Dr. Bimal Jalan Committee, had issued a proposal, for seeking comments on the comprehensive review of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 in February 2017, pertaining to recognition, ownership, governance and listing of Stock Exchanges (SEs) and Clearing Corporations (CCs).

Business Updates

Your Company, besides providing trading systems for Currency Derivatives Segment (USDINR, EURINR, GBPINR and JPYINR and Currency Options contracts on USD-INR spot rate) also provides trading in Equity Cash Segment and Futures & Options Segment, Debt Segment and Interest Rate Futures. There is no change in the nature of business of your Company during the financial year ended March 31, 2017.

Turnover

The Average Daily Turnover in the Currency Derivatives Segment has declined from Rs. 1,341 Crore in FY 2015-16 to Rs. 1,231 Crore in FY 2016-17. The average market share of the Exchange in Currency Derivatives Segment stood at 3.59% in FY 2016-17 as against 4.28% in the previous FY 2015-16.

4. Membership

The details of Segment wise members registered with SEBI as on March 31, 2017:

Currency Derivatives	Equity Cash	Equity Futures & Options	Debt
698	459	450	16

Market Statistics of MSE in Currency Derivatives

Particulars	FY 2016 - 2017	FY 2015 -2016
Centres participating across India*	714**	557**
Total turnover (Rs. in crore) during the year	2,97,928	3,24,575
Average daily turnover (Rs. in crore)	1,231	1,341
Highest daily turnover (Rs. in crore)	4,177	3,798
Total volume (no. of contracts) during the year	4,40,56,412	4,88,58,281
Average daily volume (no. of contracts)	1,82,051	2,01,894
Highest daily volume (no. of contracts)	6,09,936	5,67,837

* Data includes cities of active and inactive users / dealers.

** As on March 31, 2016 and March 31, 2017

Market Statistics of MSE in Interest Rate Futures

Particulars	FY 2016 -2017	FY 2015 -2016
Total turnover (Rs. in crore) during the year	2,549	22,814
Average daily turnover (Rs. in crore)	11	94
Highest daily turnover (Rs. in crore)	206	990
Total volume (no. of contracts) during the year	125,173	1,123,413
Average daily volume (no. of contracts)	517	4,642
Highest daily volume (no. of contracts)	10,240	47,799

5. Technology

The IT infrastructure at the Exchange has been designed with performance, reliability, redundancy and security as the key parameters. The Exchange has a world class suite of software which does trading, matching, indexing and risk management. The Exchange also has a faster post trade clearance system in place. The Software includes Risk Management System, which helps in real time margining, flat as well as SPAN margining, real time position updates, maintains margin/MTM limits, online suspension of members, member level online alerts based on specific percentage of limits.

The technology deployed includes the latest fault tolerant servers, firewall with IPS /IDS. The On-line trading system of the Exchange is accessible to its members through any location across the length and breadth of the country through multiple modes of connectivity such as Terrestrial Leased Circuits (Nationwide Private Network (NPN) with Point of Presence (POP) at 10 locations across India and Multi-Protocol Label Switching (MPLS), VSAT, COLO and Internet.

The IT components are hosted in a state-of-art data center that is designed to support mission critical operations. The data center and all its components are monitored 24 x 7.

MSE maintains a Disaster Recovery Site (DRS) at a different seismic zone and a Near Site near its Primary Site. As per SEBI directive and industry best practices, at MSE we are committed to achieve minimal data loss (near to zero data loss) by implementing state-of-the-art DR solution. Data is being replicated on a real-time basis from Primary Site in Mumbai to the Near Site as well as DR Site. Data synchronization between Primary Site and Near Site is synchronous & between Primary Site to DR site is asynchronous. Periodic mock tests and half yearly unannounced live trading from DR site for two consecutive days are done to ensure proper functioning of DR systems.

The robust technology infrastructure enables the Exchange to operate efficiently, and also facilitates fast order routing, immediate trade execution, trade reporting, market data dissemination, risk management and market surveillance. The systems and processes of the Exchange are designed to safeguard market integrity and to enhance transparency in operations. The technology platform enables our members to undertake uninterrupted dealing even during sun outage time. The Exchange provides Real-time price information to interested parties through "Datafeed" service of the Exchange. Datafeed contains information relating to Products traded on the Exchange platform.

MSE has done strategic collaboration with Advance trading platform providers which is consumed by members as trading connectors to relevant Indian stock exchanges. An Algo test lab setup for members was developed to facilitate testing of custom built algos or strategies in back testing mode with historical exchange data. Focus was also on compliance driven changes like self-match prevention control in CDS to prevent matching between a buy and sell order entered by different members for same client in the same order book based on client's PAN. To be ready for new opportunity in cross currency trading product for which approval is sought with SEBI, a major enhancement to accommodate this product in our trading technology architecture is under process.

Certifications - Technology

In continuation with its commitment to provide quality-driven services to members, MSE has implemented Quality Management System ISO 9001:2008 standard. Further, information security being a crucial aspect of day to day business

processes, MSE continues to retain the ISO/IEC 27001:2013 certification for its effective Information Security Management System.

6. Performance and financial position of subsidiaries

Your Company has two subsidiaries i.e. Metropolitan Clearing Corporation of India Limited (MCCIL) (Formerly known as MCX-SX Clearing Corporation Limited) and MCX-SX KYC Registration Agency Limited (MCX-SX KRA). There were no new subsidiaries incorporated during the year and neither of the subsidiaries have ceased to be subsidiaries during the year. There are no joint ventures entered during the year and the Company does not have any associate company.

MCCIL undertakes clearing and settlement of the trades transacted on the Exchange platforms. The name of the Subsidiary Company has been changed from MCX-SX Clearing Corporation Limited to Metropolitan Clearing Corporation of India Limited pursuant to Certificate of Incorporation issued by the Ministry of Corporate Affairs dated August 18, 2015. As on March 31, 2017, the operational income of MCCIL has decreased from Rs. 6.51 Crore in the previous year to Rs. 0.67 Crore in the current year. The profit after tax increased from Rs. 0.74 Crore in the previous year to Rs. 1.61 Crore in the current year. Operational income has gone down because of reduction in clearing and settlement fees revenue. Profit after Tax has increased because of increase in treasury income.

MCX-SX KRA is a wholly owned subsidiary of your Company incorporated to undertake the business of KYC (Know Your Customer) Registration Agency and allied activities, subject to registration with SEBI under SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011. As its application for in-principle approval to act as KYC Registration Agency is under consideration with SEBI, MCX-SX KRA is yet to commence its operations.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of subsidiaries in Form AOC 1 is attached to the financial statements as Annexure I. The annual report of the subsidiaries and the related documents are placed on the website of the Company i.e. <http://www.msei.in/about-us/financials.aspx>. in accordance with the provisions of Section 136 of the Companies Act, 2013. Shareholders may download the annual financial statements and detailed information of the subsidiaries from the Company's website or may write to the Company for the same. The audited financial statements of the subsidiary companies shall be kept open for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of the Annual General Meeting.

7. Dividend and Reserves

In view of the losses incurred by the Company, the Board of Directors do not recommend any dividend on the equity capital of the Company and no amounts are available for carrying to reserves.

8. Changes in the Share Capital

The Authorised Share Capital of the Company is Rs. 350 Crore divided into 350 Crore equity shares of Re. 1/- each.

The Board at its meeting held on August 6, 2016 had offered to its eligible shareholders on rights basis (a) 97,33,34,552 equity shares of Re. 1 each per equity share at par value in the ratio of one equity share for every two equity shares (1:2) held on the record date i.e. August 10, 2016 with (b) optional entitlement of 24,33,33,614 warrants at a price of Re. 1 per warrant in the ratio of one warrant for every four equity shares (1:4) which an eligible shareholder is entitled to as part of the rights issue. The rights issue opened on August 23, 2016 and closed on September 20, 2016.

Pursuant to the rights issue, the Board at its meeting held on September 24, 2016 allotted 16,83,15,185 equity shares at a price of Re.1 per share against payment of Rs.16,83,15,185 received by MSE and 68,62,589 warrants (having face value of Re. 1 per warrant) at Re. 1 per warrant (50% of the amount paid on application and remaining 50% of the amount payable on conversion) with paid up value of Re.0.50 per warrant against payment of Rs. 34,31,295 received by MSE.

The unsubscribed portion after the above allotment was 80,50,19,367 equity shares. Subsequently, the Board allotted further 8,43,72,008 equity shares at par out of the unsubscribed portion of the rights issue. The Issued share capital and the Subscribed & paid up capital of the company after the said allotments stood at 3,18,51,81,273 equity shares

and 2,46,45,33,914 equity shares respectively as on March 31, 2017. The total number of warrants outstanding as on March 31, 2017 were 68,77,589. As on the date of this report, the entire unsubscribed portion of the Rights Issue have been fully allotted and the paid up capital as on the date of this report stands at Rs. 3,18,51,81,273.

The warrants issued shall be converted into equity shares on payment of the balance amount of Re.0.50 and receipt of the application for conversion from the warrant holder within one month of the expiry of 12 months period from the date of allotment of the warrants. The issued warrants shall be eligible for conversion on and after September 24, 2017.

SEBI vide letter dated July 10, 2012, directed Multi Commodity Exchange of India Limited (MCX) to reduce their entitlement to equity or warrants in excess of limit of shareholding as specified in the SECC Regulations. The Board at the meeting held on June 27, 2015 decided to treat warrants held by MCX as extinguished and transfer the funds to capital reserve (as extinguished and of no effect whatsoever on account of their continuance to hold the same post lapse of the time limits specified by SEBI i.e. June 19, 2015). MCX has filed a Suit (L) No.685 of 2015 in Bombay High Court, to *inter alia* stop the implementation of the said extinguishment. The Company's appeal on the Order dated October 13, 2015 passed by the Hon'ble Bombay High Court was pending before the Court. As on March 31, 2016, MCX was holding 6,65,99,408 equity shares constituting 3.42% of the paid up capital and 41,59,17,672 warrants.

Further pursuant to out of court settlement in suit no.685 of 2015 vide consent letter dated August 24, 2016 between MSE and MCX, 26,51,77,600 warrants held by Multi Commodity Exchange of India Limited (MCX) were converted into 26,51,77,600 equity shares of MSE at Re.1/- per share and further 15,07,40,072 warrants held by MCX were cancelled and extinguished. The issue of shares to MCX was approved by SEBI vide letter dated September 28, 2016.

9. Employee Stock Option Plan

The Stock Options granted to the employees operate under Employees Stock Option Scheme, 2009. There has been no variation in the terms of the options granted under the above scheme during the year. During the financial year under review, no stock options were exercised by the employees under ESOP scheme. The details of the employee stock options are set out in Annexure II to the Directors' Report.

10. Deposits

The Company does not have and has neither invited nor accepted any Deposit under Chapter V of the Companies Act, 2013 during the financial year under review.

11. Particulars of Loans, Guarantees or Investments

During the year, your Company has not provided loans or guarantees as per Section 186 of the Companies Act, 2013. The Company has during the financial year 2016-17 made an investment of Rs. 23,80,46,160 Crore in the equity shares of its subsidiary, Metropolitan Clearing Corporation of India Limited (MCCIL) at face value of Rs. 10 each.

12. Particulars of Contracts or Arrangements with Related Parties

The transactions with related parties are in Ordinary Course of Business and on Arm's Length basis. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC 2 is set out in the Annexure III to the Directors' Report.

13. Directors

Your Board currently comprises of six Directors which includes five Public Interest Directors (PIDs) and a Managing Director & CEO. Nine meetings of the Board of Directors were held during the year.

Prof. (Mrs.) Ashima Goyal was appointed as the Chairperson of the Governing Board of the Exchange vide SEBI letter dated March 14, 2016.

Mr. D. R. Dogra, Mr. Radhakrishnan Nair, Mr. Anand Sinha resigned from the Board with effect from August 16, 2016,

November 26, 2016, December 31, 2016 respectively and the tenure of Mr. Thomas Mathew T. as PID ended during the said financial year and thus he ceased to be a director w.e.f. February 11, 2017.

Mr. D.G. Patwardhan and Mr. D.K. Mehrotra were appointed as PIDs with effect from January 5, 2017. Mr. Ketan Vikamsey and Mr. Ajai Kumar were appointed as PIDs with effect from April 5, 2017. Mr. Udai Kumar serves as the Managing Director and CEO of the Exchange with effect from January 22, 2016.

In order to comply with the provisions of Sections 149 and 150 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Mr. D.G. Patwardhan, Mr. D.K. Mehrotra, Mr. Ketan Vikamsey and Mr. Ajai Kumar (PIDs) as Independent Directors in terms of Companies Act, 2013, not liable to retire by rotation. The resolution for their appointment as Independent Directors has been included in the notice convening the ensuing Annual General Meeting. The Company has also received a nomination from a shareholder for appointment of Mr. Sudhir Bassi as Shareholder Director. The details of his proposed appointment are provided in the notice for the ensuing AGM.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013. The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of Board Committees along with their terms of reference, composition and meetings held during the year, are provided in Corporate Governance Report which forms part of the Annual Report.

14. Evaluation of Board, its Committees and Directors

With the objective of enhancing the effectiveness of the Board, the Nomination and Remuneration cum Compensation Committee formulated the methodology and criteria to evaluate the performance of the Board, its committees and individual directors. Accordingly, during the year, the Board made a performance evaluation of the Committees of the Board, each Directors and the Board as a whole. The Independent Directors also evaluated the performance of all Non-Independent Directors and the Chairperson.

15. Key Managerial Personnel

Mr. Chetan Utture was appointed as Chief Financial Officer in accordance with the provisions of Section 203 of the Companies Act, 2013 with effect from November 15, 2016. Mr. Abhijit Chakraborty who was earlier serving as the Chief Financial Officer was appointed as Chief Operating Officer - Strategy & Development with effect from November 15, 2016.

Mr. Rathindra Das was appointed as the Company Secretary in accordance with the provisions of Section 203 of the Companies Act, 2013, with effect from March 30, 2017. Ms. Sangeeta Shetty resigned as the Company Secretary of the Company with effect from January 23, 2016.

As on March 31, 2017, Key Managerial Personnel of the Company in terms of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 are Mr. Udai Kumar, MD & CEO, Mr. Abhijit Chakraborty, COO - Strategy & Development, Mr. Chetan Mahavir Utture, Chief Financial Officer, Mr. A. Sebastin, COO - Market Operations, Mr. Kirit Dodiya, Vice President - Inspection, Mr. Anish Kumar, Assistant Vice President - Listing, Ms. Sridevi Pillalamarri, Compliance Officer, Mr. Kundan Zamvar, Chief Information Security Officer, Mr. Rathindra Das, Head - Legal & Company Secretary.

16. Policy on Directors' appointment and remuneration

The Company has to comply with the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 for appointment of directors on the governing board. Further the remuneration payable to the Executive Directors is also governed by the SECC Regulations. The Board periodically evaluates the need for change in its composition and size.

The policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of directors, and also remuneration for key managerial personnel and other employees is set out in Annexure IV to the Directors' Report.

17. Directors' Responsibility Statement

In accordance with the provisions of Section 134 (3) (c) of the Companies Act, 2013 and based on the information provided by the management, your Directors state that:

- a) in the preparation of the annual accounts for the financial year 2016-17, the applicable accounting standards have been followed and there are no material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2016-17 and of the profit and loss of the Company for that period;
- c) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d) they have prepared the annual accounts on a going concern basis (Auditors Qualification and the Directors' explanation thereto has been provided in the Directors' Report).
- e) they have laid down internal financial controls to be followed by the Company and that such Internal financial controls are adequate and were operating effectively.
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. Human Resources and Particulars of Employees

The employee count stood at 136 as on March 31, 2017 as against 142 as on March 31, 2016. Disclosures with respect to the remuneration of Directors, Key Management Personnel and employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) & 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and in accordance with Regulation 27(5) of SECC Regulations, are given at Annexure V & VI of this report respectively.

The Company has adopted a Whistle Blower Policy for directors and employees to report their genuine concerns and grievances. The said Policy is available on website of the Company i.e. <http://www.msei.in/SX-Content/common/MCX-SX-About-Us/Code/2016/April/Whistle-Blower-Policy.pdf>.

19. Particulars relating to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has a duly constituted Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the FY 2016-17, the Company received one complaint, which was not taken up, as the same was time barred and repetition of the past complaint which Internal Complaints Committee after several hearings had concluded that the complaint had no merit and the allegations were not proved.

20. Auditors

The Auditors, T. R. Chadha & Co. LLP, Chartered Accountants (Firm Registration No. 006711N/N500028), Mumbai, had been appointed as statutory auditors, in the Seventh Annual General meeting held on September 30, 2015, to hold office from the conclusion of the Seventh Annual General Meeting until the conclusion of the Eleventh Annual General Meeting of the Company, subject to ratification by shareholders at every Annual General Meeting. The Auditors have confirmed that, their appointment would be in accordance with Section 139 of the Companies Act, 2013 and the rules made thereunder and that they are not disqualified in terms of Section 141 of the Act.

Explanation to the Auditors Qualification

The auditor in their report on the audited financial statements for the year ended March 31, 2017 expressed certain qualifications which are summarized below along with the Company's comments on the same:

- A) The Company continues to prepare its Financial Statements on going concern basis, even though it has continued to incur losses during the current year and there is no clarity on increase in volume and the required funding in the future for its continued business. The Company has however raised required funds during the current year and has started working on its detailed plan for turn around and is confident of raising further required funds in the coming year, increase volume and make profits in future years and hence prepared the accounts on going concern basis including not carrying out the impairment testing to ascertain carrying value of fixed assets, etc. and also the sum of Rs.35.14 Crore and Rs.1.86 Crore towards Service tax set-off and MAT Credit is considered as recoverable. We are unable to comment on the adjustments, if any, that will be arising out of the same.

The Company believes that the going concern assumption is justified since the Company is implementing its transformational and strategic business plan which addresses all aspects of business revival and financial viability. The Company has increased its market share in its flagship product segment Currency Futures. During the year, Company has increased its equity capital by Rs.51.79 Crore and has invested Rs.23.80 Crore in its subsidiary to meet regulatory requirement. Close to 200 investors have become new shareholders of the Company during the year. SEBI has renewed the recognition of license of the exchange and approved launch of all product contracts. Experienced and senior employees have joined the Company. New branding and business promotion initiatives have been undertaken. For the year, losses have come down by 16%. The Company and its subsidiary both have more than required net-worth. It also has sufficient cash liquidity and demonstrated capability of raising fresh capital every year for business needs. On all parameters of business, the Company has achieved improvement and ensured continuity. The Management is therefore justified in preparing the financial statements on going concern basis. The Company continues to maintain net worth above the regulatory requirements and is executing the new business plan through effective management of its operations and cash flows. All business investments necessary are being carried out. All contractual obligations are being met on time and the Company has largely cleared the pending dues to vendors. Our ADTV is projected to grow at over 50% CAGR over the next three years. As such, the Company is confident that all cenvat credits available shall also be used in coming years.

- B) The Company, in the earlier years, entered into various contracts with the parties mentioned in the register maintained under Section 301 of the Companies Act, 1956 to whom amounts have been paid as Infrastructure, software and software support charges during the said years in respect of which no alternative quotations are / were available. As informed by the Management, they have already renegotiated few of such contracts and are in the process of reviewing other such contracts / charges to establish their reasonableness for similar line of business. We are unable to comment on the adjustments, if any, that will be arising out of such review.

21. Adequacy of Internal Financial Controls and Risk Management

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. The Company identifies elements of risks which affects the business of the Exchange and has a risk mitigation and management system for the same. These systems are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management systems.

The Company has designed and evaluated the effectiveness of internal financial controls, disclosures and procedures to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. Based on the framework of internal financial controls and compliance systems established and maintained by the Company, audit by the internal, statutory and secretarial auditors, including audit of internal controls over financial reporting by the statutory auditors, and the reviews performed by management and the audit committee, the

Board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2016-17.

22. 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 M/s. DSM & Associates, Company Secretaries to undertake the secretarial audit of the Company. The Secretarial Audit Report is annexed as Annexure VII to this report.

Explanation to the Secretarial Auditors Qualification

The Secretarial Auditors in their report for the year ended March 31, 2017 noted certain comments which are summarised below along with the Company's comments on the same:

- a. The entire Board of Directors of the Company is consisting of Directors not liable to retire by rotation. Hence there is no Director who is liable to retire by rotation and comply with provisions of section 152 of the Companies Act, 2013.

Whereas it has been observed that the Company is required to make appointment of any directors in compliance with the provisions of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 in addition to Companies Act, 2013 and can have only three types of Directors i.e. Shareholder Directors, Public Interested Directors and Managing Director. The Company is required to take approval of SEBI before appointment of any particular person as Director. It is pertinent to note that only 'Shareholder Director' can be termed as 'Retiring Director' for the purpose of Companies Act, 2013 and While granting its approval SEBI seeks that the appointee director is not connected with or nominated by any trading member as well. As most of the members of the Company are Trading members or somehow connected with Trading members (inter alia as 'Associate'), it makes really difficult for the Company to find a suitable candidate/shareholder who is not a trading member and would nominate a candidate, to fill up this position. The Company is in search of appropriate candidate to fill up this position as soon as possible.

Management response: The Company has received notice from a shareholder alongwith deposit of requisite amount under section 160 of the Companies Act, 2013 proposing the candidature of Mr. Sudhir Bassi (DIN: 07819617) for the office of shareholder Director, who if appointed shall be liable to retire by rotation.

- b. As per Section 184 of the Companies Act, 2013, every existing director shall at the first meeting of the Board in the financial year disclose his concern or interest in any Company or Companies or bodies corporate, firms, or other association of individuals. The disclosures submitted by the Directors were taken into noting in the second board meeting of the financial year, instead of first board meeting.

Whereas it has been informed to us that the first Board meeting of the financial year held on 8th April, 2016, was convened at shorter notice to transact only some business items on emergency basis (on shorter notice of less than 24 hours), these disclosures along with other disclosures required under SECC Regulations were consolidated and were duly placed in second meeting of the Board of Directors for Board's noting.

Management response: Business exigencies required a board meeting to be held at a shorter notice in the month of April, 2016; Disclosures received from the Directors requires appropriate deliberations and noting by the Board before they are taken on record. Therefore all disclosures were taken on record after appropriate deliberations in the immediate next meeting of the Board of Directors.

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

The Company has a policy of switching off power after the office time in those areas where staff has left for the day. Staffs are strictly instructed to switch off their monitors before they leave for the day. The Company also maintains the

air conditioning temperatures to conserve energy. There was no foreign exchange earnings during the period ended March 31, 2017. The expenditure in foreign currency during the financial year 2016-17 amounted to Rs.23,54,410/- as compared to Rs. 31,88,188/- in the previous year.

24. Corporate Social Responsibility

The company has not registered profits in the last three years hence does not fall within the purview of the provisions of the Section 135 of the Companies Act, 2013 and rules made thereunder; hence the Board of Directors have at their meeting held on May 13, 2017 dissolved the Corporate Social Responsibility Committee.

25. Material Changes and Commitments affecting the Financial Position of the Company

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e. March 31, 2017 to which the financial statements relate and the date of this Report.

26. Change in the nature of business

Your Company has not undergone any changes in the nature of business during the financial year.

27. Corporate Governance Report and Management Discussion and Analysis Report

In terms of Regulation 35 of SECC Regulations and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Corporate Governance Report and the Management Discussion and Analysis Report are attached to and forms part of this Report.

28. Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT 9 is set out as Annexure VIII to this report.

29. Acknowledgements

The Directors would like to place on record their gratitude for the valuable guidance and support received from the Government of India, particularly Ministry of Finance and Ministry of Corporate Affairs, Securities and Exchange Board of India and Reserve Bank of India and for the continuous support given by participating banks, clearing banks, shareholding banks and institutions, NSDL, CDSL, FICCI, CII, ASSOCHAM, IMC, SAFE and various other international, national and regional chambers of commerce, trade associations and all other broker-members, lawyers and law firms, consulting firms, vendors, technology partners and all other business associates to the Company.

The Directors also wish to convey their appreciation to the Company's employees for their enormous efforts as well as their collective contribution which enabled the Company to meet the challenges set before it, including the fierce competition in the sector.

For and on behalf of the Board of Directors

Date: August 11, 2017
Place: Mumbai

Prof. (Mrs.) Ashima Goyal
Chairperson
DIN: 00233635

ANNEXURE I

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statements of subsidiaries/associate companies/ joint venture

Part “A”: Subsidiaries

(Amount in Rs. Lacs)

Sr. No.	Name of the subsidiary	Share Capital	Reserves & surplus	Total Assets	Total Liabilities	Investments (Current)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	% of shareholding
1.	Metropolitan Clearing Corporation of India Limited (Formerly known as MCX- Clearing Corporation Limited)	9,380.46	691.11	19,319.14	19,319.14	1,464.65	901.24	161.21	NIL	161.21	NIL	86.94
2.	MCX-SX KYC Registration Agency Limited	5.00	(2.04)	3.29	3.29	NIL	NIL	(0.34)	NIL	(0.34)	NIL	100

1. Name of subsidiaries which are yet to commence operations: MCX-SX KYC Registration Agency Limited.
2. Name of subsidiaries which have been liquidated or sold during the year: None

Part “B”

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Venture - **Not Applicable**

ANNEXURE II

DISCLOSURES OF THE EMPLOYEE STOCK OPTION SCHEME, 2009 (ESOP SCHEME 2009) UNDER THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA

(Amount in Rs.)

No.	Particulars	Round I	Round II	Round III	Round IV
A	Options granted	11,25,000 (on November 27, 2009)	40,55,100 (on March 20, 2012)	5,53,250 (on November 1, 2012)	1,45,800 (on March 12, 2013)
B	The pricing formula	Based on the fair price of the shares on the date of grant.			
C	Options vested	11,25,000	40,55,100	5,53,250	1,45,800
D	Options exercised till March 31, 2017	7,05,000	6,02,666	NIL	NIL
E	The total number of shares arising as a result of exercise of options	Not Applicable, as ESOPs are presently intended to be offered through Trust			
F	Options lapsed (as at March 31, 2017)	4,20,000	33,60,434	2,15,250	1,45,800
G	Variation of terms of options (as at March 31, 2017)	None			
H	Money realized by exercise of options by ESOP Trust	7,05,000	12,65,599	NIL	NIL
I	Total number of options (vested and unvested) in force (as at March 31, 2017)	NIL	92,000	3,38,000	NIL
J	Employee wise details of options granted to				
	i) senior managerial personnel	NIL	Mr. Joseph Massey (10 lakh*) Mr. U.Venkataraman (2.5 lakh*)	NIL	NIL
	ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	As the grant was made to a total of 8 non-executive, non promoter directors during 2009-10, all of the grants were in excess of 5% of the total options granted in that year.	Mr. KRCV Seshachalam (2.5 lakh*) Mr. Sanjit Prasad (2.5 lakh*)	Mr. Suniel Vichare (2.5 lakh*) Mr. Chandresh Bhatt (44,000*) Mr. Rajesh Bagwe (48,000*) Mr. Sanjay Golecha (40,000*) Mr. Atul Bapna (40,000*)	Mr. Nimisha Shukla (60,000*) Mr. Sekar Narayan (11,000*) Mr. Alok Thakkar (16,500*) Mr. Dwadasi Murthy (16,500*) Mr. Anthony Varghese (27,500*)
	iii) identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options	NIL			

No.	Particulars	Round I	Round II	Round III	Round IV
K	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share' (as at March 31, 2017)	(0.16)			
L	i) Method of calculation of employee compensation cost	As per intrinsic value method.			
	ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options	NIL			
	iii) The impact of this difference on profits and on EPS of the Company	Loss would have been NIL. There would have been no material impact on the EPS			
M	Weighted average exercise price and Weighted average fair value	Not Applicable			
N	Fair value of options	Re. 0.15/-	Re. 0.25/-	Re. 0.003/-	0
	Assumptions	<ul style="list-style-type: none"> • Risk Free Rate is based upon Govt. Securities • Dividends are not considered • Standard Deviation and Variance are not considered • There was no Transaction and Tax cost 			
	Risk Free rate	8.00%	8.75%	9.00%	9.00%
	Expected life of options	Average time for expiry of option is taken as 2 years			
	Expected Volatility	1%			
	Expected Dividends	The Company has made losses in this financial year and does not intend to propose any dividend for the financial year 2016-17.			
	Closing market price of share on a date prior to option grant	Not Applicable			

Notes:

1. Options under the ESOP Scheme were offered through the Trust.
2. The shares of the Company are not listed on any Stock Exchange. Therefore, expected volatility has been considered as 1% and fair value of the Option has been considered as Re. 1/- being the face value.
3. * Granted but not exercised

For and on behalf of the Board of Directors

Date: August 11, 2017
Place: Mumbai

Prof. (Mrs.) Ashima Goyal
Chairperson
DIN: 00233635

ANNEXURE III

FORM NO. AOC-2

(Pursuant to clause (h) of 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- Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis:- Not Applicable

ANNEXURE IV

NOMINATION AND REMUNERATION POLICY

I. INTRODUCTION

This Policy applies to the Board of Directors, Key Managerial Personnel and Senior Management Personnel of Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited) (hereinafter referred to as “Exchange”).

The policy envisages the framework for nomination, remuneration and evaluation of Board of Directors, Key Managerial Personnel, Senior Management Personnel and Employees in accordance with provisions of Section 178(4) of Companies Act, 2013, (‘the Act’) including rules thereof, Clause 49 of the Listing Agreement and Regulation 27 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

The Company aims to achieve balance of merits, experience and skills amongst its Directors, Key Managerial Personnel, Senior Management Personnel and Employees.

The compensation governance practices, which are set out in this Policy, are part of the overall corporate governance structure. They should be read in conjunction with the other policies and guidelines of Exchange. The policy adheres to the compensation principles stipulated by Securities and Exchange Board of India (SEBI) and other applicable laws.

II. OBJECTIVE

The objective of this Compensation Policy of Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited) (hereinafter referred to as “Exchange”) is to:

- support performance that is based on merit, and differentiate and reward excellent performance, both in the short and long term, and to recognise the values of the Exchanges;
- attract and retain personnel, and motivate them to achieve organisational goals with integrity fairness and ethical behaviour.
- balance the mix of Fixed Compensation and Variable Compensation to appropriately reflect the value and responsibility of the role performed day to day, and to influence appropriate behaviors and actions.
- promote, effective risk management practice and compliance.
- foster teamwork and collaboration.
- take into account the long-term performance of the Exchange, in order to create sustainable value for the shareholders

III. DEFINITIONS

1. **“The Company”** means Metropolitan Stock Exchange of India Limited.
2. **“Board”** means Board of Directors of the Company.
3. **“Committee”** means Nomination cum Remuneration and Compensation Committee of the Company as constituted or re-constituted by the Board, from time to time.

4. **“Key Managerial Personnel” (KMP) means**

- (i) Chief Executive Officer or the Managing Director or the Manager;
- (ii) Company Secretary;
- (iii) Whole-Time Director;
- (iv) Chief Financial Officer; and
- (v) Other officers as prescribed by SECC Regulations.

5. **“Senior Management Personnel” (SMP) means** personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

IV. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SMP

- The Committee shall identify, ascertain the integrity, qualification, expertise, experience of a person and recommend to the Board for his / her nomination to SEBI as a Public Interest Director.
- The Committee shall identify, ascertain the integrity, qualification, expertise, experience of a person and recommend to the Board for his / her / appointment as a KMP/Senior Management Personnel of the Company.
- The Director, KMP and Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013 and rules made thereunder, SECC Regulations and Listing Agreement or any other enactment for the time being in force.
- The Company should ensure that the person so appointed as Director, KMP and Senior Management Personnel shall not be disqualified under the Companies Act, 2013 and rules made thereunder, SECC Regulations, Listing Agreement or any other enactment for the time being in force.
- The Committee may recommend to the Board for removal of a Director on account of any disqualification mentioned in the SECC Regulations, Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground. The Committee may also recommend to the Board for removal of KMP or SMP subject to the provisions and compliance of the applicable Act, rules and regulations.

V. Factors Determining Remuneration

The Committee shall consider the following conditions, while deciding the Compensation payable to the Director/KMP/SMP/Employees:

- Financial condition / health of the Exchange including revenues, net profits and other relevant financial parameters, if any.
- Average levels of compensation payable to KMP in similar ranks in the industry and industry standards.
- Absence of provisions tending to incentivise taking excessive risks over the short run.

- Role and responsibilities of the Director/Key Management Personnel/Senior Management Personnel/ Employees.
- Performance of the KMP.
- Necessity to differentiate and reward excellent performance, both in the short and long term.
- Attract and retain KMP/ SMP/ Employees and motivate them to achieve results with integrity and fairness
- Encourage teamwork and collaboration across the KMP/SMP/ Employees.
- Foster growth for them in the Exchange.
- Curb excessive risk taking and short term profit oriented behaviour through Malus and Clawbacks clauses.
- Provides equal opportunity to all.
- Adherence to the norms stipulated by SEBI and other regulators.

VI. Compensation Structure

The Board of Directors of the Company shall decide the remuneration of Executive / Non-Executive Directors, KMP and SMP on the basis of recommendation of the Committee subject to the overall limits provided under the Companies Act, 2013 and rules made thereunder, including any amendments, modifications and re-enactments thereto ('the Act') and in compliance with the provisions of the Act, listing agreement and SECC Regulations as applicable from time to time.

A) DIRECTORS

i. EXECUTIVE DIRECTORS:

The compensation and the terms and conditions of the Executive Directors shall be approved by the Committee/Board and placed before SEBI for approval. Once approved the same is then placed before the shareholders for approval. The terms and conditions of the compensation of the Managing Director shall not be changed without prior approval of the Remuneration Committee/Board and SEBI.

1 Fixed/ Basic Compensation

Fixed compensation, which is most commonly paid in the form of base salary, is based on the role and experience of the individual, his or her individual sustained long-term performance, and market positioning. Base salary is set at levels designed to retain Executive Director throughout business cycles.

2 Variable Compensation

The level of variable compensation granted, referred to as a discretionary variable incentive which is factored in the Compensation of the Executive Director, is placed before SEBI for approval. Once approved the same is then placed before the shareholders for approval and may be zero in cases as deemed fit by SEBI. The variable pay shall not exceed one-third of total pay.

3 Deferred Compensation

50% of variable compensation is deferred to reflect the nature of the Exchanges business, its risk profile, and the desire to have compensation plans that are based on sustainable performance

criteria, which are enlisted in the KMP's KPC (Key Performance Criteria) /KRA (Key Result Area) Deferred compensation are subject to vesting period of three years.

ii. NON EXECUTIVE DIRECTORS:

The Company shall issue a letter of appointment to every Non-Executive Independent Director /Public Interest Director/ Shareholder Director.

The Non-Executive Directors would be paid for Board Meetings and any Committee Meetings attended by the Director. Different amount of sitting fees may be paid for different types of meetings within limits as prescribed under the Act.

B) KEY MANAGERIAL PERSONNEL

The remuneration components payable to KMP may be:

1 Fixed/ Basic Compensation

Fixed compensation, which is most commonly paid in the form of base salary, is based on the role and experience of the individual, his or her individual sustained long-term performance, and market positioning. Base salary is set at levels designed to retain Key management Personnel throughout business cycles.

2 Variable Compensation

The level of variable compensation granted, referred to as a discretionary variable incentive which is factored in the Compensation of the KMP, is entirely at the discretion of the Compensation Committee/Board, and may be zero in cases as deemed fit by the Compensation Committee/Board. The Compensation Committee/Board makes decisions on variable compensation based on absolute and relative performance of the Exchange and its Divisions, as well as pre-agreed individual performance objectives of KMP's, market positioning, and a variety of other factors. The variable pay shall not exceed one-third of total pay.

3 Deferred Compensation

50% of variable compensation is deferred to reflect the nature of the Exchanges business, its risk profile, and the desire to have compensation plans that are based on sustainable performance criteria, which are enlisted in the KMP's KPC (Key Performance Criteria) /KRA (Key Result Area) Deferred compensation are subject to vesting period of three years.

4 Prohibition on ESOPs and Equity Linked Instruments

ESOPs and Equity Linked Instruments shall not be issued as part of compensation of KMPs from the effective date of this Policy. The ESOPs that have already been granted to KMPs before coming into effect of the SEBI Circular CIR/MRD/DSA/33/2012 dated December 13, 2012 shall not be exercised by the respective KMPs in contravention of the regulations/guidelines issued by SEBI from time to time.

C) SENIOR MANAGEMENT PERSONNEL & EMPLOYEES

Remuneration to senior management and employees comprises of fixed component only. The same is reviewed annually based on the performance appraisal ratings.

VII. MALUS AND CLAWBACK ARRANGEMENT

The compensation arrangement shall contain a general provision of Malus and Clawback that enables the Exchange to cancel outstanding Deferred Compensation or a part of the Total Compensation if the employees engages in activities that results in, or have the potential to result in, material harm financial, reputational, or any other cause which may be detrimental to the interests to the Exchange.

Malus and Clawback are defined in SEBI circular CIR/MRD/DSA/33/2012 dated December 13, 2012, as follows:

- 1) A Malus arrangement permits the Exchange to prevent vesting of all or part of the amount of a deferred remuneration.
- 2) A Clawback is a contractual agreement between the employee and the Exchange in which the employee agrees to return previously paid or vested remuneration to the Exchange under certain circumstances.

As defined above, Malus shall be only applicable to all or part of the deferred and as yet unvested Compensation if any and Clawback shall be applicable to the previously paid or vested compensation. The Compensation Committee or the Board shall on occurrence of the following events attributable directly or indirectly to the particular KMP, either singly or jointly with other persons, initiate action/recoveries/prevent vesting under the Malus and Clawback clauses:

- a) Fraud
- b) Gross negligence which has caused or may cause significant financial losses or reputational harm to the Exchange
- c) Misfeasance and nonfeasance which has caused or may cause significant financial losses or reputational harm to the Exchange
- d) Any act amounting to Criminal Breach of Trust
- e) Conviction for an offence involving moral turpitude
- f) Fraudulent Financial reporting
- g) Ethical Misconduct
- h) Overstating/misstating financial indicators or other performance criteria either at the company level or individual level with a view to get an increased variable pay
- i) Breach of confidentiality or trade secrets

Clawback shall be applicable to the complete variable compensation which is vested in the previous year and in case there is no variable component in the compensation of particular KMP, it would be applicable upto 10% of the fixed compensation drawn in the previous year. All recoveries or compensation returned by the KMP's under Clawback, would be net-off of taxes and levies in that respective year(s).

“In case of separation or resignation or termination of the service of the employee for any reason other than misconduct, the deferred variable component shall remain with the Exchange for the remaining period and shall be paid after the completion of vesting period at the discretion of the Nomination and Remuneration cum Compensation Committee, to only those employees who have completed minimum three years of service in the Exchange.”

In case of death of the Employee, the deferred compensation shall be payable to legal heirs or successors of the Employee after the completion of the vesting period, subject to the legal heirs or successors of the Employee producing all such documents as may be required by the Exchange to prove the succession to the assets of the deceased employee.

In case of the retirement or termination of service of the employee due to early retirement pursuant to scheme of voluntary retirement as formulated by the Exchange, if any. The deferred compensation shall be payable after completion of the vesting period as specified in the Compensation Policy.

VIII. EQUAL COMPENSATION OPPORTUNITY

The Exchange does not tolerate any form of discrimination, in particular discrimination based on ethnicity, nationality, gender, identity, religion, age, marital or family status, pregnancy, disability or any other status that is protected by law of the country and the Constitution of India. The Exchange encourages a safe and healthy work environment, free from discrimination, harassment and retaliation. All employment-related decisions, including decisions on compensation, are based on an individual's qualifications, performance and behaviour, or other legitimate business considerations. Legitimate business considerations may include (though need not be restricted to) the profitability of the Exchange, the division and department of the individual, industry practice, the strategic needs of the Exchange as well as any other considerations that the Exchange deems legitimate to its business interests.

IX. BOARD DIVERSITY

The Board shall have an optimum composition of Directors by ensuring experts from different fields viz. finance, law, management, sales, marketing, engineering, research, technical operations or any other areas related to the Company's business. There will be a balance of skills & experience to steer the Company towards achievement of its short term and long term objectives.

X. EVALUATION

The Performance evaluation is to be conducted as per the provision of the Companies Act, 2013 and Listing Agreement. The Committee shall carry out evaluation of performance on a yearly basis.

The Committee shall monitor and review board evaluation framework, conduct an assessment of the performance of the Board against criteria as determined and approved by the Committee.

The performance evaluation of Independent Directors shall be done by entire Board of Directors, excluding the director being evaluated and evaluation of the board as a whole shall be done by the Independent Directors.

XI. AMENDMENT

Based on the recommendation of the Committee, the Board reserves its right to amend or modify this Policy in whole or in part, at any time, when it deems appropriate, in accordance with any amendment to the applicable provisions of Companies Act, 2013 including rules thereof and / or the provisions of the Listing Agreement.

ANNEXURE V

STATEMENT PURSUANT TO RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND REGULATION 27(5) OF THE SECC REGULATIONS

Name & Qualifications	Age	Designation	Remuneration received (Rs.)	Experience in years	Date of commencement of employment	Previous employment	Nature of employment (contractual or otherwise)
Udai Kumar	57	MD & CEO	84,53,116	31.04	22-Jan-2016	Metropolitan Clearing Corporation of India Limited	Permanent
B. Sc., (Physics), M.Sc. (Physics), MBA (Finance)							
Abhijit Chakraborty	45	Chief Operating Officer - Strategy & Development	42,90,066	19.10	7-Dec-2015	Motilal Oswal Financial Services Limited	Permanent
B.Com, MBA (Finance)		15-Nov-2016 to till date					
		Chief Financial Officer 7-Dec-2015 to 14-Nov-2016					
A. Sebastin	57	Chief Operating Officer - Market Operations	50,91,396	33.11	19-Nov-2008	National Stock Exchange of India Limited	Permanent
MSc, MPhil, CFA		15-Nov-2016 to till date					
		Vice President - Market Operations 14-Nov-2014 to 14-Nov-2016					
Chetan Utture	46	Chief Financial Officer	11,00,811	19.01	13-Oct-2016	Unify Enterprise Communications Pvt. Limited	Probation
B.E. (Production), MBA (Finance), ADF (CFA Level II, ICFAI), CMA (IMA, US)		15-Nov-2016 to till date					
		Head - Finance & Accounts 13-Oct-2016 to 14-Nov-2016					
Sridevi Pillalamarri	32	Compliance Officer - Investor Grievance & Arbitration and Compliance	10,56,101	10.10	24-Aug-2016	Barclays Shared Services Pvt. Limited	Permanent
B.Com, C.S., LL.B.							
Sanjay Golecha	51	Vice President - Investor Grievance & Arbitration and Compliance Officer	13,69,765	26	1-Nov-2012	Practice and Management Consultant	Permanent
B.Com, CA							
Rathindra Das	34	Head-Legal and Company Secretary (w.e.f. 30-Mar-2017)	12,555	10.09	27-Mar-2017	NSEIT Limited	Probation
B.Com (H), C.S., LL.B.							
Sangeeta Shetty	36	Company Secretary	13,75,482	10.02	11-Jan-2016	Angel Broking Pvt. Limited	Probation
B. Com, C.S.							

Name & Qualifications	Age	Designation	Remuneration received (Rs.)	Experience in years	Date of commencement of employment	Previous employment	Nature of employment (contractual or otherwise)
Kundan Zamvar	41	Chief Information Security Officer	20,35,029	15.10	04-Apr-2013	Auditime Quality Management Pvt. Limited	Permanent
B. Com							
Suniel Vichare	56	President & Head - Membership & Inspection and Listing	20,53,749	30.05	18-Jun-2012	Universal Commodity Exchange	Permanent
B. Com							
Anish Kumar	39	Assistant Vice President - Listing	22,03,950	15.09	1-Apr-2009	National Stock Exchange of India Limited	Permanent
B.Com, Diploma in Corporate Law, C.S.							
Kirit Dodiya	44	Vice President - Inspection (w.e.f. 17-Aug-2016)	14,31,521	20.07	2-Mar-2009	Camphor and Allied Products Limited	Permanent
B.Com, CA							
Sanjiv Kapur	57	Vice President - Membership & Inspection	7,12,534	33	11-Sep-2015	Angel Broking Pvt. Limited	Permanent
B.Com, LL.B., C.S., CA							
Rajesh Bagwe	52	Vice President - Human Resources	49,17,611	27.05	1-Nov-2012	Multi Commodity Exchange of India Limited	Permanent
B.Sc, Masters of Labour Studies, LL.B.							
Jagannath Kulkarni	54	Vice President - Technology	30,03,359	25.08	16-Nov-2015	Trimax IT Infrastructure & Services Limited	Permanent
B. Sc. (I.T.), Diploma (Electronics & Tele-communications)							
Nazeeb Salim	39	Assistant Vice President - Legal	18,99,775	14.03	31-Dec-2014	Securities and Exchange Board of India	Permanent
B.Com, LL.B.							
Rohit Dubey #	42	Assistant Vice President - Business Development	20,88,834	17.10	18-Jul-2014	IndusInd Bank	Probation
B.Com, PGDBM							

#Disclosure: as per Rule 5(2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, read with Section 197 (12).

Notes:

- None of the above employees is a relative of any Director or Manager of the Company.
- None of the employees hold any equity shares in the Company within the meaning of clause (iii) of sub-rule (2) of Rule 5 of Companies (Appointment and Remuneration) Rules, 2014

For and on behalf of the Board of Directors

Prof. (Mrs.) Ashima Goyal
Chairperson
 DIN: 00233635

Date: August 11, 2017
 Place: Mumbai

ANNEXURE VI

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- I. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary during the financial year 2016-17, and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 are as under:

Sr. No.	Name of Director/KMP and Designation	% increase (decrease) in Remuneration in the Financial Year 2016-17	Ratio of remuneration of each Director to median remuneration of employees
1	Prof (Mrs.) Ashima Goyal* Chairperson and Public Interest Director	—	—
2	Mr. D. R. Dogra* Vice Chairman Public Interest Director	—	—
3	Mr. Thomas Mathew T.* Public Interest Director	—	—
4	Mr. Anand Sinha* Public Interest Director	—	—
5	Mr. Radhakrishnan Nair* Public Interest Director	—	—
6	Mr. Dilip G. Patwardhan* Public Interest Director	—	—
7	Mr. Dinesh K. Mehrotra* Public Interest Director	—	—
8	Mr. Udai Kumar** Managing Director & CEO (w.e.f January 22, 2016)	NA	13.39%
9	Mr. Abhijit Chakraborty Chief Operating Officer (served as CFO upto November 14, 2016; appointed as COO w.e.f November 15, 2016; remuneration revised w.e.f July 01, 2016)	20%	NA
10	Mr. Chetan Utture Chief Financial Officer (w.e.f November 15, 2016)	NA	NA
11	Ms. Sangeeta Shetty Company Secretary (up to January 23, 2017)	NA	NA
12	Mr. Rathindra Das Company Secretary (w.e.f March 30, 2017)	NA	NA

- (i) the percentage increase in the median remuneration of employees in the financial year 2016-17 is 8.88%.
- (ii) the number of permanent employees on the rolls of Company: 136 as on March 31, 2017.
- (iii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. The average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year is 10%. The salary increase of the managerial personnel i.e. the Managing Director & CEO is in-principally approved by the Nomination and Remuneration cum Compensation Committee (NRC) and the Governing Board and to be made effective subject to shareholders' and SEBI approval; and
- (iv) It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

Note: *All directors are Public Interest Directors (Independent Director) and received only sitting fees and no remuneration is paid.

** The NRC and Board has approved an increase of 20% to Mr. Udai Kumar, MD & CEO which is pending for approval of the Shareholders and SEBI.

ANNEXURE VII

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March, 2017

(Pursuant to section 204(1) of the Companies Act, 2013 and the Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
**The Members of
Metropolitan Stock Exchange of India Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Metropolitan Stock Exchange of India Limited (hereinafter called "The Company"). We have conducted Secretarial Audit in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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 representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering for the financial year ended 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extend, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period covering for the financial year ended 31st March, 2017, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
- (iii) The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and Circular dated December 13, 2012 (CIR/MRD/DSA/33/2012) and other Circulars;
- (iv) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (v) The Depositories Act, 1996 and the regulations and bye laws framed there under;
- (vi) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Director Investment and External Commercial Borrowings;
- (vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act);
 - a) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) SEBI (Prohibition of Insider Trading) Regulations, 1992;
 - c) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) 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;
- (viii) Other specifically applicable laws to the Company during the period under review;
 - (i) Income Tax Act, 1961;
 - (ii) Chapter V of the Finance Act, 1994 (Service Tax);
 - (iii) Indian Stamp Act, 1899;
 - (iv) Indian Contract Act, 1872;
 - (v) Negotiable Instrument Act, 1881;
 - (vi) Information Technology Act, 2000;
 - (vii) Payment of Wages Act;
 - (viii) Employees' State Insurance Act, 1948;
 - (ix) Employees Provident Funds and Miscellaneous Provisions Act;
 - (x) Payment of Bonus Act;
 - (xi) Payment of Gratuity Act;

- (xii) Contract Labour (Regulation & Abolition Act);
- (xiii) The Employees' Compensation Act, 1923 (Earlier known as Workmen's Compensation Act, 1923);
- (xiv) Equal Remuneration Act, 1976;
- (xv) The Employment Exchange (Company Notification of Vacancies) Act, 1956;
- (xvi) The Industrial Employment (Standing Orders) Act, 1946;
- (xvii) The Maternity Benefit Act, 1961;
- (xviii) Service Tax;
- (xix) Provident Fund;
- (xx) Professional Tax;
- (xxi) Tax Deducted at Source;
- (xxii) Securities Transaction Tax;
- (xxiii) Maharashtra Labour Welfare Fund;
- (xxiv) Value Added Tax(VAT) & Central Sales Tax(CST);
- (xxv) Employee State Insurance Act;
- (xxvi) Limitation Act, 1963;
- (xxvii) Transfer of Property Act, 1882;
- (xxviii) Energy Conservation Act, 2001;
- (xxix) Right to Information Act, 2005;
- (xxx) Trade Marks Act, 1999;
- (xxxi) Patents Act, 1970;
- (xxxii) Copyright Act, 1957;
- (xxxiii) Design Act, 2000;
- (xxxiv) Insurance Act, 1938.

We have also examined compliance with the applicable clause of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that,

The Board of Directors of the Company consists of sufficient number of Public Interest Directors, Managing Director etc. as required under the Act and Regulations, except as mentioned in the Annexure 1. 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 clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views were captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For DSM & Associates,
Company Secretaries

CS Sanam Umbargikar
Partner
M.No.26141
CoP No.9394

Date: 12th May, 2017
Place: Mumbai

Annexure - 1:

List of comments on various compliances and acts applicable to the Company:

The Companies Act, 2013:

1. The entire Board of Directors of the Company is consisting of Directors not liable to retire by rotation. Hence there is no Director who is liable to retire by rotation and comply with provisions of section 152 of the Companies Act, 2013.

Whereas it has been observed that the Company is required to make appointment of any directors in compliance with the provisions of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 in addition to Companies Act, 2013 and can have only three types of Directors i.e. Shareholder Directors, Public Interest Directors and Managing Director. The Company is required to take approval of SEBI before appointment of any particular person as Director. It is pertinent to note that only 'Shareholder Director' can be termed as 'Non-Retiring Director' for the purpose of Companies Act, 2013 and while granting its approval SEBI seeks that the appointee director is not connected with or nominated by any trading member as well. As most of the members of the Company are Trading members or somehow connected with Trading members (inter alia as 'Associate'), it makes really difficult for the Company to find a suitable candidate/shareholder who is not a trading member and would nominate a candidate, to fill up this position. The Company is in search of appropriate candidate to fill up this position as soon as possible.

2. As per Section 184 of the Companies Act, 2013, every existing director shall at the first meeting of the Board in the financial year disclose his concern or interest in any Company or Companies or bodies corporate, firms, or other association of individuals; The disclosures submitted by the Directors were taken into noting in the second Board Meeting of the financial year, instead of first Board Meeting.

Whereas it has been informed to us that the first Board Meeting of the financial year held on 8th April, 2016, was convened at shorter notice to transact only some business items on emergency basis (on shorter notice of less than 24 hours), these disclosures along with other disclosures required under SECC Regulations were consolidated and were duly placed in second meeting of the Board of Directors for Board's noting.

For DSM & Associates,
Company Secretaries

CS Sanam Umbargikar
Partner
M.No.26141
CoP No.9394

Date: 12th May, 2017
Place: Mumbai

Annexure - 2:

Our report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We 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 check basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness, appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we 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 the management. Our examination was limited to the verification of procedures on test check 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.

For DSM & Associates,
Company Secretaries

CS Sanam Umbargikar
Partner
M.No.26141
CoP No.9394

Date: 12th May, 2017
Place: Mumbai

ANNEXURE VIII

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[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	U65999MH2008PLC185856
Registration Date	August 14, 2008
Name of the Company	Metropolitan Stock Exchange of India Limited
Category / Sub-Category of the Company	Company Limited by shares Indian Non-Government Company
Address of the Registered office and contact details	Vibgyor Tower, 4 th Floor, C-62, G Block Bandra Kurla Complex, Bandra (East), Mumbai-400098. Tel No: 022 61129000 Email Id: secretarial@msei.in
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Unit : Metroplitan stock Exchange of India Limited Selenium Tower B, Plot number 31 & 32 Nanakramguda Financial District, Gachibowli Hyderabad - 500 032 Contact person Ms. Rajitha Cholleti Sr. Manager- Corporate Registry E-Mail: einward.ris@karvy.com Tel. No.: +91-040-6716 2222

II. Principal business activities of the company:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Exchange Operation	66110	100%

III. Particulars of holding, subsidiary and associate companies as on March 31, 2017:

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary / Associate	% of Shares Held	Applicable Section
1	Metropolitan Clearing Corporation of India Limited	U67120MH2008PLC188032	Subsidiary	86.94%	2(87)(ii)
2	MCX SX KYC Registration Agency Limited	U65923MH2012PLC227604	Subsidiary	100%	2(87)(ii)

IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity) as on March 31, 2017:

a. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (April 01, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian (A)(1)	—	—	—	—	—	—	—	—	—
(2) Foreign (A)(2)	—	—	—	—	—	—	—	—	—
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	—	—	—	—	—	—	—	—	—
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks/Financial Institutions	654613376	—	654613376	33.63	654613376	—	654613376	26.56	-7.07
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt (s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) Foreign Institutional Investors	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others(specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(1)	654613376	—	654613376	33.63	654613376	—	654613376	26.56	-7.07
2. Non-Institutions									
a) Bodies Corporates									
i) Indian	472301578	—	472301578	24.26	805711565	—	805711565	32.69	8.43
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	7699999	—	7699999	0.40	30106051	—	30106051	1.22	0.82
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	611574854	—	611574854	31.42	743688641	—	743688641	30.18	-1.24
c) Others(specify)									
Trust	5686814	—	5686814	0.29	5672734	—	5672734	0.23	-0.06
HUF	97422500	—	97422500	5.00	106276750	—	106276750	4.31	-0.69
Partnership firm	97370000	—	97370000	5.00	118464797	—	118464797	4.81	-0.19
Sub-total (B)(2)	1292055745	—	1292055745	66.37	1809920538	—	1809920538	73.44	7.07
Total Public Shareholding (B)=(B)(1)+(B)(2)	1946669121	—	1946669121	100.00	2464533914	—	2464533914	100.00	—
by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	1946669121	—	1946669121	100.00	2464533914	—	2464533914	100.00	—

- b. **Shareholding of Promoters:-** The Company does not have any Promoter. Hence, this disclosure is not applicable.
- c. **Change in Promoters' Shareholding:-** The Company does not have any Promoter. Hence, this disclosure is not applicable.
- d. **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Name	Shareholding at the beginning of the year (April 1, 2016)		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (April 1, 2016 to March 31, 2017)	
		No. of shares	% of total shares				No. of shares	% of total shares
1	Multi Commodity Exchange of India Limited	66599408	3.42	1-Apr-16			66599408	3.42
				24-Sep-16	265177600	Conversion of warrants pursuant to court order	331777008	13.94
				31-Mar-17		—	331777008	13.46
2	Trust Investment Advisors Private Limited	97370000	5.00	1-Apr-16		—	97370000	5.00
				24-Sep-16	21745930	Rights Issue	119115930	5.00
				31-Mar-17		—	119115930	4.83
3	Rakesh Radheshyam Jhunjhunwala	97375000	5.00	1-Apr-16		—	97375000	5.00
				24-Sep-16	21733353	Rights Issue	119108353	5.00
				31-Mar-17		—	119108353	4.83
4	IL & FS Financial Services Limited	97409170	5.00	1-Apr-16		—	97409170	5.00
				24-Sep-16	21700457	Rights Issue	119109627	5.00
				31-Mar-17			119109627	4.83
5	Radhakishan S Damani	97370000	5.00	1-Apr-16		—	97370000	5.0
				24-Sep-16	21094797	Rights Issue	118464797	4.98
				31-Mar-17		—	118464797	4.81
6	State Bank of India	97400000	5.00	1-Apr-16	0	—	97400000	5.00
				31-Mar-17			97400000	3.95
7	Nemish S Shah HUF	97370000	5.00	1-Apr-16	0	—	97370000	5.00
				31-Mar-17			97370000	3.95
8	AADI Financial Advisors LLP	97350000	5.00	1-Apr-16	0	—	97350000	5.00
				31-Mar-17			97350000	3.95
9	Viral Amal Parikh	97370000	5.00	1-Apr-16	0	—	97370000	5.00
				Sales during the year	(751000)	Sale during the year	96619000	—
				31-Mar-17	0	—	96619000	3.92
10	Kalpraj Damji Dharamshi	93200000	4.79	1-Apr-16	0	—	93200000	4.79
				31-Mar-17		—	93200000	3.78

- e. **Shareholding of Directors and Key Managerial Personnel:** - None of the directors and Key Managerial Personnel held any shares in the Company. Hence, the disclosure is not applicable.

- V. **Indebtedness:** - Indebtedness of the Company including interest outstanding/accrued but not due for payment
(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the Financial Year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	50,207,650	NIL	NIL	NIL
Net Change				
Indebtedness at the end of the Financial Year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. **Remuneration of Directors and Key Managerial Personnel:**

A. **Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Mr. Udai Kumar MD & CEO (April 1, 2016 to March 31, 2017)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	82,36,209
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL
2.	Stock Option	NIL
3.	Sweat Equity	NIL
4.	Commission	NIL
5.	Others, please specify	NIL
	Total (A)	82,36,209
	Ceiling as per the Act	As per Schedule V Part II Section II of Companies Act, 2013

B. Remuneration to other directors:

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Prof.(Mrs.) Ashima Goyal	Mr. D. R. Dogra	Mr. Thomas Mathew T.	Mr. Anand Sinha	Mr. Radhakrishnan Nair	Mr. D.G. Patwardhan	Mr. D.K. Mehrotra	
1	Independent Directors								
	• Fee for attending board committee meetings	7,20,900	2,43,000	5,18,400	4,37,400	2,83,500	1,48,500	1,21,500	—
	• Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	—
	• Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	—
	Total (1)	7,20,900	2,43,000	5,18,400	4,37,400	2,83,500	1,48,500	1,21,500	24,73,200
2	Other Non-Executive Directors								
	• Fee for attending board committee meetings	NIL	NIL	NIL	NIL	NIL	NIL	NIL	—
	• Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	—
	• Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	—
	Total (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	—
	Total (B)=(1+2)								24,73,200
	Overall Ceiling as per the Act	Sitting fees not exceeding Rs. 1,00,000 per meeting of the Board and Committee meetings in terms of Rule 4 of the Companies(Appointment and Remuneration of Managerial Personnel), Rules, 2014.							

C. Remuneration to key managerial personnel other than MD/Manager/WTD

(Amount in Rs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Chief Financial Officer (Mr. Abhijit Chakraborty) (From 01.04. 2016 To 14.11.2016)	Chief Financial Officer (Mr. Chetan Utture) (From 15.11. 2016 To 31.03.2017)	Company Secretary (Ms. Sangeeta Shetty) (From 01.04. 2016 To 23.01.2017)	Company Secretary (Mr. Rathindra Das) (From 30.03.2017 To 31.03.2017)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	37,42,191	12,75,259	13,03,049	—	63,20,499
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	32,400	—	—	—	32,400
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—	—
2	Stock Option	—	—	—	—	—
3	Sweat Equity	—	—	—	—	—
4	Commission - as % of profit - others, specify...	—	—	—	—	—
5	Others, please specify	—	—	—	—	—
	Total	37,74,591	12,75,259	13,03,049	—	63,52,899

Note: The remuneration disclosed above reflects the full compensation paid during the year under review.

VII. Penalties / Punishment/ Compounding of offences - None

MANAGEMENT DISCUSSION AND ANALYSIS

Metropolitan Stock Exchange of India Limited ("MSE") is a recognized national level stock exchange in India. MSE offers an electronic platform for trading in Currency Derivatives, Interest Rate Derivatives, Equity Cash & Equity Derivatives segments and Debt Market segment.

The Exchange employs advanced trading technology and IT infrastructure with significant scalable capacity and proven capability of handling high volume trades. Its subsidiary Metropolitan Clearing Corporation of India Limited (MCCIL) employs state-of-the-art Risk management systems with sizeable Settlement Guarantee Fund and zero-default record since inception.

MSE is committed to the development of currency, interest rates, fixed income and SME trading along with expansion and diversification of the equity asset class. It proposes to utilize its Equity platform for Bulk / Block deals, Exchange Traded Funds (ETFs) and Sovereign Gold Bonds (SGBs).

INDUSTRY STRUCTURE AND DEVELOPMENTS

India has emerged as one of the fastest growing economies in the world as per International Monetary Fund World Economic Outlook report, January 2017. This scenario is expected to boost the outlook of capital markets and demand for alternative investment products. Financial products such as ETFs, SGBs, debt instruments, structured products, currency derivatives, etc. have long duration of growth trajectory. Accordingly, your Exchange is focussed on establishing itself as the alternative investment exchange of India.

These are interesting times for Indian stock exchanges as the domestic Indices are trading at all-time high. The prospects for Indian stock exchanges are favourable due to potential of growth in the country's corporate sector. Also, low ratio of domestic market capitalisation and outstanding corporate bonds to GDP provides opportunities to boost India's growth further in this sector. The total market capitalization of the Indian stock market has touched almost \$2 Trillion (Source: Bloomberg) as on 31st March, 2017.

OPPORTUNITIES AND THREATS

The central government has been giving a big push to infrastructure sector. The priority area of the government has been highways, railways, energy, and defence. The Reserve Bank of India has reduced policy rates by more than 1% during the year. However, the transmission of the rate cuts is yet to be done in a meaningful way by banks, so that it can revive the sluggish capex investment cycle. The government is moving aggressively with its campaign on "Make in India", "Digital India", "Smart Cities" and "Financial Inclusion" which would help to improve the access to and affordability of products and give a boost to domestic production.

The financial sector is an ever-evolving space, with new opportunities and pitfalls, and thus the need for having an efficient platform for hedging and trading. MSE as a market infrastructure institution is committed to providing a diverse product basket with Currency Futures, Currency Options, Interest Rate Futures, Debt Market and Equity Block Deals, along with efficient operational parameters and customer-oriented service offerings to enable an efficient and robust marketplace. It is pertinent to note that, the Non-equity products like Debt, Currency, Startup trading, ETFs have a higher potential market size as compared to equity products along with lower competition.

The Exchange has facilitated members a ready-to-use data center with a hosted trading software, which provides instant connectivity at reduced latency to members, without any infrastructure cost or time delay. Members in or outside Mumbai can get immediate connectivity to the Exchange through this high-speed, ready-to-use data center. Last-mile linkage is enabled through web, thus eliminating time and cost for the PoP / P2P network. All the above services come at no cost to members, in effect eliminating time and cost factors of Exchange connectivity.

The Exchange provides services like on demand CTCL, Web Trading, Algo and Co-location Connectivity at no cost through its empanelled vendors - ODIN, NOW and uTrade. Members can directly avail the services through the vendors at no direct license cost. For facilitating Algo Traders better, an Algo Test Lab has been setup in the Co-location facility. This will enable members to bring in their own Algo or ISV developed Algo, to test in this setup with data feed. This move will help them test their Algo strategies by running programs/strategies and then start trading.

Further, SEBI has approved single broker entities to trade in stock exchange and commodity exchange. This is a welcome step for the market, as compliance and infrastructure cost is reduced for brokers and business efficiencies can be achieved. The high price correlation between commodities and currencies can now be efficiently used by market participants. However, with the impending change to regulations allowing commodity exchanges to start equity product categories remains a potential threat.

SEGMENT WISE PERFORMANCE

The Exchange currently operates four trading platforms which may be considered as different lines of business within the same business segment. Accordingly, the Exchange has only one reportable segment within the meaning of “Accounting Standard 17 - Segment Reporting”. The performance of the two trading platforms is given hereunder:

Currency Derivatives Segment

Particulars	2016 - 17	2015-16
Annual Volume (No. of contracts)	44,056,412	48,858,281
Annual Turnover (Rs. Crore)	297,928	324,576
ADV Volume (No. of contracts)	182,051	201,894
ADV Turnover (Rs. Crore)	1,231	1,341

Capital Market Segment

The Exchange commenced trading in Capital Market from February 11, 2013. 22 securities were traded on MSE platform during the FY 2016-17 as against 19 securities in the FY 2015-16. Total volume traded on MSE platform during FY 2016-17 in the Capital Market Segment was 14,471,558 equity shares and the total value traded was Rs. 248.08 Crore.

Companies Listed on the Exchange

During the year under review, the Exchange has been aggressively listing new companies on its equity platform. The count of listed companies increased from 161 in FY 2015-16 to 241 in FY 2016-17. This includes companies listed on other nationwide stock exchanges as well as companies from regional stock exchanges. Out of the 241 listed companies, there are 192 companies which are exclusively listed on MSE. The Exchange has attracted these companies by demonstrating various unique services especially designed for companies and reasonable fee structure.

OUTLOOK

MSE’s ongoing commitment is to enhance diversification and depth in the Indian capital market, by providing liquidity and capital positioning required in the asset classes that would drive corporate and national growth. MSE is making efforts for inclusion of large, currently underserved niches into the broader capital market, especially banks, insurance and individual investors.

Consequently, MSE functions with advanced technology for trading, market risk control and provision of central counter party guarantees. Towards this end, MSE is well capitalized and has the full faith and support of the regulators, shareholders and its Board.

A bouquet of product mix is already in place or awaiting SEBI approval which would highlight MSE’s positioning in the Indian Capital market as a key differentiator. Considering the huge potential in the Currency Derivatives segment, the Exchange has applied to SEBI for approval of new products. Taking into account the surge in the debt capital raised by the corporate sector, the EBP platform for private placement of debt instruments is made ready and tested by market participants. Also the debt reporting platform has been readied and has been launched. Further, an application for LES scheme has been submitted to SEBI and subsequently, in-principle discussion has also been held in this regard.

RISKS AND CONCERNS

The Exchange is executing a business plan and a turnaround strategy. It has already started its brand building and marketing campaign through placing advertisements in publications like The Economic Times and conducting brokers' meets which were attended by close to 500 participants in Mumbai and close to 350 participants in New Delhi and garnered a tremendous positive response. The Exchange has plans in the pipeline to hold brokers meet in cities like Kolkata, Ahmedabad, Kanpur, Indore, Surat, etc. in the current year to attract brokers to join and trade on Exchange platform. There may be a risk in the execution of the expansion strategy, which could impact the expense side of the Exchange and thereby impact the bottom lines.

MSE offers products in various asset classes such as Equity, Currency and Interest Rate Derivatives. Notwithstanding appropriate measures for the evaluation and mitigation of risk taken by us, these asset classes experience volatility from time to time due to economic growth levels, inflation, prices, interest rates, foreign exchange rates and other macro and micro economic factors. However, the same factors are likely to increase trading turnover on the Exchange platform.

The Exchange operates in a highly regulated business segment. The regulatory risk arises out of changes in laws and regulations governing our business. It could also arise on account of inadequate compliance with regulatory requirements or difference in interpretation of regulations vis-a-vis the Regulators. The Exchange is in continuous discussions with the Regulators in order to mitigate such risks.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Exchange has implemented effective control systems to ensure that all its assets, interests and information are safeguarded with proper checks and balances. The Exchange has appointed Internal Auditors and Systems Auditors to ensure that the financial transactions, operational mechanism and technological infrastructure are error free. The Audit Committee is in overall supervision of the internal controls and reports are being made to the Board in a periodic manner.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Revenue

During the year under review, processing fees increased to Rs.6.71 Crore compared to Rs. 1.77 Crore in FY 2015-16 which is 279% increase year on year. The listing fees increased by 48% in FY 2016-17 to Rs. 0.68 Crore as compared to Rs.0.46 Crore in FY 2015-16. Transaction fees declined by 16% in FY 2016-17 to Rs. 4.56 Crore as compared to Rs. 5.42 Crore in FY 2015-16. Other operating revenue stood at Rs.16.72 Crore in FY 2016-17 as against Rs.17.25 Crore in FY 2015-16. The other income increased by 23% to Rs. 11.45 Crore in FY 2016-17 as compared to Rs.9.32 Crore in FY 2015-16.

Expenditure

The operating expenses reduced by 24% from Rs.25.55 Crore in FY 2015-16 to Rs.19.41 Crore in FY 2016-17. Employee benefit expenses, depreciation and amortization expenses and other expenses are also reduced. The Exchange has initiated advertisement and branding campaign resulting in an increase in advertising expenses to Rs.4.05 Crore in FY 2016-17 from Rs.0.36 Crore in FY 2015-16. The Finance cost increased to Rs.0.24 Crore in FY 2016-17 from Rs.0.01 Crore in FY 2015-16.

Profit after tax

The Exchange also successfully managed to reduce its overall loss for the year to Rs. 34.11 Crore as compared to Rs.40.46 Crore in the previous year, a decrease of 16%.

Balance Sheet

As on March 31, 2017, the Company has total assets of Rs. 271 Crore as against Rs. 296.47 Crore as on March 31, 2016, a decrease of 6.59%. The paid up share capital as on March 31, 2017 stood at Rs. 245.95 Crore as against Rs. 194.16 Crore as on March 31, 2016.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

Our headcount as on March 31, 2017 stood at 136 as against 142 as on March 31, 2016. The Company has successfully handled attrition and is building a team through acquisition of competent talent for various key Exchange functionalities. Effectively and efficiently managing our human capital, moreover, successfully leveraging our human capital can help us achieve our strategic business objectives and success in the marketplace. A strong internal culture - one marked by high employee morale and engagement, learning & development programs, initiatives to increase workplace diversity can increase productivity, and ultimately, increase profits. We focus to achieve such excellence through engagements in learning, quality, teamwork, and reengineering of the processes we deploy at work.

DISCLAIMER ON FORWARD LOOKING STATEMENTS

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, macro-economic developments, natural calamities and so on over which the Company does not have any direct control.

CORPORATE GOVERNANCE REPORT

Metropolitan Stock Exchange of India Limited (MSE) (the Exchange) is a public limited company, the securities of which are not listed on any stock exchange. However pursuant to Regulation 35 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (“SECC Regulations 2012”), Corporate Governance norms as specified for listed companies shall *mutatis mutandis* apply to a recognised stock exchange.

1. Company’s Philosophy on Code of Governance

The Company’s philosophy on Corporate Governance is to follow fair, ethical and transparent governance practices of highest order so as to achieve greater efficiency and effectiveness throughout the organization. We believe that Corporate Governance is a self-discipline code which means not only ensuring compliance with regulatory requirements but by also being responsive to our stakeholders needs.

As an integral part of its Corporate Governance philosophy, the Company is also committed to fair and equitable treatment of all its members and other participants in the Exchange systems.

Being a new generation Stock Exchange, the Company is uniquely positioned to realize the above philosophy. At Metropolitan Stock Exchange of India Limited, Corporate Governance is an ongoing process. To keep pace with an evolving global environment, the Company continuously adapts to best governance practices for carrying its business in ethical and transparent manner.

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

2. Board of Directors

A. Composition

The Company being a Stock Exchange is regulated by SEBI and is required to comply with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and Securities Contracts (Regulation) Act, 1956 besides the Companies Act, 2013 and the rules made thereunder (“the Act”) with respect to the composition of its Board of Directors. As on March 31, 2017, the composition of the Board of Directors is:

Prof. (Mrs.) Ashima Goyal	Chairperson & Public Interest Director
Mr. D. G. Patwardhan	Public Interest Director
Mr. D. K. Mehrotra	Public Interest Director
Mr. Udai Kumar	Managing Director & CEO

Mr. D. R. Dogra, PID demitted office w.e.f. August 16, 2016; Mr. Radhakrishnan Nair, PID demitted office w.e.f. November 26, 2016; Mr. Anand Sinha, PID demitted office w.e.f. December 31, 2016 and Mr. Thomas Mathew T., PID demitted office w.e.f. February 11, 2017.

B. Attendance of Directors and Number of Directorships and Committee positions held

During the financial year ended March 31, 2017, Nine (9) meetings of the Board of Directors were held. The dates of the Board Meetings are: April 8, 2016, May 22, 2016, July 2, 2016, August 6, 2016, September 24, 2016, November 6, 2016, November 15, 2016, February 11, 2017 and March 30, 2017.

The attendance details and number of directorships and committee positions held by the Directors as on March 31, 2017 are given below:

Sr. No.	Name of Director	Attendance at Board Meetings during FY 2016-17		Whether attended last AGM held on 20.08.2016	No. of Directorship(s)		Number of Committee positions held in other public companies	
		Held during tenure of Director	Attended		Public Limited	Private Limited	Chairman	Member
1	Prof. (Mrs.) Ashima Goyal	9	9	Yes	1	2	1	NIL
2	Mr. D. R. Dogra*	4	4	No	4	1	NIL	1
3	Mr. Radhakrishnan Nair*	7	6	Yes	3	-	NIL	1
4	Mr. Anand Sinha*	7	7	No	1	3	NIL	NIL
5	Mr. Thomas Mathew T.*	8	8	Yes	5	1	NIL	NIL
6	Mr. Udai Kumar	9	9	Yes	2	NIL	NIL	2
7	Mr. D. G. Patwardhan#	2	2	No	1	NIL	NIL	NIL
8	Mr. D. K. Mehrotra##	2	2	No	6	1	1	4

*Mr. D. R. Dogra, PID demitted office w.e.f. August 16, 2016; Mr. Radhakrishnan Nair, PID demitted office w.e.f. November 26, 2016; Mr. Anand Sinha, PID demitted office w.e.f. December 31, 2016 and Mr. Thomas Mathew T., PID demitted office w.e.f. February 11, 2017

Mr. D. G. Patwardhan was appointed as PID with effect from January 5, 2017;

Mr. D. K. Mehrotra was appointed as PID with effect from January 5, 2017

NOTES:

- All directors except Mr. Udai Kumar, MD & CEO are non-executive Directors.
- All Public Interest Directors are Independent Directors.
- Above Directorship excludes directorship in Section 8 Companies and Companies Incorporated outside India.
- Memberships/Chairmanships of only the Audit Committee and Stakeholders' Relationship Committee of all Public Companies have been considered above.
- None of the Directors are related to each other.
- None of the Director hold any shares in the Company.
- The weblink of directors' familiarisation programme imparted to independent directors is <http://www.msei.in/SX-Content/common/MCX-SX-About-Us/policy/2015/May/FAMILIARIZATION-PROGRAM-FOR-PUBLIC-INTEREST-DIRECTOR.pdf>

3. Audit Committee:

A. Composition, meetings and attendance:

During the year the Committee met five (5) times. The meetings were held on May 22, 2016, July 2, 2016, August 6, 2016, November 15, 2016 and February 11, 2017. Besides the members of the Audit Committee, Chief Financial Officer, representatives of the Statutory Auditors are permanent invitees to the Audit Committee meeting. The internal auditors are invited on case to case basis. The Company Secretary acts as the Secretary to the Committee. The details of the Composition and attendance of the members of the committee as on March 31, 2017 are listed below:

Members	Category	Meetings held during the tenure	Meetings Attended during the tenure
Mr. D. R. Dogra* Public Interest Director	Independent Director	3	3
Prof. (Mrs.) Ashima Goyal Public Interest Director	Independent Director	5	5
Mr. Radhakrishnan Nair* Public Interest Director	Independent Director	1	1
Mr. Anand Sinha* Public Interest Director	Independent Director	4	4
Mr. Thomas Mathew T. Public Interest Director*	Independent Director	5	5
Mr. D. G. Patwardhan# Public Interest Director	Independent Director	0	0
Mr. D. K. Mehrotra## Chairman and Public Interest Director	Independent Director	0	0
Mr. Udai Kumar Managing Director & CEO	Executive Director	5	5

*Mr. D. R. Dogra, PID demitted office w.e.f. August 16, 2016; Mr. Radhakrishnan Nair, PID demitted office w.e.f. November 26, 2016; Mr. Anand Sinha, PID demitted office w.e.f. December 31, 2016 and Mr. Thomas Mathew T., PID demitted office w.e.f. February 11, 2017

Mr. D. G. Patwardhan was appointed as PID with effect from January 5, 2017;

##Mr. D. K. Mehrotra was appointed as PID with effect from January 5, 2017

B. Terms of Reference (TOR):

The terms of reference of the Audit Committee pursuant to Section 177 (4) of the Companies Act, 2013 read with Regulation 18 of Listing Regulations, 2015 is as stated below-

1. 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;
2. To recommend the appointment, remuneration and terms of appointment of auditors of the Company;
3. To approve the payment to statutory auditors for any other services rendered by the statutory auditors;
4. To review with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, focusing primarily on:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3) (c) of the Companies Act, 2013;
 - b. Any changes in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by the management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. The going concern assumption;

- g. Compliance with accounting standards;
 - h. Compliance with legal requirements concerning financial statements;
 - i. Disclosure of any related party transactions;
 - j. Qualifications in the draft audit report.
5. To review with the management, the quarterly financial statements before submissions to the Board;
 6. To review with the management, the statement of uses/applications of funds raised through an issue (rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a rights issue and making appropriate recommendations to the Board to take up steps in this matter;
 7. To review and monitor the auditors independence and performance and effectiveness of audit process;
 8. To grant approval or any subsequent modification of transactions of the Company with related parties;
 9. To scrutinise inter corporate loans and investments;
 10. To undertake valuation of undertakings or assets of the Company wherever it is necessary;
 11. To evaluate internal financial control and risk management systems;
 12. To review with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. 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;
 14. To discuss with internal auditors any significant findings and follow up thereon;
 15. To review the findings of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control system of a material nature and report to Board;
 16. To discuss with the statutory auditors before the audit commences, about the nature and the scope of audit as well as have post-audit discussion to ascertain any area of concern;
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. To review Company's financial risk management policies;
 19. To examine financial statement and the auditor's report thereon;
 20. To review the functioning of the Whistle Blower mechanism;
 21. To approve the appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
 22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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;
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee;
6. The Chairman of the Audit Committee shall attend the Annual General Meetings of the Company;
7. Statutory Auditors and Internal Auditors, of the Company shall attend meetings of Audit Committee and Auditors of the Company and the Key managerial personnel shall have a right to be heard when it considers auditor's report, without right to vote, whenever called upon to do so;
8. The recommendations of the Audit Committee on any matter relating to any financial management including audit report shall normally be binding on the Board. If any recommendation is not accepted by the Board, the reasons for the same shall be recorded in the minutes of the Board Meeting and communicated to the shareholders; and
9. Audit Committee be and is hereby authorized to investigate into any matter in relation to the terms of reference or any matter referred to it by the Board and shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.

4. Nomination and Remuneration cum Compensation Committee:

A. Composition, meetings and attendance:

The Committee met five (5) times during the year. The meetings were held on April 30, 2016, July 2, 2016, September 24, 2016, November 15, 2016 and March 30, 2017. The details of composition and participation of the members at the meetings of the Committee as on March 31, 2017 were as under:

Members	Category during the tenure	Meetings held during the tenure	Meetings Attended
Mr. D. R. Dogra* Public Interest Director	Independent Director	2	2
Prof. (Mrs.) Ashima Goyal Public Interest Director	Independent Director	5	5
Mr. Thomas Mathew T.* Public Interest Director	Independent Director	4	4
Mr. Radhakrishnan Nair* Public Interest Director	Independent Director	2	2
Mr. D. G. Patwardhan# Public Interest Director	Independent Director	1	1
Mr. D. K. Mehrotra## Chairman and Public Interest Director	Independent Director	1	1

* Mr. D. R. Dogra, PID demitted office w.e.f. August 16, 2016; Mr. Radhakrishnan Nair, PID demitted office w.e.f. November 26, 2016 and Mr. Thomas Mathew T., PID demitted office w.e.f. February 11, 2017

Mr. D. G. Patwardhan was appointed as PID with effect from January 5, 2017;

Mr. D. K. Mehrotra was appointed as PID with effect from January 5, 2017

B. Terms of Reference (TOR):

The Terms of Reference of the Nomination and Remuneration cum Compensation Committee of the Company pursuant to Section 178 of the Companies Act, 2013 read with Regulation 35 of the SECC Regulations and Regulation 19 of the Listing (Obligation and Disclosure Requirements) Regulation, 2015 is given below:

1. To decide the remuneration to be paid to any member or prospective member of the Senior Management, as may be referred to it by the Board or the Management Committee of the Board, in mutual consultation with such member or prospective member and in an objective manner, having regard to the interests of the Company and of its shareholders;
2. To formulate the compensation policy in line with the directions of SEBI;
3. To identify the Key Management Personnel (KMPs) within the meaning of the SECC Regulations;
4. To determine the employment terms and compensation of the KMPs as directed by SEBI;
5. Report such activities to the Board on periodic basis;
6. To finalize and administer the scheme in consultation with a Merchant Banker appointed by them for the purpose;
7. To settle all questions of interpretation of said Scheme (the Committee's decision shall be final and binding on all parties concerned);
8. To determine the detailed terms and conditions for grant of Options to each eligible employee or class of employees, including but not limited to:
 - i. The eligibility criteria and the specific employees to whom the options would be granted;
 - ii. The quantum of employee stock options to be granted under the Scheme per employee or class of employees and the basis of such allotment and the aggregate thereof, subject to the maximum ceiling as specified hereinabove;
9. To devise a procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, splitting/sub-division of shares, bonus issues, merger, sale of division and others;

10. To devise the procedure for cashless exercise of options, in accordance with applicable laws;
11. To determine the terms and conditions of re-issue of options which have lapsed on account of non-exercise of the options vested within the specified period, or on account of non-acceptance of the options which have been granted to the employee, or on account of any other reason, in accordance with applicable laws;
12. To formulate criteria for determining qualifications, positive attributes and independence of director;
13. To recommend to the Board policy relating to remuneration for directors, KMPs and other employees;
14. To identify person who are qualified to be become director, recommend their appointment, removal to the Board;
15. To evaluate every directors performance;
16. To perform any other function as may be delegated by the Board.

C. Nomination and Remuneration Policy

The Company has formulated the nomination and remuneration policy as per SECC Regulations and the Companies Act, 2013 for remunerating the Executive Directors, Non-Executive Directors, Senior Management Personnel, Key Managerial Personnel and the Employees. The policy is annexed to the Directors' Report.

D. Performance Evaluation Criteria for Independent Directors

With the objective of enhancing the effectiveness of the Board, the Nomination & Remuneration Committee formulated the methodology and criteria to evaluate the performance of the Board and each Director. The Nomination & Remuneration Committee at its meetings discussed and reviewed the criteria for evaluating the performance of all the directors. Criteria in this respect includes; (a) Board composition, size, mix of skill, experience, members' participation and role, (b) attendance, preparedness and deliberation in the meetings, (c) contribution / suggestions for effective functioning, development of strategy, board process, policies and others. The evaluation process includes review, discussion and feedback from directors in reference to set criteria and questions. The Directors are satisfied with the performance and evaluation.

5. Remuneration of Directors

a) Non-Executive Independent Directors:

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from sitting fees. The Company has not granted any stock options to any of its Non-Executive Directors and none of the directors hold any shares in the Company. Sitting fees paid to Non-Executive Directors/Public Interest Directors during the year are as follows:

Name of the Director	Sitting Fees (Rs.)
Prof. (Mrs.) Ashima Goyal	7,20,900
Mr. D.R. Dogra*	2,43,000
Mr. Radhakrishnan Nair*	2,83,500
Mr. Anand Sinha*	4,37,400
Mr. Thomas Mathew T.*	5,18,400
Mr. D. G. Patwardhan#	1,48,500
Mr. D. K. Mehrotra##	1,21,500

* Mr. D. R. Dogra demitted office w.e.f. August 16, 2016; Mr. Radhakrishnan Nair demitted office w.e.f. November 26, 2016; Mr. Anand Sinha demitted office w.e.f. December 31, 2016 and Mr. Thomas Mathew T. demitted office w.e.f. February 11, 2017

Mr. D. G. Patwardhan was appointed as PID with effect from January 5, 2017;

##Mr. D. K. Mehrotra was appointed as PID with effect from January 5, 2017

- b) The details of remuneration paid to Executive Director for the financial year ended March 31, 2017 are provided hereinafter:

Particulars	Mr. Udai Kumar, MD & CEO (appointed w.e.f. January 22, 2016)
Salary and allowances	84,53,116
Period of Service Contracts	For a period of three years commencing on and from January 22, 2016
Notice Period	Three Months

6. Stakeholders Relationship Committee:

A. Composition

The Committee met three (3) times during the year. The meetings were held on April 30, 2016, July 2, 2016 and February 11, 2017. The details of composition and participation of the members at the meetings of the Committee as on March 31, 2017 were as under:

Members	Category the tenure	Meetings held during during the tenure	Meetings attended
Prof. (Mrs.) Ashima Goyal	Public Interest Director	3	3
Mr. D. R. Dogra*	Public Interest Director	2	2
Mr. Udai Kumar	MD & CEO	3	3
Mr. D. K. Mehrotra**	Public Interest Director	1	1

* Mr. D. R. Dogra demitted office w.e.f. August 16, 2016;

**Mr. D. K. Mehrotra was appointed as PID w.e.f. January 5, 2017

B. Terms of Reference:

The Terms of Reference of the Stakeholders Relationship Committee pursuant to Regulation 35 of SECC Regulation read with Regulation 20 of the Listing (Obligation and Disclosure Requirements) Regulation, 2015 is given below:

1. Handling and redressal of various Security holders' complaints including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends;
2. Noting status of dematerialization, rematerialization, share transfer, transposition of names, transmission requests, etc.;
3. Issue of duplicate share certificates in case of damage or loss of share certificate;
4. Any other specific stakeholder matters as may be specified by the Board from time to time.

C. Name of Compliance Officer

Ms. Sridevi Pillalamarri - Compliance Officer - Investor Grievance & Arbitration and Compliance

D. Details of Shareholders complaints received and redressed during the year.

The Exchange had not received any complaints from its shareholders nor were there any unresolved complaints during the year.

7. General Body Meetings:

A. Details of Annual General Meetings held in last three years are as under:

Date & Time	Venue of the meeting	Special resolution(s) passed for
August 20, 2016 at 11.00 am for FY 2015-2016	Vibgyor Towers, 4th Floor, C-62, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400098	<ul style="list-style-type: none"> i. Appointment and remuneration of Mr. Udai Kumar, Managing Director & Chief Executive Officer ii. Appointment of Mr. Radhakrishnan Nair, as an Independent Director of the Company.
September 30, 2015 at 4.30 pm for FY 2014-2015	Vibgyor Towers, 4th Floor, C-62, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400098	<ul style="list-style-type: none"> i. Appointment of Mr. Anand Sinha, as an independent Director of the Company. ii. Appointment of Mr. Pankaj Talwar as a Shareholder Director of the Company. iii. Payment of remuneration to Mr. Saurabh Sarkar, MD & CEO for a period of one year. iv. Ratification and approval of transactions with Metropolitan Clearing Corporation Ltd under clause 49 of the Listing Agreement.
September 30, 2014 at 4.00 pm for FY 2013-2014	Vibgyor Towers, 4th Floor, C-62, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400098	No special resolutions were passed at this meeting.

B. Postal Ballot:

The Company has not passed any resolution by way of postal ballot during the financial year ended March 31, 2017 and no resolution is proposed to be conducted through postal ballot.

8. Means of Communication:

The Exchange disseminates all material information to its Shareholders through its website: www.msei.in. The Exchange's website: www.msei.in contains links to all important events and material information of the Exchange. The financials results, shareholding pattern, press releases, Annual Reports etc. appear on the Company's website.

9. General Shareholder Information:

Day, Date, Time and Venue of Annual General Meeting (2016-2017)	Thursday, September 14, 2017 at 11:30 a.m. Venue :- Banquet Hall, Ground Floor, MCA Recreation Centre, RG-2, G-Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051 Landline No -(022) 2644 6688
Financial year	April 01, 2016 to March 31, 2017
Dividend payment date	Not Applicable
Listing on Stock Exchanges	The Company is not listed on any stock exchange.
Stock Market Code, Market Price Data and share price performance to broad based indices	Not Applicable as the Company is not listed on any stock exchange
Registrars & Share Transfer Agents	Karvy Computershare Private Limited Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad 500 032, India Tel: +91-040-6716 2222
Share Transfer System	100% of Equity Shares of the Company are in electronic form. Transfer of shares is done through depositories with no involvement of the company.
Dematerialization of Shares and liquidity	As required under SEBI Regulations, the entire 2,464,533,914 equity shares of the Company as on March 31, 2017 are under dematerialized (electronic) form. The equity shares of the Company have been admitted for dematerialisation with both the depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). ISIN of the equity shares of the Company is INE312K01010.
Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	As at March 31, 2017, the Company has 68,77,589 outstanding Warrants.
Exchange operations are located at	4th Floor, Vibgyor Tower, C-62, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400098
Address for Correspondence	Company Secretary, 4th Floor, Vibgyor Tower, C-62, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400098. Tel: 61129000 Fax: 61129009 Email id: secretarial@msei.in Website: www.msei.in

10. Distribution of Shareholding as on March 31, 2017:

Sr. No.	Category	Shareholders		Shares held	
		No. of holders	% of Total	No. of shares	% of Total
1	up to 1 - 5000	305	23.00	842229	0.03
2	5001 - 10000	195	14.70	1797772	0.07
3	10001 - 20000	128	9.65	2094641	0.09
4	20001 - 30000	114	8.60	2933697	0.12
5	30001 - 40000	26	1.96	960020	0.04
6	40001 - 50000	127	9.58	6244312	0.25
7	50001 - 100000	184	13.88	16732580	0.68
8	100001 & ABOVE	247	18.63	2432928663	98.72
	Total	1326	100.00	2464533914	100.00

Shareholding Pattern as on March 31, 2017:

Sr. No.	Category	No of Shareholders	No. of shares held	% of shareholding
(A)	PROMOTER AND PROMOTER GROUP	NIL	NIL	NIL
(B)	PUBLIC SHAREHOLDING			
(a)	Financial Institutions /Banks	19	654613376	26.56
(b)	Bodies Corporates	34	805711565	32.69
(c)	Individuals	1229	734335969	29.80
(d)	HUF	41	106276750	4.31
(e)	Trusts	1	5672734	0.23
(f)	Non-Resident Indian	2	157923520	6.41
	Total B	1326	2464533914	100.00
	Total (A+B)	1326	2464533914	100.00

11. Other Disclosures:

a. Disclosures on materially significant related party transactions:

The Company has not entered into any materially significant related party transactions that may have potential conflict with the interests of the Company at large. All the transactions with related parties are under the pre-existing arrangements. Nonetheless, transactions with related parties as required to be reported under "Accounting Standard 18 - Related Party Disclosure" has been disclosed in the Financial Statements in the Annual Report. The policy is hosted on the website of the Company and can be accessed at <https://www.msei.in/SX-Content/common/MCX-SX-About-Us/policy/2016/July/Policy-on-Related-Party-Transactions.pdf>.

b. Penalties or strictures imposed on the Company by SEBI or any statutory authority, on any matter related to the capital markets during the last three years:

In 2016-17, SEBI had, in view of non-fulfilment of the condition of renewal of recognition by Metropolitan Clearing Corporation of India Limited (MCCIL), advised the Exchange to have firm alternative arrangements for clearing and settlement for trades executed on the Exchange failing which no new contracts on the products permitted to be traded or launch new products, shall be allowed. The Exchange has sought extension of time from SEBI for fulfilling the recognition conditions of MCCIL. However, this condition was revoked in November 2016.

SEBI had renewed the recognition of the Exchange for a further period of one year commencing from September 16, 2016 to September 15, 2017 subject to condition that the Exchange shall built its Networth (undisputed) to

the level as prescribed in SECC regulation 2012 within the period of three month from the date of renewal of recognition.

c. Disclosure relating to Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee:

The Company has adopted a Code for all the Board Members, 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. Further, the mechanism adopted by the Whistle Blower policy is to report genuine concern or grievances and provide for adequate safeguard against victimization of whistle blower who avail of such mechanism and also to provide for direct access to the chairman of the audit committee in exceptional cases.

The Whistle blower policy is also hosted on the website of the Company and can be accessed at <https://www.msei.in/SX-Content/common/MCX-SX-About-Us/Code/2017/July/Whistle-Blower-Policy.pdf>. None of the whistle blower was denied access to the Audit Committee during FY 2016-17 to the knowledge of the Compliance Officer, Ms. Sridevi Pillalamarri. The same is reviewed by the Audit Committee on a quarterly basis.

d. Details of Compliance with mandatory and non-mandatory requirement:

As per regulation 35 of SECC Regulations, 2012, the disclosure requirements and corporate governance norms as applicable to a listed entity are mutatis mutandis applicable to a recognized stock exchange. The Company has complied with the applicable mandatory requirements of Listing Regulation unless stated otherwise.

The Company has complied with the following Non-Mandatory requirements:

- a) The Company has appointed separate persons to the post of Chairperson and Managing Director & CEO.
- b) The Internal Auditor reports directly to the Audit Committee.

e. Policy for determining material subsidiaries:

As on March 31, 2017 the Company holds 86.94% of the paid-up capital of Metropolitan Clearing Corporation of India Limited (MCCIL) and 100% of MCX-SX KYC Registration Agency Limited (MCX-SX KRA). The minutes of the Board meetings of the subsidiaries are placed before the Board meeting of the Company. The Company has formulated a policy for determining 'material' subsidiaries and such policy is hosted on the website of the company and can be accessed at <http://www.msei.in/SX-Content/common/MCX-SX-About-Us/policy/2014/November/Policy-On-Determining-Material-Subsidiaries.pdf>.

For and on behalf of the Board of Directors

Date: August 11, 2017
Place: Mumbai

Prof. (Mrs.) Ashima Goyal
Chairperson
DIN: 00233635

RECEIPT OF AFFIRMATIONS ON COMPLIANCE WITH THE CODE OF CONDUCT

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year 2016-17 as adopted by the Board of Directors.

Udai Kumar
Managing Director & CEO
DIN: 06750460

Dated: August 11, 2017

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION
Compliance Certificate by Chief Executive Officer (CEO) and Chief Financial Officer (CFO) (issued in accordance with the provisions of Regulation 35 of SECC Regulations 2012 read with Regulation 17(8) of the Listing Regulations)

To
The Board of Directors of Metropolitan Stock Exchange of India Limited

Dear Madam/Sirs,

- A. We have reviewed the financial statements and the cash flow statement of Metropolitan Stock Exchange of India Ltd for the financial year ended March 31, 2017 and to the best of our knowledge and belief, we hereby certify that:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - (2) These statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations, except as disclosed in the notes to the financial statements.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended March 31, 2017 which are fraudulent, illegal or violative of the Company's code 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 that:
- (1) significant changes in internal control over financial reporting during the year;
 - (2) There are no significant changes in accounting policies made during the year except as disclosed in the notes to the financial statements.
 - (3) There are no 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,

Udai Kumar
Managing Director & CEO
DIN: 06750460

Chetan Utture
Chief Financial Officer
PAN: AAGPU7947N

Dated: May 10, 2017

PRACTICING COMPANY SECRETARY'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

**To the Members of
Metropolitan Stock Exchange of India Limited**

This is with reference to the disclosure and corporate governance norms specified in Regulation 35 of the Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 applicable to Stock Exchanges which stipulates that the disclosure requirements and corporate governance norms as specified for listed companies shall mutatis mutandis apply to a recognized stock exchange.

Accordingly, we have examined the compliance of conditions of Corporate Governance by Metropolitan Stock Exchange of India Limited (hereinafter known as "the Company"), for the year ended March 31, 2017 as stipulated in Regulations 17, 18, 19, 20, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Company Secretaries of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 our examination of the relevant records and the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015 to the extent relevant and practicable in accordance with the nature of the Company's operations, its constitution and to ensure appropriate governance.

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 DSM & Associates,
Company Secretaries

CS Sanam Umbargikar
Partner
M.No.: 26141
COP No.9394

Date: June 12, 2017
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT: STANDALONE

The Members of Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited)

Report on Standalone Financial Statements

We have audited the accompanying standalone financial statements of Metropolitan Stock Exchange of India Limited (erstwhile MCX Stock Exchange Limited) (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the 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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

Basis of Qualified Opinion:

- a. Refer Note no.32 of Notes to the accounts of the Company; The company continues to prepare its Financial Statements on going concern basis, even though it has continued to incur losses during the current year and there is no clarity on increase in volume and the required funding in the future for its continued business. The company has however raised required funds during the current year and has started working on its detailed plan for turn around and is confident of raising further required funds in the coming year, increase volume and make profits in future years and hence prepared the accounts on going concern basis including not carrying out the impairment testing to ascertain carrying value of fixed assets, etc. and also the sum of Rs.35.14 Crores and Rs.1.86 Crores towards Service tax set-off and MAT Credit is considered as recoverable. We are unable to comment on the adjustments, if any, that will be arising out of the same.

- b. Refer Note no. 30(ii)(a) of Notes to the accounts; the Company, in the earlier years, entered into various contracts with the parties mentioned in the register maintained under Section 301 of the Companies Act, 1956 to whom amounts have been paid as Infrastructure, software and software support charges during the said years in respect of which no alternative quotations are / were available. As informed by the Management, they have already renegotiated few of such contracts and are in the process of reviewing other such contracts / charges to establish their reasonableness for similar line of business. We are unable to comment on the adjustments, if any, that will be arising out of such review.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph, the aforesaid standalone 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, 2017, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act.
 - g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - h. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
 - i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements, where practical - Refer Note 30 on Contingent Liabilities.

- ii. The Company has entered into various contracts including long term contracts with a Company towards software license and maintenance agreements etc. which have penalty clauses for termination. The continuance of these contracts and impact of termination of these contracts shall depend on the future running of the business including raising required resources for the same. The Company has however raised required funds during the current year and has started working on its detailed plan for turn-around and such confident to honor its long term contract and does not foresee any losses on account of termination. Apart from the same, the Company did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
- iv. The Company has provided requisite disclosures in its standalone financial statements (refer note no. 29) as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained and record available with the Company.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No. 006711N / N500028

Vikas Kumar
Partner
Membership No. 75363

Place: Mumbai
Date: May 13, 2017

ANNEXURE A TO AUDITOR'S REPORT

The annexure referred to in Independent Auditors' report to the members of the Company on the standalone financial statements for the year ended 31st March 2017, we report that;

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per the information and explanation given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanation given to us, there is no Immovable Property in the books of accounts of the Company. Thus, the provision of clause 3(i)(c) of the Order is not applicable to the Company.
- (ii) The Company is a service Company, primarily rendering stock exchange service. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) During the year, the Company has not granted any Loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of Sections 185 and 186 of the Act, with respect to the loans and investments made.
- (v) As explained the Company has not accepted any deposit from the Public. Accordingly, the provision of clause (v) of the Order are not applicable to the Company.
- (vi) To the best of our knowledge and according to the information and explanation provided to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act.
- (vii) (a) According to the records maintained by the Company, the Company has been generally regular in depositing its undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Service Tax, Value Added Tax, Cess and any other statutory dues as applicable with the appropriate authorities during the year.

According to the information and explanation given to us, no undisputed amount payable in respect of above statutory dues were in arrear as at 31st March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the following dues of income tax has not been deposited by the Company on account of dispute:

Name of the statute	Nature of Dues	Amount (in Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Demand under section 156	9,21,38,040 (excl. interest)	AY 2012-13	CIT Appeal.

- (viii) According to the information and explanation given to us and on the basis of our examination of the records provided, the Company has not defaulted in repayment of loans or borrowings to a bank.
- (ix) The Company didn't raise any money by way of initial public offer or further public offer or term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanation 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 provision of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statement
- (xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or person connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No. 006711N / N500028

Vikas Kumar
Partner
Membership No. 75363

Place: Mumbai
Date: May 13, 2017

ANNEXURE B TO AUDITOR'S REPORT

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 Stock Exchange of India Limited ("the Company") as of March 31, 2017 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 (ICAI). 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 were 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 judgement, including the assessment of the risks of material misstatement of the 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 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, 2017, 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 **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No. 006711N / N500028

Vikas Kumar
Partner
Membership No. 75363

Place: Mumbai
Date: May 13, 2017

BALANCE SHEET AS AT — MARCH 31, 2017

(Amount in Rs.)

Particulars	Note	As at March 31, 2017		As at March 31, 2016	
I EQUITY AND LIABILITIES					
1 Shareholders' Fund					
(a) Share capital	3	2,45,95,56,243		1,94,16,76,830	
(b) Reserves and surplus	4	(63,25,67,256)		(29,14,60,678)	
(c) Non Refundable Interest Free Deposits Against Warrants	5	15,000	1,82,70,03,987	41,59,32,672	2,06,61,48,824
2 Warrant application money pending allotment	3.1		34,31,295		—
3 Non-Current Liabilities					
(a) Other long-term liabilities	6	50,77,40,040		46,31,40,624	
(b) Long term provision	7	32,32,671	51,09,72,711	47,42,983	46,78,83,607
4 Current Liabilities					
(a) Short term borrowings	8	—		5,02,07,650	
(b) Trade payables	9				
- Dues to MSME		—		—	
- Other Trade Payable		5,56,60,001		9,41,37,408	
(c) Other current liabilities	10	31,17,21,795		28,53,41,355	
(d) Short term provisions	11	27,30,439	37,01,12,235	10,62,796	43,07,49,209
Total			2,71,15,20,228		2,96,47,81,640
II ASSETS					
1 Non-Current Assets					
(a) Fixed Assets	12				
(i) Tangible assets		11,45,69,959		17,09,29,759	
(ii) Intangible assets		52,05,38,600		52,26,58,418	
(iii) Intangible asset under development		1,88,85,749		50,00,000	
(b) Non-current investments	13	81,58,41,832		57,78,50,000	
(c) Long term loans and advances	14	55,52,01,168		55,06,98,819	
(d) Other non-current assets	20	14,56,52,184	2,17,06,89,492		1,82,71,36,996
2 Current Assets					
(a) Current investments	15	2,61,79,400		4,65,14,562	
(b) Trade receivables	16	80,22,704		1,89,41,566	
(c) Cash and bank balances	17	45,23,11,588		70,24,24,222	
(d) Short term loans and advances	18	4,45,10,084		33,72,47,460	
(e) Other current assets	19	98,06,960	54,08,30,736	3,25,16,834	1,13,76,44,644
Total			2,71,15,20,228		2,96,47,81,640

Significant Accounting Policies and Explanatory Information 2-50

As per our report of even date

 For **T R Chadha & Co LLP**
 Chartered Accountants
 Firm Reg.No.006711N/N500028

 For and on Behalf of the Board of Directors of
Metropolitan Stock Exchange of India Limited
 (Formerly known as MCX Stock Exchange Limited)

Vikas Kumar
 Partner
 Membership No.75363

Ashima Goyal
 Chairperson

Udai Kumar
 Managing Director &
 Chief Executive Officer

 Place: Mumbai
 Dated : May 13, 2017

Chetan Utture
 Chief Financial Officer

Rathindra Das
 Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017 (Amount in Rs.)

Particulars	Note	For the Year 2016-17	For the Year 2015-16
I Income			
(a) Revenue from operations	21	21,28,72,662	22,68,20,503
(b) Other income	22	11,44,95,099	9,32,43,654
Total Revenue		32,73,67,761	32,00,64,157
II Expenditure			
(a) Operating expenses	23	19,41,69,511	25,55,82,022
(b) Employee benefits expense	24	14,74,96,324	15,30,11,400
(c) Finance costs	25	29,66,616	24,88,901
(d) Advertisement and Business Promotion Expenses	26	4,05,29,766	36,31,851
(e) Depreciation and amortisation expense	12	13,92,67,765	13,98,83,407
(f) Other expenses	27	14,40,44,359	16,60,00,598
Total Expenses		66,84,74,341	72,05,98,179
III Profit / (Loss) before exceptional items and tax		(34,11,06,580)	(40,05,34,022)
IV Exceptional items	28	—	41,35,084
V Profit / (Loss) before tax		(34,11,06,580)	(40,46,69,106)
VI Less : Provision for taxation		—	—
VII Profit / (Loss) for the year		(34,11,06,580)	(40,46,69,106)
VIII Earnings per equity share of face value of Re.1 each			
Basic (in Re.)		(0.16)	(0.25)
Diluted (in Re.)		(0.16)	(0.25)

Significant Accounting Policies and Explanatory Information 2-50

As per our report of even date

 For **T R Chadha & Co LLP**
 Chartered Accountants
 Firm Reg.No.006711N/N500028

 For and on Behalf of the Board of Directors of
Metropolitan Stock Exchange of India Limited
 (Formerly known as MCX Stock Exchange Limited)

Vikas Kumar
 Partner
 Membership No.75363

Ashima Goyal
 Chairperson

Udai Kumar
 Managing Director &
 Chief Executive Officer

 Place : Mumbai
 Dated : May 13, 2017

Chetan Utture
 Chief Financial Officer

Rathindra Das
 Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rs.)

Particulars	For the year 2016-17		For the year 2015-16	
A. Cash flow from Operating Activities				
Net Profit / (Loss) before tax as per Statement of Profit and Loss		(34,11,06,580)		(40,46,69,106)
Adjustments for				
Depreciation/Amortisation	13,92,67,765		13,98,83,407	
Dividend from Investments	—		(2,78,277)	
Net Prior Year Adjustments	15,64,323		1,45,43,752	
Interest Income	(4,89,86,136)		(6,26,37,004)	
Finance Costs	29,66,616		24,88,901	
Loss on sale of Fixed Asset (net)	4,89,143		8,880	
Provision for doubtful debts	4,40,298		1,57,803	
Profit on sale of investments (net)	(39,30,544)		(1,07,38,957)	
Depletion in value of investments	54,328	9,18,65,794	—	8,34,28,505
Operating profit/ (loss) before working capital changes		(24,92,40,786)		(32,12,40,602)
Adjustments for				
Trade and other receivables	7,98,80,357		(20,11,80,582)	
Trade and other payables	3,26,59,780	11,25,40,138	67,75,611	(19,44,04,970)
Cash generated from/(used in) operations		(13,67,00,648)		(51,56,45,572)
Net Prior Year Adjustments		(15,64,323)		(1,45,43,752)
Less:(Taxes paid) / refund received		6,82,93,562		8,64,12,607
Net cash generated from/(used in) operating activities		(6,99,71,409)		(44,37,76,716)
B. Cash flow from Investing Activities				
Purchase of Fixed Assets (including Capital Work In Progress)		(9,63,29,097)		(72,63,461)
Sale of Fixed Assets (net)		11,66,061		8,178
Purchase of current investments		(30,54,00,000)		(1,71,32,52,183)
Sale of current investments		32,57,35,162		1,82,66,78,283
Income from Current Investments		39,30,544		1,10,17,234
Fixed deposit placed with banks (having maturity of more than 3 months)		(48,87,52,184)		(79,23,85,702)
Fixed deposit matured (having maturity of more than 3 months)		62,30,85,702		52,69,77,569
Investment in subsidiary company		(23,80,46,160)		(45,00,00,000)
Interest received (net of accrued interest)		7,14,95,609		7,23,41,024
Net cash generated from/(used in) Investing Activities		(10,31,14,364)		(52,58,79,058)

CASH FLOW STATEMENT (CONTD.)

(Amount in Rs.)

Particulars	For the year 2016-17	For the year 2015-16
C. Cash flow from Financing Activities		
Finance Costs	(29,66,616)	(24,88,901)
Share application money received/ (refunded)	34,31,295	—
Short term borrowings	(5,02,07,650)	5,02,07,650
Proceeds from issuance of shares	25,26,87,193	60,75,88,017
Issue of Shares to Employees by ESOP trust from Loan shares	14,620	1,41,139
Net Cash Generated from Financing Activities	20,29,58,842	65,54,47,905
Net Increase in Cash and Cash Equivalents	2,98,73,068	(31,42,07,869)
Cash and Cash Equivalents at Beginning of the Year (Refer note 17)	1,00,38,520	32,42,46,390
Cash and Cash Equivalents at End of the Year (Refer note 17)	3,99,11,588	1,00,38,520
Add : Fixed Deposits held for more than three months	41,24,00,000	69,23,85,702
Closing Cash and Bank Balance as per Note 17	45,23,11,588	70,24,24,222

Significant Accounting Policies and Explanatory Information 2- 50

Notes to Cash Flow Statement:

- The Cash Flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 (AS 3)" Cash Flow Statement" issued by the Companies (Accounting Standards) Rules, 2006.
- Figures in brackets represent cash outflows.

As per our report of even date

 For **T R Chadha & Co LLP**
 Chartered Accountants
 Firm Reg.No.006711N/N500028

 For and on Behalf of the Board of Directors of
Metropolitan Stock Exchange of India Limited
 (Formerly known as MCX Stock Exchange Limited)

Vikas Kumar
 Partner
 Membership No.75363

Ashima Goyal
 Chairperson

Udai Kumar
 Managing Director &
 Chief Executive Officer

 Place : Mumbai
 Dated : May 13, 2017

Chetan Utture
 Chief Financial Officer

Rathindra Das
 Company Secretary

Significant Accounting Policies and Explanatory Information forming part of the financial statement for the year ended 31st March, 2017.

1 Corporate Information

The Company was incorporated on August 14, 2008 and recognized as a stock exchange by Securities and Exchange Board of India (SEBI) under section 4 of the Securities Contracts (Regulation) Act, 1956 with effect from September 16, 2008. The Exchange was notified a "Recognised Stock Exchange" under Section 2(39) of the Companies Act, 1956 by Ministry of Corporate Affairs, Govt. of India, on December 21, 2012. The Company provide platform for trading in Currency Derivatives, Debt Segment, Interest Rate Futures, Equity Cash and F& O segment.

SEBI letter No. MRD/DSA/MSEI/OW/25885/2016 dated September 15, 2016 renewed the recognition granted to the Stock Exchange for a period of one year commencing on the 16th day of September 2016 and ending on 15th day of September 2017.

2 Significant Accounting Policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical-cost convention on accrual basis, in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), provision of the Companies Act, 2013 and Accounting Standards (AS) notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of financial statements, the reported amount of revenues and expenses during the reporting period and disclosure of contingent liabilities on the date of the financial statements. Management believes that the assumption and estimates used in preparation of the financial statement are prudent and reasonable based upon their evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results may differ from those estimates and assumptions used in preparing the accompanying financial statements. Adjustments, if any, are prospectively made.

2.3 Operating Cycle

Based on the nature of its activities, the company has determined its operating cycle as 12 months for the purpose of classification of its Assets and Liabilities as current and non-current.

2.4 Tangible Fixed assets and Depreciation

Tangible Fixed assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciation and impairment loss, if any. Cost includes all expenses incidental to the acquisition of the fixed assets and any attributable cost of bringing the asset to its working condition for its intended use.

Assets which are not ready for their intended use are shown as Capital Work in Progress.

Depreciation on Tangible Fixed assets is provided on straight line method by considering the useful lives as specified in Part 'C' of Schedule II to the Companies Act, 2013, which is also estimated as useful lives by the management. The same is as given below:-

Sr. No	Classification of an asset	Useful life as per new Companies Act 2013 (Years)
1	Furniture and fixtures	10
2	Office Equipment's	5
3	Vehicles	8
4	Computer Hardware	
	(i) Computer Servers	6
	(ii) Networking Equipment's	6
	(iii) Desktop/Laptop etc.	3

Leasehold improvements are depreciated over the period of lease or at their estimated useful life, whichever is lower.

The Company provides pro-rata depreciation from the day the asset is ready to use and for any asset sold, till the date of sale.

2.5 Intangible assets and Amortization

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible asset that meets the recognition criteria. Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization and impairment loss, if any.

Intangible assets comprising of software purchased and licensing cost are amortized on straight line basis over the useful life of the software up to a maximum period of 10 years.

2.6 Intangible assets under development

Intangible Assets under development comprises outstanding advances paid to acquire intangible assets and the cost of intangible assets that are not yet ready for its intended use.

2.7 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit & Loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.8 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies at the year-end are restated at year end rates. Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit & Loss of the year.

2.9 Revenue recognition

Revenue is recognized when there is reasonable certainty that economic benefit will flow to the company and as to measurement and ultimate realization.

- I Transaction fees are charged to members at the applicable rates based on the volume of transactions entered into by the members through the exchange. These are accrued when orders placed by members on the network are matched and confirmed.
- II Admission fees collected from new members for joining the exchange are recognized when received and the member is approved by membership committee.
- III Processing and other fees collected from members are recognized on receipt basis.
- IV Recoveries from members towards VSAT connectivity are apportioned over the period of connectivity on a pro rata basis from the date of activation of connectivity.
- V Dividend income is recognized when the company's right to receive dividend is established.
- VI Interest income is recognized on time proportion basis.
- VII Income from Listing Fees is recognized on time proportion basis.
- VIII Profit / Loss on sale / redemption of Investment is determined at weighted average cost.
- IX Revenue from Shared Service recognised based on the contractual arrangement.
- X Revenue from data feed charges based on the contractual arrangement.

2.10 Employee benefits

Short term employee benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit & Loss of the year in which the related service is rendered.

Long-term employee benefits, viz., gratuity and leave encashment are recognized at the present value of the amounts payable determined at the close of the year based on actuarial valuation techniques using the Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions are charged to the Statement of Profit & Loss.

Company has an Employee Stock Option Scheme ('the Scheme') which provides the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost, if any, is amortised over the vesting period.

2.11 Investments

Investments are classified as long-term or current based on intention of the management at the time of purchase.

Long-term investments are carried at carrying cost less other than temporary diminution in value, determined separately for each individual investment.

Current investments are stated at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each individual investment.

2.12 Accounting for Taxes

Tax expense comprises current tax and deferred tax charge or credit.

Current tax

Current tax expense is determined in accordance with the provision of Indian Income Tax Act, 1961 after taking into consideration the exemption and allowances, if any, available to the Company in the Income Tax Act, 1961.

Deferred tax

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets resulting from "timing difference" between taxable and accounting income are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realize the same.

In accordance with the recommendations contained in Guidance Notes issued by the institute of chartered accountants of India and in accordance with the provision of Income Tax Act, 1961, Minimum Alternate Tax ('MAT') credit is recognised as an asset to the extent there is convincing evidence that the company will pay normal income tax in future by way of a credit to the profit and loss account and shown as MAT credit entitlement.

2.13 Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognized as an expense in the Statement of Profit & Loss in accordance with Accounting Standard 19 - Leases.

2.14 Provisions, contingent liabilities and contingent assets

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the Company recognizes that it has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reasonable estimate can be made.

Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect

of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

2.15 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

2.16 Prepaid Expense

Expenses incurred during the year which provide benefit in several accounting years has been treated as revenue expense only for the period relating to the current year and balance is treated as prepaid expenses to be adjusted on pro-rata time basis in the future accounting year.

2.17 Events occurring after Balance sheet Date

Events occurring after Balance sheet Date have been considered in preparation of the financial statements.

2.18 Cash Flow Statement

Cash flows are reported using the indirect method set out in Accounting Standard (AS 3) on Cash Flow Statement. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.19 Cash & Cash Equivalents for the purpose of Cash Flow Statement

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3 Share Capital:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Authorised : 3,50,00,00,000 (Previous Year: 3,50,00,00,000) Equity Shares of Re.1/- each		3,50,00,00,000		3,50,00,00,000
Issued : 3,185,181,273 (Previous Year: 1,94,66,69,121) Equity Shares of Re.1/- each		3,18,51,81,273		1,94,66,69,121
Subscribed and Paid-up 2,46,45,33,914 (previous year: 1,94,66,69,121) equity shares of Re 1/- each, fully paid up	2,46,45,33,914		1,94,66,69,121	
Less :- Amount recoverable from Metropolitan Stock Exchange ESOP Trust (Refer Note 3.5) 49,77,671 [(Previous Year Rs.49,92,291) equity shares of Re 1/- each fully paid allotted to the Metropolitan Stock Exchange ESOP Trust]	49,77,671		49,92,291	
		2,45,95,56,243		1,94,16,76,830
Total		2,45,95,56,243		1,94,16,76,830

3.1 Warrant application money pending allotment

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Warrant application money pending allotment		34,31,295		—

The Board at its Meeting held on September 24, 2016 allotted 16,83,15,185 equity shares (having face value of Re. 1 per share) at a price of Re. 1 per share against payment of Rs. 16,83,15,185 received by MSEI and 68,62,589 warrants (having face value of Re.1 per warrant) at Re.1 per warrant (50% of the amount paid on application and remaining 50% of the amount payable on conversion) with paid up value of Re.0.50 per warrant against payment of Rs. 34,31,295 received by MSEI.

The Warrants issued shall be converted into equity shares on payment of the balance amount of Re.0.50 and receipt of the application for conversion from the warrant holder within one month of the expiry of 12 months period from the date of allotment of the warrants. The issued warrants shall be eligible for conversion on and after September 24, 2017.

3.2 Reconciliation of the shares outstanding at the beginning and at the end of year.

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	Rupees	No. of Shares	Rupees
Equity shares				
At the beginning of the Year	1,94,66,69,121	1,94,66,69,121	1,16,34,13,045	1,16,34,13,045
Issued during the Year*	51,78,64,793	51,78,64,793	78,32,56,076	78,32,56,076
Outstanding at the end of the Year	2,46,45,33,914	2,46,45,33,914	1,94,66,69,121	1,94,66,69,121

*Notes

- Company during the year issued 26,51,77,600 equity shares of MSEI to MCX in lieu of Warrants held by MCX as per SEBI Approval Letter dated 28th Sept'16. (refer note no 47)
- Company during the year issued 16,83,15,185 equity shares on right issue basis in the ratio of 1:1 at par and further issued 8,43,72,008 equity shares at par out of the unsubscribed portion of the right issue. (refer note no 35.b)

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of Re. 1/- each fully paid-up				
Multi Commodity Exchange Of India Ltd	33,17,77,008	13.53%	6,65,99,408	3.42%
Trust Investment Advisors Private Limited	11,91,15,930	4.86%	9,73,70,000	5.00%
Jhunjhunwala Rakesh Radheshyam	11,91,08,353	4.86%	9,73,75,000	5.00%
Radhakishan S Damani	11,84,64,797	4.83%	9,73,70,000	5.00%
State Bank Of India	9,74,00,000	3.97%	9,74,00,000	5.00%
Nemish S Shah	9,73,70,000	3.97%	9,73,70,000	5.00%
Aadi Financial Advisors LLP	9,73,50,000	3.97%	9,73,50,000	5.00%
Viral Amal Parikh	9,66,19,000	3.94%	9,73,70,000	5.00%

3.4 Rights of equity share holders

The company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3.5 Shares reserved for issue under options

- The Convertible share warrant holders have the option to convert their share warrant into 15,000 (Previous Year 41,59,32,672) equity shares of Re. 1 each at the terms and conditions mentioned in note no.5.
- 81,84,600 (Previous Year 81,84,600) equity shares of Re.1 each have been reserved to be allotted to the ESOP trust under ESOP Scheme.

3.6 Loan to ESOP Trust

The Company's ESOP is administered through an ESOP Trust, which subscribes to shares of the Company and holds them until issuance thereof based on vesting and exercise of options by employees. At the time of formation of the trust, the Company has provided an interest free loan amounting to Rs. 60,00,000 to the Trust to subscribe to 54,33,000 shares issued at Re. 1 per share and were allotted on November 20, 2009. As per the Guidance Note on Accounting for Employee Share Based payments issued by the Institute of Chartered Accountants of India, the amount of loan equivalent to the face value of securities subscribed and not allotted to employees 49,77,671 (Previous Year Rs. 49,92,291) has been deducted from share capital account and the balance part of the loan representing the amount of Rs. 10,07,709 (Previous Year Rs. 10,07,709) has been added to short term loans and advances in note no.18. The balance of such loan as at March 31, 2017 is Rs. 60,00,000. The repayment of the loan is primarily dependent upon the exercise of options by the employees, the price at which fresh or reissued options are granted and dividend income earned thereon till exercise of options. The Company believes that the options would be exercised by the employees and the Trust would be able to repay the loan based on the price received by the Trust there against. On that basis, the loan to the Trust is considered as good of recovery net of the impairment made considered necessary.

4 Reserve and Surplus:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Securities Premium Account				
As per last Balance Sheet	3,51,56,66,074		3,51,56,66,074	
Add :- Received on Issue of Shares	—		—	
Less :- Share issue expenses	—		—	
		3,51,56,66,074		3,51,56,66,074
Surplus / (deficit) in statement of Profit and Loss				
As per last financial statements	(3,80,71,26,750)		(3,40,24,57,646)	
Add / (Less) :- Profit / (Loss) for the year	(34,11,06,580)		(40,46,69,106)	
		(4,14,82,33,330)		(3,80,71,26,752)
Total		(63,25,67,256)		(29,14,60,678)

5 Non Refundable Interest Free Deposits Against Warrants

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
As per last Balance Sheet	41,59,32,672		59,16,00,731	
Add :- Issue during the year	—		—	
Less :- Converted to Shares	26,51,77,600		17,56,68,059	
Less :- Paid to MCX under settlement as per court order	15,07,40,072			
At the end of the year		15,000		41,59,32,672
Total		15,000		41,59,32,672

Pursuant to out of court settlement between MSEI and MCX in suit no.685 of 2015 vide consent terms dated August 24, 2016, 26,51,77,600 warrants held by Multi Commodity Exchange of India Limited was converted into 26,51,77,600 Equity shares of Re.1/- each and Cancellation and Extinguishment of 15,07,40,072 warrants held by Multi Commodity Exchange of India Limited.

Parties have complied with Clause 6 of the Consent Terms. Accordingly, pursuant to Clause 7 of the Consent Terms read with the Order dated August 24, 2016, an application was made to Prothonotary & Sr. Master to release the amount of Rs.20 crores along with interest if any, which has been deposited by Metropolitan Stock Exchange of India Limited in the following manner:

- Rs.15,07,40,072/- in favour of the Multi Commodity Exchange of India Limited. ("MCX")
 - Rs.4,92,59,928/- in favour of MSEI; and
 - Interest accrued on the Deposit Amount from the date of deposit till the date of release, in favour of MSEI.
- The Exchange has received said amount of Rs.4,92,59,928/- along with interest of Rs1,35,68,969/- on October 14, 2016. (Refer note 47)

6 Other long-term liabilities

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Amount received from members and applicants towards :				
– Deposits		34,79,02,540		46,31,40,624
– Shared Service Cost Recovery (From subsidiary company- MCCIL)		15,98,37,500		—
Total		50,77,40,040		46,31,40,624

7 Long term provisions

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Provision for Leave Encashment		32,32,671		47,42,983
Total		32,32,671		47,42,983

8 Short term borrowings

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Secured				
Working Capital facility from bank		—		5,02,07,650
(The above loan is secured against charge on Fixed Deposits made with the banks)				
Total		—		5,02,07,650

9 Trade Payables

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Micro, Small and Medium Enterprises		—		—
Others		5,56,60,001		9,41,37,408
Total		5,56,60,001		9,41,37,408

10 Other Current Liabilities

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Unearned Income towards :				
– Vsat connectivity charges	2,52,747		8,51,551	
– Admission fees	2,50,000		12,00,000	
– POP and Co-location Charges	96,29,780		1,00,58,313	
– Transaction Charges	65,87,550		40,25,933	
– Shared Service Cost Recovery	3,36,50,000			
		5,03,70,077		1,61,35,797
Deposits from members		23,84,80,791		24,64,80,787
Investor Service fund # [Including interest earned of Rs.5,51,869 (Previous Year Rs.4,80,826)]		90,67,982		72,51,113
Sebi Regulatory Fees		50,00,000		50,00,000
TDS Payable		43,01,227		70,99,687
Other Liabilities including Statutory Liabilities		45,01,718		33,73,972
# Investor Service Fund was established by the Company in accordance with SEBI approval letter dated September 18, 2008. The fund is maintained to provide services to investors which include maintenance of investor grievance cell, education and awareness about securities market, price dissemination and other services that are in the interest of the investor. The balance amounting to Rs. 90,69,823 (Previous year Rs.72,51,113) as at March, 31, 2017 represents the total contribution amount of Rs. 12,65,000 (Rs. 40,00,000), Listing Fees Contribution and interest earned thereon.				
Total		31,17,21,795		28,53,41,355

11 Short Term Provisions

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Provision for Gratuity		24,66,722		2,45,447
Provision for Leave Encashment		2,63,717		8,17,349
Total		27,30,439		10,62,796

12 Fixed Assets

(Amount in Rs.)

Particulars	Gross Block				Depreciation /Amortisation				Net Block	
	As at April 01, 2016	Additions during the year	Deductions / Adjustments	As at March 31, 2017	As at April 01, 2016	For the year	Deductions/ Adjustments	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
TANGIBLE ASSETS										
OWN ASSETS										
Office Equipments	1,84,98,167	13,03,934	4,04,971	1,93,97,130	1,02,98,222	40,53,088	2,95,153	1,40,56,157	53,40,973	81,99,945
Computer Hardware	35,32,81,365	1,72,964	1,22,709	35,33,31,620	20,21,04,473	5,15,55,596	1,22,709	25,35,37,360	9,97,94,260	15,11,76,892
Furniture & Fixtures	50,45,782	66,911	—	51,12,694	14,19,452	5,09,752	—	19,29,204	31,83,489	36,26,330
Vehicles	51,75,165	—	27,72,745	24,02,420	18,58,654	4,48,638	12,27,359	10,79,933	13,22,487	33,16,510
Leasehold Improvements	1,18,00,000	30,59,135	—	1,48,59,135	71,89,918	27,40,468	—	99,30,386	49,28,749	46,10,082
Total (A)	39,38,00,478	46,02,944	33,00,425	39,51,02,998	22,28,70,719	5,93,07,543	16,45,221	28,05,33,040	11,45,69,959	17,09,29,759
INTANGIBLE ASSETS										
Computer Software** (Other than internally generated)	1,00,21,68,936	7,78,40,404	—	1,08,00,09,340	47,95,10,518	7,99,60,222	—	55,94,70,740	52,05,38,600	52,26,58,418
Total (B)	1,00,21,68,936	7,78,40,404	—	1,08,00,09,340	47,95,10,518	7,99,60,222	—	55,94,70,740	52,05,38,600	52,26,58,418
TOTAL (A + B)	1,39,59,69,414	8,24,43,348	33,00,425	1,47,51,12,338	70,23,81,237	13,92,67,765	16,45,221	84,00,03,780	63,51,08,559	69,35,88,178
Intangible asset under development									1,88,85,749	50,00,000
Capital work In progress									—	—
** In certain cases the company has only usage right and not the title or ownership amounting to Rs. 4,583.69 Lakhs.										

12 Fixed Assets (Previous Year 2015-16)

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at April 01, 2015	Additions during the year	Deductions / Adjustments	As at March 31, 2016	As at April 01, 2015	For the year	Deductions/ Adjustments	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
TANGIBLE ASSETS										
OWN ASSETS										
Office Equipments	1,82,23,392	2,97,275	22,500	1,84,98,167	62,68,041	40,37,801	7,620	1,02,98,222	81,99,945	1,19,55,351
Computer Hardware	35,27,90,765	5,19,785	29,185	35,32,81,365	14,63,11,673	5,58,19,807	27,007	20,21,04,473	15,11,76,892	20,64,79,092
Furniture & Fixtures	50,19,209	26,573	—	50,45,782	8,60,791	5,58,661	—	14,19,452	36,26,330	41,58,418
Vehicles	51,75,164	—	—	51,75,165	11,87,083	6,71,571	—	18,58,654	33,16,510	39,88,081
Leasehold Improvements	1,18,00,000	—	—	1,18,00,000	48,29,918	23,60,000	—	71,89,918	46,10,082	69,70,082
Total (A)	39,30,08,530	8,43,633	51,685	39,38,00,478	15,94,57,506	6,34,47,840	34,627	22,28,70,719	17,09,29,759	23,35,51,024
INTANGIBLE ASSETS										
Computer Software** (Other than internally generated)	99,57,75,624	63,93,312	—	1,00,21,68,936	40,30,74,950	7,64,35,568	—	47,95,10,518	52,26,58,418	59,27,00,674
Total (B)	99,57,75,624	63,93,312	—	1,00,21,68,936	40,30,74,950	7,64,35,568	—	47,95,10,518	52,26,58,418	59,27,00,674
TOTAL (A + B)	1,38,87,84,154	72,36,945	51,685	1,39,59,69,415	56,25,32,456	13,98,83,408	34,627	70,23,81,237	69,35,88,178	82,62,51,699
Intangible asset under development									50,00,000	50,00,000

Intangible asset under development

50,00,000

50,00,000

** In certain cases the company has only usage right and not the title or ownership amounting to Rs. 5,053.91 Lakhs.

13 Non-Current Investments

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Trade, Unquoted (at cost)				
In Equity Shares of Subsidiary Companies				
8,15,54,616 Equity Shares (Previous Year 5,77,50,000) of Metropolitan Clearing Corporation India Limited of Rs.10 each fully paid-up.	81,55,46,160		57,75,00,000	
50,000 Equity Shares (Previous Year 50,000) of MCX-SX KYC Registration Agency Ltd. of Rs.10 each fully paid-up.	5,00,000		5,00,000	
	81,60,46,160		57,80,00,000	
Less :- Provision for diminution in the value of Investments	2,04,328	81,58,41,832	1,50,000	57,78,50,000
Total		81,58,41,832		57,78,50,000
Total amount of unquoted investments		81,58,41,832		57,78,50,000

14 Long term loans and advances

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good)				
Balance with Central Excise and Service Tax authorities		35,13,88,313		36,30,89,340
Prepaid expenses		18,93,969		23,13,325
Sundry Deposits		2,65,55,471		5,21,36,977
Advance Income Tax (net)		13,92,81,778		11,46,04,870
Interest Paid Under Protest		82,91,330		—
MAT Credit entitlements		1,85,54,307		1,85,54,307
Capital advances		92,36,000		—
Total		55,52,01,168		55,06,98,819

15 Current investments

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Non-trade unquoted (at lower of cost or realisable value, whichever is lower)				
In units of Mutual Funds, fully paid-up				
Nil (Previous Year 4,396.493 units) of Rs. nil each in Reliance Liquidity Fund - Growth	—		1,00,00,000	
Nil (Previous Year 9,687.564 units) of Rs.nil each in Franklin India Treasury Management Account - Super Institutional Plan - Growth		—		2,15,00,000
Nil (Previous Year 2115.750 units) of Rs.Nil each in SBI Premier Liquid Fund - Growth		—		50,14,562
8,201.77(Previous Year 3,357.740 units) of Rs.3,191.9222 each in HDFC Liquid Plan - Growth		2,61,79,400		1,00,00,000
Total		2,61,79,400		4,65,14,562
Total amount of unquoted Investments		2,61,79,400		4,65,14,562

Note :- Rs. 2,61,79,400 (Previous Year 2,15,00,000) are towards making payments of the deposits of members in future

16 Trade receivables

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
(Unsecured and Considered Good unless otherwise stated)				
Debts Outstanding for a period exceeding six months	7,00,812		11,22,531	
Other Debts	84,30,870		1,84,87,714	
Less :- Provisions for doubtful debts	11,08,977	80,22,704	6,68,679	1,89,41,566
Total		80,22,704		1,89,41,566

17 Cash and bank balances

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Cash and cash equivalent -				
Balance with Banks				
- In current accounts	3,96,27,853		97,46,175	
Stamps in hand	2,39,780		2,39,790	
Cash on Hand	43,955		52,555	
		3,99,11,588		1,00,38,520
Other Bank Balances in Fixed Deposits *		41,24,00,000		69,23,85,702
* Includes :				
Rs.80,52,184/- (Previous Year Rs.63,85,702/-) earmarked towards the Investor Service Fund.				
Total		45,23,11,588		70,24,24,222

18 Short term loans and advances

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good, unless otherwise stated)				
Advances to vendors		33,78,590		17,67,648
Prepaid expenses		1,29,86,576		1,43,90,178
Sundry Deposits		400		20,00,00,000
Loan to Metropolitan Stock Exchange ESOP Trust	10,22,329		10,07,709	
Less :- Provision for Doubtful Loan	5,50,000	4,72,329	5,50,000	4,57,709
Other loan and advances	6,94,467		1,73,732	
Less :- Provision for Doubtful Advance	5,10,000	1,84,467	—	1,73,732
Advance Income Tax (Net of Provision)		2,74,87,723		12,04,58,193
Total		4,45,10,084		33,72,47,460

19 Other Current Assets

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Interest accrued on Fixed Deposits		97,96,233		3,23,05,705
Others		10,727		2,11,129
Total		98,06,959		3,25,16,834

20 Other Non Current Assets

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Deposit with banks (with Maturity more than 12 months)		14,56,52,184		—
Total		14,56,52,184		—

21 Revenue from operations

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Revenue from operations				
Sale of services -				
Transaction Fees		4,56,57,444		5,42,41,732
Other operating revenue -				
Membership Admission Fees		14,50,000		—
Processing Fees		6,71,20,000		1,77,12,000
Listing Fees		67,52,500		45,68,112
Vsat connectivity income		7,40,555		21,95,399
Other connectivity charges		1,85,16,878		4,45,07,939
Data Feed Charges		58,66,831		65,50,000
Shared service cost recovered		4,24,02,962		8,38,41,749
RSA Hardware Token		-		2,65,722
Examination Fees		1,33,400		2,650
Membership Surrender Fee		2,14,50,000		93,25,000
Other revenue from Operations		27,82,092		36,10,200
Total		21,28,72,662		22,68,20,503

22 Other income

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Dividend from Non Trade Current Investments		—		2,78,277
Interest on Bank Deposits		4,89,86,136		6,26,37,004
Interest Income Others		5,45,10,628		77,93,027
Profit on sale of Current Investments (Net)		39,30,544		1,07,38,957
Profit on sale of assets		43,353		7,346
Rent income		49,27,448		38,68,980
Provision not required written back		—		73,31,460
Miscellaneous Income		20,96,990		5,88,603
Total		11,44,95,099		9,32,43,654

23 Operating expenses

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Clearing and Settlement Charges		67,38,123		6,51,46,896
Technology Cost		10,19,35,615		6,25,15,445
Sebi Regulatory Charges		56,03,250		54,56,375
Internet Connectivity Charges		3,84,129		4,92,778
Direct Communication Expenses		2,05,52,203		2,49,95,633
POP / NPN Charges		3,23,15,985		7,21,46,358
Co-Location Charges		2,66,40,206		2,48,28,537
Total		19,41,69,511		25,55,82,022

For prior period refer note no 43

24 Employee benefits expense

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Salaries, Allowances and Bonus		13,77,22,200		14,40,03,913
Contribution to Provident Fund and other funds		79,46,400		69,61,664
Staff Welfare and Other Amenities		18,27,724		20,45,823
Total		14,74,96,324		15,30,11,400

25 Finance costs

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Interest expenses		29,16,152		2,07,650
Other Finance Costs		50,464		22,81,251
Total		29,66,616		24,88,901

26 Advertisement and Business Promotion Expenses

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Advertisement		3,27,91,365		22,19,126
Business Promotion Expenses		52,38,401		9,21,637
Sponsorships and Seminar		25,00,000		4,91,088
Total		4,05,29,766		36,31,851

27 Other expenses

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Rent		4,88,67,746		7,44,13,722
Repairs and Maintenance - Others		3,73,34,768		2,13,51,942
Insurance		9,28,475		35,49,822
Travelling and Conveyance		23,16,269		43,90,773
Communication Expenses		39,73,993		31,42,632
Legal and Professional Charges		1,21,83,932		1,26,13,074
Electricity Expenses		93,50,177		1,34,55,208
Membership and Subscription Fees		23,26,832		83,35,566
Directors Sitting Fees		27,48,000		26,02,000
<u>Payment to Auditors :</u>				
- Audit Fees	12,50,000		10,00,000	
- Other matters (Certification)	6,51,700		6,83,000	
- Reimbursement	11,850	19,13,550	21,204	17,04,204
Depletion in Value of Investments		54,328		—
Loss on Sale of Fixed Asset (net)		4,89,143		8,880
Exchange Rate Fluctuation (net)		5,930		18,344
ROC Fees		10,800		16,200
Bad Debts		9,50,638		—
Bank Charges		32,728		18,234
Rates & Taxes		28,46,593		12,09,348
Printing & Stationery		17,65,050		17,17,252
Contribution to ISF		12,65,000		9,12,750
Miscellaneous Expenses		1,46,80,407		1,65,40,647
Total		14,40,44,359		16,60,00,598

For prior period refer note no 43

28 Exceptional Items

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Contribution to funds :				
– Contribution to Core Settlement Guarantee Fund (Refer note 46)		–		41,35,084
Total		–		41,35,084

29 Disclosure of transactions held with Specified Bank Notes (SBN)

Particulars	SBNs	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	65,500	55	65,555
(+) Permitted Receipts	–	42,600	42,600
(-) Permitted Payments	–	–	–
(-) Amount Deposited in banks	65,500	–	65,500
Closing cash in hand as on 30.12.2016	–	42,655	42,655

30 Contingent Liability
(i) Claim against the company not acknowledged as debt.

- a. IL&FS has filed a suit before the Bombay High Court against MSEI (295 of 2014) long with a Notice of Motion for interim relief for violating the IL&FS contractual rights and entitlement under the share purchase agreement dated August 20, 2009. Various reliefs have been prayed by IL&FS from MCX and MSEI , including monetary claim of Rs. 84,21,15,000/- (jointly and severally from MCX and MSEI) along with an interest at 12% p. a. from the date of filing the suit till payment and realization thereof. The company has been legally advised that the plaintiff has remote chances of getting the relief.
- b. The Income Tax Department has raised tax demand of Rs.921.38 lakh for the assessment year 2012 - 13. The Company, has filed an appeal against the above order. The company has been advised that the demand raised is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.

(ii) Other money for which the company is contingently liable

- a. The company has entered into various contracts including long term contracts with a company towards software license and maintenance agreements etc. The continuance of these contract shall depend on the future running of the business including raising required resources for the same. Hence, the chances of termination of these contracts and the impact of the same on the financial statements including penalty and charges if any cannot be commented upon.

31 Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 59,09,784 as on 31st March, 2017. (as on 31st March, 2016 Rs. Nil)

32 The Company continued to prepare its financials statement on going concern basis in view of the following reasons:

- The Company with eminent Board members is spearheading the revival of the Exchange with a strong vision for implementing an alternative development model for the Indian securities market.
- The company has increased its market share in its flagship product segment Currency Futures. During the year, company has increased its equity capital by Rs.51.79 crore and has invested Rs.23.80 crore in its subsidiary to meet regulatory requirement. Close to 200 investors have become new shareholders of the company during the year. SEBI has renewed the recognition of license of the exchange and approved launch of all product contracts. Experienced and senior employees have joined the company. New branding and business promotion initiatives have been undertaken. For the year, losses have come down by 15.71 %. The company and its subsidiary both have more than required net-worth. It also has sufficient cash liquidity and demonstrated capability of raising fresh capital every year for business needs. On all parameters of business, the company has achieved improvement and ensured continuity. Management is therefore justified in preparing the financial statements on going concern basis.

- Pursuant to the order passed by the Hon'ble Competition Appellate Tribunal (COMPAT) dismissing the appeal of National Stock Exchange(NSE) against the order of Competition Commission of India levying penalty for abusing its dominance in the market, the Company has filed an application for compensation under Section 53N of the Competition Act, 2002 before the Hon'ble COMPAT for recovery of an amount of Rs.856.99 Crores along with interest pedente lite in future at the rate of 18% till realization of the claim, from NSE in respect of losses and damages suffered on account of the unfair pricing practices under the Competition Act, 2002. The matter is listed for hearing before the Hon'ble COMPAT on July 03, 2017.
- The company continues to maintain net worth above the regulatory requirements and is executing the new business plan through effective management of its operations and cash flows. All business investments necessary are being carried out. All contractual obligations are being met on time and the company has largely cleared the pending dues to vendors.
- Our ADTV is projected to grow at over 50% CAGR over the next three years. As such, the company is confident that all cenvat credits available shall also be used in coming years.
- The Company has unutilized service tax credit of Rs. 35.14 crores as at March 31, 2017 (previous year Rs. 36.30 crores). As mentioned above, the Company expects improved revenue earnings in the future years and hence is of the view that the unutilized service tax credit will be fully utilized in future years and the same is considered as good for recovery.
- Similarly, since the company is confident of improving its business and making profits in future years, no impairment testing is carried out with regard to its tangible and intangible assets.

33 In the Financial year 2012-13, the Company recognized MAT credit entitlement under section 115 JB of Income Tax, Act 1961 amounting to Rs. 1.86 crore. The Company is of the view that it will be under normal income tax in future years and will be in the position to utilize this credit, it continued to carry the above MAT credit entitlement as an asset good for recovery.

34 The Company could not in some earlier years charge transaction fee in its Currency Derivatives Segment as its dominant competitor, National Stock Exchange of India Ltd. (NSE), was not charging the same. On the complaint of the Company, the Competition Commission of India (CCI) passed an order dated June 23, 2011 directing NSE to cease and desist from carrying on its unfair pricing policy and further levied a penalty of Rs. 55.50 crore on NSE. NSE had appealed against the said order before the Hon'ble Competition Appellate Tribunal (COMPAT), which vide its order dated August 5, 2014 upheld the order passed by the Hon'ble CCI and found NSE guilty of abusing its dominant position as it had indulged in anti-competitive practices.

NSE filed an appeal before the Hon'ble Supreme Court on September 16, 2014 against the order passed by the Hon'ble COMPAT. Subsequent to the appeal, an interim stay on the recovery of penalty amount was granted by the Hon'ble Supreme Court. The matter is listed for hearing before the Hon'ble Supreme Court on July 3, 2017.

Additionally, pursuant to the order passed by the Hon'ble COMPAT, the Company has filed an application for compensation under Section 53N of the Competition Act, 2002 before the Hon'ble COMPAT for recovery of an amount of Rs. 856.99 Crores along with interest pedente lite in future at the rate of 18% till realization of the claim, from NSE in respect of losses and damages suffered on account of the unfair pricing practices under the Competition Act, 2002

The appeal was last listed for hearing on January 17, 2017 before the Supreme Court of India and had been eliminated from the cause list on account of excess matters. There are no further orders of listing as on date. Interim stay orders are being continued. At the hearing on February 22, 2017, the Hon'ble COMPAT has passed an order that since the matter pending before the Supreme Court has not been disposed of, hearing of this application was adjourned to 3rd May, 2017. On May 3, 2017, the Hon'ble COMPAT has passed following order: Respondent - National Stock Exchange of India had filed an interim application for stay of the impugned order in Appeal No.15/2011, which is pending before the Hon'ble Supreme Court and the matter is now listed on 20th July, 2017 for hearing.

35 Issue of Shares

- a The Board at its Meeting held on August 6, 2016 had offered to its eligible shareholders on Rights Basis (a) 97,33,34,552 equity shares of Re.1 each per equity share at par value in the ratio of one equity share for every two equity shares (1:2) held on the Record Date i.e. August 10, 2016 with (b) optional entitlement of 24,33,33,614 warrants at a price of Re.1 per warrant in the ratio of one warrant for every four equity shares (1:4) which an eligible shareholder is entitled to as part of the Rights issue. The Rights Issue opened on August 23, 2016 and closed on September 20, 2016.

The Exchange had received 433 valid applications under the Rights Issue subscribing to 27,68,02,733 equity shares and 1,81,35,140 warrants.

Out of the subscription received, an amount of Rs.11,41,34,696.50 had been refunded to the shareholders who could not be allotted shares and warrants applied by them fully due to the shareholding exceeding 5% of the paid up capital of the Company and also to the shareholders who had made excess payments against the number of shares / warrants applied.

- b. The unsubscribed portion after the above allotment was 80,50,19,367 equity shares. Subsequently, the Board has allotted 8,43,72,008 equity shares to 199 applicants out of unsubscribed portion of the Rights Issue on various dates. The paid up capital of the Exchange after the said allotments stood at 2,45,95,56,243 as on March 31, 2017.

Further, board has allotted 4,59,80,000 equity shares to 30 applicants out of unsubscribed portion of the Rights Issue on April 24, 2017.

- c. The Board at its Meeting held on September 24, 2016 allotted 16,83,15,185 equity shares (having face value of Re.1 per share) at a price of Re. 1 per share against payment of Rs.16,83,15,185 received by MSEI and 68,62,589 warrants (having face value of Re.1 per warrant) at Re.1 per warrant (50% of the amount paid on application and remaining 50% of the amount payable on conversion) with paid up value of Re.0.50 per warrant against payment of Rs.34,31,295 received by MSEI.

The Warrants issued shall be converted into equity shares on payment of the balance amount of Re.0.50 and receipt of the application for conversion form the warrant holder within one month of the expiry of 12 months period from the date of allotment of the warrants. The issued warrants shall be eligible for conversion on and after September 24, 2017.

- d. Pursuant to out of court settlement in suit no.685 of 2015 vide consent letter dated August 24, 2016 between MSEI and MCX, 26,51,77,600 warrants held by Multi Commodity Exchange of India Limited were converted into 26,51,77,600 Equity shares of Re.1/- each and further 15,07,40,072 warrants held by Multi Commodity Exchange of India Limited were cancelled and extinguished. (refer note no 45)

36 Earnings per share ('EPS')

(Amount in Rs. Except for number of Shares)

Particulars	2016-17	2015-16
Profit/(Loss) after tax as per statement of profit and loss attributable to equity share holders	(34,11,06,580)	(40,46,69,106)
Weighted average number of equity shares outstanding during the year for basic EPS	2,18,41,95,462	1,64,86,15,834
Add-Shares Issued to ESOP Trust	49,77,671	49,92,291
Add- Shares on conversion of warrants	15,000	41,59,32,672
Weighted average number of equity shares outstanding during the year for diluted EPS	2,18,91,88,133	2,06,95,40,797
Basic earnings per share of face value Re. 1 each	(0.16)	(0.25)
Diluted earnings per share of face value Re. 1 each	(0.16)	(0.25)

The effects of conversion of non refundable interest free deposit against warrants into equity shares and the shares allotted to the ESOP trust pursuant to the employee share based payment plan are anti-dilutive and accordingly not considered for the computation of diluted earnings per share.

37 Stock based compensation:

The Company with the authorization of its shareholders, framed the 'MCX Stock Exchange Employees Stock Option Scheme, 2009', which contemplated issue of ESOPs through the Trust route. Accordingly, 'Metropolitan Stock Exchange ESOP Trust' was formed on November 13, 2009, as a trust.

Under the Scheme, the Compensation Committee of the Company shall decide, the options to be granted, the vesting schedule of the options to be granted and other incidental and consequential matters. The Trust shall be obliged to act on the instructions of the Compensation Committee.

- a) On November 27, 2009 a total of 11,25,000 stock options (ESOP Round-I) have been granted under the Scheme. Details of the Options granted by the ESOP Trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
November 27, 2009	3,71,250	Re. 1	December 01, 2010	Upto December 1, 2011
	3,71,250	Re. 1	December 01, 2011	Upto December 1, 2012
	3,82,500	Re. 1	December 01, 2012	Upto December 1, 2013

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1 each at par. Exercise period for each option is as stated above.

- b) On March 20, 2012 a total of 40,55,100 stock options (ESOP Round-II) have been granted under the Scheme. Details of the Options granted by the ESOP Trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
March 20, 2012	13,38,183	Rs. 2.10	March 20, 2013	Upto March 20, 2014
	13,38,183	Rs. 2.10	March 20, 2014	Upto March 20, 2015
	13,78,734	Rs. 2.10	March 20, 2015	Upto March 20, 2016

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1 each at Rs. 2.10. Exercise period for each option is as stated above. The maximum exercise period for 19,50,000 options granted to twelve employees is being extended to five years from the date of vesting. Same was approved by shareholders at Annual General Meeting held on September 28, 2013. The exercise period shall end after six months of cessation of employment in case of all employees.

- c) On November 1, 2012 a total of 5,53,250 stock options (ESOP Round - III) have been granted under the scheme. Details of the Options granted by the ESOP trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
November 01, 2012	1,82,571	2.35	November 01, 2013	Upto November 1, 2014
	1,82,574	2.35	November 01, 2014	Upto November 1, 2015
	1,88,105	2.35	November 01, 2015	Upto November 1, 2016

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1/- each at Rs. 2.35/-. Exercise period for each option is as stated above. The maximum exercise period for 4,03,000 options granted to five employees is being extended to five years from the date of vesting which was approved by shareholders at Annual General Meeting held on September 28, 2013. The exercise period shall end after six months of cessation of employment in case of all employees.

- d) On March 12, 2013 a total of 1,45,800 stock options (ESOP Round - IV) have been granted under the scheme. Details of the Options granted by the ESOP trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
March 12, 2013	48,113	3.95	March 12, 2014	Upto March 12, 2015
	48,115	3.95	March 12, 2015	Upto March 12, 2016
	49,572	3.95	March 12, 2016	Upto March 12, 2017

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1/- each at an exercise price of Rs. 3.95. Exercise period for each option is as stated above.

The above mentioned total grant of 58,79,150 shares includes 4,46,150 shares acquired by ESOP other than by way of loan from the Company. (Refer note 1 below)

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

Particulars	ESOP 2009 Round-I (Nos.)	ESOP 2009 Round-II (Nos.)	ESOP 2009 Round-III (Nos.)	ESOP 2009 Round-IV (Nos.)
Outstanding at the start of the year	NIL	1,34,694	3,48,132	2,431
Granted during the year	NIL	NIL	NIL	NIL
Forfeited/Lapsed during the year	NIL	28,074	10,132	2,431
Exercised during the year	NIL	14,620	NIL	NIL
Outstanding at the end of the year	NIL	92,000	3,38,000	NIL
Exercisable / vested at the end of the year	NIL	NIL	NIL	NIL

Other disclosures

Particulars	ESOP 2009 Round-I	ESOP 2009 Round -II	ESOP 2009 Round-III	ESOP 2009 Round -IV
The intrinsic value per option	NIL	NIL	NIL	NIL
The estimated fair value per share	1.15	1.55	1.79	1.79
The estimated fair value per option	0.15	0.25	0.003	0
Date of option granted	27-Nov-09	20-Mar-12	01-Nov-12	12-Mar-13

The fair values have been determined using Black-Scholes Model considering the following parameters:

Particulars	ESOP 2009 (Round-I)	ESOP 2009 (Round-II)	ESOP 2009 (Round-III)	ESOP 2009 (Round-IV)
(i) Fair Value of share at grant date	Re.1	Rs. 1.55	1.79	1.79
(ii) Exercise price	Re.1	Rs.2.10	2.35	3.95
(iii) Expected volatility	1%	1%	1%	1%
(iv) Option Life	2 Years	2 Years	2 Years	2 Years
(v) Expected Dividends	Expected Dividends have not been taken into consideration since the company has commenced operations in August 2008 and has been incurring losses ever since.	Expected Dividends have not been taken into consideration since the company has commenced operations in August 2008 and has been incurring losses ever since.	The Company has made loss in this financial year and does not intend to propose any dividend for the financial year 2015-16.	The Company has made loss in this financial year and does not intend to propose any dividend for the financial year 2015-16.
(vi) Risk free interest rate	8.00%	8.75%	9.00%	9.00%
(vii) To allow for the effects of early exercise, it is assumed that the employee would exercise the options after vesting date.				

As per the management estimate the loss of the Company for the year would have been Nil (and Previous Year loss would have been Nil) had the Company accounted the employee share-based payment using the fair value method. There is no material impact on the earnings per share.

Note:

- 1 A loan of Rs. 10,49,970/- was taken for acquiring 6,77,400 Equity Shares of Re.1/- each at a valuation of Rs. 1.55/- per share for funding the acquisition of shares in respect of options to be granted to the non-executive directors of MSEI

and the employees and directors of its subsidiary Metropolitan Clearing Corporation of India Ltd. (formerly known as MCX-SX Clearing Corporation Limited). The status for the same as follows:

Total Shares Acquired	Shares Issued till 31st March '15	Shares Issued till 31st March '16	Shares Issued in current year	Balance Shares as on 31st March 2017
4,46,150	20,263	—	—	4,25,887
2,31,250	99,000	28,074	—	1,04,176
6,77,400	1,19,263	28,074	—	5,30,063

2 The total number of options lapsed as on March 31, 2017 are as follows:-

Round I	Round II	Round III	Round IV	Total
4,20,000	33,88,508	2,15,250	1,45,800	41,69,558

As per Clause 4.1 of ESOP Scheme 2009, the aforesaid Forfeited/lapsed stock options under this scheme can be granted to other employees including new employees by the Trust in accordance with the directions of the Compensation Committee given at its absolute discretion.

38 Employee Benefits

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

Defined Contribution Plan:

Provident Fund - The Company makes contribution towards provident fund as a specified percentage of the payroll cost to Regional Provident Fund Commissioner managed by the Employees' Provident Fund Organization, India. There are no other obligations other than the contribution payable to said fund.

Contribution to Defined Contribution Plan, recognised as expenses in the Statement of Profit & Loss for the year is as under:

(Amount in Rs.)

Particulars	2016-17	2015-16
Employer's Contribution to Provident Fund	55,20,564	52,50,814

Defined benefit plan:

Gratuity: The gratuity is payable to all members at the rate of 15 days salary for each year of service.

The scheme is funded with an insurance company in the form of qualifying insurance policy. The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at March 31, 2017 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2017.

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

(Amount in Rs.)

Particulars	Gratuity	
	2016-17 (Funded)	2015-16 (Funded)
Defined Benefit Obligation at the beginning of the year	87,97,760	1,08,10,105
Current Service cost	19,31,186	23,55,915
Interest Cost	7,07,340	8,64,808
Liability transfer in	—	29,076
Liability transfer out	—	—
Actuarial (gain) / loss	2,05,215	(10,39,873)
Benefits paid	(17,81,348)	(42,22,271)
Defined Benefit obligation at the end of the year	98,60,153	87,97,760

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

(Amount in Rs.)

Particulars	Gratuity	
	2016-17	2015-16
Fair Value of Plan Assets at the beginning of the year	85,52,313	89,43,511
Expected Return On Plan Assets	6,87,606	7,15,481
Contribution during the year	1,99,485	33,26,706
Transfer From Other Company	–	29,076
Transfer To Other Company	–	
Benefit Paid From The Fund	(17,81,348)	(42,22,271)
Actuarial Gains/(Losses) On Plan Assets	(2,64,625)	(2,40,190)
Fair Value of Plan Assets at the end of the year	73,93,431	85,52,313

III The amount recognized in the statement of Profit & Loss is as follows:-

(Amount in Rs.)

Particulars	Gratuity	
	2016-17 (Funded)	2015-16 (Funded)
Current service cost	19,31,186	23,55,915
Interest Cost	19,734	1,49,327
Expected return on plan assets	–	–
Actuarial (gain) / loss	4,69,840	(7,99,683)
Net expenses	24,20,760	17,05,559

IV Experience Adjustments in Actuarial (gain) / loss

(Amount in Rs.)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Gratuity					
Plan Assets	(2,64,625)	(2,40,190)	(4,56,038)	(10,50,453)	2,62,380
Plan Liabilities	(6,69,953)	(9,95,536)	2,54,425	(65,592)	36,68,404

V Reconciliation of fair value of assets and obligation
Gratuity

(Amount in Rs.)

Particulars	As at				
	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Fair value of Plan assets	73,93,431	85,52,313	89,43,511	1,31,13,588	1,66,60,325
Present Value of obligation	98,60,153	87,97,760	1,08,10,105	1,57,96,074	1,99,38,071
(Asset) / Liability recognized in Balance sheet	24,66,722	2,45,447	18,66,594	26,82,486	32,77,746

VI Principal actuarial assumptions at the Balance sheet date:

(Amount in Rs.)

Particulars	Gratuity As at	
	31-Mar-17	31-Mar-16
Mortality Table(LIC)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate (per annum)	7.29%	8.04%
Expected Return on Plan Asset	7.29%	8.04%
Rate of escalation in salary (per annum)	7.50%	7.50%

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

The company has taken a Gratuity Policy with Life Insurance Corporation of India, the funds of which are managed by Life Insurance Corporation of India. Therefore the composition of investments is not ascertainable

39 Segment reporting
Primary segment :

The Company considers business segment (business of facilitating trading in currency, equity cash, equity derivatives, debt, interest rate futures and incidental activities thereto) as its primary segment considering the risks and rewards of the services offered, nature of services, management structure and system of financial reporting. In the opinion of the management, the Company has only one reportable business segment, in accordance with requirements of AS-17 "Segment Reporting", the results of which are disclosed in the financial statements.

Secondary segment :

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

40 Related party information
a) Names of related parties and nature of relationship:

The disclosures regarding related parties as required by Accounting Standard ('AS') 18 "Related Party disclosures" issued by the Companies (Accounting Standards) Rules, 2006 ('the Rules') are as under:

- (I) Subsidiary
- Metropolitan Clearing Corporation Of India Ltd (Formerly known as MCX-SX Clearing Corporation Limited)(MCCI)
 - MCX-SX KYC Registration Agency Limited(MCX-SX KYC)
- (ii) Key Management Personnel (KMP)
- Mr.Udai Kumar (MD & CEO) w.e.f January 22, 2016
 - Mr.Abhijit Chakraborty (COO) w.e.f November 15, 2016 & CFO upto November 15, 2016
 - Mr.Chetan Utture (CFO) w.e.f. November 15, 2016
 - Ms.Sangeeta Shetty (Company Secretary) upto January 23, 2017
 - Mr.Rathindra Das (Company Secretary) w.e.f. March 30, 2017
 - Mr.Saurabh Sarkar (MD & CEO) upto October 10, 2015
 - Mr.Vikas Phadke (CFO) Upto July 20, 2015
 - Ms.Divya Damania (Company Secretary) Upto December 8, 2015
- (iii) Others
- Metropolitan Stock Exchange ESOP Trust
 - MCX Stock Exchange Investor Protection Fund Currency Derivative Segment Trust (MCX SX IPF CDS Trust)

b) Details of transactions with related parties

(Amount in Rs.)

Nature of Transaction	MCX-SX KYC Registration Agency Limited (Subsidiary)	Metropolitan Clearing Corporation Of India Ltd (Subsidiary)	MCX SX IPF CDS Trust (Others)#	Metroplitan Stock Exchange ESOP Trust (Others)
Clearing and settlement charges	– (–)	67,38,123 (6,51,46,896)	– (–)	– (–)
Rent income	– (–)	49,27,448 (38,68,980)	– (–)	– (–)
Shared service cost recovered	– (–)	3,71,02,962 (8,38,41,749)	53,00,000 (–)	– (–)
Advance Shared service cost recovered	– (–)	20,19,00,000 (–)	– (–)	–
Trade Receivable	24,550 (12,450)	19,34,499 (1,56,29,664)	– (–)	28,702 (23,921)
Investments in equity shares	– (–)	23,80,46,160 (45,00,00,000)	– (–)	– (–)
Closing Balance of Investments in equity shares	5,00,000 (5,00,000)	81,55,46,160 (57,75,00,000)	– (–)	– (–)
Contribution towards core settlement guarantee fund (CSGF)	– (–)	– (41,35,084)	– (–)	– (–)
Closing Balance of Loan to ESOP Trust	– (–)	– (–)	– (–)	60,00,000 (60,00,000)
Closing Balance	24,550	19,54,21,999 (–)	– (–)	28,702

The company acts as an intermediary for collection of penalties and share of listing fees to be transferred to MCX SX IPF CDS Trust accordingly those transactions have not been considered above.

c) Transactions with KMP:

Sr. No.	Nature of transactions	Amount (Rs.)
1	Salary & allowances*:	
	Mr. Saurabh Sarkar	– (93,92,955)
	Mr. Udai Kumar	84,53,116 (13,57,713)
	Mr. Vikas Phadke	– (10,70,405)
	Mr. Abhijit Chakraborty	42,90,066 (11,84,183)
	Ms. Divya Damania	– (4,47,813)
	Ms. Sangeeta Shetty	13,75,482 (3,67,081)
	Mr. Chetan Utture	13,54,145 –
	Mr. Rathindra Das	31,388 –

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

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

41 Operating lease

The Company has entered into operating lease agreements for its office premises.

- a) The minimum lease rentals on operating leases recognized in the statement of Profit & Loss and the future minimum lease payments under operating leases are as follows:

(Amount in Rs.)

Particulars	As at	
	31-Mar-17	31-Mar-16
Future minimum lease payments Not later than one year	5,23,57,024	6,65,67,559
Later than one year and not later than five years	17,59,30,947	5,98,11,700
Later than five years	—	—

- b) Total future minimum sub-lease payments expected to be received under subleases is Rs. 61,69,188/- (Previous Year Rs. 29,16,180).
- c) Lease payments recognised in the statement of Profit & Loss is Rs. 4,88,67,746/- (Previous year Rs. 7,44,13,722/).
- d) Sub-lease payment received and recognised in the statement of Profit & Loss is Rs.49,27,448/- (Previous Year Rs. 38,68,980/-).

42 Deferred Tax Assets

In the absence of virtual certainty, deferred tax assets on account of unabsorbed depreciation and brought forward losses has not been recognized.

43 Prior Period Expenses:

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

(Amount in Rs.)

Particulars	2016-17	2015-16
Technology Cost	50,397	59,71,538
Co-Location Charges	3,98,746	—
Miscellaneous Expenses	2,90,000	29,22,396
Direct Communication Expenses	5,15,684	—
Electricity Charges	3,09,496	56,12,079
Total Prior Period Expenses	15,64,323	1,45,43,752

44 Expenditure in foreign currency

(Amount in Rs.)

Particulars	2016-17	2015-16
Membership	—	33,050
Repair & Maintenance	23,54,410	31,55,138

45 Details of dues to micro, small and medium enterprises

The company has not received information for its vendors / service providers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amount unpaid as at the year end, together with interest payable (if any), under this Act has not been made.

46 Securities and Exchange Board of India's (SEBI) letter dated December 26, 2013 requires the Company to transfer 25% of its profit of every year to the Settlement Guarantee Fund (SGF) of the recognised clearing corporation(s) which clears and settle trades executed on that exchange in accordance with clause 33 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations), Regulations, 2012. The company has in earlier year allocated its existing contribution to SGF of Metropolitan Clearing Corporation Of India Ltd. (Formerly known as MCX-SX Clearing Corporation Ltd) to different segments as against the amount transferable under regulation 33, as permissible in terms of SEBI circular no. CIR/MRD/DMNRP/25/2014 dated August 27, 2014. The company has informed the same to SEBI vide its letter dated November 28, 2014. In Current year the company has contributed Rs. Nil (PY Rs. 41.35 Lakh) towards the Core Settlement Guarantee Fund.

47 SEBI vide letter dated July 10, 2012, directed Multi Commodity Exchange of India Limited (MCX) to reduce their entitlement to equity or warrants in excess of limit of shareholding as specified in the SECC Regulations, within a period of three years. MCX had time till June 19, 2015 to reduce its warrant holding in MSEI.

As on March 31, 2015, MCX held 48,211,514 equity shares and 59,16,00,731 warrants. During the financial year 2015-16, MCX exercised 1,83,87,894 warrants into Equity shares and transferred 15,72,95,165 warrants to buyers which were exercised into Equity Shares, out of which one applicant holding 15,000 warrants did not have demat account, hence the said warrants are not exercised into equity shares.

The Board at the meeting held on June 27, 2015 decided to treat 41,59,17,672 warrants held by MCX as extinguished and transfer the funds to capital reserve (as extinguished and of no effect whatsoever on account of their continuance to hold the same post lapse of the time limits specified by SEBI i.e June 19, 2015).

A Suit was filed by MCX challenging the aforesaid extinguishment of warrants and the Hon'ble Court maintained status quo. The Court thereafter passed an order dated July 10, 2015 accepting the undertaking of the Exchange that an amount of Rs. 20 Crores would be deposited with the Prothonotary & Senior Master, Mumbai on or before 7th September 2015. Accordingly a demand draft of Rs.20 crores was duly deposited by the Exchange on September 7, 2015. Vide its order dated October 13, 2015, the Hon'ble High Court directed the Exchange to deposit a further sum of Rs. 21 crores (Approx.) within 8 weeks of receipt of the said order and the office of Prothonotary and Senior Master was directed to continue the deposit of 20 Crores for a further period of 1 year or till the final disposal of suit, whichever is earlier.

Being aggrieved by the Order dated October 13, 2015 passed by Hon'ble Bombay High Court in the matter of MCX v/s MSEI in Notice of Motion (L) No. 1784/2015 in Suit (L) No. 685/2015, the Exchange has preferred an Appeal (L) No. 927 of 2015. Pursuant to out of court settlement in suit no.685 of 2015 vide consent letter dated August 24, 2016 between MSEI and MCX, 26,51,77,600 warrants held by Multi Commodity Exchange of India Limited were converted into 26,51,77,600 Equity shares of Re.1/- each and further 15,07,40,072 warrants held by Multi Commodity Exchange of India Limited were cancelled and extinguished.

Parties have complied with Clause 6 of the Consent Terms. Accordingly, pursuant to Clause 7 of the Consent Terms read with the Order dated August 24, 2016 and SEBI approval dated September 28, 2016, an application was made to Prothonotary & Sr. Master to release the amount of Rs.20 crores along with interest if any, which has been deposited by Metropolitan Stock Exchange of India Limited in the following manner:

1. Rs.15,07,40,072/- in favour of the Multi Commodity Exchange of India Limited. ("MCX")
2. Rs.4,92,59,928/- in favour of MSEI; and
3. Interest accrued on the Deposit Amount from the date of deposit till the date of release, in favour of MSEI."

The Exchange has received said amount of Rs.4,92,59,928/- along with interest of Rs.1,35,68,969/- on October 14, 2016.

48 Investment in Subsidiary

During the year the exchange has invested in its subsidiary Metropolitan Clearing Corporation of India Limited (MCCIL)

(formerly known as MCX SX Clearing Corporation Ltd), Rs 17.87 Crores by subscribing to 1,78,74,616 fully paid up equity shares of Rs.10 each on October 9, 2016 and Rs 5.93 crores by subscribing to 59,30,000 fully paid up equity shares of Rs.10 each on November 1,2016, at par at Rs.10 each. The Company now holds 86.94% of the equity paid up share capital in Metropolitan Clearing Corporation Of India Ltd (MCCIL).

- 49 Balances grouped under Non-Current and Current Liabilities and Non-Current and Current Assets in certain cases are subject to confirmation and reconciliation from respective parties. Impact of the same, if any, shall be accounted as and when determined.
- 50 The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report of even date

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Reg.No.006711N/N500028

Vikas Kumar
Partner
Membership No.75363

Mumbai
Dated : May 13, 2017

For and on Behalf of the Board of Directors of
Metropolitan Stock Exchange of India Limited
(Formerly known as MCX Stock Exchange Limited)

Ashima Goyal
Chairperson

Chetan Utture
Chief Financial Officer

Udai Kumar
Managing Director &
Chief Executive Officer

Rathindra Das
Company Secretary

INDEPENDENT AUDITOR'S REPORT: Consolidated

The Members of Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited)

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Metropolitan Stock Exchange of India Limited (erstwhile MCX Stock Exchange Limited) (hereinafter referred to as “the Holding Company” or “MSEI”) and its subsidiaries (collectively referred to as “the Company” or “the Group”), comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as, “the consolidated financial statements”).

Management’s Responsibility for the Consolidated Financial Statements

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company’s preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company’s Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis of Qualified Opinion:

- a. Refer Note no.31 of Consolidated Notes to the accounts of the Company; the Holding Company continues to prepare its Financial Statements on going concern basis, even though it has continued to incur losses during the current year and there is no clarity on increase in volume and the required funding in the future for its continued business. The Holding Company has however raised required funds during the current year and has started working on its detailed plan for turn around and is confident of raising further required funds in the coming year, increase volume and make profits in future years and hence prepared the accounts on going concern basis including not carrying out the impairment testing to ascertain carrying value of fixed assets, etc. and also the sum of Rs.35.14 Crores and Rs.1.86 Crores towards Service tax set-off and MAT Credit is considered as recoverable. We are unable to comment on the adjustments, if any, that will be arising out of the same.
- b. Refer Note no.30© of Consolidated Notes to the accounts; the Holding Company, in the earlier years, entered into various contracts with the parties mentioned in the register maintained under Section 301 of the Companies Act, 1956 to whom amounts have been paid as infrastructure, software and software support charges during the said years in respect of which no alternative quotations are / were available. As informed by the Management, they have already renegotiated few of such contracts and are in the process of reviewing other such contracts / charges to establish their reasonableness for similar line of business. We are unable to comment on the adjustments, if any, that will be arising out of such review.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph above, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2017, its consolidated loss and its consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs.193.22 Crores as at 31st March, 2017, total revenues of Rs. 9.01 Crores and net cash flows amounting to Rs. 0.10 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report to the extent applicable that:

- a. We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated financial statements.
- d. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f. On the basis of written representations received from the directors of the Holding Company as on March 31, 2017, and taken on record by the Board of Directors of the Holding Company, and the report of statutory auditors of its subsidiaries none of the directors of the Group Company is disqualified as on March 31, 2017, from being appointed as a director of that company in terms of Section 164 (2) of the Act.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- h. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Financial Statement disclose the impact of pending litigations on the consolidated financial position of the Group, where practical - Refer Note 30 on Contingent Liabilities to the consolidated financial statements.
 - ii. The Holding Company has entered into various contracts including long term contracts with a Company towards software license and maintenance agreements etc. which have penalty clauses for termination. The continuance of these contracts and impact of termination of these contracts shall depend on the future running of the business including raising required resources for the same. The Holding Company has however raised required funds during the current year and has started working on its detailed plan for turn-around and as such confident to honor its long term contract and does not foresee any losses on account of termination. Apart from the same, the Group did not

have any material foreseeable losses on long-term contracts including derivative contracts, as required under the applicable law or accounting standards

- iii. The Group has been generally regular in transferring the amounts required to be transferred, to the Investor Education and Protection Fund.
- iv. The Group has provided requisite disclosures in its Consolidated financial statements (refer note no. 29) as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained and record available with the Company.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No. 006711N / N500028

Place: Mumbai
Date: May 13, 2017

Vikas Kumar
Partner
Membership No. 75363

ANNEXURE A TO AUDITOR'S REPORT

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

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of Metropolitan Stock Exchange of India Limited ("the Holding Company") and Subsidiaries (hereinafter collectively referred to as the Group), incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective board of the directors, of the Group companies which are companies incorporated in India are 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 ('ICAI'). 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 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 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 Group Companies which are companies incorporated in India, have, 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 31 March 2017, 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 **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No. 006711N / N500028

Vikas Kumar
Partner
Membership No. 75363

Place: Mumbai
Date: May 13, 2017

BALANCE SHEET AS AT — MARCH 31, 2017

(Amount in Rs.)

Particulars		Note	As at March 31, 2017		As at March 31, 2016	
I	EQUITY AND LIABILITIES					
1	Shareholders' Fund					
	(a) Share capital	3	2,45,95,56,243		1,94,16,76,830	
	(b) Reserves and surplus	4	(46,83,46,051)		(14,36,29,460)	
	(c) Non Refundable Interest Free Deposits Against Warrants	5	15,000	1,99,12,25,192	41,59,32,672	2,21,39,80,042
2	Warrant application money pending allotment	3.1	—	34,31,295		
3	Minority Interest	5a		13,15,25,301		13,17,73,239
4	Non-Current Liabilities					
	(a) Other long-term liabilities	6	69,57,19,213		72,17,43,413	
	(b) Long term provision	7	44,26,505	70,01,45,718	54,29,530	72,71,72,943
5	Current Liabilities					
	(a) Short term borrowings	8	—		5,02,07,650	
	(b) Trade payables					
	— Dues to MSME					
	— Other Trade Payable	9	5,51,77,105		9,43,37,056	
	(c) Other current liabilities	10	74,75,99,684		76,54,49,670	
	(d) Short term provisions	11	33,70,441	80,61,47,230	11,61,237	91,11,55,613
	Total			3,63,24,74,736		3,98,40,81,838
II	ASSETS					
1	Non-Current Assets					
	(a) Fixed Assets	12				
	(i) Tangible assets		11,47,52,061		17,12,53,654	
	(ii) Intangible assets		52,05,66,794		52,30,07,028	
	(iii) Intangible asset under development		1,88,85,749		50,00,000	
	(b) Non-current investments	13	—		—	
	(c) Long term loans and advances	14	61,72,89,673		64,35,97,734	
	(d) Other non-current assets	20	1,54,80,97,837	2,81,95,92,114	1,12,52,65,783	2,46,81,24,199
2	Current Assets					
	(a) Current investments	15	17,26,44,632		36,75,46,913	
	(b) Trade receivables	16	60,63,655		33,11,902	
	(c) Cash and bank balances	17	45,83,58,958		70,74,31,363	
	(d) Short term loans and advances	18	10,96,67,888		36,83,01,284	
	(e) Other current assets	19	6,61,47,488	81,28,82,621.10	6,93,66,177	1,51,59,57,639
	Total			3,63,24,74,736		3,98,40,81,838

Significant Accounting Policies and Explanatory Information 2-50

As per our report of even date

 For **T R Chadha & Co LLP**
 Chartered Accountants
 Firm Reg.No.006711N/N500028

Vikas Kumar
 Partner
 Membership No.75363

 Place : Mumbai
 Dated : May 13, 2017

 For and on Behalf of the Board of Directors of
Metropolitan Stock Exchange of India Limited
 (Formerly known as MCX Stock Exchange Limited)

Ashima Goyal
 Chairperson

Chetan Utture
 Chief Financial Officer

Udai Kumar
 Managing Director &
 Chief Executive Officer

Rathindra Das
 Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017 (Amount in Rs.)

Particulars		Note	For the Year 2016-17	For the Year 2015-16
I	Income			
	(a) Revenue from operations	21	17,58,69,700	14,30,28,754
	(b) Other income	22	19,28,53,244	15,75,24,510
	Total Revenue		36,87,22,944	30,05,53,264
II	Expenditure			
	(a) Operating expenses	23	18,74,31,388	19,04,35,126
	(b) Employee benefits expense	24	16,95,84,486	17,47,31,935
	(c) Finance costs	25	29,66,616	24,88,901
	(d) Advertisement and Business Promotion Expenses	26	4,05,29,766	36,31,851
	(e) Depreciation and amortisation expense	12	13,94,89,170	14,10,13,202
	(f) Other expenses	27	15,36,86,049	18,13,79,194
	Total Expenses		69,36,87,474	69,36,80,209
III	Profit / (Loss) before exceptional items and tax		(32,49,64,530)	(39,31,26,945)
IV	Exceptional items	28	—	41,35,084
V	Profit / (Loss) before tax		(32,49,64,530)	(39,72,62,029)
VI	Less : Provision for taxation			
VII	Profit / (Loss) for the year		(32,49,64,530)	(39,72,62,029)
VIII	Less : Minority Interest in income / (loss)		21,05,314	13,00,392
IX	Profit / (Loss) for the year after Minority Interest		(32,70,69,844)	(39,85,62,421)
X	Earnings per equity share of face value of Re.1 each			
	Basic (in Re.)		(0.15)	(0.24)
	Diluted (in Re.)		(0.15)	(0.24)

Significant Accounting Policies and Explanatory Information 2-50

As per our report of even date

 For **T R Chadha & Co LLP**
 Chartered Accountants
 Firm Reg.No.006711N/N500028

 For and on Behalf of the Board of Directors of
Metropolitan Stock Exchange of India Limited
 (Formerly known as MCX Stock Exchange Limited)

Vikas Kumar
 Partner
 Membership No.75363

Ashima Goyal
 Chairperson

Udai Kumar
 Managing Director &
 Chief Executive Officer

 Place : Mumbai
 Dated : May 13, 2017

Chetan Utture
 Chief Financial Officer

Rathindra Das
 Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rs.)

Particulars	For the year 2016-17		For the year 2015-16	
A. Cash flow from Operating Activities				
Net Profit / (Loss) before tax as per Statement of Profit and Loss		(32,49,64,530)		(39,72,62,029)
Adjustments for				
Depreciation/Amortisation	13,94,89,170		14,10,13,202	
Dividend from Investments	(2,44,35,831)		(2,20,28,109)	
Net Prior Year Adjustments	15,64,323		1,45,43,752	
Interest Income	(10,22,39,816)		(10,90,35,875)	
Finance Costs	29,66,616		22,81,251	
Loss on sale of Fixed Asset (net)	4,89,143		8,880	
Provision for doubtful debts	4,40,298			
Profit on sale of investments (net)	(39,30,544)		(1,07,40,090)	
Depletion in value of investments	—	1,43,43,360	—	1,60,43,011
Operating profit/ (loss) before working capital changes		(31,06,21,170)		(38,12,19,018)
Adjustments for				
Trade and other receivables	3,21,05,501		(11,93,59,709)	
Trade and other payables	(8,18,71,648)	(4,97,66,147)	(2,55,096)	(11,96,14,804)
Cash generated from/(used in) operations		(36,03,87,317)		(50,08,33,823)
Less:Fringe benefit tax paid				
Net Prior Year Adjustments		(15,64,323)		(1,45,43,752)
Less:(Taxes paid) / refund received		9,91,03,973		
Net cash generated from/(used in) operating activities		(26,28,47,668)		(51,53,77,575)
B. Cash flow from Investing Activities				
Purchase of Fixed Assets (including Capital Work In Progress)		(9,63,75,204)		(72,67,811)
Sale of Fixed Assets (net)		14,52,967		8,178
Purchase of current investments		(30,54,00,000)		(1,71,32,52,183)
Sale of current investments		50,03,02,282		1,93,05,51,891
Income from Current Investments		2,83,66,374		3,27,68,199
Fixed deposit placed with banks (having maturity of more than 3 months)		(48,87,52,184)		(1,32,50,30,384)
Contribution of Exchange and Interest/ Dividend/Penalty transferred to Core SGF fund (credited to CSGF)		—		(42,33,520)
Fixed deposit matured (having maturity of more than 3 months)		34,59,05,831		52,69,77,569
Interest received (net of accrued interest)		10,52,58,103		10,33,30,119
Net cash generated from/(used in) Investing Activities		9,07,58,168		(45,61,47,942)

CASH FLOW STATEMENT (CONTD.)

(Amount in Rs.)

Particulars	For the year 2016-17	For the year 2015-16
C. Cash flow from Financing Activities		
Finance Costs	(29,66,616)	(22,81,251)
Share application money received/ (refunded)	34,31,295	—
Short term borrowings	(5,02,07,650)	5,02,07,650
Proceeds from issuance of shares	25,26,87,193	60,75,88,017
Issue of Shares to Employees by ESOP trust from Loan shares	14,620	1,41,139
Net Cash Generated from Financing Activities	20,29,58,842	65,56,55,555
Net Increase in Cash and Cash Equivalents	3,08,69,342	(31,58,69,962)
Cash and Cash Equivalents at Beginning of the Year (Refer note 17)	1,50,45,661	33,09,15,624
Cash and Cash Equivalents at End of the Year (Refer note 17)	4,59,15,003	1,50,45,661
Add : Fixed Deposits held for more than three months	41,24,00,000	69,23,85,702
Closing Cash and Bank Balance as per Note 17	45,83,15,003	70,74,31,363

Significant Accounting Policies and Explanatory Information 2-50
Notes to Cash Flow Statement:

- The Cash Flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 (AS 3)" Cash Flow Statement" issued by the Companies (Accounting Standards) Rules, 2006.
- Figures in brackets represent cash outflows.

As per our report of even date

 For **T R Chadha & Co LLP**
 Chartered Accountants
 Firm Reg.No.006711N/N500028

 For and on Behalf of the Board of Directors of
Metropolitan Stock Exchange of India Limited
 (Formerly known as MCX Stock Exchange Limited)

Vikas Kumar
 Partner
 Membership No.75363

Ashima Goyal
 Chairperson

Udai Kumar
 Managing Director &
 Chief Executive Officer

 Place : Mumbai
 Dated : May 13, 2017

Chetan Utture
 Chief Financial Officer

Rathindra Das
 Company Secretary

Significant Accounting Policies and Explanatory Information forming part of the consolidated financial statement for the year ended 31st March, 2017.

1 Corporate Information

The Company was incorporated on August 14, 2008 and recognized as a stock exchange by Securities and Exchange Board of India (SEBI) under section 4 of the Securities Contracts (Regulation) Act, 1956 with effect from September 16, 2008. The Exchange was notified a “Recognised Stock Exchange” under Section 2(39) of the Companies Act, 1956 by Ministry of Corporate Affairs, Govt. of India, on December 21, 2012. The Company provide platform for trading in Currency Derivatives, Debt Segment, Interest Rate Futures, Equity Cash and F& O segment.

SEBI letter No. MRD/DSA/MSEI/OW/25885/2016 dated September 15, 2016 renewed the recognition granted to the Stock Exchange for a period of one year commencing on the 16th day of September 2016 and ending on 15th day of September 2017.

2 Significant Accounting Policies

2.1 Principles of Consolidation

The consolidated financial statements relate to Metropolitan Stock Exchange of India Limited (MSEI) (erstwhile MCX Stock Exchange Ltd.) (‘the Holding Company’) and its subsidiaries Metropolitan Clearing Corporation of India Ltd. (formerly known as MCX - SX Clearing Corporation Ltd). and MCX - SX KYC Registration Agency Ltd (the Holding Company and its subsidiaries together referred to as “the Group”). The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Holding Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - “Consolidated Financial Statements”
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.
- The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiaries.
- Minority Interest’s share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Holding Company.
- Minority Interest’s share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Holding Company’s shareholders.

2.2 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical-cost convention on accrual basis, in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), provision of the Companies Act, 2013 and Accounting Standards (AS) notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.3 Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of consolidated financial statements, the reported

amount of revenues and expenses during the reporting period and disclosure of contingent liabilities on the date of the consolidated financial statements. Management believes that the assumption and estimates used in preparation of the consolidated financial statements are prudent and reasonable based upon their evaluation of the relevant facts and circumstances as on the date of the consolidated financial statements. Actual results may differ from those estimates and assumptions used in preparing the accompanying consolidated financial statements. Adjustments, if any, are prospectively made.

2.4 Operating Cycle

Based on the nature of its activities, the company has determined its operating cycle as 12 months for the purpose of classification of its Assets and Liabilities as current and non-current.

2.5 Tangible Fixed assets and Depreciation

Tangible Fixed assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciation and impairment loss, if any. Cost includes all expenses incidental to the acquisition of the fixed assets and any attributable cost of bringing the asset to its working condition for its intended use.

Assets which are not ready for their intended use are shown as Capital Work in Progress.

Depreciation on Tangible Fixed assets is provided on straight line method by considering the useful lives as specified in Part 'C' of Schedule II to the Companies Act, 2013, which is also estimated as useful lives by the management. The same is as given below:-

Sr. No	Classification of an asset	Useful life as per new Companies Act 2013 (Years)
1	Furniture and fixtures	10
2	Office Equipment's	5
3	Vehicles	8
4	Computer Hardware	
	(i) Computer Servers	6
	(ii) Networking Equipment's	6
	(iii) Desktop/Laptop etc.	3

Leasehold improvements are depreciated over the period of lease or at their estimated useful life, whichever is lower.

The Group provides pro-rata depreciation from the day the asset is ready to use and for any asset sold, till the date of sale.

2.6 Intangible assets and Amortization

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible asset that meets the recognition criteria. Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization and impairment loss, if any.

Intangible assets comprising of software purchased and licensing cost are amortized on straight line basis over the useful life of the software up to a maximum period of 10 years.

2.7 Intangible assets under development

Intangible Assets under development comprises outstanding advances paid to acquire intangible assets and the cost of intangible assets that are not yet ready for its intended use.

2.8 Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any

such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit & Loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.9 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies at the year-end are restated at year end rates. Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit & Loss of the year.

2.10 Revenue recognition

Revenue is recognized when there is reasonable certainty that economic benefit will flow to the company and as to measurement and ultimate realization.

- I. Transaction fees are charged to members at the applicable rates based on the volume of transactions entered into by the members through the exchange. These are accrued when orders placed by members on the network are matched and confirmed.
- II Admission fees collected from new members for joining the exchange are recognized when received and the member is approved by membership committee.
- III Processing and other fees collected from members are recognized on receipt basis.
- IV Recoveries from members towards VSAT connectivity are apportioned over the period of connectivity on a pro rata basis from the date of activation of connectivity.
- V Dividend income is recognized when the company's right to receive dividend is established.
- VI Interest income is recognized on time proportion basis.
- VII Income from Listing Fees is recognized on time proportion basis.
- VIII Profit / Loss on sale / redemption of Investment is determined at weighted average cost.
- IX Clearing and settlement fee are recognized in accordance with the terms of Agreement with Metropolitan Stock Exchange of India Limited (formerly known as MCX Stock Exchange Limited)
- IX Revenue from Shared Service recognised based on the contractual arrangement.
- X Revenue from data feed charges based on the contractual arrangement.

2.11 Employee benefits

Short term employee benefits are recognised as an expense at the undiscounted amounts in the Consolidated Statement of Profit & Loss of the year in which the related service is rendered.

Long-term employee benefits, viz., gratuity and leave encashment are recognized at the present value of the amounts payable determined at the close of the year based on actuarial valuation techniques using the Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions are charged to the Consolidated Statement of Profit & Loss.

Company has an Employee Stock Option Scheme ('the Scheme') which provides the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost, if any, is amortised over the vesting period."

2.12 Investments

Investments are classified as long-term or current based on intention of the management at the time of purchase.

Long-term investments are carried at carrying cost less other than temporary diminution in value, determined

separately for each individual investment.

Current investments are stated at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each individual investment.

2.13 Accounting for Taxes

Tax expense comprises current tax and deferred tax charge or credit.

Current tax

Current tax expense is determined in accordance with the provision of Indian Income Tax Act, 1961 after taking into consideration the exemption and allowances, if any, available to the Company in the Income Tax Act, 1961.

Deferred tax

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets resulting from “timing difference” between taxable and accounting income are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realize the same.

In accordance with the recommendations contained in Guidance Notes issued by the institute of chartered accountants of India and in accordance with the provision of Income Tax Act, 1961, Minimum Alternate Tax ('MAT') credit is recognised as an asset to the extent there is convincing evidence that the company will pay normal income tax in future by way of a credit to the profit and loss account and shown as MAT credit entitlement.

2.14 Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognized as an expense in the Statement of Profit & Loss in accordance with Accounting Standard 19 - Leases.

2.15 Provisions, contingent liabilities and contingent assets

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the Group recognizes that it has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reasonable estimate can be made.

Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the consolidated financial statements.

2.16 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

2.17 Prepaid Expense

Expenses incurred during the year which provide benefit in several accounting years has been treated as revenue expense only for the period relating to the current year and balance is treated as prepaid expenses to be adjusted on pro-rata time basis in the future accounting year.

2.18 Events occurring after Balance sheet Date

Events occurring after Balance sheet Date have been considered in preparation of the consolidated financial statements.

2.19 The subsidiary companies considered in the consolidated Financial Statements

	Name of the Subsidiary	Country of Incorporation	Proportion of Ownership
a)	Metropolitan Clearing Corporation of India Ltd (Formerly known as MCX - SX Clearing Corporation Limited)	India	86.94%*
b)	MCX - SX KYC Registration Agency Limited	India	100%

*Ownership has been increased from 82.5% to 86.94% in the current year.

Metropolitan Clearing Corporation of India Ltd (formerly known as MCX SX Clearing Corporation Limited) (subsidiary) is a limited company domiciled in India and incorporated on 7th November, 2008 under the provisions of the Companies Act, 1956. The subsidiary is engaged in the business of Clearing and Settlement of deals in multi asset classes carried out at Metropolitan Stock Exchange of India Limited (Holding Company) (formerly known as MCX Stock Exchange Ltd.)

MCX SX KYC Registration Agency Limited (subsidiary) is a limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The said subsidiary is incorporated for the purpose of maintaining database for members of exchange and other under the Know Your Client Guidelines.

2.20 Cash Flow Statement

Cash flows are reported using the indirect method set out in Accounting Standard (AS 3) on Cash Flow Statement. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.21 Cash & Cash Equivalents for the purpose of Cash Flow Statement

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3 Share Capital:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Authorised : 3,500,000,000 (Previous Year: 3,500,000,000) Equity Shares of Re.1/- each		3,50,00,00,000		3,50,00,00,000
Issued : 3,185,181,273 (Previous Year: 1,94,66,69,121) Equity Shares of Re.1/- each		3,18,51,81,273		1,94,66,69,121
Subscribed and Paid-up 2,46,45,33,914 (previous year: 1,94,66,69,121) equity shares of Re 1/- each, fully paid up	2,46,45,33,914		1,94,66,69,121	
Less :- Amount recoverable from Metropolitan Stock Exchange ESOP Trust (Refer Note 3.5) 4,977,671 [(Previous Year Rs.4,992,291) equity shares of Re 1/- each fully paid allotted to the Metropolitan Stock Exchange ESOP Trust]	49,77,671		49,92,291	
		2,45,95,56,243		1,94,16,76,830
Total		2,45,95,56,243		1,94,16,76,830

3.1 Warrant application money pending allotment

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Warrant application money pending allotment		34,31,295		13,17,73,239

The Board at its Meeting held on September 24, 2016 allotted 16,83,15,185 equity shares (having face value of Re. 1 per share) at a price of Re. 1 per share against payment of Rs.16,83,15,185 received by MSEI and 68,62,589 warrants (having face value of Re.1 per warrant) at Re.1 per warrant (50% of the amount paid on application and remaining 50% of the amount payable on conversion) with paid up value of Re.0.50 per warrant against payment of Rs.34,31,295 received by MSEI.

The Warrants issued shall be converted into equity shares on payment of the balance amount of Re.0.50 and receipt of the application for conversion form the warrant holder within one month of the expiry of 12 months period from the date of allotment of the warrants. The issued warrants shall be eligible for conversion on and after September 24, 2017.

3.2 Reconciliation of the shares outstanding at the beginning and at the end of year.

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	Rupees	No. of Shares	Rupees
Equity shares				
At the beginning of the Year	1,94,66,69,121	1,94,66,69,121	1,16,34,13,045	1,16,34,13,045
Issued during the Year*	51,78,64,793	51,78,64,793	78,32,56,076	78,32,56,076
Outstanding at the end of the Year	2,46,45,33,914	2,46,45,33,914	1,94,66,69,121	1,94,66,69,121

***Notes**

- Company during the year issued 26,51,77,600 equity shares of MSEI to MCX in lieu of Warrants held by MCX as per SEBI Approval Letter dated 28th Sept'16. (refer note no 47)
- Company during the year issued 16,83,15,185 equity shares on right issue basis in the ratio of 1:1 at par and further issued 8,43,72,008 equity shares at par out of the unsubscribed portion of the right issue. (refer note no 35.b)

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of Re. 1/- each fully paid-up				
Multi Commodity Exchange Of India Ltd	33,17,77,008	13.53%	6,65,99,408	3.42%
Trust Investment Advisors Private Limited	11,91,15,930	4.86%	9,73,70,000	5.00%
Jhunjhunwala Rakesh Radheshyam	11,91,08,353	4.86%	9,73,75,000	5.00%
Radhakishan S Damani	11,84,64,797	4.83%	9,73,70,000	5.00%
State Bank Of India	9,74,00,000	3.97%	9,74,00,000	5.00%
Nemish S Shah	9,73,70,000	3.97%	9,73,70,000	5.00%
Aadi Financial Advisors LLP	9,73,50,000	3.97%	9,73,50,000	5.00%
Viral Amal Parikh	9,66,19,000	3.94%	9,73,70,000	5.00%

3.4 Rights of equity share holders

The company has only one class of equity shares having a par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3.5 Shares reserved for issue under options

- The Convertible share warrant holders have the option to convert their share warrant into 15,000 (Previous Year 41,59,32,672) equity shares of Re. 1 each at the terms and conditions mentioned in note no.5.
- 81,84,600 (Previous Year 81,84,600) equity shares of Re.1 each have been reserved to be allotted to the ESOP trust under ESOP Scheme.

3.6 Loan to ESOP Trust

The Company's ESOP is administered through an ESOP Trust, which subscribes to shares of the Company and holds them until issuance thereof based on vesting and exercise of options by employees. At the time of formation of the trust, the Company has provided an interest free loan amounting to Rs. 60,00,000 to the Trust to subscribe to 54,33,000 shares issued at Re. 1 per share and were allotted on November 20, 2009. As per the Guidance Note on Accounting for Employee Share Based payments issued by the Institute of Chartered Accountants of India, the amount of loan equivalent to the face value of securities subscribed and not allotted to employees 49,77,671 (Previous Year Rs. 49,92,291) has been deducted from share capital account and the balance part of the loan representing the amount of Rs. 10,07,709 (Previous Year Rs. 10,07,709] has been added to short term loans and advances in note no.18. The balance of such loan as at March 31, 2017 is Rs. 60,00,000. The repayment of the loan is primarily dependent upon the exercise of options by the employees, the price at which fresh or reissued options are granted and dividend income earned thereon till exercise of options. The Company believes that the options would be exercised by the employees and the Trust would be able to repay the loan based on the price received by the Trust there against. On that basis, the loan to the Trust is considered as good of recovery net of the impairment made considered necessary.

4. Reserve and Surplus:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Securities Premium Account				
As per last Balance Sheet	3,51,56,66,074		3,51,56,66,074	
Add :- Received on Issue of Shares				
Less :- Share issue expenses				
		3,51,56,66,074		3,51,56,66,074
Surplus / (deficit) in statement of Profit and Loss				
As per last financial statements	(3,76,34,30,618)		(3,37,92,19,321)	
Reallocation of Minority Interest during the year	23,53,254		1,43,51,125	
Add / (Less) :- Profit / (Loss) for the year	(32,70,69,845)		(39,85,62,421)	
		(4,08,81,47,209)		(3,76,34,30,618)
Exchange Contribution to Settlement Guarantee Fund	—		1,39,39,450	
As per last Balance Sheet	—		(1,39,39,450)	
Core Settlement Guarantee Fund	9,44,29,154		9,44,29,154	
As per last Balance Sheet	97,05,930		97,05,930	
Add :- Contribution/Interest Accrued during the year		10,41,35,084		10,41,35,084
Total		(46,83,46,051)		(14,36,29,460)

5 Non Refundable Interest Free Deposits Against Warrants

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
As per last Balance Sheet	41,59,32,672		59,16,00,731	
Add :- Issue during the year	—			
Less :- Converted to Shares	26,51,77,600		17,56,68,059	
Less :- Directly paid by court to MCX from Deposit kept with court	15,07,40,072			
At the end of the year		15,000		41,59,32,672
Total		15,000		41,59,32,672

Pursuant to out of court settlement between MSEI and MCX in suit no.685 of 2015 vide consent terms dated August 24, 2016, 26,51,77,600 warrants held by Multi Commodity Exchange of India Limited was converted into 26,51,77,600 Equity shares of Re.1/- each and Cancellation and Extinguishment of 15,07,40,072 warrants held by Multi Commodity Exchange of India Limited.

Parties have complied with Clause 6 of the Consent Terms. Accordingly, pursuant to Clause 7 of the Consent Terms read with the Order dated August 24, 2016, an application was made to Prothonotary & Sr. Master to release the amount of Rs.20 crores along with interest if any, which has been deposited by Metropolitan Stock Exchange of India Limited in the following manner:

1. Rs.15,07,40,072/- in favour of the Multi Commodity Exchange of India Limited. ("MCX")
2. Rs.4,92,59,928/- in favour of MSEI; and
3. Interest accrued on the Deposit Amount from the date of deposit till the date of release, in favour of MSEI.

The Exchange has received said amount of Rs.4,92,59,928/- along with interest of Rs1,35,68,969/- on October 14, 2016. (Refer note 47)

5a Minority Interest

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Minority Interest		13,15,34,780		13,17,73,239
Total		13,15,34,780		13,17,73,239

6 Other long-term liabilities

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Amount received from members and applicants towards :				
– Deposits		34,79,02,540		46,31,40,624
– Settlement Banks Deposits		–		20,00,00,000
– Core Settlement Guarantee Fund (Members Share)		9,58,64,916		5,19,72,789
– Other Deposits		24,79,21,757		66,30,000
		40,30,000		
Total		69,57,19,213		72,17,43,413

7 Long term provisions

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Provision for Leave Encashment		44,26,505		54,29,530
Total		44,26,505		54,29,530

8 Short term borrowings

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Secured				
Working Capital facility from bank				5,02,07,650
Total		–		5,02,07,650

9 Trade Payables

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Micro, Small and Medium Enterprises				
Others		5,51,77,105		9,43,37,056
Total		5,51,77,105		9,43,37,056

10 Other Current Liabilities

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Unearned Income towards :				
– Vsat connectivity charges	2,52,747		8,51,551	
– Admission fees	2,50,000		12,00,000	
– POP and Co-location Charges	96,29,780		1,00,58,313	
– Transaction Charges	65,87,550		40,25,933	
		1,67,20,077		1,61,35,797
Deposits from members		70,67,37,913		72,27,85,631
Investor Service fund # [Including interest earned of Rs.551,869 (Previous Year Rs.480,826)]		90,67,982		72,51,113
Sebi Regulatory Fees		50,00,000		50,00,000
TDS Payable		47,07,736		94,81,545
Other Liabilities*		53,65,976		47,95,585
Excess Amount Recd - Rights Issue				
# Investor Service Fund was established by the Company in accordance with SEBI approval letter dated September 18, 2008. The fund is maintained to provide services to investors which include maintenance of investor grievance cell, education and awareness about securities market, price dissemination and other services that are in the interest of the investor. The balance amounting to Rs. 90,69,823 (Previous year Rs.72,51,113) as at March, 31, 2017 represents the total contribution amount of Rs. 12,65,000 (Rs. 40,00,000), Listing Fees Contribution and interest earned thereon.				
Total		74,75,99,684		76,54,49,670

11 Short Term Provisions

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Provision for Gratuity		29,62,797		2,45,447
Provision for Leave Encashment		4,07,644		9,15,790
Total		33,70,441		11,61,237

12 Fixed Assets

(Amount in Rs.)

Particulars	Gross Block				Depreciation /Amortisation				Net Block	
	As at April 01, 2016	Additions during the year	Deductions / Adjustments	As at March 31, 2017	As at April 01, 2016	For the year	Deductions/ Adjustments	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
TANGIBLE ASSETS										
OWN ASSETS										
Office Equipments	1,87,64,665	13,03,934	4,04,971	1,96,63,628	1,04,45,220	41,17,300	2,95,153	1,42,67,367	53,96,260	83,19,445
Computer Hardware	35,69,13,109	1,78,243	2,04,209	35,68,87,143	20,55,31,823	5,16,59,640	2,01,751	25,69,89,712	9,98,97,431	15,13,81,287
Furniture & Fixtures	50,45,782	92,614	-	51,38,396	14,19,452	5,11,808	-	19,31,260	32,07,135	36,26,330
Vehicles	51,75,165	-	27,72,745	24,02,420	18,58,654	4,48,638	12,27,359	10,79,933	13,22,487	33,16,511
Leasehold Improvements	1,18,00,000	30,59,135	-	1,48,59,135	71,89,918	27,40,468	-	99,30,386	49,28,749	46,10,082
Total (A)	39,76,98,720	46,33,926	33,81,925	39,89,50,721	22,64,45,067	5,94,77,855	17,24,263	28,41,98,658	11,47,52,062	17,12,53,654
Previous Year	39,69,02,422	8,47,984	51,685	39,76,98,721	16,19,52,632	6,45,27,062	34,627	22,64,45,067	17,12,53,654	
INTANGIBLE ASSETS										
Computer Software** (Other than internally generated)	1,00,27,96,843	7,78,55,529	5,04,712	1,08,01,47,660	47,97,89,815	8,00,11,315	2,20,264	55,95,80,866	52,05,66,794	52,30,07,028
Total (B)	1,00,27,96,843	7,78,55,529	5,04,712	1,08,01,47,660	47,97,89,815	8,00,11,315	2,20,264	55,95,80,866	52,05,66,794	52,30,07,028
Previous Year	99,64,03,532	63,93,311	-	1,00,27,96,843	40,33,03,675	7,64,86,140	-	47,97,89,815	52,30,07,028	
TOTAL (A + B)	1,40,04,95,563	8,24,89,455	38,86,637	1,47,90,98,381	70,62,34,882	13,94,89,170	19,44,527	84,37,79,525	63,53,18,856	69,42,60,681
Previous Year	1,39,33,05,953	72,41,295	51,685	1,40,04,95,563	56,52,56,307	14,10,13,202	34,627	70,62,34,882	69,42,60,681	
Intangible asset under development Capital work In progress									1,85,63,249	50,00,000
** In certain cases the company has only usage right and not the title or ownership.									-	-

13 Non-Current Investments

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees

14 Long term loans and advances

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good)				
Balance with Central Excise and Service Tax authorities		35,13,88,313		36,30,89,340
Prepaid expenses		18,93,969		23,13,325
Sundry Deposits		2,65,55,471		5,21,36,977
Advance Income Tax (net)		20,13,70,282		20,75,03,785
Interest Paid Under Protest		82,91,330		-
MAT Credit entitlements		1,85,54,307		1,85,54,307
Capital advances		92,36,000		-
Total		61,72,89,673		64,35,97,734

15 Current investments

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Non-trade unquoted (at lower of cost or realisable value, whichever is lower)				
In units of Mutual Funds, fully paid-up				
Nil (Previous Year 4,396.493 units) of Rs. nil each in Reliance Liquididty Fund - Growth		-		1,00,00,000
Nil (Previous Year 9,687.564 units) of Rs.nil each in Franklin India Treasury Management Account - Super Institutional Plan - Growth		-		2,15,00,000
Nil (Previous Year 2115.750 units) of Rs.Nil each in SBI Premier Liquid Fund - Growth		-		50,14,562
8,201.77(Previous Year 3,357.740 units) of Rs.3,191.9222 each in HDFC Liquid Plan - Growth		2,61,79,400		1,00,00,000
20,761.36 (Previous Year 56,284.302 units) of Rs.1,000 each in Axis Liquid Fund - Daily Dividend Reinvestment		2,07,74,693		5,63,02,242
4,868.494 (Previous Year 37,831.930) of Rs.1,000 each in BOI AXA Liquid Fund - Daily Dividend Reinvestment		48,81,387		3,79,32,105
67,265.256 (Previous Year 3,52,932.797 units) of Rs.100 each in DWS Insta Cash Plus Fund - Daily Dividend Reinvestment		67,46,974		3,56,26,831
5,936.261 (Previous Year 10,564.888 units) of Rs.1528 each in Reliance Liquid Fund - Daily Dividend Reinvestment		90,74,992		1,61,50,955
48,688.93 (Previous Year 1,06,444.09 units) of Rs.1000 each in SBI Premier Liquid Fund - Daily Dividend Reinvestment Plan		4,88,47,163		10,67,89,972
1,485,625.54 (Previous Year 49,63,334.935 units) of Rs.10 each in Sundaram Money Fund Daily Dividend Reinvestment Plan		1,50,08,532		5,01,42,091
411,033.35 (Previous Year 1,80,779.399) of Rs.100.0565 each in ICICI Prudential Liquid - Daily Dividend Reinvestment		4,11,31,491		1,80,88,155
Total		17,26,44,632		36,75,46,913
Total amount of unquoted Investments		17,26,44,632		36,75,46,913

Note :- Rs. 2,61,79,400 (Previous Year 2,15,00,000) are towards making payments of the deposits of members in future

16 Trade receivables

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
(Unsecured and Considered Good unless otherwise stated)				
Debts Outstanding for a period exceeding six months	7,00,812		11,22,531	
Other Debts	64,71,820		28,58,050	
Less :- Provisions for doubtful debts	11,08,977	82,81,610	6,68,679	33,11,902
Total		82,81,610		33,11,902

17 Cash and bank balances

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Cash and cash equivalent -				
Balance with Banks				
— In current accounts	4,56,75,223		1,47,44,812	
Stamps in hand	2,39,780		2,39,790	
Cash on Hand			61,059	
		4,59,15,003		1,50,45,661
Other Bank Balances in Fixed Deposits		41,24,00,000		69,23,85,702
Total		45,83,15,003		70,74,31,363

18 Short term loans and advances

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good, unless otherwise stated)				
Balance with Central Excise and Service Tax authorities		6,26,45,021		2,87,04,092
Advances to vendors		33,78,590		17,67,648
Prepaid expenses		1,39,96,635		1,51,51,890
Sundry Deposits		15,00,400		20,15,05,000
Loan to Metropolitan Stock Exchange ESOP Trust	10,22,329		10,07,709	
Less :- Provision for Doubtful Loan	5,50,000	4,72,329	5,50,000	4,57,709
Other loan and advances #	6,97,191		1,73,732	
Less :- Provision for Doubtful Advance	5,10,000	1,87,191	-	1,73,732
Advance Income Tax (Net of Provision)		2,74,87,723		12,04,58,193
L.I.C.of India-Group Gratuity Account		-		82,758
Total		10,96,67,888		36,83,01,022

19 Other Current Assets

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Interest accrued on Fixed Deposits		6,61,36,762		6,91,55,048
Others		10,727		2,11,129
Total		6,61,47,488		6,93,66,177

20 Other Non Current Assets

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Deposit with banks (with Maturity more than 12 months)		1,54,80,97,837		1,12,52,65,783
Total		1,54,80,97,837		1,12,52,65,783

21 Revenue from operations

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Revenue from operations				
Sale of services -				
Transaction Fees		4,56,57,444		5,42,41,732
Other operating revenue -				
Membership Admission Fees		14,50,000		—
Processing Fees		6,71,20,000		1,77,12,000
Listing Fees		67,52,500		45,68,112
Annual Subscription Fees		1,00,000		50,000
Vsat connectivity income		7,40,555		21,95,399
Other connectivity charges		1,85,16,878		4,45,07,939
Data Feed Charges		58,66,831		65,50,000
Shared service cost recovered		53,00,000		—
RSA Hardware Token		—		2,65,722
Examination Fees		1,33,400		2,650
Membership Surrender Fee		2,14,50,000		93,25,000
Other revenue from Operations		27,82,092		36,10,200
Total		17,58,69,700		14,30,28,754

22 Other income

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Dividend from Non Trade Current Investments		2,44,35,831		2,20,28,109
Interest on Bank Deposits		10,22,39,816		10,90,35,875
Interest Income Others		6,00,76,413		77,93,027
Profit on sale of Current Investments (Net)		39,30,544		1,07,40,090
Profit on sale of assets		52,636		7,346
Provision not required written back		—		73,31,460
Miscellaneous Income		21,18,005		5,88,603
Total		19,28,53,244		15,75,24,510

23 Operating expenses

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Technology Cost		10,19,35,615		6,25,15,445
Sebi Regulatory Charges		56,03,250		54,56,375
Internet Connectivity Charges		3,84,129		4,92,778
Direct Communication Expenses		2,05,52,203		2,49,95,633
POP / NPN Charges		3,23,15,985		7,21,46,358
Co-Location Charges		2,66,40,206		2,48,28,537
Total		18,74,31,388		19,04,35,126

For prior period refer note no 42

24 Employee benefits expense

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Salaries, Allowances and Bonus		15,88,42,815		16,47,10,433
Contribution to Provident Fund and other funds		86,89,645		78,64,615
Staff Welfare and Other Amenities		20,52,026		21,56,887
Total		16,95,84,486		17,47,31,935

25 Finance costs

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Interest expenses		29,16,152		2,07,650
Other Finance Costs		50,464		22,81,251
Total		29,66,616		24,88,901

26 Advertisement and Business Promotion Expenses

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Advertisement		3,27,91,365		22,19,126
Business Promotion Expenses		52,38,401		9,21,637
Sponsorships and Seminar		25,00,000		4,91,088
Total		4,05,29,766		36,31,851

27 Other expenses

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Rent		4,88,67,746		7,44,13,722
Repairs and Maintenance - Others		3,73,34,768		2,13,51,942
Insurance		21,21,726		48,61,220
Travelling and Conveyance		23,16,269		43,90,773
Communication Expenses		39,73,993		31,42,632
Legal and Professional Charges		1,39,28,309		1,39,91,444
Electricity Expenses		93,50,177		1,34,55,208
Membership and Subscription Fees		23,26,832		83,35,566
Directors Sitting Fees		44,08,000		44,98,000
Payment to Auditors :				
– Audit Fees	14,08,625		11,58,588	
– Other matters (Certification)	8,56,700		12,04,000	
– Reimbursement	11,850	22,77,175	21,528	23,84,116
Depletion in Value of Investments		–		–
Loss on Sale of Fixed Asset (net)		4,89,143		8,880
Exchange Rate Fluctuation (net)		5,930		18,344
ROC Fees		26,900		16,200
Bad Debts		9,50,638		–
Bank Charges		63,155		24,771
Rates & Taxes		28,46,593		12,09,348
Printing & Stationery		17,65,050		17,17,252
Contribution to ISF		12,65,000		9,12,750
Miscellaneous Expenses		1,93,68,645		2,65,47,026
Total		15,36,86,049		18,12,79,194

For prior period refer note no 42

28 Exceptional Items

Particulars	2016-17		2015-16	
	Rupees	Rupees	Rupees	Rupees
Contribution to funds :				
– Contribution to Core Settlement Guarantee Fund (Refer note 45)		–		41,35,084
Total		–		41,35,084

29 Disclosure of transactions held with Specified Bank Notes (SBN)

Particulars	SBNs	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	74,000	59	74,059
(+) Permitted Receipts	–	42,600	42,600
(-) Permitted Payments	–	–	–
(-) Amount Deposited in banks	74,000	4	74,004
Closing cash in hand as on 30.12.2016	–	42,655	42,655

30 Contingent Liability

- IL&FS has filed a suit before the Bombay High Court against MSEI (295 of 2014) long with a Notice of Motion for interim relief for violating the IL&FS contractual rights and entitlement under the share purchase agreement dated August 20, 2009. Various reliefs have been prayed by IL&FS from MCX and MSEI , including monetary claim of Rs. 84,21,15,000/- (jointly and severally from MCX and MSEI) along with an interest at 12% p. a. from the date of filing the suit till payment and realization thereof. The company has been legally advised that the plaintiff has remote chances of getting the relief.
- The Income Tax Department has raised tax demand of Rs.921.38 lacs for the assessment year 2012 - 13. The Company, has filed an appeal against the above order. The company has been advised that the demand raised is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.
- The company has entered into various contracts including long term contracts with a company towards software license and maintenance agreements etc. The continuance of these contract shall depend on the future running of the business including raising required resources for the same. Hence, the chances of termination of these contracts and the impact of the same on the financial statements including penalty and charges if any cannot be commented upon.

31 The Company continued to prepare its financials statement on going concern basis in view of the following reasons

- The Company with eminent Board members is spearheading the revival of the Exchange with a strong vision for implementing an alternative development model for the Indian securities market.
- The company has increased its market share in its flagship product segment Currency Futures. During the year, company has increased its equity capital by Rs.51.79 crore and has invested Rs.23.80 crore in its subsidiary to meet regulatory requirement. Close to 200 investors have become new shareholders of the company during the year. SEBI has renewed the recognition of license of the exchange and approved launch of all product contracts. Experienced and senior employees have joined the company. New branding and business promotion initiatives have been undertaken. For the year, losses have come down by 15.71 %. The company and its subsidiary both have more than required net-worth. It also has sufficient cash liquidity and demonstrated capability of raising fresh capital every year for business needs. On all parameters of business, the company has achieved improvement and

ensured continuity. Management is therefore justified in preparing the financial statements on going concern basis.

- Pursuant to the order passed by the Hon'ble Competition Appellate Tribunal (COMPAT) dismissing the appeal of National Stock Exchange(NSE) against the order of Competition Commission of India levying penalty for abusing its dominance in the market, the Company has filed an application for compensation under Section 53N of the Competition Act, 2002 before the Hon'ble COMPAT for recovery of an amount of Rs.856.99 Crores along with interest pedente lite in future at the rate of 18% till realization of the claim, from NSE in respect of losses and damages suffered on account of the unfair pricing practices under the Competition Act, 2002. The matter is listed for hearing before the Hon'ble COMPAT on July 03, 2017.
- The company continues to maintain networth above the regulatory requirements and is executing the new business plan through effective management of its operations and cash flows. All business investments necessary are being carried out. All contractual obligations are being met on time and the company has largely cleared the pending dues to vendors.
- Our ADTV is projected to grow at over 50% CAGR over the next three years. As such, the company is confident that all cenvat credits available shall also be used in coming years.
- The Company has unutilized service tax credit of Rs. 35.14 crores as at March 31, 2017 (previous year Rs. 36.30 crores). As mentioned above, the Company expects improved revenue earnings in the future years and hence is of the view that the unutilized service tax credit will be fully utilized in future years and the same is considered as good for recovery.
- Similarly, since the company is confident of improving its business and making profits in future years, no impairment testing is carried out with regard to its tangible and intangible assets.

32 In the Financial year 2012-13, the Holding Company recognized MAT credit entitlement under section 115 JB of Income Tax, Act 1961 amounting to Rs. 1.86 crore. The Company is of the view that it will be under normal income tax in future years and will be in the position to utilize this credit, it continued to carry the above MAT credit entitlement as an asset good for recovery.

33 The Holding Company could not in some earlier years charge transaction fee in its Currency Derivatives Segment as its dominant competitor, National Stock Exchange of India Ltd. (NSE), was not charging the same. On the complaint of the Company, the Competition Commission of India (CCI) passed an order dated June 23, 2011 directing NSE to cease and desist from carrying on its unfair pricing policy and further levied a penalty of Rs. 55.50 crore on NSE. NSE had appealed against the said order before the Hon'ble Competition Appellate Tribunal (COMPAT), which vide its order dated August 5, 2014 upheld the order passed by the Hon'ble CCI and found NSE guilty of abusing its dominant position as it had indulged in anti-competitive practices.

NSE filed an appeal before the Hon'ble Supreme Court on September 16, 2014 against the order passed by the Hon'ble COMPAT. Subsequent to the appeal, an interim stay on the recovery of penalty amount was granted by the Hon'ble Supreme Court. The matter is listed for hearing before the Hon'ble Supreme Court on July 3, 2017.

Additionally, pursuant to the order passed by the Hon'ble COMPAT, the Holding Company has filed an application for compensation under Section 53N of the Competition Act, 2002 before the Hon'ble COMPAT for recovery of an amount of Rs. 856.99 Crores along with interest pedente lite in future at the rate of 18% till realization of the claim, from NSE in respect of losses and damages suffered on account of the unfair pricing practices under the Competition Act, 2002

The appeal was last listed for hearing on January 17, 2017 before the Supreme Court of India and had been eliminated from the cause list on account of excess matters. There are no further orders of listing as on date. Interim stay orders are being continued. At the hearing on February 22, 2017, the Hon'ble COMPAT has passed an order that since the matter pending before the Supreme Court has not been disposed of, hearing of this application was adjourned to 3rd

May, 2017. On May 3, 2017, the Hon'ble COMPAT has passed following order: Respondent - National Stock Exchange of India had filed an interim application for stay of the impugned order in Appeal No. 15/2011, which is pending before the Hon'ble Supreme Court and the matter is now listed on 20th July, 2017 for hearing.

34 Issue of Shares

- a The Holding Companies Board at its Meeting held on August 6, 2016 had offered to its eligible shareholders on Rights Basis (a) 97,33,34,552 equity shares of Re.1 each per equity share at par value in the ratio of one equity share for every two equity shares (1:2) held on the Record Date i.e. August 10, 2016 with (b) optional entitlement of 24,33,33,614 warrants at a price of Re.1 per warrant in the ratio of one warrant for every four equity shares (1:4) which an eligible shareholder is entitled to as part of the Rights issue. The Rights Issue opened on August 23, 2016 and closed on September 20, 2016.

The Exchange had received 433 valid applications under the Rights Issue subscribing to 27,68,02,733 equity shares and 1,81,35,140 warrants.

Out of the subscription received, an amount of Rs.11,41,34,696.50 had been refunded to the shareholders who could not be allotted shares and warrants applied by them fully due to the shareholding exceeding 5% of the paid up capital of the Company and also to the shareholders who had made excess payments against the number of shares / warrants applied.

- b. The unsubscribed portion after the above allotment was 80,50,19,367 equity shares. Subsequently, the Board has allotted 8,43,72,008 equity shares to 199 applicants out of unsubscribed portion of the Rights Issue on various dates. The paid up capital of the Exchange after the said allotments stood at 2,45,95,56,243 as on March 31, 2017.

Further, board has allotted 4,59,80,000 equity shares to 30 applicants out of unsubscribed portion of the Rights Issue on April 24, 2017.

- c. The Holding Company's Board at its Meeting held on September 24, 2016 allotted 16,83,15,185 equity shares (having face value of Re.1 per share) at a price of Re. 1 per share against payment of Rs.16,83,15,185 received by MSEI and 68,62,589 warrants (having face value of Re.1 per warrant) at Re.1 per warrant (50% of the amount paid on application and remaining 50% of the amount payable on conversion) with paid up value of Re.0.50 per warrant against payment of Rs.34,31,295 received by MSEI.

The Warrants issued shall be converted into equity shares on payment of the balance amount of Re.0.50 and receipt of the application for conversion form the warrant holder within one month of the expiry of 12 months period from the date of allotment of the warrants. The issued warrants shall be eligible for conversion on and after September 24, 2017.

- d. Pursuant to out of court settlement in suit no.685 of 2015 vide consent letter dated August 24, 2016 between Holding Company and MCX, 26,51,77,600 warrants held by Multi Commodity Exchange of India Limited were converted into 26,51,77,600 Equity shares of Holding Company Re.1/- each and further 15,07,40,072 warrants held by Multi Commodity Exchange of India Limited were cancelled and extinguished. (refer note no 45)

35 Earnings per share ('EPS')

(Amount in Rs. Except for number of Shares)

Particulars	2016-17	2015-16
Profit/(Loss) after tax as per statement of profit and loss attributable to equity share holders	(32,70,69,844)	(39,85,62,421)
Weighted average number of equity shares outstanding during the year for basic EPS	2,18,41,95,462	1,64,86,15,834
Add-Shares Issued to ESOP Trust	49,77,671	49,922,91
Add- Shares on conversion of warrants	15,000	41,59,32,672
Weighted average number of equity shares outstanding during the year for diluted EPS	2,18,91,88,133	2,06,95,40,797
Basic earnings per share of face value Re. 1 each	(0.15)	(0.24)
Diluted earnings per share of face value Re. 1 each	(0.15)	(0.24)

The effects of conversion of warrants into equity shares and the shares allotted to the ESOP trust pursuant to the employee share based payment plan are anti-dilutive and accordingly not considered for the computation of diluted earnings per share.

36 Stock based compensation

The Company with the authorization of its shareholders, framed the 'MCX Stock Exchange Employees Stock Option Scheme, 2009', which contemplated issue of ESOPs through the Trust route. Accordingly, 'Metropolitan Stock Exchange ESOP Trust' was formed on November 13, 2009, as a trust.

Under the Scheme, the Compensation Committee of the Company shall decide, the options to be granted, the vesting schedule of the options to be granted and other incidental and consequential matters. The Trust shall be obliged to act on the instructions of the Compensation Committee.

- a) On November 27, 2009 a total of 11,25,000 stock options (ESOP Round-I) have been granted under the Scheme. Details of the Options granted by the ESOP Trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
November 27,2009	3,71,250	Re.1	December 01,2010	Upto December 1, 2011
	3,71,250	Re.1	December 01,2011	Upto December 1, 2012
	3,82,500	Re.1	December 01,2012	Upto December 1, 2013

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1 each at par. Exercise period for each option is as stated above.

- b) On March 20, 2012 a total of 40,55,100 stock options (ESOP Round-II) have been granted under the Scheme. Details of the Options granted by the ESOP Trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
March 20,2012	13,38,183	Rs. 2.10	March 20,2013	Upto March 20, 2014
	13,38,183	Rs. 2.10	March 20,2014	Upto March 20, 2015
	13,78,734	Rs. 2.10	March 20,2015	Upto March 20, 2016

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1 each at Rs. 2.10. Exercise period for each option is as stated above. The maximum exercise period for 1,950,000 options granted to twelve employees is being extended to five years from the date of vesting. Same was approved by shareholders at Annual General Meeting held on September 28, 2013. The exercise period shall end after six months of cessation of employment in case of all employees

- c) On November 1, 2012 a total of 5,53,250 stock options (ESOP Round - III) have been granted under the scheme. Details of the Options granted by the ESOP trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
November 01, 2012	1,82,571	2.35	November 01, 2013	Upto November 1, 2014
	1,82,574	2.35	November 01, 2014	Upto November 1, 2015
	1,88,105	2.35	November 01, 2015	Upto November 1, 2016

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1/- each at Rs. 2.35/- . Exercise period for each option is as stated above. The maximum exercise period for 403,000 options granted to five employees is being extended to five years from the date of vesting which was approved by shareholders at Annual General Meeting held on September 28, 2013. The exercise period shall end after six months of cessation of employment in case of all employees.

- d) On March 12, 2013 a total of 1,45,800 stock options (ESOP Round - IV) have been granted under the scheme. Details of the Options granted by the ESOP trust are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting Date	Exercise period
March 12, 2013	48,113	3.95	March 12, 2014	Upto March 12, 2015
	48,115	3.95	March 12, 2015	Upto March 12, 2016
	49,572	3.95	March 12, 2016	Upto March 12, 2017

Each option entitles the holder to exercise the right to apply and seek allotment of one equity share of Re. 1/- each at an exercise price of Rs. 3.95. Exercise period for each option is as stated above.

The above mentioned total grant of 58,79,150 shares includes 4,46,150 shares acquired by ESOP other than by way of loan from the Company. (Refer note 1 below)

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

Particulars	ESOP 2009 Round-I (Nos.)	ESOP 2009 Round-II (Nos.)	ESOP 2009 Round-III (Nos.)	ESOP 2009 Round-IV (Nos.)
Outstanding at the start of the year	NIL	1,34,694	3,48,132	2,431
Granted during the year	NIL	14,620	NIL	NIL
Forfeited/Lapsed during the year	NIL	28,074	10,132	2,431
Exercised during the year	NIL	NIL	NIL	NIL
Outstanding at the end of the year	NIL	92,000	3,38,000	NIL
Exercisable / vested at the end of the year	NIL	NIL	NIL	NIL

Other disclosures

Particulars	ESOP 2009 Round-I	ESOP 2009 Round -II	ESOP 2009 Round-III	ESOP 2009 Round -IV
The intrinsic value per option	NIL	NIL	NIL	NIL
The estimated fair value per share	1.15	1.55	1.79	1.79
The estimated fair value per option	0.15	0.25	0.003	0
Date of option granted	27-Nov-09	20-Mar-2012	01-Nov-12	12-Mar-13

The fair values have been determined using Black-Scholes Model considering the following parameters:

Particulars	ESOP 2009 (Round-I)	ESOP 2009 (Round-II)	ESOP 2009 (Round-III)	ESOP 2009 (Round-IV)
(i) Fair Value of share at grant date	Re.1	Rs. 1.55	1.79	1.79
(ii) Exercise price	Re.1	Rs.2.10	2.35	3.95
(iii) Expected volatility	1%	1%	1%	1%
(iv) Option Life	2 Years	2 Years	2 Years	2 Years
(v) Expected Dividends	Expected Dividends have not been taken into consideration since the company has commenced operations in August 2008 and has been incurring losses ever since.	Expected Dividends have not been taken into consideration since the company has commenced operations in August 2008 and has been incurring losses ever since.	The Company has made loss in this financial year and does not intend to propose any dividend for the financial year 2015-16.	The Company has made loss in this financial year and does not intend to propose any dividend for the financial year 2015-16.
(vi) Risk free interest rate	8.00%	8.75%	9.00%	9.00%
(vii) To allow for the effects of early exercise, it is assumed that the employee would exercise the options after vesting date.				

As per the management estimate the loss of the Company for the year would have been Nil (and Previous Year loss would have been Nil) had the Company accounted the employee share-based payment using the fair value method. There is no material impact on the earnings per share.

Note:

- 1 A loan of Rs. 10,49,970/- was taken for acquiring 6,77,400 Equity Shares of Re.1/- each at a valuation of Rs. 1.55/- per share for funding the acquisition of shares in respect of options to be granted to the non-executive directors of MSEI and the employees and directors of its subsidiary Metropolitan Clearing Corporation of India Ltd. (formerly known as MCX-SX Clearing Corporation Limited). The status for the same as follows:

Total Shares Acquired	Shares Issued till 31st March '15	Shares Issued till 31st March '16	Shares Issued in current year	Balance Shares as on 31st March 2017
4,46,150	20,263	—	—	4,25,887
2,31,250	99,000	28,074	—	1,04,176
6,77,400	1,19,263	28,074	—	5,30,063

- 2 The total number of options lapsed as on March 31, 2017 are as follows:

Round I	Round II	Round III	Round IV	Total
4,20,000	33,88,508	2,15,250	1,45,800	41,69,558

As per Clause 4.1 of ESOP Scheme 2009, the aforesaid Forfeited/lapsed stock options under this scheme can be granted to other employees including new employees by the Trust in accordance with the directions of the Compensation Committee given at its absolute discretion.

37 Employee Benefits

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

Defined Contribution Plan:

Provident Fund - The Company makes contribution towards provident fund as a specified percentage of the payroll cost to Regional Provident Fund Commissioner managed by the Employees’ Provident Fund Organization, India. There are no other obligations other than the contribution payable to said fund.

Defined benefit plan:

Gratuity: The gratuity is payable to all members at the rate of 15 days salary for each year of service.

The scheme is funded with an insurance company in the form of qualifying insurance policy. The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at March 31, 2017 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognized in the Company’s consolidated financial statements as at March 31, 2017.

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

(Amount in Rs.)

Particulars	Gratuity	
	2016-17 (Funded)	2015-16 (Funded)
Defined Benefit Obligation at the beginning of the year	1,04,92,112	1,27,73,504
Current Service cost	22,46,247	27,24,710
Interest Cost	8,43,058	10,21,095
Liability transfer in	–	29,076
Liability transfer out	–	(29,076)
Actuarial (gain) / loss	4,72,664	(11,88,395)
Benefits paid	(18,79,245)	(48,38,802)
Defined Benefit obligation at the end of the year	1,21,74,836	1,04,92,112

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

(Amount in Rs.)

Particulars	Gratuity	
	2016-17	2015-16
Fair Value of Plan Assets at the beginning of the year	1,03,29,423	1,00,96,987
Expected Return On Plan Assets	8,29,953	8,07,298
Contribution during the year	(1,69,485)	45,42,391
Transfer From Other Company	–	29,076
Transfer To Other Company	–	(29,076)
Benefit Paid From The Fund	(18,79,245)	(48,38,802)
Actuarial Gains/(Losses) On Plan Assets	(2,97,577)	(2,78,451)
Fair Value of Plan Assets at the end of the year	92,12,039	1,03,29,423

III The amount recognized in the statement of Profit & Loss is as follows:-

(Amount in Rs.)

Particulars	Gratuity	
	2016-17 (Funded)	2015-16 (Funded)
Current service cost	22,46,247	27,24,710
Interest Cost	13,105	2,13,797
Expected return on plan assets	–	–
Actuarial (gain) / loss	7,70,241	(9,09,944)
Net expenses	30,29,593	20,28,563

IV Experience Adjustments in Actuarial (gain) / loss

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Gratuity					
Plan Assets	(2,97,577)	(2,78,451)	(4,85,818)	(9,80,819)	2,66,549
Plan Liabilities	(5,72,213)	(11,30,639)	(3,85,977)	(4,40,921)	48,04,028

V Reconciliation of fair value of assets and obligation

Gratuity

(Amount in Rs.)

Particulars	As at				
	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Fair value of Plan assets	92,12,039	1,03,29,423	1,00,96,987	1,53,05,759	1,77,96,308
Present Value of obligation	1,21,74,836	1,04,92,112	88,46,706	1,29,85,636	1,78,22,389
(Asset) / Liability recognized in Balance sheet	29,62,797	3,28,205	10,56,671	20,64,219	22,98,047

VI Principal actuarial assumptions at the Balance sheet date:

(Amount in Rs.)

Particulars	Gratuity As at	
	31-Mar-17	31-Mar-16
Mortality Table(LIC)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate (per annum)	7.29%	8.04%
Expected Return on Plan Asset	7.29%	8.04%
Rate of escalation in salary (per annum)	7.50%	7.50%

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

The company has taken a Gratuity Policy with Life Insurance Corporation of India, the funds of which are managed by Life Insurance Corporation of India. Therefore the composition of investments is not ascertainable

38 Segment reporting

During the year, the Group has two reportable segments, Trading Services and Clearing Services. Segments have been identified and reported taking into account nature of services, management structure and system of financial reporting. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting.

- Revenues and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenues and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as “Unallocable.”
- Segment assets and segment liabilities represent assets and liabilities in respective segments. Assets and Liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as “Unallocable”.

Particulars	Trading Services		Clearing Services		Unallocable		Total	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
REVENUE:								
External Revenue	17,57,69,700	14,29,78,754	1,00,000	50,000	–	–	17,58,69,700	14,30,28,754
Inter-segment Revenue	3,71,02,962	8,38,41,749	67,38,123	6,51,46,896	–	–		
Total Revenue	21,28,72,662	22,68,20,503	68,38,123	6,51,96,896	–	–	17,58,69,700	14,30,28,754
SEGMENT RESULT :								
Profit / (Loss) Before Interest & Tax	(44,55,56,297)	(48,36,25,936)	(6,71,64,109)	(6,07,19,025)	1,44,34,338	3,27,42,931	(49,82,86,068)	(51,16,02,030)
Less : Interest Expense	–	–	–	–	(29,66,616)	(24,88,901)	(29,66,616)	(24,88,901)
Add : Interest Income	–	–	–	–	17,62,88,153	11,68,28,902	17,62,88,153	11,68,28,902
Profit / (Loss) After Interest	(44,55,56,297)	(48,36,25,936)	(6,71,64,109)	(6,07,19,025)	18,77,55,875	14,70,82,932	(32,49,64,531)	(39,72,62,029)
Less : Minority Interest	–	–	–	–	–	–	21,05,466	13,00,392
Profit / (Loss) for the Year	(44,55,56,297)	(48,36,25,936)	(6,71,64,109)	(6,07,19,025)	18,77,55,875	14,70,82,932	(32,70,69,997)	(39,85,62,421)
OTHER INFORMATION								
Segment Assets	1,10,60,76,392	1,34,64,78,636	7,10,86,623	3,63,82,996	2,45,53,11,720	2,60,12,20,205	3,63,24,74,735	3,98,40,81,837
Segment Liabilities	67,42,28,238	88,42,82,016	57,04,83,792	68,52,07,529	26,15,80,918	6,46,05,491	1,50,62,92,947	1,63,40,95,036
Segment Capital Expenditure	10,60,06,597	1,72,36,944	30,982	–	–	–	10,60,37,579	1,72,36,944
Depreciation / Amortisation	13,92,67,765	13,98,83,407	2,21,405	11,29,795	–	–	13,94,89,170	14,10,13,202

Secondary segment :

Since all the activities of the Group are predominantly conducted in India, there are no separate reportable geographical segment. On that basis, no secondary segment information is furnished.

Note :

Total Gross Turnover is after elimination of inter segment turnover of Rs.4,38,41,085 (Previous Year Rs. 14,89,88,645) Segment liabilities are after elimination of inter company contribution towards Settlement Guarantee Fund, Core Settlement Guarantee Fund allocations.

As per Accounting Standard on Segment Reporting (AS-17), the group has reported segment information of consolidated basis including business conducted through its subsidiaries.

39 Related party information
a) Names of related parties and nature of relationship:

The disclosures regarding related parties as required by Accounting Standard ('AS') 18 "Related Party disclosures" issued by the Companies (Accounting Standards) Rules, 2006 ('the Rules') are as under:

(i) Key Management Personnel (KMP)

Designation	Metropolitan Stock Exchange of India Ltd (formerly known as MCX Stock Exchange Ltd)	Metropolitan Clearing Corporation of India Ltd (Formerly known as MCX-SX Clearing Corporation Limited)
MD & CEO	Mr. Udai Kumar Mr. Saurabh Sarkar upto October 10, 2015	Mr. Balu Nair
COO	Mr. Abhijit Chakraborty w.e.f November 15, 2016	—
CFO	Mr. Chetan Utture w.e.f. November 15,2016 Mr. Abhijit Chakraborty upto November 15, 2016 Mr. Vikas Phadke Upto July 20, 2015	Mr. Krishana Wagle
Company Secretary	Mr. Rathindra Das w.e.f. March 30, 2017 Ms. Sangeeta Shetty upto January 23, 2017 Ms. Divya Damania Upto December 8, 2015	Ms. Avni Patel

(ii) Others

Metropolitan Stock Exchange ESOP Trust

MCX Stock Exchange Investor Protection Fund Currency Derivative Segment Trust (MCX SX IPF CDS Trust)

b) Details of transactions with related parties

Nature of Transaction	MCX SX IPF CDS Trust (Others)#	Metropolitan Stock Exchange ESOP Trust (Others)
Trade Receivable	— (—)	28,702 (23,921)
Shared service cost recovered	53,00,000 (—)	— (—)
Closing Balance of Loan to ESOP Trust	— (—)	60,00,000 (60,00,000)
Closing Balance	— (—)	28,702 (—)

The company acts as an intermediary for collection of penalties and share of listing fees to be transferred to MCX SX IPF CDS Trust accordingly those transactions have not been considered above.

c) Transactions with KMP:

Sr. No.	Nature of transactions	Amount (Rs.)
1	Salary & allowances*: Mr. Saurabh Sarkar	(93,92,955)
	Mr. Udai Kumar	84,53,116 (53,76,887)
	Mr. Vikas Phadke	— (10,70,405)
	Mr. Abhijit Chakraborty	42,90,066 (11,84,183)
	Ms. Divya Damania	— (4,47,813)
	Ms. Sangeeta Shetty	13,75,482 (3,67,081)
	Mr. Chetan Utture	13,54,145 (—)
	Mr. Rathindra Das	31,388 (—)
	Mr. Balu Nair	39,78,048 (—)
	Mr. Krishana Wagle	13,96,661 (9,47,044)
	Mr. Partha Sarathi Sen	— (5,10,551)
	Ms. Avni Patel	9,21,737 (—)

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

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

40 Operating lease

The Group has entered into operating lease agreements for its office premises.

- a) The minimum lease rentals on operating leases recognized in the statement of Profit & Loss and the future minimum lease payments under operating leases are as follows:

Particulars	(Amount in Rs.)	
	As at	
	31-Mar-17	31-Mar-16
Future minimum lease payments Not later than one year	5,23,57,024	6,65,67,559
Later than one year and not later than five years	17,59,30,947	5,98,11,700
Later than five years	—	—

- b) Lease payments recognised in the statement of Profit & Loss is Rs. 4,88,67,746/- (Previous year Rs. 7,44,13,722/-).

41 Deferred Tax Asset/Liability

In the absence of virtual certainty, deferred tax assets on account of unabsorbed depreciation and brought forward losses has not been recognized.

42 Prior Period Expenses:

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

(Amount in Rs.)

Particulars	2016-17	2015-16
Technology Cost	50,397	59,71,538
Co-Location Charges	3,98,746	—
Miscellaneous Expenses	2,90,000	29,22,396
Direct Communication Expenses	5,15,684	—
Electricity Charges	3,09,496	56,12,079
Total Prior Period Expenses	15,64,323	1,45,43,752

43 Expenditure in foreign currency

(Amount in Rs.)

Particulars	2016-17	2015-16
Membership	—	33,050
Repair & Maintenance	23,54,410	31,55,138

44 Details of dues to micro, small and medium enterprises

The company has not received information for its vendors / service providers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amount unpaid as at the year end, together with interest payable (if any), under this Act has not been made.

- 45** In line with the SEBI guidelines, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, the Company has 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) failing to honor settlement obligation. In the event of a clearing member (member) failing to honor settlement commitments, the Core SGF shall be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process. The corpus of the Core SGF consists of contribution from the Clearing Corporation (at least 50%), the Exchange (at least 25%) and the clearing members (not more than 25%). Core SGF also includes penalties levied by the clearing corporation and accruals from investment of the core SGF.

Accordingly, an amount of Rs. 41.65 crore was maintained as the Minimum Required Contribution (MRC) of Core SGF in Currency Derivatives Segment as on March 31, 2016 comprising of Rs. 20.83 crore contributed by the MCCIL, Rs. 10.41 crore contributed by MSEI and Rs. 10.41 crore (Rs. 1.63 crore in Cash & Rs. 8.78 crore as FD) contributed by the Clearing Members. Further, in accordance with the directions received from the SEBI, MCCIL had 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.

The composition and aggregate value of the Core SGF maintained with the MCCIL along with its segment-wise breakup as on March 31, 2017 (accumulated till date) and March 31, 2016 (accumulated till date) are provided in the following tables:

(Amount in Rs.)

Sr. No.	Particulars	As on March 31, 2017	As on March 31, 2016
	All Segments:		
1	MCCIL Contribution	25,65,24,560	23,03,74,066
2	MSEI Contribution	12,77,78,068	10,81,97,834
3	Members' Contribution	10,49,12,359	10,47,13,728
3.1	– Cash with MCCIL	3,91,32,807	1,68,72,646
3.2	– FDR	6,57,79,552	8,78,41,082
4	Penalties	4,22,56,492	9,214
5	Interest on Fixed Deposits	–	3,38,86,093
6	Dividend from Mutual Fund	–	17,83,478
	Total	53,14,71,479	47,89,64,413

(Amount in Rs.)

Sr. No.	Particulars	As on March 31, 2017	As on March 31, 2016
	Currency Derivatives Segment:		
1	MCCIL Contribution	24,74,57,732	22,22,44,624
2	MSEI Contribution	12,77,78,068	10,81,97,834
3	Members' Contribution	10,49,12,359	10,47,13,728
3.1	– Cash with MCCIL	3,91,32,807	1,68,72,646
3.2	– FDR	6,57,79,552	8,78,41,082
4	Penalties	4,19,73,178	–
5	Interest on Fixed Deposits	–	3,30,85,306
6	Dividend from Mutual Fund	–	17,83,478
	Total	52,21,21,337	47,00,24,970

(Amount in Rs.)

Sr. No.	Particulars	As on March 31, 2017	As on March 31, 2016
	Equity Cash Market:		
1	MCCIL Contribution	30,22,276	27,09,814
2	MSEI Contribution	–	–
3	Members' Contribution	–	–
3.1	– Cash with MCCIL	–	–
3.2	– FDR	–	–
4	Penalties	10,078	9,214
5	Interest on Fixed Deposits	–	2,66,929
6	Dividend from Mutual Fund	–	–
	Total	30,32,354	29,85,957

(Amount in Rs.)

Sr. No.	Particulars	As on March 31, 2017	As on March 31, 2016
	Equity Derivatives Segment:		
1	MCCIL Contribution	30,22,276	27,09,814
2	MSEI Contribution	–	–
3	Members' Contribution	–	–
3.1	– Cash with MCCIL	–	–
3.2	– FDR	–	–
4	Penalties	2,73,236	–
5	Interest on Fixed Deposits	–	2,66,929
6	Dividend from Mutual Fund	–	–
	Total	32,95,512	29,76,743

(Amount in Rs.)

Sr. No.	Particulars	As on March 31, 2017	As on March 31, 2016
	Debt Market Segment:		
1	MCCIL Contribution	30,22,276	27,09,814
2	MSEI Contribution	–	–
3	Members' Contribution	–	–
3.1	– Cash with MCCIL	–	–
3.2	– FDR	–	–
4	Penalties	–	–
5	Interest on Fixed Deposits	–	2,66,929
6	Dividend from Mutual Fund	–	–
	Total	30,22,276	29,76,743

Further, 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 with MCCIL in addition to their Core SGF Contribution as on March 31, 2017 amounts to Rs. 492.40 crore (previous year: Rs. 525.27 crore).

- 46 SEBI vide letter dated July 10, 2012, directed Multi Commodity Exchange of India Limited (MCX) to reduce their entitlement to equity or warrants in excess of limit of shareholding as specified in the SECC Regulations, within a period of three years. MCX had time till June 19, 2015 to reduce its warrant holding in MSEI.

As on March 31, 2015, MCX held 4,82,11,514 equity shares and 59,16,00,731 warrants. During the financial year 2015-16, MCX exercised 1,83,87,894 warrants into Equity shares and transferred 15,72,95,165 warrants to buyers which were exercised into Equity Shares, out of which one applicant holding 15,000 warrants did not have demat account, hence the said warrants are not exercised into equity shares.

The Board at the meeting held on June 27, 2015 decided to treat 41,59,17,672 warrants held by MCX as extinguished and transfer the funds to capital reserve (as extinguished and of no effect whatsoever on account of their continuance to hold the same post lapse of the time limits specified by SEBI i.e June 19, 2015).

A Suit was filed by MCX challenging the aforesaid extinguishment of warrants and the Hon'ble Court maintained status quo. The Court thereafter passed an order dated July 10, 2015 accepting the undertaking of the Exchange that an amount of Rs. 20 Crores would be deposited with the Prothonotary & Senior Master, Mumbai on or before 7th September 2015. Accordingly a demand draft of Rs.20 crores was duly deposited by the Exchange on September 7, 2015. Vide its order dated October 13, 2015, the Hon'ble High Court directed the Exchange to deposit a further sum of Rs. 21 crores (Approx.) within 8 weeks of receipt of the said order and the office of Prothonotary and Senior Master was directed to continue the deposit of 20 Crores for a further period of 1 year or till the final disposal of suit, whichever is earlier.

Being aggrieved by the Order dated October 13, 2015 passed by Hon'ble Bombay High Court in the matter of MCX v/s MSEI in Notice of Motion (L) No. 1784/2015 in Suit (L) No. 685/2015, the Exchange has preferred an Appeal (L) No. 927 of 2015. Pursuant to out of court settlement in suit no.685 of 2015 vide consent letter dated August 24, 2016 between MSEI and MCX, 26,51,77,600 warrants held by Multi Commodity Exchange of India Limited were converted into 26,51,77,600 Equity shares of Re.1/- each and further 15,07,40,072 warrants held by Multi Commodity Exchange of India Limited were cancelled and extinguished.

Parties have complied with Clause 6 of the Consent Terms. Accordingly, pursuant to Clause 7 of the Consent Terms read with the Order dated August 24, 2016 and SEBI approval dated September 28,2016, an application was made to Prothonotary & Sr. Master to release the amount of Rs.20 crores along with interest if any, which has been deposited by Metropolitan Stock Exchange of India Limited in the following manner:

1. Rs.15,07,40,072/- in favour of the Multi Commodity Exchange of India Limited. ("MCX")
2. Rs.4,92,59,928/- in favour of MSEI; and
3. Interest accrued on the Deposit Amount from the date of deposit till the date of release, in favour of MSEI.

The Exchange has received said amount of Rs.4,92,59,928/- along with interest of Rs1,35,68,969/- on October 14, 2016.

47 Investment in Subsidiary

The Holding Company in financial year 2016-17 has invested Rs. 17,87,46,160 in its subsidiary Metropolitan Clearing Corporation of India Ltd (MCCIL) by subscribing to 1,78,74,616 fully paid up equity shares of Rs.10 each on October 9, 2016 and Rs.5,93,00,000 by subscribing to 59,30,000 fully paid up equity shares of Rs. 10 each on November 1,2016. The Company now holds 86.94% of the equity paid up share capital in Metropolitan Clearing Corporation Of India Ltd (MCCIL).

48 Additional information required under companies Act,2013

Sr. No	Name of the Entity	Net Asset		Share in Profit / Loss	
		% of total Consolidated	Amount	% of total Consolidated	Amount
1	Parent Metropolitan Stock Exchange of India Limited	44.85	1,01,26,58,949	(115)	(37,63,44,539)
2	Subsidiary				
	a) MCX-SX Clearing Corporation Limited	49.31	1,11,32,27,166	16	5,14,13,772
	b) MCX-SX KYC Registration Agency Limited	0.01	2,95,672	(0)	(33,763)
3	Minority Interest	5.83	13,41,27,032	(1)	(21,05,314)
	Total	100.00	2,26,03,08,820	(100)	(32,70,69,844)

- 49 Balances grouped under Non-Current and Current Liabilities and Non-Current and Current Assets in certain cases are subject to confirmation and reconciliation from respective parties. Impact of the same, if any, shall be accounted as and when determined.

50 The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report of even date

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Reg.No.006711N/N500028

For and on Behalf of the Board of Directors of
Metropolitan Stock Exchange of India Limited
(Formerly known as MCX Stock Exchange Limited)

Vikas Kumar
Partner
Membership No.75363

Ashima Goyal
Chairperson

Udai Kumar
Managing Director &
Chief Executive Officer

Place : Mumbai
Dated : May 13, 2017

Chetan Utture
Chief Financial Officer

Rathindra Das
Company Secretary

Corporate Events



Q & A session at MSE re-launch event in Le Meridian, New Delhi on July 14, 2017

L to R: Mr. Abhijit Chakraborty, COO; Mr. Udai Kumar, MD & CEO; Mr. Devanshu Desai, Head-Technology; Mr. Balu Nair, MD, MCCIL; Mr. Ranjan Chakravarty, Product Strategy



Q & A session at MSE re-launch event in The Oberoi Grand, Kolkata on July 31, 2017

L to R: Mr. Abhijit Chakraborty, COO; Mr. Ranjan Chakravarty, Product Strategy, Mr. Balu Nair, MD, MCCIL; Mr. Devanshu Desai, Head-Technology



Audience at MSE re-launch event in The Oberoi Grand, Kolkata on July 31, 2017



Business planning meet being attended by senior management



NISM Exam Centre of MSE at Bandra, Mumbai



METROPOLITAN STOCK EXCHANGE



METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED

Registered Office:

4th Floor, Vibgyor Towers, C - 62, G Block, Opp. Trident Hotel, Bandra-Kurla Complex, Bandra (East), Mumbai 400 098

Tel: +91-22-6112 9000 | Fax: +91-22-6112 9009 | CIN: U65999MH2008PLC185856

www.msei.in



METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED

CIN: U65999MH2008PLC185856

Registered Office: Vibgyor Tower, 4th Floor, C-62, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400098
Tel. +91 22 6112 9000, Fax +91 22 6112 9009, Website: www.msei.in, Email: secretarial@msei.in

Ninth Annual General Meeting on Thursday, September 14, 2017 at 11.30 am

Name & Address of the Sole/First named Member	
Name of the Joint Holder(s), if any	

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

Details of Shareholders:

No. of Share(s) held :- _____ Folio No./DP ID No & Client Id No :- _____

Name(s) of the Shareholder(s) / Proxy (IN BLOCK CAPITALS) : _____

Address : _____

I/We hereby record my/our presence at the Ninth Annual General Meeting of Metropolitan Stock Exchange of India Limited, held at Banquet Hall, Ground floor, MCA Recreation Centre, RG-2, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400051 on Thursday, September 14, 2017 at 11.30 am.

Signature of the Shareholder(s) / Proxy: _____

Notes:

1. Please write the Folio/DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Members are requested to bring this slip along with them as duplicate slips will not be issued at the venue of the Meeting.
3. Please read carefully the instructions given in the Notice under the heading 'Voting through electronic means'.

EVEN (E-Voting Event Number)	User ID	Password/PIN

Metropolitan Stock Exchange of India Limited



PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Shareholder/Member(s): _____

Registered address: _____

Email ID: _____ Folio No. / Client ID: _____ DP ID: _____

I/We, being the member(s) holding _____ equity shares of Metropolitan Stock Exchange of India Limited, hereby appoint:

1. Name: _____ Address: _____

Email ID: _____ Signature: _____, OR failing him/her;

2. Name: _____ Address: _____

Email ID: _____ Signature: _____.

as my/our proxy to attend and vote (on a poll) for me/us and my/our behalf at the Ninth Annual General Meeting of the Metropolitan Stock Exchange of India Limited to be held on **Thursday, September 14, 2017 at 11.30 a.m.** at Banquet Hall, Ground Floor, MCA Recreation Centre, RG-2, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400051 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr.No.	Description	For*	Against*
ORDINARY BUSINESS:			
1.	Adoption of Financial Statements		
2.	Ratification of Appointment of Auditors		
SPECIAL BUSINESS:			
3.	Appointment of Mr. Sudhir Bassi as a Shareholder Director of the Company		
4.	Appointment of Mr. Dinesh Kumar Mehrotra as an Independent Director of the Company		
5.	Appointment of Mr. Dilip Gopal Patwardhan as an Independent Director of the Company		
6.	Appointment of Mr. Ajai Kumar as an Independent Director of the Company		
7.	Appointment of Mr. Ketan Shivji Vikamsey as an Independent Director of the Company		
8.	Approval of the remuneration payable to Mr. Udai Kumar, Managing Director & Chief Executive Officer		
9.	To Increase the Authorised Share Capital and amend the Memorandum of Association of the Company		
10.	To authorise the Board for increase in investment limit		

Signed this _____ day of _____, 2017

Signature of Shareholder

Signature of the Proxy holder(s)

Affix
One Rupee
Revenue
Stamp

Notes:

- Please put a 'X' in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. Members holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as Proxy, who shall not act as Proxy for any other Member
- This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Metropolitan Stock Exchange of India Limited, not less than 48 hours before the commencement of the Meeting.

Metropolitan Stock Exchange of India Limited