METROPOLITAN STOCK EXCHANGE

ANNUAL REPORT 2019-20

- Currency Derivatives
- Equities
- Equity F&O

www.msei.in

METROPOLITAN STOCK EXCHANGE

Annual Report 2019-20

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Corporate Information:

Board of Directors

Mr. Dinesh Kumar Mehrotra
Chairman & Public Interest Director

Ms. Trishna Guha
Public Interest Director

Ms. Latika S. Kundu
Managing Director & CEO

Mr. Ajai Kumar
Public Interest Director

Mr. S.V.D Nageswara Rao
Public Interest Director

Mr. Sudhir Bassi
Shareholder Director

Mr. Vijay Sardana
Public Interest Director

Composition of Committees of the Company*

Audit Committee

Mr. Ajai Kumar
Mr. Dinesh Kumar Mehrotra
Mr. Sudhir Bassi
Ms. Trishna Guha
Mr. S.V.D. Nageswara Rao
Mr. Vijay Sardana

Nomination and Remuneration Committee

Mr. S.V.D Nageswara Rao
Mr. Dinesh Kumar Mehrotra
Mr. Ajai Kumar

Stakeholders' Relationship Committee

Mr. S.V.D Nageswara Rao
Mr. Dinesh Kumar Mehrotra
Mr. Sudhir Bassi
Ms. Latika S. Kundu

Risk Management Committee

Mr. Vijay Sardana
Mr. Ajai Kumar
Ms. Trishna Guha
Mr. Suresh Viswanathan (External Expert)

Delisting Committee

Mr. S.V.D Nageswara Rao
Ms. Trishna Guha
Ms. Latika S. Kundu
Mr. M.P. Shah (External Person)
Mr. Dharmen Shah(External Person)

Regulatory Oversight Committee

Mr. Vijay Sardana
Mr. S.V.D. Nageswara Rao
Ms. Trishna Guha
Mr. Bhavesh Vora (External Expert)

Standing Committee on Technology

Mr. Ajai Kumar
Mr. S.V.D Nageswara Rao
Ms. Trishna Guha
Mr. Vijay Sardana
Mr. B.S. Raju (External Expert)
Mr. J.S. Rawalgaonkar (External Expert)

Member Committee

Ms. Trishna Guha
Mr. Dinesh Kumar Mehrotra
Mr. Ajai Kumar
Ms. Latika S. Kundu
Mr. P K Ramesh
Mr. Nilkanth Pandya (External Expert)

* The details of statutory committees under Companies Act, 2013 and SECC Regulations, 2018 are given as above, for other Committees composition please visit our website – www.msei.in

Management Team

Ms. Latika S. Kundu
Managing Director & CEO

Mr. Sushil Limbulkar
Head – Technology

Mr. Saket Bhansali
Chief Financial Officer

Mr. Anish Kumar
Chief Risk Officer

Mr. P.K. Ramesh
Chief Regulatory Officer & Compliance Officer

Ms. Manisha Thakur
Head-Legal & Company Secretary

Mr. Ajit Singh
Head- Business Development & Branches

Mr. Sachin Nayak
Head- Market Operations

STATUTORY AUDITORS

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

INTERNAL AUDITORS

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

REGISTRAR AND SHARE TRANSFER AGENTS

KFin Technologies Private Limited
Selenium Tower B, Plot No. 31 & 32, Financial District,
Gachibowli, Hyderabad-500 032, India.
Tel: +91-040-6716 2222
e-mail : einward.ris@kfintech.com

REGISTERED OFFICE

Metropolitan Stock Exchange of India Limited
Vibgyor Towers, 4th Floor, Plot No. C-62, G Block,
Bandra Kurla Complex, Bandra (E), Mumbai – 400098.
Tel: +91- 022-6112 9000 | Fax. : +91-022-6112 9009
CIN: U65999MH2008PLC185856

BOARDS' REPORT

To the Members of Metropolitan Stock Exchange of India Limited (MSE)

The Board of Directors ("Board") present their Twelfth (12th) Annual Report and the Audited Statement of Accounts of MSE for the period commencing from April 1, 2019 to March 31, 2020.

1. FINANCIAL SUMMARY

(₹ in Lakh)

	Particular	Standalone		Consolidated	
		For the Year ended March 31, 2020	For the Year ended March 31, 2019	For the Year ended March 31,2020	For the Year ended March 31, 2019
I	**Income**				
	(a) Revenue from operations	525	583	1,029	804
	(b) Other income	1,050	712	2,672	2,716
	Total Revenue	**1,575**	**1,295**	**3,701**	**3,520**
II	**Expenditure**				
	(a) Operating expenses	1,072	1,049	1,767	1,685
	(b) Employee benefits expenses	1,699	1,572	2,194	1,882
	(c) Finance costs	139	110	159	111
	(d) Advertisement and business promotion expenses	51	194	52	194
	(e) Depreciation and amortization expenses	1,041	1,334	1,294	1,338
	(f) Administration and Other expenses	908	1,772	1,255	2,155
	Total Expenses	**4,910**	**6,030**	**6,722**	**7,365**
III	**Profit / (Loss) before tax**	**(3,335)**	**(4,735)**	**(3,021)**	**(3,845)**
	Exceptional items	(1,480)	-	(1,480)	-
IV	**Profit / (Loss) before tax**	**(4,815)**	**(4,735)**	**(4,501)**	**(3,845)**
	Less : Current tax	-	-	10	203
	Less: Earlier Year Tax	-	8	8	8
	Less : Deferred tax	-	-	58	3
V	**Profit / (Loss) for the year**	**(4,815)**	**(4,743)**	**(4,577)**	**(4,059)**
	Other comprehensive income				
	1) Items that will be reclassified to profit or (loss) (net of tax)	(14)	(8)	(29)	(10)
	2) Items that will not be reclassified to profit or (loss) (net of tax)	-	-	4	1
	Total other Comprehensive Income for the year, net of tax	(14)	(8)	(25)	(9)
VI	**Total Comprehensive Income for the year**	**(4,829)**	**(4,751)**	**(4,602)**	**(4,068)**
VII	**Non controlling interest in Income/(Loss)**			**10**	**28**
VIII	**Net Profit / (Loss) after Taxes and Minority Interest (VI-VII)**	**(4,829)**	**(4,751)**	**(4,612)**	**(4,096)**
IX	**Earnings per equity share of face value of Re.1 each**				
	Basic (in Re.)	(0.10)	(0.10)	(0.10)	(0.08)
	Diluted (in Re.)	(0.10)	(0.10)	(0.10)	(0.08)

Revenue

During the year, Listing processing fees decreased to Rs.22 lakhs in FY 2019-20 compared to Rs. 77 lakhs in 2018-19. The listing fees is at same level, in FY 2019-20, Rs. 172 lakhs as compared to Rs. 173 lakhs in FY 2018-19. Transaction fees increased to Rs. 68 lakhs in FY 2019-20 as compared to Rs. 62 lakhs in FY 2018-19. Total revenue from operations stood at Rs. 525 lakhs in FY 2019-20 as against Rs. 583 lakhs in FY 2018-19. Other income increased to Rs. 1,050 lakhs in FY 2019-20 as compared to Rs. 712 lakhs in FY 2018-19.

Expenditure

The operating expenses increased to Rs.1,072 lakhs in FY 2019-20 as compared to Rs.1,049 lakhs in FY 2018-19. Employee benefit expenses increased to Rs.1,699 in FY 2019-20 as compared to Rs. 1,572 lakh in FY 2018-19, Advertising expenses has decreased to Rs. 51 lakhs in FY 2019-20 as compared to Rs. 194 lakh in FY 2018-19, The Finance cost has increased to Rs. 139 lakhs for FY 2019-20 as compared to Rs. 110 lakh in FY 2018-19. Other expenses decreased to Rs. 908 Lakh in FY 2019-20 as compared to Rs. 1,772 lakh in FY 2018-19. Depreciation and amortization expenses also decreased. There was an exceptional item of Rs. 1,480 lakh in FY 2019-20 on account of impairment of Assets.

2. INVESTOR RELATIONS

The Company always believes in building a relationship of mutual understanding with its investor. Critical information about the Company is available to all the investors, by uploading all such information on the Company's website.

3. CORPORATE AND BUSINESS BACKGROUND

The Company is a full service National level Stock Exchange with license to operate in Equity, Equity Derivatives, Currency Derivatives Segment. The Exchange has live trading platform in all segments. However, the Exchange has temporarily suspended trading in its debt segment from the close of business hours of September 18, 2020. The Exchange also has a subsidiary Metropolitan Clearing Corporation of India Limited (MCCIL). The Exchange now clears and settles trades via Interoperability mechanism through MCCIL, Indian Clearing Corporation Limited and NSE Clearing Limited.

The current ownership of the Exchange is well diversified between corporates, banks and individuals. The Exchange is required to seek annual renewal of recognition from SEBI. The Exchange has received renewal Letter from SEBI.

REGULATORY UPDATES

i. SEBI has issued circular no: SEBI/HO/MIRSD/DOP/CIR/P/2019/136 dated November 15, 2019 regarding Mapping of Unique Client Code (UCC) with demat account of the clients, to put in place a mechanism for mapping of UCC with demat accounts of the clients and sharing the UCC data with the Depositories on daily basis which shall include the PAN, segment, TM/CM code and UCC allotted.

ii. Reduction in Fees:- In efforts to help market participants to tide over challenges due to COVID 19, SEBI issued a press release on April 27, 2020 to reduce broker turnover fees and filing fees on offer documents for Public Issue, Right issue and Buyback of Shares. The fees are reduced to 50% of the existing fee structure for the period June 2020 to March 2021. The benefit of the above reduction will be automatically passed on to the investors as well.

iii. Regulatory Measures taken by SEBI in view of on ongoing economic volatility:- In the recent past, world over, the stock markets have been quite volatile owing to concerns relating to COVID19 pandemic and the resultant fear of economic slowdown. On account of our existing robust risk management framework, despite significant movements in the market, there has not been any disruption in the settlement cycles of the Stock Exchanges/ Clearing Corporations. Taking note of the continued abnormally high volatility in the market, SEBI in consultation with the Stock Exchanges, Clearing Corporations and Depositories issued a press release on March 20, 2020 on "Regulatory Measures taken by SEBI in view of ongoing market volatility". Keeping in view the objective of ensuring orderly trading and settlement, effective risk management, price discovery and maintenance of market integrity, few of the measures are as given below:

   a. Revision of Market Wide Position Limit (MWPL)

   b. Revised position limits in equity index derivatives (futures and options)

   c. Flexing of dynamic price bands for F&O stocks

iv. Extension in the payment of the annual listing fees:- To assist the listed companies during COVID 19 pandemic, the Exchange decided to extend the due date for payment of the annual listing fees for FY 2020-21 from May 15, 2020 to June 30, 2020.

4. PRODUCTS & SERVICES:

(A) Existing Products

MSE's offers a variety of products and services across multiple asset classes in India which enables it to be responsive to the market demands. Its state of the art technology and robust network is a pioneer in technology and ensures reliability and performance of its systems. MSE's products and services foster digital transformation on technology, cyber security, innovation and intelligence solutions.

Given below are the products offered by MSE across various segments to Proprietary, Retail Participants, Institutional Participants (Domestic and Foreign).

Segments	Products and Services
Currency Derivatives Segment	• Currency Futures • Currency Options • Cross Currency Futures • Cross Currency Options • Interest Rate Futures
Equity Capital Market	• Equity shares of companies • Sovereign Gold Bonds • Exchange Traded Funds (ETFs) • Offer for Sale
Equity Derivatives Segment	• Stock Futures • Stock Options • Index Futures • Index Options

Index

SX40 our flagship, a free float based Index of 40 large cap-liquid stocks represents diversified sectors of the economy. SX40 measures the economic performance with better representation of various industries. The Index is devised to offer cost effective support for investment and structured products such Index Futures and Index Options, Index portfolio, Exchange Traded Funds, Index Funds etc.

SXBANK is designed to measure the performance of stocks of banking sector – the sector that funds various economic activities of the nation. The Index will have 10 stocks from the banking sector. Weights of individual stocks in the index have been capped at 15% to reduce concentration and thereby provide a cost-effective support for investment/portfolio management.

(B) New Products and Services:

MSE proposes to continue with its endeavor to grow volumes in the segments of trading products such as, Currency and Equity. MSE is engaging with its Members and participants educating and presenting them all the opportunities across market segments. MSE has undertaken many initiatives for expanding its services for end users and members.

MSE believes that bourses in India can offer a lot more through new products and there is a lot of space for new exchange players to enter the market with different products.

Weekly Contracts

On February 24, 2020, MSE introduced Weekly futures and options contracts on all currency pairs including cross currency as given below:

Weekly Future Contracts	Weekly Options Contracts
USD-INR	EUR-INR
EUR-INR	GBP-INR
GBP-INR	JPY-INR
JPY-INR	EUR-USD
EUR-USD	GBP-USD
GBP-USD	USD-JPY
USD-JPY	

Note:- USDINR Option contracts already available

On the same date, MSE also launched weekly future contracts on all underlying of IRF contracts. Further, with effect from March 02, 2020, MSE also introduced five weekly futures and options contracts on all stocks available for trading in Equity Derivatives segment. Additionally, weekly futures and options contracts are also introduced on Index SX40.

These weekly contracts will provide new hedging tools to market participants during situations of extreme volatility.

Interoperability of clearing corporations

On June 3 2019, MSE went live with Interoperability of clearing corporations in Currency Derivatives Segment, Equity Cash and Equity Derivatives Segment. This mechanism allows market participants to choose any clearing corporation to settle their trades, irrespective of the exchange where they executed their trades. It allows market participants to consolidate their clearing and settlement functions at a single clearing corporation, irrespective of the stock exchange on which the trade is executed.

(C) Upcoming Products and Services

Though MSE continues its focus on increasing its market share in existing segments and products, over a long term MSE plans to introduce and implement a wide range of additional products including SME platform, Book Building System, Offer to Buy and Mutual Fund System.

(D) New Developments

Revision in market timing of cross currency products: - To help market participants to tide over challenges due to COVID 19, SEBI has taken a wide range of measures. As a temporary measure, in view of the situation of COVID19 and the consequent nationwide lock down, trading hours for cross currency products in Currency Derivative Segments were revised beginning from 9 am to 5 pm.

MSE has also implemented interoperability of Clearing Corporations in CDS, ECM and EDS on June 03, 2019. MSE has also updated its Electronic Book Provider (EBP) and Offer for Sale (OFS) platform as per the Exchange regulatory requirements.

5. MEMBERSHIP

The details of Segment wise members registered with SEBI as on March 31, 2020 are as follows:

Currency Derivatives	Equity Cash	Equity Futures & Options
558	346	334

Particulars	FY 2019-20	FY 2018 – 2019
Centres participating across India*	729**	729*

Note:

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

** As on March 31, 2020 and March 31, 2019

6. TECHNOLOGY

The IT infrastructure at the Exchange has been designed with performance, reliability, redundancy and security as the key parameters. 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 Exchange had appointed uTrade Solutions Pvt. Ltd. for in-house development of Matching Engine, this contract is currently under review. The technology platform enables our members to undertake uninterrupted dealing even during sun outage time. Since the Exchange has implemented interoperability framework, the trades executed at MSE can be settled at designated Clearing Corporations.

The technology deployed at MSE includes the latest fault tolerant servers, firewalls with IPS /IDS. The online 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 Multi-Protocol Label Switching (MPLS), colocation and Internet.

The IT components are hosted in a state-of-art data center that is designed to support mission critical operations. The data centre 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, MSE is 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 Exchange provides Real-time price information to interested parties through “Data feed” service of the Exchange. Data feed contains information relating to Products traded on the Exchange platform.

GRC (Governance Risk and Compliance) & Quality

MSE complies with all controls mandated by SEBI Cyber Security & Cyber Resilience Framework. MSE conducts the comprehensive system audit through independent system auditor. 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. In continuation with its commitment to provide quality-driven services to members, MSE has implemented Quality Management System ISO 9001:2015 standard.

7. PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

Your Company has two subsidiaries i.e. Metropolitan Clearing Corporation of India Limited (MCCIL) 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. As on March 31, 2020, the operational income of MCCIL has increased from Rs. 593.57 lakhs in the previous year to Rs. 909.43 lakhs in the current year.

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 SEBI's approval. MCX-SX KRA is yet to commence its operations. It proposes to also carryout IT, ASP and other related services.

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. 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.

8. DIVIDEND AND RESERVES

The Board of Directors does not recommend any dividend on the equity capital of the Company and no amounts is proposed to be transferred to the General Reserve.

9. CHANGES IN THE SHARE CAPITAL

a) The Authorized Share Capital of the Company is Rs.55,000 lakhs divided into 55,000 lakhs equity shares of Re.1/- each.

b) The Paid up Share Capital of the Company is net of 49,77,671 equity shares of Re 1 each held by Metropolitan Stock Exchange ESOP Trust.

10. EMPLOYEES 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 above scheme during the year. During the financial year under review, no stock options were granted nor exercised by the employees under ESOP scheme. The details of the employee stock options are set out in ***Annexure II*** to the Boards Report.

11. DEPOSITS

The Company has not invited, accepted or renewed any deposits under Chapter V of the Companies Act, 2013 during the financial year under review.

Details of deposits not in compliance with the requirements of the Act

Since the Company has not accepted any deposits during the Financial Year ended March 31, 2020, there has been no non-compliance with the requirements of the Act.

12. 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.

During the year the Exchange has repaid the Overdraft facility of Rs. 3,272 Lakh obtained from Development Credit Bank against the Fixed Deposits of the subsidiary company, MCCIL. Further, MCCIL had also carried out capital reduction during the year 2019-20, against this capital reduction, your Company has received Rs. 16,295 lakh from MCCIL due to which MSE's investment in MCCIL has reduced from Rs. 28,312 Lakh to Rs.12,017 Lakh.

13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company has formulated Policy on Related Party Transactions. The same is available on Company's website at web-link https://www.msei.in/SX-Content/common/MCX-SX-About-Us/policy/2016/July/Policy-on-Related-Party-Transactions.pdf

The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. 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 Boards Report. All the Related Party Transactions entered in the Ordinary Course of Business and are at arm's length and were reviewed and approved by the Audit Committee. All Related Party Transactions are placed before the Audit Committee for its review on a quarterly basis.

14. DIRECTORS

Appointment and Re-appointment of Directors

During the period under review Mr. Vijay Sardana was appointed as Public Interest Director with effect from April 27, 2019.

Mr. Dinesh Kumar Mehrotra, Independent Director & Chairman has been re-appointed on the Board of the Exchange vide Board resolution passed on January 07, 2020 for the second term commencing from January 05, 2020 to January 04, 2023.

During the period under review, Ms. Latika S. Kundu has been appointed as the MD & CEO of the Exchange at the Board Meeting held on February 14, 2020 and has joined the Exchange w.e.f. March 12, 2020.

Retirement / Cessation of Directors

Mr. Ketan Shivji Vikamsey, Independent Director had been re-appointed on the Board of the Exchange on February 12, 2020 for the second term commencing from April 05, 2020 to April 04, 2023. Mr. Vikamsey resigned w.e.f. June 19, 2020.

Mr. Sudhir Bassi, Shareholder Director is liable to retire by rotation at the ensuing Annual General Meeting.

The Board places on record its deep appreciation and gratitude towards the valuable contributions made by the Directors.

DECLARATIONS BY PUBLIC INTEREST DIRECTORS

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 Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further all PIDs have also given the declarations that they satisfy "Fit and Proper" criteria as stipulated under Regulation 20 of SECC Regulations.

In compliance with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, all the PIDs of the Company have registered themselves with the India Institute of Corporate Affairs (IICA), Manesar and have included their names in the databank of Independent Directors within the statutory timeline. They have also confirmed that they will appear for the online proficiency test within a period of one year, wherever applicable.

Further, there has been no change in the circumstances affecting their status as PIDs of the Company.

DECLARATION BY THE COMPANY

The Company has formulated and implemented a comprehensive Code of Conduct for the Board of Directors and Committee Members and Key Managerial Personnel (KMP) and Employees of the Company which is available on the Company's website: https://www.msei.in/about-us/code. The Board Members and the KMPs affirm compliance with the Code of Conduct on an annual basis.

The Company has issued a certificate to its Directors, confirming that it has not defaulted under Section 164(2) of the Act, as on March 31, 2020.

15. MEETINGS OF THE BOARD/ COMMITTEES

As on March 31, 2020 eight (8) Board meetings were held during the year. Details of Board, Committees along with their terms of reference, composition and meetings held during the year, are provided in Corporate Governance Report as attached which forms part of the Annual Report.

Separate meetings of the Public Interest Directors were held on June 26, 2019 and December 04, 2019.

Audit Committee Recommendations

During the year, all recommendations of Audit Committee were approved by the Board of Directors.

16. EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS

With the objective of enhancing the effectiveness of the Board, the Nomination and Remuneration Committee (NRC) formulated the methodology and criteria to evaluate the performance of the Board and each director. The NRC has also revised the criteria for evaluation of the Directors as per SEBI Circular no. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/26 dated February 5, 2019. During the year, the Board carried out performance evaluation of the Committees of the Board, Independent Directors and the Board as a whole. The Independent Directors also evaluated the performance of all Non-Independent Directors and the Chairman.

Disclosures as prescribed under SEBI circular dated May 10, 2018 are given below:

Observations of Board evaluation carried out for the year:

1. Improve Management's Risk Practices and formulate appropriate policies.
2. Top Management/ KMPs to ensure strict adherence to SEBI/ Government/ Regulatory Guidelines and Corporate Governance.
3. Focus on developing innovative strategies for business.
4. Revival of business in present situation to be given priority.

Observations of Board evaluation carried out for Previous year:

1. Improve Management's Fraud Risk Practices and formulate appropriate policies.
2. Corporate Governance to improve.
3. Top Management/KMP's to ensure strict adherence to SEBI/ Government/ Regulatory Guidelines.
4. Focus on developing Innovative Strategies for Business.

Proposed actions based on current year observations:

1. Have commenced review of Risk Practices.
2. Will further strengthen Corporate Governance practices.
3. The Exchange continues to ensure strict adherence to SEBI/Government/Regulatory Guidelines.
4. Have put in place a core team for developing Innovative Strategies for Business.

The procedure followed for the performance evaluation of the Board, Committees and individual Directors are enumerated in the Corporate Governance Report.

17. KEY MANAGERIAL PERSONNEL

Key Managerial Personnel of the Company in terms of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 is given below. Ms. Latika S. Kundu was appointed as the MD & CEO w.e.f. March 12, 2020, prior to this until March 11, 2020, Mr. Balu Nair was acting as the Interim CEO (not being a KMP) of the Exchange upon receipt of SEBI's approval vide email dated July 27, 2018. Mr. Kunal Sanghavi, Chief Financial Officer resigned on April 13, 2020, Mr. Saket Bhansali who was appointed as Head (New Initiatives) w.e.f April 3, 2020 was appointed as Chief Financial Officer w.e.f. August 21, 2020. Mr. Yashwant Kakade resigned as Company Secretary on January 20, 2020, thereafter, Ms. Manisha Thakur has been appointed as the Head – Legal & Company Secretary w.e.f. May 13, 2020. During the year, Mr. Savio D'souza, Mr. Binesh Raghavan, Head – Market Operations and Ms. Oshrith Gadkar, Assistant Vice President-HR ceased to be KMPs.

18. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company has to comply with the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 for appointment of directors and remuneration paid on the Governing Board. The Board periodically evaluates the need for change in its composition and size.

19. DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134 (3) 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 2019-20, the applicable accounting standards have been followed and there are no material departures;

b) The directors had 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 2019-20 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.

20. HUMAN RESOURCES AND PARTICULARS OF EMPLOYEES

The employee count stood at **160** as on March 31, 2020 as against **154** as on March 31, 2019. Disclosures with respect to the remuneration of Directors, Key Managerial 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. https://www.msei.in/SX-Content/common/MCX-SX-About-Us/Code/2018/September/Whistle-Blower-Policy.pdf

During the year under review no employee has been denied access to the Audit Committee. In the previous years, certain complaints were received from two ex-employees of the Exchange. These complaints were taken up at appropriate level at the Exchange. In the meanwhile, the SEBI has directed ("SEBI Directive") that a committee of Public Interest Directors be formed to look into the said complaints and other matters as directed by SEBI. The Committee of Public interest

Directors had appointed an Independent and reputed investigation firm to investigate the matters as per the SEBI Directives. The investigation has been completed and the report has been submitted to SEBI in December 2018.

21. 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 FY 2019-20, the Company has received no complaints.

22. AUDITORS

The Auditors, T. R. Chadha & Co. LLP, Chartered Accountants (Firm Registration No. 006711N/N500028), Mumbai, had been re-appointed as statutory auditors, in the Eleventh Annual General meeting held on September 23, 2019, to hold office from the conclusion of the Eleventh Annual General Meeting until the conclusion of the Sixteenth Annual General Meeting of the Company to be held in FY 2024, 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. No fraud has been reported by the Auditors to the Audit Committee or the Board.

Auditors Qualification

The auditor in their report on the audited financial statements for the year ended March 31, 2020 expressed certain qualifications emphasis of matter, key audit matter which are summarized below along with the Management's comments on the same:

A) The company continues to prepare Financial Statements on going concern basis even though it has continued to incur significant losses during the current and preceding periods. As advised, the Company is adequately capitalized, it has gone live on interoperability, operations are functioning appropriately and gross revenue are expected to increase in future years and accordingly the company continues to prepare its Financial Statements on going concern basis. However, the business volumes are not sufficient and there is no clarity on increasing revenue & making profits and the Company could not achieve its projected revenues so far. The management has also considered the GST Credit available amounting to Rs. 4171 Lakh and MAT Credit Entitlement amounting to Rs. 186 Lakh as recoverable treating the company as going concern. We are unable to comment on the preparation of accounts on going concern basis and not making provisions for impairment for the above and the other adjustments, if any, that will be arising out of the same.

B) The auditors in their report to the members have stated the following emphasis of matter:

a. We draw attention to Note 55 of the standalone financial statement, which describes the extent to which the Covid-19 pandemic will impact the Company's financial statement and will depend on the future developments, which are highly uncertain.

b. We draw attention to Note 54 of the standalone financial statement, in respect of contribution to be made to Core Settlement Guarantee Fund by the Company to clearing corporations other than Metropolitan Clearing Corporation of India Limited. Considering the representation made by the Company to Securities Exchange Board of India Limited (SEBI) and clarification to be received from them in this regard, no impact has been considered in the standalone financial statement.

Our opinion is not modified in respect of these matters.

C) The auditors in their report to the members have stated the following Key Audit Matter:

a. The Company has an unavoidable long-term contract with one of the service providers which constitutes approx. 60% of the Technology Cost (refer note 30) for the year ended March 31, 2020. Our procedure in relation to identification of onerous contract included, review of material contract with service providers, assessing the related cost and economic benefits expected to be received/are received and critically assessing the management's estimates with regard to plan for utilization of such costs. Based on above audit procedures the said contract has not been treated as onerous contract as on March 31, 2020.

b. In the current period, Company has carried out impairment testing of intangibles assets to ascertain the carrying value of Intangible Assets majorly computer software based on current and future expected activity and usage from software deployed for various segment and accordingly considered a provision for impairment of Rs. 1,480 Lakh. We have examined the balance useful life, amortization charges and the impairment testing so performed by the management including assumption made while accessing the expected discounted inflow from various services rendered by the exchange. Based on above, we assessed the impairment of Intangibles, as aforesaid, made by the management.

Management Response:

The Company is adequately capitalized, the regulatory net worth of the company as on March 31, 2020 stands at Rs. 188 Crores as against minimum regulatory requirement of Rs. 100 Crore. Further, the Exchange has also gone live on regulatory requirements like interoperability and the Exchange's operations are running smoothly & appropriately. Apart from this Exchange is taking various new initiatives which will help the Exchange in creating liquidity and more business. Accordingly, the Company continues to prepare its Financial Statements on going concern basis.

The Company has unutilized CENVAT credit of Rs. 4,171 Lakhs as at March 31, 2020 and MAT credit of Rs. 186 Lakhs (previous year Rs. 4,000 Lakhs and MAT credit of Rs. 186 Lakhs respectively). As mentioned above, the Company expects improved revenue earnings in the future years and hence is of the view that the unutilized CENVAT credit will be fully utilized in future years and the same is considered as good for recovery.

23. 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 2019-20.

24. 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, and pursuant to SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, the Company appointed M/s. DSM & Associates, Company Secretaries to undertake the secretarial audit of the Company and to issue Secretarial Audit Report. The Secretarial Audit Report is annexed as ***Annexure VIIA*** to this report. Secretarial Audit Report of MCCIL is attached as ***Annexure VIIB.***

There were no qualifications, reservations or adverse remarks made by Secretarial Auditor.

25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

1. 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.

   The earnings in foreign currency during financial year 2019-20 was same as previous year Rs.22,50,000/- . The expenditure in foreign currency during the financial year 2019-20 amounted to Rs.32,32,515/- as compared to Rs. 34,89,308/- in the previous year.

2. Our building has glass windows all around and we also use the ambient light for lighting purposes as much as possible. This reduces the electricity consumption due to lesser need of lighting during the day.

3. The capital investment on energy conservation equipment is Nil.

26. 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.

The Exchange contributed Rs.5,00,000 (Rupees Five Lakh) to Prime Minister's Citizens Assistance and Relief in Emergency Situation Fund to support the nation and those affected by the COVID 19 pandemic.

27. 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, 2020 to which the financial statements relate and the date of this Report.

28. CHANGE IN THE NATURE OF BUSINESS

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

29. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT 9 has been placed on the website of the Exchange at https://www.msei.in/about-us/financials in accordance with Section 134(3)(a) of the Companies Act, 2013 also attached as ***Annexure VIII.***

30. CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of Regulation 33 of SECC Regulations and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report and Corporate Governance Report are attached as Annexure IX and X and forms part of this Report.

31. SECRETARIAL STANDARDS

The Company complies with the applicable Secretarial Standards issued by the 'Institute of Company Secretaries of India', as amended from time to time.

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and such systems are adequate and operating effectively. During the year under review, the Company was in compliance with the Secretarial Standards (SS) i.e., SS-1 and SS- 2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively.

32. IMPLEMENTATION OF CORPORATE ACTION

During the year under review, the Company has not failed to implement any Corporate Actions within the specified time limit.

33. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

The significant and material orders passed by the regulators or courts or tribunals are as follows:

i. IL&FS has filed a suit before the Hon'ble Bombay High Court against MSE in 2014, along with interim relief for breach of the share purchase agreement entered between IL&FS, MSE and MCX for purchase of shares of MSE by IL&FS from MCX. The Hon'ble Bombay High Court through its order dated June 12, 2019 ordered MSE and MCX, to be restrained either directly or indirectly from issuing any further shares without seeking prior written consent of IL&FS in accordance with and/or in terms of Agreement. MSE has filed an appeal against the said order.

ii Matters under litigation before Income Tax Department

Sr. No	Assessment Year	Amount of Expenses under appeal	Remarks
1	A.Y. 2009-10	301,240,000	Appeal is pending with CIT
2	A.Y. 2010-11	459,484,632	Appeal is pending with CIT
3	A.Y. 2011-12	204,123,005	Appeal is pending with CIT
4	A.Y. 2012-13	280,495,853	Appeal is pending with CIT
5	A.Y. 2013-14	99,347,151	Appeal is pending with CIT
6	A.Y. 2014-15	42,830,887	Appeal is pending with CIT

Above expenses incurred by the Exchange are being appealed before the Income Tax Department. If these appeals are unfavorable it may impact the Exchange.

34. MAINTENANCE OF COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act, are not applicable for the business activities carried out by the Company.

35. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The Company has not declared any dividend, so the applicable provisions related to IEPF are not applicable to the Company.

36. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

No fraud has been reported by the Auditors to the Audit Committee or the Board.

37. RESOURCES COMMITTED TOWARDS STRENGTHENING REGULATORY FUNCTIONS AND TOWARDS ENSURING COMPLIANCE WITH APPLICABLE REGULATORY REQUIREMENTS

The Company being a recognized stock exchange is governed by SEBI. SEBI from time to time has issued various regulations and guidelines applicable to the

Company. The Company ensures compliances with the same and aims to remain at the forefront by creating a precedent for others to follow, in terms of compliance by implementing the best governance practices and disclosures.

Senior official of the Company head various regulatory department and report to the Compliance Officer, who in turn reports to the Managing Director and CEO, Regulatory Oversight Committee and Board of Directors, whenever required.

The Company has ensured to make disclosures of various mandatory regulatory requirements along with reporting of the same to various regulatory authorities in addition to informing the same to the Board of Directors and Committee members.

38. ACKNOWLEDGEMENTS

The Board is grateful to the members of various committees constituted during the year.

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, shareholding banks and institutions, NSDL, CDSL, FICCI, CII, ASSOCHAM, IMC 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 busines 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.

Further, the Board expresses its gratitude to you as Shareholders for the confidence reposed in the management of the Company.

For and on behalf of the Board of Directors

Latika S. Kundu
Managing Director & CEO
DIN: 08561873

Dinesh Kumar Mehrotra
Chairman
DIN: 00142711

Date: August 21, 2020
Place: Mumbai

ANNEXURE I – Boards Report

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

(Rs. In Lakhs)

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	12,537.10	1,421.47	28,304.58	14,346.01	1,612.21	909.43	314.35	(75.69)	238.66	NIL	95.85 %
2.	MCX-SX KYC Registration Agency Limited	5.00	(2.65)	2.44	0.09	NIL	NIL	(0.09)	NIL	(0.09)	NIL	100%

1. Name of subsidiaries which are yet to commence operations: MCX-SX KYC Registration Agency Ltd.
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– Boards Report

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

Sr. 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, 2020	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, 2020)	4,20,000	34,52,434	5,53,250	1,45,800
G	Variation of terms of options (as at March 31, 2020)	None			
H	Money realized by exercise of options by ESOP Trust	Rs. 7,05,000	Rs. 12,65,599	Nil	Nil
I	Total number of options (vested and unvested) in force (as at March 31, 2020)				NIL
J	Employee wise details of options granted during FY 2019-20				Nil
	i) KMPs/ Senior managerial personnel				Nil
	ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year				Nil
	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
K	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Indian Accounting Standard 33 'Earnings Per Share'				Nil
L	i) Method of calculation of employee compensation cost				
	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				
	iii) The impact of this difference on profits and on EPS of the Company				
M	Weighted average exercise price and Weighted average fair value				
N	Fair value of options: Assumptions, Risk Free rate, Expected life of options, Expected Volatility			Nil	
	Expected Dividends			Not declared dividend	
	Closing market price of share on a date prior to option grant			N.A.	

Notes:

1. Options under the ESOP Scheme where offered through the Trust.
2. The shares of the Company are not listed on any Stock Exchange.
3. No options were granted, vested or exercised during the FY 2019-2020.

For and on behalf of the Board of Directors

Latika S. Kundu
Managing Director & CEO
DIN: 08561873

Dinesh Kumar Mehrotra
Chairman
DIN: 00142711

Date: August 21, 2020
Place: Mumbai

ANNEXURE III – Boards Report

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act 2013 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 fourth proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis- Metropolitan Stock Exchange of India Limited (the Company) has not entered into any contract/arrangement/ transaction with its related parties, which is not in ordinary course of business or at arm's length during FY 2020. The Company has laid down policies and processes/ procedures so as to ensure compliance to the subject section in the Companies Act, 2013 (Act) and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.
   (a) Name(s) of the related party and nature of relationship: **Not Applicable.**
   (b) Nature of contracts/arrangements/transactions: **Not Applicable**
   (c) Duration of the contracts / arrangements/transactions: **Not Applicable.**
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **Not Applicable.**
   (e) Justification for entering into such contracts or arrangements or transactions: **Not Applicable.**
   (f) Date(s) of approval by the Board: **Not Applicable.**
   (g) Amount paid as advances, if any: **Not Applicable.**
   (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 of the Companies Act, 2013: **Not Applicable.**
2. Details of material contracts or arrangement or transactions at arm's length basis:-
   (a) Name(s) of the related party and nature of relationship: **Please see Annexure to AOC -2**
   (b) Nature of contracts/arrangements/transactions: **Please see Annexure to AOC -2**
   (c) Duration of the contracts / arrangements/transactions: **On-going transaction (Continuous)**
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **Please see Annexure to AOC** -2
   (e) Date(s) of approval by the Board, if any: **The transactions are on arms' length basis and in ordinary course of business. Approval of the Board wherever necessary were obtained for this purpose from time to time.**
   (f) Amount paid as advances, if any: **Nil**

For and on behalf of the Board of Directors

Latika S. Kundu
Managing Director & CEO
DIN: 08561873

Dinesh Kumar Mehrotra
Chairman
DIN: 00142711

Date: August 21, 2020
Place: Mumbai

Annexure to Form No. AOC-2

Details of Transactions with Related Parties

(Rs. In Lakhs)

Nature of Transaction	MCX-SX KYC Registration Agency Limited (Subsidiary)	Metropolitan Clearing Corporation Of India Ltd (Subsidiary)	MCX SX IPF CDS Trust (Others)#	Metropolitan Stock Exchange ESOP Trust (Others)
Expenses				
Clearing and settlement charges	- -	3 *9*	- -	- -
Other services	- -	26 -	- -	- -
Income				
Rent income	- -	196 *179*	- -	- -
Shared service cost recovered	- -	291 *362*	- -	- -
Receipt under Capital Reduction	- -	16,295 -	- -	- -
Amount Receivable	0 *0*	- *18*	1 -	0 *0*
Amount Payable	0 *0*	12 -	- -	0 *0*
Closing Balance of Investments in equity shares	5 *5*	12,017 *28,312*	- -	- -
Closing Balance of Loan to ESOP Trust	- -	- -	- -	60 *60*
Closing Balance	0 -	12 *18*	1 -	0 *0*

The Company acts as an intermediary for collection of penalties and share of listing fees to be transferred to MSE – IPF Trust accordingly those transactions have not been considered above.

1. Related party relationship is as identified by the Company and relied upon by the auditors.
2. There are no amounts written off or written back in the year in respect of debts due from or to related parties.
3. Figures in italics represent previous year's amounts.
4. The transactions with the related parties are disclosed only till the relation exists.
5. Transaction charges collected by MCCIL on behalf of the Company and paid to the Company have not been considered for the aforesaid disclosure.

For and on behalf of the Board of Directors

Latika S. Kundu
Managing Director & CEO
DIN: 08561873

Dinesh Kumar Mehrotra
Chairman
DIN: 00142711

Date: August 21, 2020
Place: Mumbai

ANNEXURE IV– Boards Report

NOMINATION AND REMUNERATION POLICY

The detailed Nomination and Remuneration policy is available on MSE's website at *https://www.msei.in/about-us/policy.*

ANNEXURE V– Boards Report

STATEMENT PURSUANT TO RULE 5(3) and 5(1)OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND REGULATION 27(5) OF THE SECC REGULATIONS 2018 FOR THE PERIOD FROM APRIL 1, 2019 TO MARCH 31, 2020

Name & Qualifications	Age	Designation	Remuneration received (Rs.)	Experience in years	Date of commencement of employment	Previous employment
Latika S Kundu MBA, ACCP-ICCP, BCOM	50	MD & CEO w.e.f. 12-03-2020	268,816	20+	12-Mar-20	Singapore Diamond Investment Exchange Pte. Ltd
Kunal Suresh Sanghavi Bcom, CA, PGPMAX	37	Chief Financial Officer (Resigned on April 13, 2020)	4,677,963	14	12-Feb-18	Angel Broking Pvt. Ltd.
Savio Paul Gerald Dsouza B.Sc, PGDBM	43	Head - Human Resources Till 31-01-2020	2,998,109	14.2	21-Apr-17	Anand Rathi Group
Kundan Zamvar B.Com CISA,C-CISO, Diploma in IT	44	Vice President - IT and CISO (Resigned on October 13, 2020)	3,667,218	18.1	4-Apr-13	Auditime Quality Management Pvt Ltd
P K Ramesh Bsc., MA (Economics), MBA (Finance), LLB and PG in Securities Law	58	Chief Regulatory Officer & Compliance Officer	4,111,362	35	24-May-18	United Stock Exchange
Yashwant Kakade B.Com, C.S., MBA (Finance)	36	Company Secretary Till 20-01-2020	881,109	11	8-Apr-13	MCX Stock Exchange Ltd
Oshrith Davidhai Gadkar M.Com, PGDHRM	34	AVP- Human Resources 12-02-2020 to 02-04-2020	2,047,364	11	10-Jul-17	Motilal Oswal Financial Services
Binesh Kuttikattil Raghavan Bachelor in Economics	47	Vice President 12-02-2020 till 25-03-2020	1,642,391	20+	1-Oct-19	Motilal Oswal Financial Services

Notes:

1. None of the above employees is a relative of any Director of the Company.
2. 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 of Managerial Personnel) Rules, 2014.
3. Nature of employment : Above employees are / were KMP's of the Company.

For and on behalf of the Board of Directors

Latika S. Kundu
Managing Director & CEO
DIN: 08561873

Dinesh Kumar Mehrotra
Chairman
DIN: 00142711

Date: August 21, 2020
Place: Mumbai

ANNEXURE VI– Boards' Report

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

The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary during the financial year 2019-20 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company:

Sr. No	Name of Director/KMP and Designation	% increase (decrease) in Remuneration in the Financial Year 2019-20	Ratio of remuneration of each Director/KMP to median remuneration of employees
1	Mr. Dinesh Kumar Mehrotra * Chairman and Public Interest Director	*	1:2.01
2	Mr. Ketan Vikamsey*# Public Interest Director	*	1:1.97
3	Mr. Sudhir Bassi* Shareholder Director	*	1:1.03
4	Ms. Trishna Guha* Public Interest Director	*	1:2.20
5	Mr. S.V.D. Nageswara Rao* Public Interest Director	*	1:2.33
6	Mr. Vijay Sardana* Public Interest Director	*	1:1.52
7	Latika S Kundu Managing Director & CEO (w.e.f. March 12, 2020)	Not applicable	$
8	Mr. Kunal Sanghavi ## Chief Financial Officer	14.86%	1:10
9	Mr. Yashwant Kakade### Company Secretary (Till January 20, 2020)	Nil	$

Note: *Public Interest Directors (Independent Director) and Shareholder Director received only sitting fees and no remuneration was paid.
Mr. Ketan Vikamsey resigned as PID on June 19, 2020.
Mr. Kunal Sanghavi resigned from April 13, 2020.
Mr. Yashwant Kakade resigned w.e.f January 20, 2020.
$ Since the remuneration is only for part of the year, the ratio of remuneration to median remuneration is not comparable

(i) The percentage decrease in the median remuneration of employees in the financial year 2019-20 is 13.59%
(ii) The number of permanent employees on the rolls of company as on March 31, 2020 was 160 employees
(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 6.6%.
(iv) It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

ANNEXURE VIIA – Boards Report

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial year ended 31st March, 2020
(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** (CIN: U65999MH2008PLC185856) (hereinafter referred as "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.

Due to restricted movement and COVID-19 pandemic, we have conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are true and correct. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 ("Audit Period"), generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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, 2020, 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, 2018 and other Circulars;

iv) The Depositories Act, 1996 and the regulations and bye laws framed there under;

(v) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act);

a) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; to the extent applicable

b) SEBI (Prohibition of Insider Trading) Regulations, 2015;

(vii) Other specifically applicable laws to the Company during the period under review;

a) Income Tax Act, 1961;

b) Service Tax/GST;

c) Provident Fund;

d) Professional Tax;

e) Tax Deducted at Source;

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

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

(ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by SEBI (to the extent applicable);

Based on the aforesaid information provided by the Company, we report that during the financial year under review, the Company has complied with the provisions of the above mentioned Act/s, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable.

We further report that:

The Board of Directors of the Company consists of sufficient number of Public Interest Directors, Shareholder Directors, Managing Director etc. as required under the Act and Regulations. 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board and committees were unanimous. 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.

We further report that during the Audit Period;

(i) SEBI vide its letter dated 14th February, 2020, approved appointment of Ms. Latika Kundu as the Managing Director & Chief Executive Officer w.e.f. 12th March, 2020. Whereas prior to appointment of Ms. Latika Kundu, Mr. Balu Nair was acting as the Interim CEO of the Company up to 11th March, 2020, vide SEBI's approval email dated 27th July, 2018.

(ii) Mr. Dinesh Kumar Mehrotra, Independent Director & Chairman, has been re-appointed on the Board of the Company, vide Board resolution passed on 7th January, 2020, for second term, which commenced from 5th January, 2020 to 4th January, 2023.

(iii) Mr. Ketan Vikamsey, Independent Director, has been re-appointed on the Board of the Company in a Board meeting held on 12th February, 2020 for the second term, which commenced from 5th April, 2020 to 4th April, 2023.

(iv) Mr. Saket Bhansali was appointed as Head (New Initiative) and (Procurement, HR, Administration & Corporate Communications) w.e.f. 3rd April, 2020. Mr. Kunal Sanghavi, Chief Financial Officer, resigned on 13th April, 2020, after which Mr. Saket Bhansali was assigned additional responsibility of Accounts and Finance until the appointment of CFO. In the meantime, Mr. Anish Kumar was made in-charge of Procurement.

(v) Mr. Yashwant Kakade, Company Secretary, has resigned as Company Secretary on 20th January, 2020. Thereafter, Ms. Manisha Thakur has been appointed as the Head – Legal & Secretarial of the Company w.e.f. 1st April, 2020 and later on as Company Secretary w.e.f. 12th May, 2020.

(vi) Company had availed an overdraft facility of Rs.41.9 Crores, by pledging Fixed Deposit of its subsidiary Metropolitan Clearing Corporation Of India Limited ("MCCIL") with DCB bank. During the year the loan has been repaid and the said overdraft facility has been closed after releasing lien over all the fixed deposits of the subsidiary.

(vii) Pursuant to amendment of SECC Regulations, Company's subsidiary Metropolitan Clearing Corporation of India Limited ("MCCIL") had initiated capital reduction amounting to Rs.17,000 Lakhs. Upon receipt of approval from NCLT, the Company will be entitled to receive Rs.16,295 Lakh, towards its share of capital reduction.

(viii) The Statutory Auditor has qualified their quarterly review report on the financial statements that the Company continues to prepare its Financial Statements on going concern basis even though it has continued to incur significant losses during the current period and in preceding periods. These observations may be seen in the Auditors' Report annexed to the Annual Report.

(ix) For Financial Year 2019-20, the Company has received Fit and Proper Declarations from shareholders holding over 2% of shareholding, except IL&FS Financial Services Limited ("IL&FS"). IL&FS has not submitted the same, despite multiple reminders, and Company had informed SEBI about it. Thereafter, SEBI followed up with IL&FS. IL&FS has written to SEBI vide letter dated 30th March, 2020, with a copy to the Company, that IL&FS is currently holding 11,91,09,627 equity shares of the Company. IL&FS's suit for specific performance against La Fin is pending adjudication before the Bombay High Court and upon final adjudication IL&FS may be required to tender 2,71,65,000 shares to La Fin or its nominees. Accordingly, IL&FS's shareholding in the Company to the extent of the above 2,71,65,000 shares is presently an issue pending before the Bombay High Court. IL&FS's shareholding in Company, excluding the aforesaid 2,71,65,000 shares would be less than 2%. In view of the pendency of the above suit, IL&FS has not filed the declaration.

The Company has once again advised IL&FS to submit the declaration as their clarification is not supported or substantiated by any order/directions of court or regulatory body governing the Company and thus in the absence of any such order/directions, their self-assessment of shareholding in the Company being less than 2%, is without any basis and void.

(x) The investigation as directed by SEBI has been conducted and final report of the same has been submitted to SEBI in December – 2018. As matter is sub judice, we offer no comment in this regards.

(xi) During the pendency of appointment of MD & CEO, the Company was unable to file Form INC-22A i.e. Active Tagging Form and hence was marked as "Active Non Compliant" on the www.mca.gov.in. Hence the Company has filed form GNL-2, explaining the inability of the Company to file Form INC-22A, to the Registrar of Companies.

For DSM & Associates,
Company Secretaries
Sd/-
CS Sanam Umbargikar
Partner
M.No. 26141.
CoP No.9394.

Date: 23rd June, 2020
Place: Mumbai

Annexure – 1:

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. Where ever 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
Sd/-
CS Sanam Umbargikar
Partner
M.No.26141.
CoP No.9394.

Date: 23rd June, 2020.
Place: Mumbai.

ANNEXURE VIIB – Boards' Report

A. SEKAR
B.COM, FCMA, ACS, LLB (GEN)
COMPANY SECRETARY
B 305, Sai Jyote, Lalubhai Park West, VILE PARLE WEST, MUMBAI 400 056 • Phone : 26716211• EMAIL : a.sekar.cs@gmail.com

SECRETARIAL AUDIT REPORT
For the Financial year ended 31st March, 2020
(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 Clearing Corporation of India Limited
CIN: U67120MH2008PLC188032
4th Floor, Vibgyor Towers, Plot no. C-62,
G. Block, Bandra Kurla Complex, Bandra (East),
Mumbai – 400098

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Metropolitan Clearing Corporation of India Limited (CIN: U67120MH2008PLC188032) (hereinafter referred as "The Company"). I 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, I hereby report that in our opinion, the Company has, during the audit period covered for the financial year ended 31st March, 2020 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period covering for the financial year ended 31st March, 2020, 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, 2018 (hereinafter referred to as "SECC Regulations, 2018)) read with the circulars issued pursuant thereto;
(iv) The Depositories Act, 1996 and the regulations and bye laws framed there under;
(v) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act);
    a) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;to the extent applicable
    b) SEBI Prohibition of Insider Trading) Regulations, 2015;

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

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

I have also examined compliance with the applicable clause of: Secretarial Standards issued by The Institute of Company Secretaries of India;

Based on the aforesaid information provided by the Company, I report that during the financial year under review, the Company has complied with the provisions of the above mentioned Act/s, Rules, Regulations, Guidelines, Standards, etc. to the extent applicable.

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

I further report that

The Board of Directors of the Company consists of sufficient number of Public Interest Directors, Shareholder Directors Managing Director etc. as required under the Act and Regulations.

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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board and committees were unanimous and dissenting views were also recorded.

I further report that based on compliance mechanism established by the Company and on the basis of compliance certificates issued in terms of Regulation 33 of the SECC Regulations, 2018 by the Compliance Officer appointed under SECC Regulations, 2018 and taken on record by the Board of Directors, 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. Also as informed, the Company has responded appropriately to notices received from various statutory authorities / regulatory authorities including initiating actions for corrective measures, where found necessary.

I further report that during the Audit Period;

(a) Pursuant to the order by Hon'ble National Company Law Tribunal, Mumbai (Tribunal) dated 19th August, 2019 read with the amendment dated 18th September, 2019, the company has implemented the reduction in Equity share capital by INR 170 crores. Post reduction, the Equity share capital of company is INR 125,37,09,910/- (Indian Rupees One Hundred Twenty Five crores Thirty Seven Lakhs Nine Thousand Nine Hundred and Ten only) constituting of 125,370,991 shares of Rs.10 each. The amounts payable to the shareholders pursuant to the order of the Tribunal have been paid to them, except an amount of Rs. 3,30,93,974/-, which is shown under the head "Current Liabilities", being the amount pertaining to 63 Moons Technologies Limited, which has been set aside as per the order of the Tribunal pending further directions from Securities and Exchange Board of India (SEBI).

This report is to be read with our letters of even date which is annexed as Annexure I

Place: Mumbai
Date: 12th June, 2020

A SEKAR
Company Secretary
ACS 8649 CP 2450
UDIN: A008649B000339034

Annexure – 1

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. Following the nation-wide lockdown implemented by the Central and State Governments arising out of COVID-19 situation, certain statutory records and extract of the minutes of the meetings of the Board of Directors and their Committees held in the last quarter of the period namely January to March 2020 were verified on the basis of the documents and records uploaded by the Company in the Virtual Data Room (VDR).
3. After appropriately considering the circumstances arising out of the situation explained in Paragraph 2, I confirm that I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices followed provide a reasonable basis for my opinion.
4. I have not verified the correctness, appropriateness of financial records and books of accounts of the Company and records pertaining to direct and indirect taxation of the company, which I believe are the domain of other professionals on whom the responsibility is entrusted by the provisions of the Companies Act, 2013.
5. Where ever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
6. 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.
7. 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.

Place: Mumbai
Date: 12th June, 2020

A SEKAR
Company Secretary
ACS 8649 CP 2450
UDIN: A008649B000339034

ANNEXURE VIII – Boards Report

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2020
[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 Towers, 4th Floor, Plot no. 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	KFin Technologies Private Limited Unit : Metropolitan Stock Exchange of India Limited Selenium Tower B, Plot numbers 31 & 32 Nanakramguda, Financial District, Gachibowli Hyderabad – 500 032 Email: einward.ris@kfintech.com Tel.No.: +91-040-6716 2222 Contact person Ms. Rajitha Cholleti Sr. Manager- Corporate Registry E-Mail: einward.ris@kfintech.com Tel. No.: +91-040-6716 2222

II. Principal business activities of the Company:

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

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, 2020:

S. No	Name And Address Of The Company	CIN/GIN	Holding/Subsidiary / Associate	% Of Shares Held	Applicable Section
1	Metropolitan Clearing Corporation of India Limited (Vibgyor Towers, 4th Floor, Plot no. C-62, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400098)	U67120MH2008PLC188032	Subsidiary	95.85%	2(87)(ii)
2	MCX SX KYC Registration Agency Limited (Vibgyor Towers, 4th Floor, Plot no. C-62, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400098)	U72100MH2012PLC227604	Wholly owned Subsidiary	100%	2(87)(ii)

IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity) as on March 31, 2020

i Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2019)				No. of Shares held at the end of the year (March 31, 2020)				% 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 / FI	71,87,92,705	-	71,87,92,705	14.94	71,87,92,705	-	71,87,92,705	14.94	No change
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others(specify)		-	-	-		-		-	-
Sub-total (B)(1)	71,87,92,705	-	71,87,92,705	14.94	71,87,92,705	-	71,87,92,705	14.94	No change
2. Non-Institutions									
a) Bodies Corp & LLP	92,81,79,109		92,81,79,109	19.3	91,33,20,724		91,33,20,724	18.99	0.31
i) Indian									
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual share- holders holding nominal share capital up to Rs. 1 lakh	82,14,01,136	-	82,14,01,136	17.07	86,32,40,668	-	86,32,40,668	17.95	0.88
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,99,84,40,733	-	1,99,84,40,733	41.54	1,97,62,73,592	-	1,97,62,73,592	41.08	0.46
c) Others(specify)									
Trust	56,72,734	-	56,72,734	0.12	56,72,734	-	56,72,734	0.12	No change
HUF	21,83,67,120		21,83,67,120	4.53	21,35,53,114		21,35,53,114	4.44	0.09
Partnership firm	11,93,63,496	-	11,93,63,496	2.5	11,93,63,496	-	11,93,63,496	2.5	No change
Sub-total (B)(2)	4,09,14,24,328	-	4,09,14,24,328	85.06	4,09,14,24,328	-	4,09,14,24,328	85.06	0.09
Total Public Shareholding (B)= (B)(1)+(B)(2)	4,81,02,17,033	-	4,81,02,17,033	100	4,81,02,17,033	-	4,81,02,17,033	100	-
by Custodian for GDRs & ADRs									-
Grand Total (A+B+C)	4,81,02,17,033		4,81,02,17,033	100	4,81,02,17,033		4,81,02,17,033	100	-

ii Shareholding of Promoters- the Company does not have any Promoter, hence, this disclosure is not applicable.

Iii Change in Promoters' Shareholding- the Company does not have any Promoter, hence, this disclosure is not applicable.

iv. 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, 2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares	% of total shares				No. of shares	% of total shares
1	MULTI COMMODITY EXCHANGE	33,17,77,008	6.90	1-Apr-2019	0	-	33,17,77,008	6.90
				31-Mar-2020			33,17,77,008	6.90
2	SIDDHARTH BALACHANDRAN	23,84,09,950	4.96	1-Apr-2019	0	-	23,84,09,950	4.96
				31-Mar-2020		-	23,84,09,950	4.96
3	RADHAKISHAN S DAMANI	11,93,63,496	2.48	1-Apr-2019	0	-	11,93,63,496	2.48
				31-Mar-2020			11,93,63,496	2.48
4	TRUST INVESTMENT ADVISORS PRIVATE LIMITED	11,91,15,930	2.48	1-Apr-2019	0	-	11,91,15,930	2.48
				31-Mar-2020			11,91,15,930	2.48
5	IL AND FS FINANCIAL SERVICES LIMITED	119,109,627	2.48	1-Apr-2019	0	-	119,109,627	2.48
				31-Mar-2020			119,109,627	2.48
6	UNION BANK OF INDIA	10,87,50,000	2.26	1-Apr-2019	0	-	10,87,50,000	2.26
				31-Mar-2020			10,87,50,000	2.26
7	STATE BANK OF INDIA	9,74,00,000	2.02	1-Apr-2019	0	-	9,74,00,000	2.02
				31-Mar-2020			9,74,00,000	2.02
8	NEMISH S SHAH	9,73,70,000	2.02	1-Apr-2019	0	-	9,73,70,000	2.02
				31-Mar-2020			9,73,70,000	2.02
9	AADI FINANCIAL ADVISORS LLP	9,73,50,000	2.02	1-Apr-2019	0	-	9,73,50,000	2.02
				31-Mar-2020			9,73,50,000	2.02
10	BANK OF BARODA	8,37,57,564	1.74	1-Apr-2019	0.21		9,37,57,564	1.95
				31-Mar-2020			9,37,57,564	1.95

vi. Shareholding of Directors and Key Managerial Personnel: -

Sr. No.	Name	Shareholding at the beginning of the year (April 1, 2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares	% of total shares				No. of shares	% of total shares
1	KUNDAN ZAMVAR	300,000	0.00	1-Apr-2019 till March 31, 2020	-		300,000	0.00

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

	Secured Loans excluding deposits (Rs)	Unsecured Loans (Rs)	Deposits (Rs)	Total Indebtedness (Rs)
Indebtedness at the beginning of the financial Year				
i) Principal Amount	24,14,77,297	NIL	NIL	24,14,77,297
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	24,14,77,297	NIL	NIL	24,14,77,297
Change in Indebtedness during the financial Year				
• Addition	10,42,99,855	NIL	NIL	10,42,99,855
• Reduction	34,57,77,152	NIL	NIL	34,57,77,152
Net Change	-24,14,77,297	Nil	Nil	-24,14,77,297
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: (in Rs.)

Sr. no.	Particulars of Remuneration	Ms. Latika S. Kundu MD & CEO (March 12, 2020 – March 31, 2020)
1	Gross salary	2,68,816
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil
	(c) Profits in lieu of salary under section17(3) Income- tax Act, 1961	Nil
2	Stock Option	Nil
3	Sweat Equity	Nil
4	Commission	Nil
5	Others, please specify	Nil
	Total (A)	2,68,816
	Ceiling as per the Act	As per Schedule V Part II Section II of Companies Act 2013

Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors						Total
		Trishna Guha	S.V.D. Nageswara Rao	Dinesh Kumar Mehrotra	Ketan Vikamsey*	Vijay Sardana	Sudhir Bassi	
1	Independent Directors • Fee for attending board committee meetings (Rs)	10,30,000	10,90,000	9,40,000	9,20,000	7,10,000	NIL	
	• Commission	NIL	NIL	NIL	NIL	NIL	NIL	
	• Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	
	Total (1) (Rs)	10,30,000	10,90,000	9,40,000	9,20,000	7,10,000	NIL	46,90,000
2	Other Non-Executive Directors • Fee for attending board committee meetings (Rs)						4,80,000	
	• Commission						NIL	
	• Others, please specify						NIL	
	Total (2) (Rs)						4,80,000	4,80,000
	Total (B)=(1+2) (Rs)							51,70,000
	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.						

*Mr. Ketan Vikamsey resigned as PID on June 19, 2020.

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Chief Financial Officer (Mr. Kunal Sanghavi) (From 01.04.2019 to 31.03.2020)	Company Secretary (Mr. Yashwant Kakade) (From 01.04.2019 to 20.01.2020)	
1	Gross salary	Rs.	Rs.	Rs.
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	46,77,963	8,81,109	55,59,072
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify.	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	**46,77,963**	**8,81,109**	**55,59,072**

None of the employees named above is relative of any Director of the Company.

VII. Penalties / Punishment/ Compounding of offences – None

For and on behalf of the Board of Directors

Latika S. Kundu
Managing Director & CEO
DIN: 08561873
Date: August 21, 2020
Place: Mumbai

Dinesh Kumar Mehrotra
Chairman
DIN: 00142711

ANNEXURE IX – Boards Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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 and Equity Cash & Equity Derivatives segments. The Exchange ecosystem supports various intermediaries' including stock brokers, authorized persons, corporates, banks, depositories, depository participants, custodians and investors.

The Exchange employs advanced trading technology and IT infrastructure with significant scalable capacity and proven capability of handling high volume trades.

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian stock exchanges are crucial market infrastructure intermediaries and are supervised by the Securities and Exchange Board of India (SEBI). It is a tool for nation building and a major job creator. The Exchange space spans many asset classes – equities, equity derivatives, currency derivatives, corporate and government bonds, interest rate derivatives, and commodity derivatives, etc. Stock exchanges in India are primarily regulated by SEBI. SEBI has introduced the interoperability between Clearing Corporations, the framework is applicable to all the recognized CCPs excluding those operating in the IFSC zone, and all the products available for trading on the stock exchanges (except commodity derivatives), interoperability norms benefits market participants to rationalize margins across exchanges and products by optimizing the use of capital but also reduce post-trade costs of trading firms.

GLOBAL ECONOMIC OUTLOOK

Global financing conditions eased considerably in 2019. Bond yields in advanced economies fell to unprecedented lows, but, picked up towards the end of the year amid improvement in market sentiment. Central banks like U.S. Federal Reserve and the ECB eased monetary policy in the year 2019, in the face of softening global economic prospects, heightened downside risks, and persistently low inflation. Corporate debt has been rising in many countries, with rapid growth in some riskier categories, such as, lending to highly leveraged firms in the United States and Euro Area.

The COVID19 pandemic has inflicted deeply, rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result, the global economy is projected to contract sharply in 2020.

The economic fallout is acute in specific sectors, therefore, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses domestically. Internationally, strong multilateral cooperation is essential to overcome the effects of the pandemic, including helping financially constrained countries facing health and funding shocks. It is likely that this year the global economy will experience it's worst recession since the Great Depression, surpassing that seen during the global financial crisis a decade ago.

Equity markets have sold off dramatically; high-yield corporate and emerging market sovereign spreads have widened significantly and portfolio flows to emerging market funds have reversed, particularly in the case of hard currency bonds and equities. Signs of dollar funding shortages have emerged amid the general rebalancing of portfolios toward cash and safe assets.

Strong policy frameworks and ensuring that inflation expectations remain well anchored, will be essential through a recovery period, which is likely to feature a range of inflation outcomes (in some countries, supply chain disruptions and shortages can lead to prolonged price increases and trigger expectations of rising inflation; in others, persistently weak demand may lead to drastically lower inflation expectations and worries about entrenched debt-deflation spirals).

2. DOMESTIC ECONOMIC OUTLOOK

The GST reform, aimed to unify the Indian market and improve tax compliance, as well as the Real Estate Regulation Act (RERA), aiming to clean up practices in the real estate sector, were attempts to improve India's institutional structure.

The mounting bad loans in the public sector banks slowed their lending, supporting RBI's clean-up by passing the Insolvency and Bankruptcy Code (IBC). As promoters started recognizing the possibility of losing their firms in bankruptcy; bankers too became more risk-averse. That meant new sources of risk capital have to be found, by improving corporate governance, attracting foreign investors and by enhancing the evaluation capabilities of Indian insurance companies and pension funds and encouraging them to take more risk. It also meant the government had to de-risk projects by making it easier to acquire land and get the necessary clearances.

3. INDUSTRY OUTLOOK

As expected, 2019 began with unprecedented volumes in all asset classes, with equities and currencies leading the pack. Both the major traded equity index and the flagship USDINR currency pair continued strongly in the global league tables in the Top Ten.

We see every reason that this trend should continue. Hence, MSE sees weekly options as the place where big spikes in volume will be seen.

There will be both speculative opportunity and hedging needs in this contract. Accordingly, MSE expects that the exchange traded space will shortly come up with shorter and more exotic versions of this contract that will enable traders and hedgers to take short term positions.

In terms of the types of USDINR derivative positions, MSE sees an equal distribution between calls and puts, with a lot of straddle and strangle positions as well as butterfly spreads to provide insurance from big swings.

With favorable regulatory environment, Indian capital markets are expected to remain attractive to both domestic and foreign investors. Initiatives by the government towards ease of doing business, enhanced sectoral caps, simpler mechanism to obtain approval for investment coupled by tax exemptions is expected to further boost the robust business environment for foreign investors leading to a larger inflow of capital in the coming years as well. This will not only augment the depth, maturity and robustness of the Indian capital markets but also build investor confidence.

The key factor that should power the industry to its next milestones will be the rise of derivative products. In light of the RBI Governor's announcement on exotic derivatives, that is a very distinct possibility. We at MSE are working to capitalize on this trend.

4. MSE'S OUTLOOK

MSE is a financial services Market Infrastructure Institution (MII) as regulated by Securities and Exchange Board of India (SEBI) offering an electronic platform for trading in Currency Derivatives, Interest Rate Derivatives, Equity Cash and Equity Derivatives segments.

Headquartered in Mumbai, the Exchange operates through four main interconnected businesses – I) Trading II) Post Trade activities III) Listing Business IV) Information Services. Capital Market chain enables us to provide a platform for serving customers across multiple products, serving a range of needs.

From interoperability being a game changing mechanism to the newly launched weekly options & cross currency contracts and with the new MD & CEO of the Exchange, Ms. Latika S Kundu taking in charge, MSE has already placed a significant stepping stone in the recent past towards achieving new heights. The new MD brings 25 years of Exchange Experience in Domestic as well as Global Stock, Currency and Commodity Exchanges. In these years, she was instrumental in setting up many Exchanges including MSE in the year 2008.

The Exchange is in the process of undergoing a thorough re-structuring. The new management team with efficient leadership and significant experience of several years in capital markets is focused on constructing the foundation and pillars of the third exchange strong with an eye of strengthening not only the core business but also through an amalgamation of new initiatives, fresh ideas, products and services down the line.

A Futuristic way of breaking through the Capital Markets value chain

In a population of about 1.37 billion people, only around 2.5% invest in the capital markets in India. India has nearly 4 crore demat accounts, out of which only 0.95 crore is active. Traditionally, the metropolitan cities have played an important role in contributing to the markets but it has been mostly restricted up to that point. There is still a significant dearth of participation from Tier-II and Tier-III cities, who would be the main contributor to the booming markets across all socioeconomic strata. The median age in India was 26.8 years in 2015 and by the end of 2020, it expected to reach 29. The entry of young investors from these small town would be pivotal for driving next level of growth in Indian Capital Markets. MSE aims at catering to this need of the hour through easily accessible customized products across multiple investment avenues.

Using disruptive tech-driven tools, we believe that the country's investment landscape needs to witness a transformation by targeting the youth who forms the root of this booming economy. We would be analysing the behavioural trends of the investors across geographies and educate people to think beyond traditional modes of fixed savings instruments via channelization and publicity across digital & social media and other conventional means to reach out to the individual investors.

Long Term Strategic Vision

We plan to prepare a resilient robust and resilient business model and attract a diverse base of Foreign and Domestic investors to a broad our ecosystem. We believe in strong structural growth of core business. We would also leverage technology and expand our horizons across asset classes beyond core business to develop customized products according to market needs. Investing in technology and innovation is the key and expanding into new frontiers in partnerships with technology leads and developing strong in-house infrastructure would be the main focus areas.

Our initiatives would be driven by market microstructure enhancements leading to better price discovery and trade efficiency. We would also segregate the growth-driven factors like increased trading activity, listing reforms, revenue growth and cost discipline by employing efficient management tools.

We even envisage of investment in automation and operational efficiency and invest in talent and culture. Retention of talent and ensuring proper stakeholder management with strong regulatory, industry and customer engagement would be our motto. In the current COVID-19 situations, there is a global change in the approach and work culture and our entire team was able to easily adapt and get accustomed to the unforeseen scenario with a lot of efforts, integrity and discipline. In future, we would aim at going forward with this motivation and not succumb to any challenges we face

5. IMPORTANT DEVELOPMENTS

I. Handling of Client Securities

In order to protect clients' funds and securities, SEBI has issued circular number SEBI/HO/MIRSD/DOP/ CIR/P/2019/75 dated June 20, 2019 with respect to handling of client's securities where in case the client does not pay the securities received in pay-out, then the Trading Member/ Clearing Member (TM/CM) shall be entitled to retain those securities up to five trading days after pay-out. Further, where the client fails to meet its funds pay-in obligation within five trading days from payout day, the TM/CM shall liquidate the securities in the market to recover its dues. Under no circumstances, shall the securities of the clients received in pay-out be retained by the TM/CM beyond five trading days and be used for any other purpose. For Securities that have not been paid for in full by the clients (unpaid securities), a separate client account titled – "client unpaid securities account" shall be opened by the TM/CM and all the DP accounts tagged as "Stock Broker – Client Account" are wound up. Further, members who failed to close the said accounts Exchange has executed complete freeze on such DP accounts and advised members to close the said DP accounts.

II. Application Programming Interface (API) for Weekly uploading of Holding Statement

Based on the SEBI direction and with a view to enhance the efficiency & accuracy of the data submissions, Exchange vide circular MSE/INSP/8070/2019 dated August 29, 2019, has introduced an Application Programming Interface (API) based platform for weekly submission of Holding Statement data by the members. The API will enable TMs to directly upload the data from back office system to the Exchange with minimal manual intervention. In this regard, Exchange has provided an API specification document for building the API by the members and a mock facility is already provided by the Exchange to enable the members to test the API system

III. E-KYC Authentication facility under Section 11A of the Prevention of Money Laundering Act, 2002 by Entities in the securities market for Resident Investors

SEBI vide its circular SEBI/HO/MIRSD/DOP/CIR/P/2019/123 dated November 05, 2019 has laid down that entities in the securities market, as may be notified by the Central Government, shall be allowed to undertake Aadhaar Authentication under Section 11A of the PMLA. SEBI Registered intermediaries for reasons such as online on-boarding of clients, customer convenience, increased efficiency and reduced time for client onboarding would prefer to use Aadhaar based e-KYC facility to complete the KYC of the client. These entities would be registered with UIDAI as KYC user agency ("KUA") and shall allow all the SEBI registered intermediaries / mutual fund distributors to undertake Aadhaar Authentication of their clients for the purpose of KYC through them.

IV. Enhanced Supervision of Stock Brokers - Reporting of Client Level Cash & Cash Equivalent Balances and Bank Account Balance

With a view to enhance the level of monitoring and considering the prohibition on pledging of client securities for raising funds, the format & the mode of submission is being revised. Therefore, it has been decided in consultation with SEBI and other Stock Exchanges to introduce weekly submission of day wise Client Level Cash/Cash Equivalent Balances and day wise reporting of Bank balances from F.Y 2020-21. Members were advised to make necessary developments at their end and ensure preparedness to comply with the requirement. Exchange has provided a mock facility to its members to test the system. Subsequently, SEBI directed the Exchanges to implement the weekly submission of client wise cash and cash equivalent and bank balances for all trading members from June 8, 2020 onwards. Accordingly, the Exchange issued the circular to this effect and the new system of client level cash and cash equivalent and bank balances was made live and Members have started uploading the said data.

V. Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System

In order to devise a framework that mitigates the risk of misappropriation or misuse of client's securities available with the TM / CM / DP. The misappropriation or misuse would include use of one client's securities to meet the exposure, margin or settlement obligations of another client or of the TM / CM. SEBI has decided that w.e.f. June 01, 2020, TM / CM shall, inter alia, accept collateral from clients in the form of securities, only by way of 'margin pledge', created in the Depository system in accordance with Section 12 of the Depositories Act, 1996 read with Regulation 79 of the SEBI (Depositories and Participants) Regulations, 2018 and the relevant Bye Laws of the Depositories.

SEBI has issued circular number SEBI/HO/MIRSD/DOP/ CIR/P/2020/28 dated February 25, 2020 and inter alia covers the following:

1. Any procedure followed for creating pledge of the dematerialised securities other than aforesaid provisions of law is prohibited. Off-market transfer of securities leads to change in ownership and shall not be treated as pledge.
2. Transfer of securities to the demat account of the TM / CM for margin purposes (i.e. title transfer collateral arrangements) shall be prohibited.
3. In case, a client has given a power of attorney in favour of a TM / CM, such holding of power of attorney shall not be considered as equivalent to the collection of margin by the TM / CM in respect of securities held in the demat account of the client.

The TM / CM were required to close all existing demat accounts tagged as 'Client Margin/ Collateral' by June 30, 2020. However in view of the Covid19 oubreak, SEBI had extended the date of implementation of the circular till August 31, 2020.

Investor Services

MSE in accordance to the SEBI directives has established Investor Services Centers (ISC) at Mumbai, Kolkata, Delhi, Chennai, Ahmedabad, Indore, Kanpur and Hyderabad, providing inter alia facilitating Arbitration Mechanism. Investors may approach these centers for assistance, support or redressal of their grievances against Members and Listed companies of the Exchange.

The Investor Services Centres are full-fledged and well equipped to redress the complaints/grievances of the Investors in an effective and expeditious manner. The complaints of investors received are taken up with the Trading Member or the listed company and the Exchange tries to work out a favorable resolution. However, if the same does not satisfy the aggrieved parties, the complaint is placed before Grievances Redressal Committee (IGRC) for resolution. The Company has formed separate GRCs, for each Regional Investor Service Centre to deal with the cases coming within their respective geographical jurisdiction.

When either parties feels that the complaint has not been resolved satisfactorily through resolution process of the Exchange, the parties may choose the route of arbitration. Arbitration is a quasi-judicial process of settlement of disputes between Trading Member, Investor, Clearing member, sub-brokers etc. Arbitration aims at quicker legal resolution for the disputes.

Investors Protection Measures for the Trading Members of the Company:

- Inspection of Members by Exchanges, Depositories and SEBI
- Dedicated page on Exchanges website for the Investors informing
    - o Rights and obligations before dealing with the Members
    - o Guidance note - Do's and Don'ts for trading i.e. Trading requirements, Transactions and Settlements, Termination of Trading Membership, Disputes and Complaints.
- Timely Redressal of complaints against Member & companies listed on Exchange.
- Trade confirmation alerts/ details of the transactions through SMS or email, by the end of the trading day, from the stock exchanges.
- Investor Protection Fund and Investor Service Fund for the benefit of the clients. The Company executes interim relief to the investors of Trading members in case matter is in their favour, as well as settlement of approved defaulter claim if any, from the Investor Protection Fund.

Investor Awareness Programme

The Company as per requirement of the SEBI directives has formulated the Metropolitan Stock Exchange Investor Protection Fund Trust (MSEIPFT). MSEIPFT conducts Investor Education and Awareness programmes (IAP) and is building traction through these Programs. These programs connect us with the retail and potential clients.

MSEIPF has conducted around 169 Investor Education and Awareness programmes during the FY 2019-2020, out of which 145 were conducted in collaboration with SEBI and the depositories NSDL & CDSL and 24 programs were exclusively conducted by MSE. All the Investor Awareness Programmes received an overwhelming response from the audience.

Initiatives by MSEIPFT

As a continuous endeavor towards educating investors of the securities market and in order to assist them to make informed investments, the MSEIPF launched a campaign “Think Twice” on digital platform across all social media handles. Digital Platforms generate value by connecting with the targeted audience to create a network effect. The campaign helped create a huge impact in terms of reach and visibility.

The Company also introduced a Blog section on the exchange website. These blogs were based on various topics pertaining to financial literacy. Further, these blogs were disseminated in print and online media which received a very positive response.

6. OPPORTUNITIES AND THREATS

Opportunities for the Exchange

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, Equity and Equity Derivatives, along with efficient operational parameters and customer-oriented service offerings to enable an efficient and robust marketplace.

Exchange continues with its efforts in increasing volumes across the wide spectrum of products offered and increase in its market share. For this purpose, 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. 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.

The Exchange provides services like on demand CTCL, Web Trading, Algo and Co-location Connectivity at no cost through its empanelled vendors. Members can directly avail the services through the vendors.

On June 3 2019, MSE went live with Interoperability of clearing corporations in Currency Derivatives Segment, Equity Cash and Equity Derivatives Segment. This mechanism allows market participants to choose any clearing corporation to settle their trades, irrespective of the exchange where they executed their trades. Earlier, participants who trade on multiple exchanges had to necessarily arrange for margin and capital separately at each of the three stock exchanges and their respective clearing corporations. This stringent arrangement for clearing trades resulted inefficient use of funds and high costs.

Interoperability of clearing corporations has led to several benefits for market participants. Firstly, it allows market participants to consolidate their clearing and settlement functions at a single clearing corporation, irrespective of the stock exchange on which the trade is executed, resulting in a reduction in compliance costs, and thus bringing down the trading costs or impact cost as well. Further, it led to efficiency in capital deployment and save costs. An investor trading through the same broker across exchanges is eligible for netting the benefits for his trades in a given security across the exchanges. It has opened up opportunities for trade in different instruments across exchanges for an investor and get him better service from the clearing corporation which now faces more competition in the market than before. Interoperability saves participants from glitches arising in case of problems in a particular exchange or its clearing platform. It separates the execution risk from the settlement risk thus allowing market participants to seamlessly square off their positions in case of stock exchange outages.

Threats to the Exchange

(A) Decline in Industry activities

The Exchange performance relies heavily on volume and value of trades executed on its trading platform, the number of companies listed/new listing, the number of active Trading Members etc. Though the Exchange strives and has taken a number of steps in this regard, there are number of factors beyond the control of the Exchange that can have an impact on these attributes. Particularly, adverse macro-economic scenario and political uncertainty may negatively affect the markets and the Exchange business.

(B) Regulatory changes impacting our ability to compete

The competitive landscape of Exchange business in India continues to be challenging. MSE ability to compete in this environment and ensure that regulations continue to have level playing field, will be a major factor in ensuring growth of the Exchange.

(C) Cyber Security Threats

In today's industry, there are new cyber security threats impacting the financial sector every day. Cybersecurity threats pose a substantial risk to every company and individual all over the world. Financial institutions are particularly at risk due to the massive amount of capital they oversee. Failure to properly address inherent security risks can lead to damage on several levels.

Further, the Exchange Industry is so interconnected that third parties and other entities may also take a hit resulting in collateral damage. The threat landscape is constantly evolving—leading to a more complex cyber ecosystem every day. This makes it all the more critical to be proactive when it comes to cyber security issues.

Constant enhancement in the Cyber Security Framework and Information Security Management System has been MSE's top priority.

7. 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 "Indian Accounting Standard 108 – Operating Segments"

Currency Derivatives Segment

Particulars	2019 - 20	2018 - 19
Annual Volume (No. of contracts)	6,292,198	6,771,666
Annual Turnover (Rs. Crore)	45,324.52	47,238.52
Average Daily Volume (No. of contracts)	25,894	27,867
Average Daily Turnover (Rs. Crore)	186.52	194.40

1. Data includes Notional Value for Options
2. Excludes data of Interest Rate Futures
3. Data includes Cross currency contracts
4. Cross Currency was introduced w.e.f December 05, 2018

Capital Market Segment

The Company commenced trading in Capital Market from February 11, 2013 onwards. 15 securities were traded on MSE platform during the FY 2019-20. Total volume i.e. traded quantity on MSE platform during the FY 2019-20 in the Capital Market Segment was 12,98,218 shares and the total value traded being Rs 27.99 crore.

Companies Listed on the Exchange:

During the year under review, the Exchange has been listing new companies on its equity platform. The count of listed companies increased from 287 in FY 2018-19 to 295 in FY 2019-20. This includes companies listed on other nationwide stock exchanges as well as companies from regional stock exchanges. As on March 31, 2020, out of the 295 listed companies, there are 232 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.

9. RISKS AND CONCERNS

(A) Business Risk

The performance of the Exchange depends heavily on volume of trades executed on our trading platform, number of new listings and consequent earnings through transaction charges and listing fees.

Adverse economic conditions could negatively affect our business and financial condition. Continuation or reoccurrence of global economic crisis, changes in political situations in India or globally, changes in economic policies could adversely affect our performance. Weak economic conditions of the country may adversely affect listing and trading volumes on the Exchange as Indian companies would be less attractive for foreign and local investors.

MSE operates in a highly competitive industry wherein we compete with a wide range of established market participants for trading volumes, listing and clearing across segments. Increased competition may exert a downward pressure on our fees and transaction charges for us to remain competitive which however could adversely affect our financial condition.

Further, MSE renews and applies for its SEBI License every year which if not renewed will impact the business and operations of the Exchange.

We operate in a business environment that experiences significant and rapid technological changes. However, the Exchange is well equipped to handle any unresponsiveness or interruption in trade execution, clearing or settlement due to power or telecommunications failure, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses/malwares, acts of vandalism or similar events. We have an approved business continuity plan and a data disaster recovery plan in effect, to mitigate business interruptions from the aforesaid risks.

(B) Credit Risk

The settlement of trades executed at the Exchange is guaranteed through various independent clearing corporations. Clearing Corporations perform the act of novation and assumes the central counterparty risk for each trade cleared and incurs credit exposure risks to clearing participants. Potential risks faced by Clearing Corporations includes:-

1. Settlement Risk: This arises when member fails to commit their obligations of delivering funds or securities, leaving Clearing Corporations short of funds or securities.
2. Margin Payments: Open positions are settled on daily basis, for which Clearing Corporations has to ensure that sufficient funds are available.
3. Market Disruptions: This may arise due to unusual market volatility leading large margin movements.

Clearing Corporations have created a dedicated Core Settlement Guarantee Fund (Core SGF), which is readily and unconditionally available to meet settlement obligations of Clearing Corporations in case of clearing member(s) failing to honour settlement obligation.

(C) Regulatory and Compliance

We operate in a highly regulated industry and may be subject to fines and penalties or other restrictions, if we fail to comply with our legal and regulatory obligations. Also changes in regulatory policies may also affect participation at our Exchange and may adversely affect our volumes.

10. IMPAIRMENT OF SOFTWARE

As per Ind AS 36 regarding Impairment of Assets, an asset is treated to be impaired when it is carried at a value more than its recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. In such a case, the asset is described as impaired and Ind AS 36 'Impairment of Assets' requires an entity to recognize an impairment loss.

Accordingly, the Company has carried out impairment testing of intangible assets during the year to ascertain the carrying value of predominantly Exchange software based on current and future expected activity and usage of the software deployed for various segments and accordingly made a provision for impairment of Rs.1,480 Lakh.

11. 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.

12. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Revenue

During the year, Listing processing fees decreased to Rs.22 lakhs in FY 2019-20 compared to Rs. 77 lakhs in 2018-19. The listing fees is at same level, in FY 2019-20 at Rs. 172 lakhs as compared to Rs. 173 lakhs in FY 2018-19. Transaction fees increased to Rs. 68 lakhs in FY 2019-20 as compared to Rs. 62 lakhs in FY 2018-19. Total revenue from operations stood at Rs. 525 lakhs in FY 2019-20 as against Rs. 583 lakhs in FY 2018-19. The other income increased to Rs. 1,050 lakhs in FY 2019-20 as compared to Rs. 712 lakhs in FY 2018-19.

Expenditure

The operating expenses increased to Rs.1,072 lakhs in FY 2019-20 as compared to Rs.1,049 lakhs in FY 2018-19. Employee benefit expenses increased to Rs.1,699 in FY 2019-20 as compared to Rs. 1,572 lakh in FY 2018-19, Advertising expenses has decreased to Rs. 51 lakhs in FY 2019-20 as as compared to Rs. 194 lakh in FY 2018-19, The Finance cost has increased to Rs. 139 lakhs in FY 2019-20 as compared to Rs. 110 lakh in FY 2018-19. The other expenses decreased to Rs. 908 Lakh in FY 2019-20 as compared to Rs. 1,772 lakh in FY 2018-19. Depreciation and amortization expenses also decreased. There is an exceptional item of Rs. 1,480 lakh in FY 2019-20 on account of impairment of Assets.

Balance Sheet

As on March 31, 2020, the share capital stood at Rs. 48,052 lakhs as against Rs. 48,052 lakhs as on March 31, 2019.

Investment in subsidiaries reduced to Rs. 12,019 in FY 2019-20 as compared to Rs. 28,314 lakh as on on March 31,2019.

Office premises

The management has since April 1, 2020 initiated its efforts on cost rationalization. As a part of the same and on account of employees working from home during lockdown due to COVID19, the Exchange reduced its rental cost since April 1, 2020 by about 48% by reducing the space occupied earlier. The Exchange shall continue to work on the cost rationalization which shall reflect in the financial year 2020-21.

13. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

Our headcount as on March 31, 2020 stood at 160 as against 154 as on March 31, 2019. 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, initiatives to increase workplace diversity can increase productivity, and ultimately, increase profits. The Company focuses to achieve such excellence through engagements in learning, quality, teamwork, and reengineering of the processes deployed at work.

14. DETAILS OF SIGNIFICANT CHANGES (I.E. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS

Sr No.	Particulars	Standalone		Change in %	Consolidated		Change in %
		2019-20	2018-19		2019-20	2018-19	
i)	Debtor Turnover (Times)	7.81	9.74	20%	8.82	6.02	-47%
ii)	Inventory Turnover (Times)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
iii)	Interest Coverage Ratio (Times)	-0.02	-0.02	12%	-0.03	-0.03	8%
iv)	Current Ratio (Times)	2.83	0.42	-574%	3.59	4.78	25%
v)	Debt Equity Ratio (Times)	0.16	0.23	29%	0.56	0.54	-3%
vi)	Operating Profit Margin (%)	-899%	-793%	-13%	-4.26	-4.65	8%
vii)	Net Profit Margin (%)	-921%	-814%	-13%	-4.48	-5.10	12%
viii)	Return on Net Worth (%)	-16%	-13%	-18%	-14%	-11%	-30%

15. DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR

Return on Net Worth is -16 % for FY 2019-20 as compared to -13% in FY 2018-19. -18% change is on account of increase in losses by Rs. 79 Lakhs and reduction in Net worth due to current year loss of Rs. 4,829 Lakhs.

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 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.

ANNEXURE X – Boards' Report

CORPORATE GOVERNANCE REPORT

Metropolitan Stock Exchange of India Limited (MSE / Exchange) is a public limited company, the securities of which are not listed on any stock exchange. The Corporate Governance report for Financial Year ("FY") 2019-20, which forms part of Boards' Report, is prepared pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). This report is in compliance with the Listing Regulations, 2015.

1. Company's Philosophy on Code of Governance

The Company is in compliance with the requirements stipulated under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, ("SECC Regulations") and SEBI Listing Regulations, 2015, as applicable, with regard to corporate governance.

The Company's philosophy on Corporate Governance is to follow fair, ethical and transparent governance practices 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. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large in the Exchange systems.

At MSE, 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 has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its non-executive directors which includes Code of Conduct for Independent Directors which suitably incorporates the duties of independent directors as laid down in the Companies Act, 2013 ("the Act").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.

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, 2018 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. In compliance with the SECC Regulations, the Board of the Company comprises of Public Interest Directors and Shareholder Directors.

Further, the number of Public Interest Directors shall not be lesser than the number of Shareholder Directors with the Managing Director being included in the category of Shareholder Director of the Company. Public Interest Director has been defined as an Independent Director representing the interest of investors in securities market and who is not having any association directly or indirectly which in the opinion of Securities and Exchange Board of India ("SEBI") is in conflict with the role. Pursuant to Regulation 20 of SECC Regulations, all the Directors of the Company ensured to be "fit and proper persons" during the FY 2019-20. As on March 31, 2020 the composition of the Board of Directors was:

Name of the Directors	Category & DIN
Mr. Dinesh Kumar Mehrotra	Chairman & Public Interest Director 00142711
Mr. Ketan Vikamsey*	Public Interest Director 00282877
Mr. Sudhir Bassi	Shareholder Director 07819617
Ms. Trishna Guha	Public Interest Director 08200779
Mr. S.V.D. Nageswara Rao	Public Interest Director 02105323
Mr. Vijay Sardana	Public Interest Director 01977874
Ms. Latika S. Kundu**	Managing Director & CEO 08561873

Note:

** Mr. Ketan Vikamsey, PID resigned w.e.f. June 19, 2020*

***Ms. Latika S Kundu, MD & CEO was appointed w.e.f. March 12, 2020*

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

During the financial year ended March 31, 2020, eight (8) meetings of the Board of Directors were held. The dates of the Board Meetings were: May 7, 2019, June 26, 2019, August 13, 2019, September 23, 2019, November 13, 2019, February 12, 2020, February 14, 2020 and March 24, 2020.

The attendance details and number of directorships and committee positions held by the Directors as on March 31, 2020 are given below:

Sr. No	Name of Director	Category	Attendance at Board Meetings during FY 2019-20		Whether attended last AGM held on 23.09.2019	No. of Directorship(s) held in other companies		Number of Committee positions held in other public companies		Names of listed entities and category of directorship
			Held during the tenure of the Director	Attended		Public Limited	Private Limited	Chairman	Member	
1	Mr. Dinesh Kumar Mehrotra	PID	8	8	Yes	7	2	-	8	3***
2	Mr. Ketan Vikamsey*	PID	8	7	Yes	-	-	-	-	Nil
3	Mr. Sudhir Bassi	SHD	8	6	Yes	-	-	-	-	Nil
4	Ms. Trishna Guha	PID	8	8	Yes	1	-	-	-	1****
5	Mr. S.V.D Nageswara Rao	PID	8	8	Yes	-	-	-	-	Nil
9	Mr. Vijay Sardana	PID	8	7	Yes	1	2	-	-	Nil
10	Ms. Latika S. Kundu**	MD & CEO	1	1	NA	-	-	-	-	Nil

* Mr. Ketan Vikamsey, PID resigned w.e.f. June 19, 2020
**Ms. Latika S Kundu, MD & CEO appointed w.e.f. March 12, 2020
*** 1. Indostar Capital Finance Ltd., 2. V L S Finance Limited, 3. SBI Cards and Payment Services Ltd.
**** 1. Shalimar Wires Industries Ltd.

NOTES:

i. All directors are Non-Executive and Public Interest Directors except Mr. Sudhir Bassi, Shareholder Director and Ms. Latika S. Kundu, MD & CEO.
ii. All Public Interest Directors are Independent Directors.
iii. The Directorships/ Committee memberships held by Directors as mentioned above, do not include foreign companies and companies under Section 8 of the Companies Act, 2013.
iv. Memberships/ Chairmanships of only the Audit Committee/Stakeholders' Relationship Committee/NRC of all Public Companies have been considered above.
v. None of the Directors are related to each other.
vi. None of the Director hold any shares in the Company.
vii. The weblink of directors' familiarisation programme imparted to independent directors is *https://www.msei.in/SX-Content/common/MCX-SX-About-Us/policy/2015/May/FAMILIARIZATION-PROGRAM-FOR-PUBLIC-INTEREST-DIRECTOR.pdf*
viii. Details of Directors.

The profiles of the directors are available on the Company's website at the following link: *https://www.msei.in/about-us/board-of-directors*

3. Audit Committee:

A. Composition, Meetings and Attendance:

During the year the Committee met four (4) times. The meetings were held on May 7, 2019, August 13, 2019, November 13, 2019 and February 12, 2020. 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 and Mr. Ketan Vikamsey was the Chairman of the Committee. The details of the Composition and attendance of the members of the committee as on March 31, 2020 are listed below:

Members	Category	Meetings held during the Year	Meetings Attended during the Year
Mr. Ketan Vikamsey* Public interest Director and Chairman of the Committee	Independent Director	4	4
Mr. Dinesh Kumar Mehrotra Public Interest Director	Independent Director	4	3
Mr. Sudhir Bassi Shareholder Director	Shareholder Director	4	2
Ms.Trishna Guha Public Interest Director	Independent Director	4	4
Mr. S.V.D. Nageswara Rao Public interest Director	Independent Director	4	4
Mr. Vijay Sardana Public Interest Director	Independent Director	3	3

Note:

** Mr. Ketan Vikamsey, PID resigned w.e.f. June 19, 2020*

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 and 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 scrutinize 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. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
23. 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; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

4. Nomination and Remuneration Committee:

A. Composition, meetings and attendance:

The Committee met five (5) times during the year. The meetings were held on May 7, 2019, June 26, 2019, September 23, 2019, November 13, 2019 and February 12, 2020. The details of Composition and participation of the members at the meetings of the committee as on March 31, 2020 were as under:

Members	Category	Meetings held during the tenure	Meetings attended during the tenure
Ms. Trishna Guha Public interest Director and Chairperson of the Committee	Independent Director	5	5
Mr. Dinesh Kumar Mehrotra Public interest Director	Independent Director	5	4
Mr. Ketan Vikamsey* Public interest Director	Independent Director	5	5
Mr. S.V.D. Nageswara Rao Public interest Director	Independent Director	5	5

Note:
* Mr. Ketan Vikamsey, PID resigned w.e.f. June 19, 2020

B. Terms of Reference (TOR):

The Terms of Reference of the Nomination and Remuneration Committee (NRC) of the Company pursuant to Section 178 of the Companies Act, 2013 read with Regulation 33 of the SECC Regulations and Regulation 19 of the Listing (Obligation and Disclosure Requirements) Regulation, 2015 is given below:

1) Identifying a Key management personnel, other than personnel as specifically provided in its definition under SECC Regulations, 2018.
2) Laying down the policy for compensation of key management personnel in terms of the compensation norms prescribed by SEBI.
3) Determining the compensation of KMPs in terms of the compensation policy.
4) Determining the tenure of a key management personnel, other than a director, to be posted in a regulatory department.
5) Selecting the Managing Director.
6) Framing & reviewing the performance review policy to carry out evaluation of every director's performance, including that of Public Interest Director (PID).
7) Recommending whether to extend the term of appointment of the PID.
8) Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as amended from time to time.

C. Nomination and Remuneration Policy:

The Company has formulated the nomination and remuneration policy which has been revised in accordance with the SECC Regulations 2018 and the Companies Act, 2013 for remunerating the Executive Directors, Non-Executive Directors, Key Managerial Personnel and the Employees. The policy has been placed at MSE's website i.e. www.msei.in.

D. Performance Evaluation Criteria for Independent directors:

With the objective of enhancing the effectiveness of the Board, the NRC formulated the methodology and criteria to evaluate the performance of the Board and each director. The NRC 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.

The criteria for evaluation is as follows:

i. Internal Evaluation of Individual Directors

The individual Director's performance has largely been evaluated based on his/ her level of participation and contribution to the performance of Board/ Committee(s). Furthermore, the skills, knowledge, experience, attendance record, devotion of sufficient time and efficient discharge of responsibilities towards the Company, Board and Committees of which he/ she is a member are considered for evaluation. Additionally, timely disclosure of personal interest, compliance of Code of Conduct and Ethics, Code for Independent Directors etc., are also taken into account.

ii. External Evaluation of Public Interest Directors

As per the amended SECC Regulations, Public Interest Directors can be nominated by SEBI on the Board of a recognized stock exchange for an initial term of three years, extendable by another term of three years subject to performance review prescribed by SEBI. SEBI vide its circular dated February 5, 2019, has mandated the Public Interest Directors of a stock exchange to be subjected to an external evaluation during the last year of their term by a management or a human resources consulting firm.

iii. Chairman's Performance Evaluation

Providing effective leadership, setting effective strategic agenda of the Board, encouraging active engagement by the Board members, establishing effective communication with all stakeholders, etc.

iv. Performance evaluation of the Board as a whole

The performance of the Board of Directors is evaluated on the basis of various criteria which inter-alia, includes providing entrepreneurial leadership to the Company, understanding of the business, strategy and growth, responsibility towards stakeholders, risk management and financial controls, quality of decision making, monitoring performance of management, maintaining high standards of integrity and probity, etc.

v. Evaluation of the Board Committees

The performances of the Committees are evaluated on the basis of following parameters:

a. Mandate and composition
b. Effectiveness of the Committees
c. Structure of the Committees and their meetings
d. Independence of the Committees from the Board
e. Contribution to the decisions of the Board

The detailed policy is available on the website https://www.msei.in/about-us/policy.

5. Remuneration of Directors

a) All pecuniary relationship or transactions of the non-executive 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.

b) Sitting fees paid to Non-Executive Directors/Public Interest Directors during the year are as follows:

NAME OF THE DIRECTOR	SITTING FEES (IN RS.)
Mr. Dinesh K Mehrotra	9,40,000
Mr. Ketan Shivji Vikamsey *	9,20,000
Mr. S V D Nageswara Rao	10,90,000
Mr. Sudhir Kumar Bassi	4,80,000
Ms. Trishna Guha	10,30,000
Mr. Vijay Sardana	7,10,000

Note:
* Mr. Ketan Vikamsey resigned as PID on June 19, 2020.

c) The details of remuneration paid to Executive Director for the financial year ended March 31, 2020 are provided hereunder:

Particulars	Ms. Latika S Kundu MD & CEO (appointed wef March 12, 2020)
Salary and allowances	Rs. 2,68,816
Period of Service Contracts	For a period of three years Commencing on and from March 12, 2020 to March 11, 2023
Notice Period	Three Months

6. Stakeholder Relationship Committee:

A. Composition and Terms of Reference (TOR):

The Committee met twice during the year. The Chairman of the Committee is Mr. S.V.D. Nageswara Rao. The meeting was held on May 7, 2019 and November 13, 2019. The details of Composition and participation of the members at the meetings of the committee as on March 31, 2020 were as under:

Members	Category	Meetings held during the Year	Meetings attended during the Year
Mr. S.V.D. Nageswara Rao Chairman of the Committee	Public Interest Director	2	2
Mr. Dinesh Kumar Mehrotra	Public Interest Director	2	2
Mr. Sudhir Bassi	Shareholder Director	2	1
Ms. Latika S. Kundu*	MD & CEO	NA	NA

* Ms. Latika S. Kundu was appointed as MD & CEO w.e.f. March 12, 2020.

B. Terms of Reference:

The Terms of Reference of the Stakeholders Relationship Committee pursuant to Regulation 33 of SECC Regulation read with Regulation 20 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 is given below:

1. Resolving the grievances of the security holders of Exchange including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Noting status of dematerialization, rematerialization, share transfer, transposition of names, transmission requests, etc.;
3. Review of measures taken for effective exercise of voting rights by shareholders.
4. Review of adherence to the service standards adopted by the Exchange in respect of various services being rendered by the Registrar & Share Transfer Agent.
5. Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
6. Any other specific stakeholder matters as may be specified by the Board from time to time;

C. Name and Designation of Compliance Officer

Mr. P. K. Ramesh - Chief Regulatory Officer & Compliance Officer.

D. Name and Designation of Company Secretary

Mr. Yashwant Kakade - Company Secretary (w.e.f. November 2, 2018) resigned w.e.f January 20, 2020.

Ms. Manisha Thakur, Head – Legal & Company Secretary w.e.f May 13, 2020

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

The Exchange received complaints from its shareholders and resolved those complaints during the year.

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	4	4	0

7. Public Interest Director Committee:

A. Composition, Meetings and Attendance:

During the year the Committee met two (2) times. The meetings were held on. June 26, 2019 and December 4, 2019. The details of the Composition and attendance of the members of the committee as on March 31, 2020 are listed below:

Members	Category	Meetings held during the Year	Meetings attended during the Year
Mr. Ketan Vikamsey* Public interest Director	Independent Director	2	2
Mr. Dinesh Kumar Mehrotra Public Interest Director	Independent Director	2	2
Ms. Trishna Guha Public Interest Director	Independent Director	2	2
Mr. S.V.D. Nageswara Rao Public interest Director	Independent Director	2	2
Mr. Vijay Sardana	Independent Director	2	2

Note:

* Mr. Ketan Vikamsey resigned as PID on June 19, 2020.

B. **Terms of Reference (TOR):**

The Terms of Reference of the PID Committee pursuant to Regulation 26 read with Part A of Schedule II of SECC Regulation is given below:

1. Status of compliance with SEBI letters/ Circulars.
2. Review the functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions.
3. The PID's shall prepare a report on the working of the other committees where they are also the members. The report shall be circulated to the other public interest directors.
4. A consolidated report shall then be submitted to the Governing Board of the stock exchange.
5. The PID's shall identify important issues which may involve conflict of interest for the stock exchange or may have significant impact on the market and report the same to SEBI.

C. It is confirmed that in the opinion of the Board, the Independent directors fulfil the conditions specified in these regulations and are independent of the management.

8. General Body Meetings:

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

Financial year	Date & Time	Venue of the meeting	Special resolution(s) passed
2018-19	September 23, 2019 at 11:00 am	MIG Cricket Club, 2nd floor, Galaxy Hall, Ramakrishna Paramahans Marg, MIG Colony, Bandra East, Mumbai, Maharashtra 400051	NA
2017-18	September 26, 2018 at 11:30 a.m.	Banquet Hall, Ground Floor, MCA Recreation Centre,RG-2, G-Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051	NA
2016-17	September 14, 2017 at 11:30 a.m.		To authorize the Board for increase in investment limit

ix. **No Extraordinary general meeting of the members was held during FY 2019 -20.**

B. **Postal Ballot**

The Company has not passed any resolution by way of postal ballot during the financial year ended March 31, 2020 and no resolution was proposed to be conducted through postal ballot.

9. 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.

10. General Shareholder Information:

Day, Date, Time of Annual General Meeting (2019-2020)	December, 18, 2020 at 2.00 p.m. Venue:- The Company is conducting meeting through Video Conferencing/Other Audio Visual Means pursuant to the MCA Circular dated May 5, 2020. For details, please refer Notice of this AGM. The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company located at 4th Floor, Vibgyor Towers, C-62, G Block Bandra Kurla Complex, Bandra, (East), Mumbai- 400098. Tel: 61129000 Email id: secretarial@msei.in , Website: www.msei.in which shall be the deemed venue of AGM
Financial year	April 01, 2019 to March 31, 2020
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	KFin Technologies 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 4,810,217,033 equity shares of the Company as on March 31, 2020 are under dematerialized (electronic) form. The equity shares of the Company have been admitted for dematerialization 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 equityble instruments, conversion date and likely impact on equity	As at March 31, 2020, the Company had no outstanding Warrants.
Exchange operations are located at and Address for Correspondence	4th Floor, Vibgyor Towers, C-62, G Block Bandra Kurla Complex, Bandra, (East), Mumbai- 400098. Tel: 61129000 Email id: secretarial@msei.in Website: www.msei.in

11 Distribution of Shareholding as on March 31, 2020:

Sr. No	Category	Shareholders		Shares held	
		No. of holders	% of Total	No. of shares	% of Total
1	up to 1 - 5000	12406	27.92	39249078	0.82
2	5001 - 10000	8668	19.51	77881195	1.62
3	10001 - 20000	6177	13.90	100425658	2.09
4	20001 - 30000	4034	9.08	105170190	2.19
5	30001 - 40000	1668	3.75	61342350	1.28
6	40001 - 50000	2782	6.26	136271287	2.83
7	50001 - 100000	4491	10.11	381509163	7.93
8	100001 & ABOVE	4201	9.46	3908368112	81.25
	Total	**44427**	**100**	**4810217033**	**100.00**

12 Category – wise Shareholding Pattern as on March 31, 2020:

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	71,87,92,705	14.94
(b)	Bodies Corporate	205	91,33,20,724	18.99
(c)	Individuals	42666	2,48,23,08,131	51.60
(d)	HUF	1316	21.35,53,114	4.44
(e)	Trusts	1	56,72,734	0.12
(f)	Non-Resident Indian	220	47,65,69,625	9.91
	Total B	44427	4810217033	100.00
	Total (A+B)	44427	4810217033	100.00

13 Other Disclosures:

a. CEO Certification

The Certificate from CEO as required under Part D of Schedule V of the Listing Regulations containing declaration as to affirming compliance with the Code of Conduct, under SECC Regulations for the FY 2019-20, is annexed at the end of this report as ***ANNEXURE A***.

b. Compliance with the conditions of Corporate Governance

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, to the extent as applicable, with regards to Corporate Governance. A certificate in this regard is attached as ***ANNEXURE B***.

c. 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 "Indian Accounting Standard 24 – Related Party Disclosures" 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/about-us/policy.

d. 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 2019-20, there were no Penalties or strictures imposed on the Exchange by SEBI or any statutory authority, on any matter related to the capital markets.

SEBI had renewed the recognition of the Exchange for a further period of one year commencing from September 16, 2019 to September 15, 2020 subject to condition which the Exchange has commenced complying.

The net worth of the Exchange has been enhanced as per the Regulations.

e. 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 can 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 http://www.msei.in/about-us/code. None of the whistle blowers were denied access to the Audit Committee during FY 2019-20 to the knowledge of the Compliance Officer. The same is reviewed by the Audit Committee on a quarterly basis.

In the year 2019-2020 no complaints were received from employees to the Compliance officer as per Whistle Blower Policy of the Exchange.

In the previous years, certain complaints were received from two ex-employees of the Exchange. These complaints were taken up at appropriate level at the Exchange. The Committee of Public interest Directors had appointed an Independent and reputed investigation firm to investigate the matters as per the SEBI Directive. The investigation has been completed and the report has been submitted to SEBI in December 2018.

INDEPENDENT AUDITOR'S REPORT

To the Members of Metropolitan Stock Exchange of India Limited
Report on the Audit of the Standalone Financial Statements

1. Qualified Opinion

We have audited the accompanying standalone Ind AS financial statements of **Metropolitan Stock Exchange of India Limited ('Company')**, which comprise the Standalone Balance Sheet as at March 31, 2020, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Change in Equity, the Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

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 matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements prepared in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS'), gives 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, 2020, the loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

2. Basis for Qualified Opinion

We draw attention to note 37 of the standalone financial statement with respect to preparation of the Ind AS Standalone Financial Statements on going concern basis even though it has continued to incur significant losses during the current and preceding periods. As advised, the Company is adequately capitalised, it has gone live on interoperability, operations are functioning appropriately and gross revenue are expected to increase in future years and accordingly the company continues to prepare its Financial Statements on going concern basis. However, the business volumes are not sufficient and there is no clarity on increasing revenue & making profits and the Company could not achieve its projected revenues so far. The management has also considered the GST Credit available amounting to Rs 4171 Lakh and MAT Credit Entitlement amounting to Rs 186 Lakh as recoverable treating the company as going concern. We are unable to comment on the preparation of accounts on going concern basis and not making provisions for impairment for the above and the other adjustments, if any, that will be arising out of the same.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

3. Emphasis of Matter

a. We draw attention to Note 55 of the standalone financial statement, which describes the extent to which the Covid-19 pandemic will impact the Company's financial statement and will depend on the future developments, which are highly uncertain.

b. We draw attention to Note 54 of the standalone financial statement, in respect of contribution to be made to Core Settlement Guarantee Fund by the Company to clearing corporations other than Metropolitan Clearing Corporation of India Limited. Considering the representation made by the Company to Securities Exchange Board of India Limited (SEBI) and clarification to be received from them in this regard, no impact has been considered in the standalone financial statement.

Our opinion is not modified in respect of these matters.

4. Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

a. Identification of Onerous Contract

As per Ind AS 37 "Provision, contingent liabilities and contingent assets", an onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The company has an unavoidable long-term contract with one of the service providers which constitutes approx. 60% of the Technology Cost (refer note 30) for the year ended March 31, 2020.

Auditor's Response: Our procedure in relation to identification of onerous contract included, review of material contract with service providers, assessing the related cost and economic benefits expected to be received/are received and critically assessing the management's estimates with regard to plan for utilization of such costs. Based on above audit procedures the said contract has not been treated as onerous contract as on March 31, 2020.

b. Carrying value of Intangible Assets

In the Current period, Company has carried out impairment testing of intangibles assets to ascertain the carrying value of Intangible

Assets majorly computer software based on current and future expected activity and usage from software deployed for various segment and accordingly considered a provision for impairment of Rs 1,480 Lakh.

Auditor's Response: We have examined the balance useful life, amortization charges and the impairment testing so performed by the management including assumption made while accessing the expected discounted inflow from various services rendered by the exchange. Based on above, we assessed the impairment of Intangibles, as aforesaid, made by the management.

5. Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in Company's Annual report but does not include the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

6. Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

7. Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

8. Report on Other Legal and Regulatory Requirements

a. 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 Companies Act, 2013, we give in the **'Annexure A'**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

b. As required by Section 143(3) of the Act, based on our audit, we report that:

i. We have sought and obtained, except for the matters described in the Basis for Qualified Opinion paragraph, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

ii. Except for the matters described in the Basis for Qualified Opinion paragraph, 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.

iii. The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.

iv. Except for the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (India Accounting Standards) Rules, 2015, as amended.

v. 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.

vi. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

vii. The qualification relating to the maintenance of accounts and other matters connected herewith are as stated in the Basis for Qualified Opinion paragraph above.

viii. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

ix. With respect to the matter to be included in the Auditor's Report under section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act.

x. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) 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 statement. (Refer note 35)

   ii. 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. (Refer note 35)

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. 076650

UDIN:
Place of Signature: Mumbai
Date: June 23, 2020.

Annexure A to the Auditor's Report

The annexure referred to in Independent Auditors' Report to the member of Metropolitan Stock Exchange of India Limited ('Company') on the standalone financial statement for the year ended March 31, 2020, we report that;

(i) Fixed Assets

a) The Company has maintained proper records showing full particulars including quantitative details and situtation of its fixed assets.

b) As per the explanation and information given to us , the Company has a regular program of physical verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) According to the informations and explanations given to us, there is no Immovable Property in the books of accounts of the Company. Accordingly, reporting under paragraph 3(i)(c) of the Order is not applicable to the Company.

(ii) The nature of business of the company does not require to have any physical inventory. Accordingly, reporting under paragraph 3(ii) of the Order is not applicable to the company.

(iii) The Company, during the year, has not granted any Secured or unsecured loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, reporting under paragraph 3 (iii) (a), (b) and (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 provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanation given to us, the company has not accepted any deposits which are covered under the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder. Accordingly, reporting under paragraph 3 (v) of the order is not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act for the business activities carried out by the Company. Accordingly, reporting under paragraph 3(vi) of the order is not applicable to the Company.

(vii) According to the information and explanations given to us, in respect of Statutory Dues:

a) The Company has generally been regular in depositing its undisputed statutory dues (with respect to amounts deducted / accrued in the books of account) including provident fund, employees state insurance, income-tax, goods and services tax, cess and other material statutory dues (where applicable) to the appropriate authorities. There were no material undisputed dues payable, outstanding as on March 31, 2020. 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. Lakh)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Demand under section 156	921.38 (excl. interest)	AY 2012 – 13	CIT Appeal

Refer note 35 of the financial statement

(viii) According to the information and explanations given to us and based on the records of the Company examined by us, the Company has not defaulted in the repayment of loans or borrowings to banks. Company has not availed any loan or borrowing from financial institutions or government and also did not have any debentures outstanding during the year.

(ix) The Company didn't raise any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanation given to us, and based on audit procedures performed by us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us, the managerial remuneration has paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, reporting under paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) As per the information and explanations given by the management and on the basis of our examination of the records of the Company, the transactions with the related parties are in compliance with section 177 and 188 of Act where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under paragraph 3(xiv) of the Order is not applicable.

(xv) As per the information and explanations given by the management, the Company has not entered into any non-cash transaction with directors or persons connected with him during the year and hence the provisions of Section 192 of the Act is not applicable to the company.

(xvi) As per the information and explanations given by the management, company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under paragraph 3 (xvi) of the order is not applicable to the company.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. 076650

UDIN:
Place of Signature: Mumbai
Date: June 23, 2020.

'Annexure B' to Independent Auditor's Report

Report on the Internal Financial Controls with reference to standalone financial statements of Metropolitan Stock Exchange of India Limited ('Company'), under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial with reference to standalone financial statement of **Metropolitan Stock Exchange of India Limited** (**'the Company'**) as of March 31, 2020, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2020, based on the internal control with reference to financial statements 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.

Management's Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 respective 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 ('the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls. 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements of the Company.

Meaning of internal financial controls with reference to financial statements

A company's internal financial controls with reference to financial statements 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. 076650

UDIN:
Place of Signature: Mumbai
Date: June 23, 2020.

STANDALONE BALANCE SHEET

as at March 31, 2020

(₹ in Lakh)

		Particulars	Note	As at March 31, 2020		As at March 31, 2019	
I		**ASSETS**					
	1	**Non-Current Assets**					
	(a)	Property, plant and equipment	3	257		439	
	(b)	Intangible assets	4	1,757		3,741	
	(c)	Intangible assets under development	4	171		92	
	(d)	Right to use assets		243		-	
	(e)	Financial assets					
		i. Investments					
		a. Investment in subsidiaries	5	12,019		28,314	
		b. Other Investments	5	3,981		-	
		ii. Other financial assets	6	5,782		4,226	
	(f)	Income tax assets (net)	7	379		567	
	(g)	Deferred tax assets (net)	8	186		186	
	(h)	Other non-current assets	9	4,182	28,957	4,018	41,583
	2	**Current Assets**					
	(a)	Financial assets					
		i. Investments	10	3,882		667	
		ii.Trade receivables	11	67		60	
		iii.Cash and cash equivalents	12	1,257		136	
		iv.Bank balance other than (iii) above	13	478		-	
		v.Other financial assets	14	382		42	
	(b)	Income tax assets (net)	15	457		993	
	(c)	Other current assets	16	332	6,855	304	2,202
		Total Assets			**35,812**		**43,785**
II		**EQUITY AND LIABILITIES**					
	3	**Equity**					
	(a)	Equity Share capital	17	48,052		48,052	
	(b)	Other equity	18	(17,170)		(12,341)	
		Total Equity			**30,882**		**35,712**
		Liabilities					
	4	**Non-Current Liabilities**					
	(a)	Financial liabilities					
		i.Lease rental liability	19	184			
		ii. Other financial liabilities	20	2,308		2,816	
	(b)	Provisions	21	14		11	
					2,506		**2,827**
	5	**Current Liabilities**					
	(a)	Financial liabilities					
		i. Borrowing	22	-		2,415	
		ii. Trade payables					
		a. Total outstanding dues of micro enterprises and small enterprises		2		-	
		b. Total outstanding dues to creditors other than micro enterprises and small enterprises	23	211		963	
		iii. Lease rental liability	25	418		-	
		iv. Other financial liabilities	24	1,481		1,530	
	(b)	Other current liabilities	26	286		323	
	(c)	Provisions	27	26	2,424	15	5,246
		Total Equity and Liabilities			**35,812**		**43,785**

Significant Accounting Policies and Explanatory Information forming part of the financial statements 2-58

As per our report of even date
For **T R Chadha & Co LLP**
Chartered Accountants
Firm Reg.No.006711N/N500028

Pramod Tilwani
Partner
Membership No.076650

Mumbai
Dated : June 23, 2020

For and on Behalf of the Board of Directors of
Metropolitan Stock Exchange of India Limited

Dinesh Kumar Mehrotra
Chairman & Public Interest Director
DIN :00142711

Latika S. Kundu
Managing Director & CEO
DIN :0008561873

Saket Bhansali
Head, New Initiatives & Incharge, Finance & Accounts

Manisha Thakur
Head Legal & Company Secretary
ACS10855

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

(Amount is ₹ in Lakh except per share value)

Particular	Note	For the Year 2019-20	For the Year 2018-19
1 Income			
(a) Revenue from operations	28	525	583
(b) Other income	29	1,050	712
Total Revenue		**1,575**	**1,295**
2 Expenditure			
(a) Operating expenses	30	1,072	1,049
(b) Employee benefits expense	31	1,699	1,572
(c) Finance costs	32	139	110
(d) Advertisement and business promotion expenses	33	51	194
(e) Depreciation and amortisation expense	3 & 4	844	1,334
(f) Depreciation On Right to Use Assets		197	-
(g) Other expenses	34	908	1,772
Total Expenses		**4,910**	**6,030**
3 Loss before tax		(3,335)	(4,735)
4 Exceptional items		(1,480)	-
5 Loss before tax		(4,815)	(4,735)
6 Tax expense			
Less : Current tax		-	-
Less : Earlier year tax		-	8
Less : Deferred tax		-	-
7 Loss for the year		(4,815)	(4,743)
8 Other comprehensive income			
1) Items that will not reclassified to profit or (loss) (net of tax)		(14)	(8)
Total other Comprehensive Income for the year, net of tax		**(14)**	**(8)**
Total Comprehensive Income for the year		**(4,829)**	**(4,751)**
9 Earnings per equity share of face value of Re.1 each			
Basic (in Rs.)		(0.10)	(0.10)
Diluted (in Rs.)		(0.10)	(0.10)

Significant Accounting Policies and Explanatory Information forming part of the financial statements 2-58

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

Pramod Tilwani
Partner
Membership No.076650

Dinesh Kumar Mehrotra
Chairman & Public Interest Director
DIN :00142711

Latika S. Kundu
Managing Director & CEO
DIN :0008561873

Mumbai
Dated : June 23, 2020

Saket Bhansali
Head, New Initiatives & Incharge, Finance & Accounts

Manisha Thakur
Head Legal & Company Secretary
ACS10855

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

A. Equity Share Capital

(Amount in ₹ in Lakh except number of shares)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Equity shares at the beginning of the year	4,81,02,17,033	48,102	4,78,23,68,284	47,824
Add:-Shares issued during the year	–	–	2,78,48,749	278
Equity shares at the end of the year	**4,81,02,17,033**	**48,102**	**4,81,02,17,033**	**48,102**

B. Other Equity

(₹ in Lakh)

Particulars	Reserves & surplus			Non Refundable Interest Free Deposits Against Warrants	Warrant application money pending allotment	Other comprehensive income	Total
	Securities premium	Retained earnings	Capital Reserve			Remeasurement of employees benefit	
As at 31 March 2018	39,279	(47,133)	-	0	0	12	(7,842)
Add : Addition on share issued	278	-	-	-	-	-	278
Less : Share Issue Expenses*	(26)	-	-	-	-	-	(26)
Allotment during the year	-	-	-	(0)	(0)	-	(0)
Addition	-	-	0	-	-	(8)	(8)
Forfeited during the year			-		(0)		(0)
Profit for the year	-	(4,743)	-	-	-	-	(4,743)
As at 31 March 2019	**39,531**	**(51,876)**	**0**	**0**	**(0)**	**4**	**(12,341)**
Addition to OCI						(14)	(14)
Profit for the year		(4,815)					(4,815)
As at 31 March 2020	**39,531**	**(56,691)**	**0**	**0**	**(0)**	**(10)**	**(17,170)**

As per our report of even date

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

Pramod Tilwani
Partner
Membership No.076650

Mumbai
Dated : June 23, 2020

For and on Behalf of the Board of Directors of
Metropolitan Stock Exchange of India Limited

Dinesh Kumar Mehrotra
Chairman & Public Interest Director
DIN :00142711

Latika S. Kundu
Managing Director & CEO
DIN :0008561873

Saket Bhansali
Head, New Initiatives & Incharge,
Finance & Accounts

Manisha Thakur
Head Legal & Company Secretary
ACS10855

STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2020

(₹ in Lakh)

Particulars	For the year 2019-20		For the year 2018-19	
A. Cash flow from Operating Activities				
Net Profit / (Loss) before tax as per Statement of Profit and Loss		(4,815)		(4,735)
Adjustments for				
Depreciation/Amortisation	844		1,334	
Depreciation On Right to Use Assets	197			
Impairment of Assets	1,480			
Net fair value gain/loss on financial assets measured at fair value through profit and loss	13		30	
Dividend from Investments				
Unrealised Exchange Rate fluctuation	2		-	
Interest Income - Bank FD	(348)		(279)	
Interest Income - Corp. FD	(100)			
Interest on IT Refund	(80)			
Finance Costs	99		110	
Finance Costs - ROU Asset (net)	40			
Fixed assets written off	-		372	
Provision for doubtful debts	39		31	
Impairment loss on other assets	-		15	
Profit on sale of investments (net)	(222)		(100)	
Remeasurement of Employee Benefit	(14)		(8)	
Depletion in value of investments	0	1,950	1	1,505
Operating profit/ (loss) before working capital changes		**(2,865)**		**(3,230)**
Adjustments for				
Decrease/ (increase) in Trade receivable	(49)		20	
Decrease/ (increase) in current & non current asset	(162)		261	
Total Increase / (decrease) in Current and non current assets		**(211)**		**281**
Increase / (decrease) in trade payables	(750)		154	
Increase / (decrease) in financial and other liabilities	(512)		(771)	
Increase / (decrease) in provision	13		(3)	
Total Increase / (decrease) in Current and non current Liabilities		**(1,249)**		**(621)**
Cash generated from/(used in) operations		**(4,325)**		**(3,570)**
Net Prior Year Adjustments				
Less:(Taxes paid) / refund received		804		(8)
Net cash generated from/(used in) operating activities		**(3,521)**		**(3,578)**
B. Cash flow from Investing Activities				
Purchase of Fixed Assets (including Capital Work In Progress)		(248)		(147)
Sale of Fixed Assets (net)		12		3
Purchase of current investments		(23,891)		(2,826)
Sale of current investments		20,884		4,028
Fixed deposit placed with banks		(15,500)		(4,003)
Corporate Deposits (net)		(3,981)		-
Fixed deposit matured		13,516		3,476
Investment in subsidiary company		16,295		-
Interest received (net of accrued interest)		297		279
Net cash generated from/(used in) Investing Activities		**7,385**		**810**

STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2020 (Contd.)

(₹ in Lakh)

Particulars	For the Nine Month ended March 31, 2020	For the year 2018-19
C. Cash flow from Financing Activities		
Finance Costs	(99)	(110)
Lease Liability Payment	(228)	
Share application money received/ (refunded)	-	(0)
Short term borrowings	(2,415)	2,415
Proceeds from issuance of shares (Net)	-	278
Security premium collected	-	252
Net Cash Generated from Financing Activities	**(2,742)**	**2,834**
Net Increase in Cash and Cash Equivalents	**1,122**	**66**
Cash and Cash Equivalents at Beginning of the Year (Refer note 12)	136	70
Cash and Cash Equivalents at End of the Year (Refer note 12)	**1,257**	**136**
Add : Fixed Deposits held for more than three months	478	-
Closing Cash and Bank Balance as per Note 12 & 13	**1,735**	**136**
Component of cash & bank balance (refer note 12)		
In current account		
Owned	851	114
Earmarked	406	21
Cash on hand	**0**	**0**
Stamps in hand	**0**	**1**
	1,257	**136**

Significant Accounting Policies and Explanatory Information forming part of the financial statements

1. The Cash Flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7 (Ind AS 7)" Statement of Cash Flows" prescribed under Companies Act, 2013.

2. 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

Pramod Tilwani
Partner
Membership No.076650

Dinesh Kumar Mehrotra
Chairman & Public Interest Director
DIN :00142711

Latika S. Kundu
Managing Director & CEO
DIN :0008561873

Mumbai
Dated : June 23, 2020

Saket Bhansali
Head, New Initiatives & Incharge, Finance & Accounts

Manisha Thakur
Head Legal & Company Secretary
ACS10855

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT

for the year ended March 31, 2020

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 provides platform for trading in Currency Derivatives, Debt Segment, Interest Rate Futures, Equity Cash and F& O segment.

SEBI letter No. SEBI/HO/MRD/DSA/III/OW/P/2019/24053/1 dated September 13, 2019 renewed the recognition granted to the Stock Exchange for a period of one year commencing on the 16th day of September 2019 and ending on 15th day of September 2020.

The Standalone Financial Statement were authorised for issue by the Company's Board of Directors on June 23, 2020.

2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements ("financial statements"). These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation of financial statements

The standalone financial statements have been prepared and presented under the historical-cost convention on accrual basis, except as disclosed in the accounting policies below. The company has prepared these financials to comply in all material respect with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, as amended, relevant provisions of the Companies Act 2013, various regulatory guidelines to the extent relevant and applicable to the company and in accordance with the generally accepted accounting principles in India. The accounting policies adopted in the preparation of the financial statements are consistent.

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that is measured at fair value, and
- defined benefit plans - plan assets measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

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

2.2 Operating Cycle

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

§ Expected to be realised or intended to be sold or consumed in normal operating cycle

§ Expected to be realised within twelve months after the reporting period, or

§ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

§ It is expected to be settled in normal operating cycle

§ It is due to be settled within twelve months after the reporting period, or

§ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.3 Foreign currency translation and transactions

i) Functional and presentation currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial Statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency. All financial information presented in Indian rupees has been rounded to the nearest lakh except share and per share data in terms of schedule III unless otherwise stated.

ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit & Loss of the year."

2.4 Revenue recognition

Revenue is recognised in the Statement of Profit and Loss through following steps:

i) identification of the contract or contracts with the customers

ii) identification of the performance obligations in the contracts,

iii) determination of the transaction price

iv) allocation of the transaction price to the performance obligations in the contract

v) recognition of revenue when company satisfy a performance obligation.

Revenue mainly comprises :

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 exchange are matched and confirmed.

Membership Admission fees collected from new members for joining the exchange are recognized when received and membership approved by SEBI.

Processing and other fees collected from members are recognized for which services are performed.

Connectivity Income are apportioned over the period of connectivity on a pro rata basis from the date of activation of connectivity.

Income from Annual Listing Fees is recognized on time proportion basis.

Revenue from Shared Service recognised based on the time proportion basis.

Income from operating lease for asset usage recognised based on the time proportion basis.

Revenue from data feed charges based on the time proportion basis.

Interest income is recognized on time proportion basis into account the amount outstanding and the rates applicable. For all other financial assets measured at amortised cost interest income is recorded using the Effective Interest Rate (EIR).

The Company adopted Ind AS 115 "Revenue from Contracts with customers" w.e.f. 01 April 2018, using the Modified Retrospective transition approach which is applied to contracts that were not completed as of 01 April 2018.

The disclosure of significant accounting reporting requirements relating to revenue from contracts with customers are provided in Notes.

2.5 Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any. Income tax expense is recognised in the Profit or Loss except to the extent it relates to items directly recognised in equity or in other comprehensive income.

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities and assets are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are to be apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised only to the extent that there is a probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax credits and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

2.6 Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases.

2.7 Property, plant and equipment

Property, plant and equipment are measured at cost of acquisition net of recoverable taxes less accumulated depreciation and impairment loss, if any. Cost includes expenses that is directly attributable to acquisition of the assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for their intended use before such date are shown as Capital Work in Progress.

Depreciation on property, plant and equipment is provided on straight line method over 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 (in years)
1	Furniture and fixtures	10
2	Office Equipment’s	5
3	Vehicles	5-8
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.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. With the effect of any changes in estimate accounted for on a prospective basis.

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.

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 non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the lower of the present value of expected net cost of fulfilling the contract and the present value of expected cost of terminating the contract.

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.

Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably, is not recognised in the books of accounts but its existence is disclosed in the Financial Statements. 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 not recognized but disclosed in the financial statements when economic inflow is probable.

2.11 Fair Value Measurement

The company measures financial instruments at fair value in accordance with accounting policies at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the company

  All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.12 Financial instrument

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial Assets:

Initial recognition and measurement:

The company measures its financial assets at fair value. In this context, quoted investments are fair valued adopting the techniques defined in Level 1 of fair value hierarchy of Ind-AS 113 "Fair Value Measurement" and unquoted investments, where the observable input is not readily available, are fair valued adopting the techniques defined in Level 3 of fair value hierarchy of Ind-AS 113 and securing the valuation report from the certified valuer. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

i. The Company's business model for managing the financial asset and

ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

(a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

(a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to Investments in Equity and Convertible Warrants. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI.

However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

On De-recognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss.

However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

iii. **Financial assets measured at FVTPL:**

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

Equity Investments (in subsidiaries, associates and joint venture)

Investments in subsidiaries, associates and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

De-recognition

Financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;

(a) The company has transferred substantially all the risks and rewards of the asset, or

(b) The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

On De-recognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets

The company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measure at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

(b) **Financial Liabilities:**

Initial recognition and measurement

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. Financial liabilities are initially measured at Fair value.

Subsequent measurement

All non-current financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss..

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.13 Employee benefits

Short Term Obligation

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period at the undiscounted in the Statement of Profit & Loss and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other Long-Term employees benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss. The liability for earned leave is also classified as current where it is expected to be availed/ encashed during the next 12 months. The remaining portion is classified as non-current. The amounts of current and non-current liability are based on actuarial estimates.

Post-employment obligations

Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognised as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company.

The Company operates following post-employment schemes:

(a) defined benefit plans such as gratuity

(b) defined contribution plans such as provident fund

Defined Benefit Plans - Gratuity Obligation

The Company has maintained a Gratuity Scheme with the MCX Gratuity Trust. Trustees administer contributions made to the Trusts and contribution are invested in insurance company in the form of qualifying insurance policy. Company is contributing a sum determined by insurance company annually. The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

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

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

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

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Defined Contribution Plans - Provident Fund

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.14 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on 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.

2.15 Cash & Cash Equivalents

Cash and cash equivalent in the balance sheet comprises cash on hand and at bank and demand deposits with banks 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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

2.16 Key Accounting Estimates and Judgment

As per Ind AS the accounting policy should also disclose the significant estimates and critical judgment used in preparation of financial statement. The same can be done based on following lines:

The preparation of the Company's financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Income taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

Minimum Alternate Tax

Minimum Alternate Tax ("MAT") paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an deferred tax asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company. The management estimate the Company to pay normal tax and benefit associated with MAT will flow to the Company within permissible time limit under Income Tax Act, 1961 to the extent MAT asset recognised.

Property, Plant and Equipment

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financials assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgments and assumptions.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of Non-financial assets

The impairment provisions for Non-financial assets are based on assumptions about recoverability. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Going Concern Assumption

Going concern assumption has been applied on the basis that the company will able to continue its operation in the foreseeable future, and without there being any intention or necessity for it to either liquidate or curtail materially its scale of business operations.

2.17 Leases

The Company's lease asset primarily consists of leases for buildings. The Company assesses whether a contract contains a lease, at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low-value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense.

The right-of-use assets initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets is evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it exercises an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet, and lease payments have been classified as financing cash flows.

Significant Accounting Policies and notes to the standalone financial statements for the year ended March 31, 2020. (Rupees in lakhs, except share and per share data, unless otherwise stated)

3 Property, Plant and Equipment

(₹ in Lakh)

Particulars	Office Equipment's	Computer Hardware	Furniture & Fixtures	Vehicles	Leasehold Improvements	Total
Gross Carrying amount as at 31.03.2018	**181**	**3,820**	**51**	**39**	**149**	**4,240**
Addition	4	8	0	-	17	29
Disposals/Write off	-	22	-	13	-	34
Gross Carrying amount as at 31.03.2019	**185**	**3,806**	**51**	**26**	**166**	**4,235**
Addition	2	4	-	-	-	5
Disposals/Write off	34	521	5	15	-	575
Gross Carrying amount as at 31.03.2020	**153**	**3,289**	**46**	**11**	**166**	**3,665**
Accumulated Depreciation as at 31.03.2018	**150**	**3,055**	**24**	**14**	**128**	**3,371**
Depreciation charges during the year	12	419	7	8	7	453
Disposals/Write off	-	18	-	10	-	28
Accumulated Depreciation as at 31.03.2019	**161**	**3,456**	**31**	**12**	**135**	**3,796**
Depreciation charges during the year	9	149	5	2	13	176
Disposals/Write off	34	522	5	3	-	564
Accumulated Depreciation as at 31.03.2020	**136**	**3,083**	**31**	**11**	**148**	**3,408**
Net Carrying amount as at 31.03.2020	**17**	**206**	**15**	**1**	**18**	**257**
Net Carrying amount as at 31.03.2019	**23**	**350**	**20**	**14**	**31**	**439**

4 Intangible Assets and Intangible Assets under development

(₹ in Lakh)

Particulars	Computer Software**	Intangible asset under development	Total
Gross Carrying amount as at 31.03.2018	**11,237**	**179**	**11,416**
Addition	205	95	300
Disposals/write off	446	182	628
Gross Carrying amount as at 31.03.2019	**10,996**	**92**	**11,088**
Addition	164	430	594
Disposals/write off	1,032	351	1,383
Gross Carrying amount as at 31.03.2020	**10,128**	**171**	**10,299**
Accumulated Depreciation as at 31.03.2018	**6,452**	**-**	**6,452**
Depreciation charges during the year	880		880
Disposals/write off	77		77
Accumulated Depreciation as at 31.03.2019	**7,255**	**-**	**7,255**
Depreciation charges during the year	669		669
Disposals/write off	1,032		1,032
Impairment loss	1,480		1,480
Accumulated Depreciation as at 31.03.2020	**8,371**	**-**	**8,372**
Net Carrying amount as at 31.03.2020	**1,757**	**171**	**1,927**
Net Carrying amount as at 31.03.2019	**3,741**	**92**	**3,833**

(Other than internally generated)

** In certain cases the company has only usage right and not the title or ownership amounting to Rs. 1,204 Lakh (PY 3,237 Lakh)

Significant Accounting Policies and notes to the standalone financial statements for the year ended March 31, 2020. (Rupees in lakhs, except share and per share data, unless otherwise stated)

5 Non Current Investment

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Investment in Equity Instrument				
Unquoted (at cost)				
Subsidiary Companies				
12,01,71,400 Equity Shares (PY 28,31,20,991) of Metropolitan Clearing Corporation India Limited of Rs.10 each fully paid-up.	12,017		28,312	
50,000 Equity Shares (PY 50,000) of MCX-SX KYC Registration Agency Ltd. of Rs.10 each fully paid-up.	5		5	
	12,022		28,317	
Less :- Provision for dimunition in the value of Investments	3	12,019	3	28,314
Other Investments				
Corporate Fixed Deposits				
HDFC Ltd	1,501			
LIC Housing Finance Limited	1,000			
Mahindra & Mahindra Finance Limited	500			
Bajaj Finance Ltd	980	3,981		
Total		**16,000**		**28,314**
Aggregate book value of quoted investments				-
Aggregate market value of quoted investments				-
Aggregate carrying value of un-quoted investments		16,000		28,314
Aggregate amount of impairment in value of investments		3		3

6 Other Financial Assets

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Non Current Bank Balance				
Deposit with banks (with Original Maturity more than 12 months)		2,228		
Earmarked				
Towards members deposit		3,129		3,854
Towards investor service fund		129		126
Towards defaulter committee fund		23		23
Other financial deposits		-		-
Lease rental receivable		77		
Others				
Security Deposits		196		223
Total		**5,782**		**4,226**

7 Income Tax Assets (Net)

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Advance income tax (net)		379		567
Total		**379**		**567**

8 Deferred tax assets (Net)

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
MAT credit entitlements*		186		186
Total		186		186

* The management expects the company to pay normal tax and benefit associated with MAT credit will flow to the company within permissible time limit stipulated under income tax act, 1961 to the extent MAT asset recognised.

9 Other Non-Current Assets

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good)				
Tax recoverable, statutory deposits and dues from government		4,171		4,000
Prepaid expenses		11		18
Total		4,182		4,018

10 Current Investments

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Rupees	Units	Rupees
In Mutual Funds (Quoted) *				
Investments in mutual funds at FVTPL				
Nippon India Liquid Fund - DGP - G OPTION	4,126.136	**200**	2,706.527	**124**
Nippon India Liquid Fund - GP - G OPTION		-	2,247.987	**102**
HDFC Liquid Fund - Dir - Growth	11,786.909	**460**	531.679	**20**
SBI Magnum Low Duration Fund Direct Growth		-	1,044.966	**25**
ICICI Prudential Liquid - Growth		-	37,041.496	**102**
Aditya Birla Sun Life Liquid Fund - Growth		-	81,600.777	**244**
Invesco India Liquid Fund - Growth		-	1,956.134	**50**
ABSL MMF - G-D	1,05,964.940	**287**		
HDFC MM Fund –D – G	4,741.094	**200**		
ABSL Liquid Fund - G-D	1,91,731.372	**613**		
Nippon India MM Fund – D.G. Plan	10,682.731	**326**		
ABSL Overnight Fund - G-D	103.072	**1**		
HDFC Overnight Fund - D-G	11.608	**0**		
Nippon India OVERNIGHT FUND – D-G	136.397	**0**		
ICICI Prudential Liquid Fund D-G	1,64,745.463	**484**		
Kotak Liquid Fund - D-G	13,172.923	**529**		
Axis Liquid Fund D-G	35,431.315	**781**		
Total		**3,882**		**667**
Aggregate book value of quoted investments		-		-
Aggregate market value of quoted investments		3,882		667
Aggregate carrying value of un-quoted investments		-		-
Aggregate amount of impairment in value of investments		-		-
* Rs. 11.91 Lakh (PY Rs. 431 lakh/-) are towards making payments of the deposits of members.				

11 Trade receivables

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Current				
Unsecured, considered good		51		48
Receivables which have significant increase in credit risk		16		12
Credit impaired	97		58	
Less :- Allowance for credit impaired debts (expected credit loss allowance)	97	-	58	-
Total		**67**		**60**

Note 1 Trade receivables are dues in respect of services rendered in the normal course of business.

Note 2 The Normal credit period allowed by the Company ranges from 0 to 60 days.

Note 3 The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a detailed analysis of trade receivables by individual departments.

Note 4 There are no dues by directors or other officers of the Parent Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

Movement in expected credit loss allowance

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Balance at the beginning of the year		58		27
Impairment loss allowance on trade receivables		39		31
Balance at the end of the year		97		58

12 Cash and cash equivalent

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Balance with banks				
- In current accounts				
Owned	80		114	
Earmarked				
Towards investor service fund	2		9	
Towards arbitration	15		11	
Towards defaulter committee fund	0		1	
Total		**97**		**135**
- Fixed Deposit with banks having maturity less than 3 months				
Owned	771		-	
Earmarked				
Towards members deposit	370		-	
Towards investor service fund	7		-	
Towards defaulter committee fund	12		-	
Stamps in hand	0		1	
Cash on hand	**0**		**0**	
Total		**1,160**		**1**
Total		**1,257**		**136**

13 Other Bank balance

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Other Bank Balances in Fixed Deposits		457		-
Earmarked				
Towards investor service fund		21		-
Total		**478**		**-**

14 Other Financial Assets

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Loan to Metropolitan Stock Exchange ESOP Trust	11		11	
Less :- Provision for Doubtful Loan	11	-	11	-
Interest accrued on Fixed Deposits		90		39
Owned	80		35	
Earmarked	10		4	
Interest Accrual on Corporate FD		100		-
Lease rental receivable		191		
Unbilled receivable		0		3
(Refer note 53)				
Total		**382**		**42**

15 Income Tax Assets (Net) - Current

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Advance Income Tax (Net of Provision)		457		993
Total		**457**		**993**

16 Other Current Assets

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good, unless otherwise stated)				
Advances to vendors		247		266
Advances to employees		0		2
Capital advances		0		2
Prepaid expenses		84		34
Other loan and advances	15		15	
Less :- Provision for doubtful advance	15	1	15	-
Total		**332**		**304**

17 Equity Share capital

(Amount is ₹ in Lakh except share value)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Authorised :				
5,50,00,00,000 (PY 5,50,00,00,000) Equity Shares of Re.1/- each		55,000		55,000
Issued :				
5,465,617,858 (PY 5,465,617,858) Equity Shares of Re.1/- each #		54,656		54,656
Subscribed and Paid-up 4,81,02,17,033 (PY 4,81,02,17,033) Equity Shares of Re.1/- each	**48,102**		**48,102**	
Less :- Amount recoverable from Metropolitan Stock Exchange ESOP Trust (Refer Note 18.6) 49,77,671 [(PY 49,77,671) equity shares of Re 1/- each fully paid allotted to the Metropolitan Stock Exchange ESOP Trust]	50		50	
		48,052		**48,052**
Total		**48,052**		**48,052**

Vide Board meeting dated May 7, 2019, the Board has approved withdrawal of the unsubscribed portion of the Rights issues of 2018 totalling to 655,400,825 number of Shares of Rs. 1 each.

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.

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

(Amount is ₹ in Lakh except share value)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Rupees	No. of Shares	Rupees
Equity shares				
At the beginning of the Year	4,81,02,17,033	48,102	4,78,23,68,284	47,824
Issued during the Year*	-	-	2,78,48,749	278
Outstanding at the end of the Year	4,81,02,17,033	48,102	4,81,02,17,033	48,102

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	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	6.90%	33,17,77,008	6.90%

18 Other Equity

(₹ in Lakh)

Particulars	Reserves & surplus			Non Refundable Interest Free Deposits Against Warrants	Warrant application money pending allotment	Other comprehensive income	Total
	Securities premium	Retained earnings	Capital Reserve			Remeasurement of employees benefit	
As at 31 March 2018	**39,279**	**(47,133)**	**-**	**0**	**0**	**12**	**(7,841)**
Add : Addition on share issued	278		-				278
Less : Share Issue Expenses (Note 18.7)	(26)		-				(26)
Allotment during the year	-		-	(0)	(0)		(0)
Addition			0			(8)	(8)
Forfeited during the year					(0)		(0)
Loss for the year		(4,743)	-				(4,743)
As at 31 March 2019	**39,531**	**(51,876)**	**0**	**-**	**-**	**4**	**(12,341)**
Addition to OCI	-					(14)	(14)
Loss for the year	-	(4,815)					(4,815)
As at 31 March 2020	**39,531**	**(56,691)**	**0**	**-**	**-**	**(10)**	**(17,170)**

18.1 Securities premium

Securities premium reflects issuance of the shares by the company at a premium i.e. a sum equal to the aggregate amount of the premium received on shares is transferred to a securities premium as per the provisions of the Companies Act, 2013. The premium is utilised in accordance with the provisions of the Companies Act, 2013.

18.2 Retained earnings

The same reflects surplus/deficit after taxes in the statement of profit and loss. The amount that can be distributed by the company as dividends to its equity share holders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

18.3 Capital Reserve

Capital Reserve represents the amount forfeited on 25,445 warrants against which Rs. 0.12 lakh has been collected.

18.4 Non Refundable Interest Free Deposits Against 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 till FY 17-18, hence the said warrants were not exercised into equity shares, which are exercised during previous year

18.5 Warrant application money pending allotment

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.1,683 lakh 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. 0.29 lakh received by MSE.

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.

During the previous year, the company issued 33,625 shares by conversion of the same number of warrants on receipt of balance Rs. 0.50 per warrant and forfeited Rs. 0.12 lakh being Rs. 0.50 per warrant on 25,445 warrants for non receipt of balance amount.

18.6 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 Lakhs to the Trust to subscribe to 54,33,000 shares issued at Re. 1 per share and were allotted on November 20, 2009. The amount of loan equivalent to the face value of securities subscribed and not allotted to employees 49.78 Lakhs (Previous Year Rs. 49.92 Lakhs) has been deducted from share capital account and the balance part of the loan representing the amount of Rs. 10.08 Lakhs (Previous Year Rs. 10,08 Lakhs] has been added to short term loans and advances in note no.14. The balance of such loan as at March 31, 2020 is Rs. 60.00 Lakhs. 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.

18.7 Share Issue Expenses

In accordance with Section 52 of the Companies Act, 2013, during the year the company has utilised securities premium account towards share issue expenses.

19 Lease rental liability - Non Current

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Lease rental liability		184		
Total		**184**		-

20 Other long-term liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Amount received from members and applicants towards :				
- Deposits		2,308		2,816
Total		**2,308**		**2,816**

21 Provisions - Non Current

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Provision for leave encashment		14		11
Total		**14**		**11**

22 Borrowings

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Secured				
Working Capital facility from bank		-		2,415
(The above loan is secured against charge on Fixed Deposits made with the banks by the subsidiary company MCCIL)				
Total		**-**		**2,415**

23 Trade Payables

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Micro, Small and Medium Enterprises		2		-
Others		211		963
(Refer note 45)				
Total		**213**		**963**

24 Other current financial liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Deposits from members		1,263		1,487
Share application money refundable		0		0
Sundry Creditors for Capital Expenditure		-		43
Other payable		218		-
Total		**1,481**		**1,530**

25 Lease rental liability - Current

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Lease rental liability		418		-
Total		**418**		**-**

26 Other Current Liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Unearned income (Refer note 53)		33		36
Investor Service fund #				
[Including interest earned of Rs. 10 lakh (PY 7 lakh)		168		141
Sebi Regulatory Fees		11		11
TDS Payable		39		21
Other Liabilities including Statutory Liabilities		34		32
Lease Equilisation		-		82
# 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. 168 lakh (PY 141 lakh) as at March, 31, 2020 represents the Listing Fees Contribution, net of expenses and interest earned thereon.				
Total		**286**		**323**

27 Provisions - Current

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Provision for gratuity		24		13
Provision for leave encashment		2		2
Total		**26**		**15**

28 Revenue from operations

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Revenue from operations				
Sale of services -				
Transaction Fees		68		62
Other operating revenue -				
Processing Fees		22		77
Listing Fees		172		173
Vsat connectivity income		-		1
Other connectivity charges		98		104
Data Feed Charges		45		45
Examination Fees		12		13
Membership Surrender Fee		94		94
Other revenue from Operations		14		14
Total		**525**		**583**

29 Other income

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Interest on Bank Deposits		348		278
Interest on Corporate Deposits		100		-
Interest Income Others		123		16
Profit on sale of Current Investments (Net)		222		100
Operating Lease Income for Asset Usage		243		313
Miscellaneous Income		14		5
Total		**1,050**		**712**

30 Operating expenses

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Clearing and Settlement Charges		21		9
Technology Cost		736		568
Sebi Regulatory Charges		27		25
Internet Connectivity Charges		1		1
Direct Communication Expenses		41		147
POP / NPN Charges		87		129
Co-Location Charges		90		86
Electricity Expenses- Direct		69		83
Total		**1,072**		**1,049**

31 Employee benefits expense

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Salaries, Allowances and Bonus		1,563		1,475
Contribution to Provident Fund and other funds		87		76
Staff Welfare and Other Amenities		49		21
Total		**1,699**		**1,572**

32 Finance costs

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Interest expenses		99		110
Finance cost - Right to use Asset-Ind AS		40		-
Total		**139**		**110**

33 Advertisement and Business Promotion Expenses

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Advertisement		7		172
Business Promotion Expenses		30		8
Sponsorships and Seminar		14		14
Total		**51**		**194**

34 Other expenses

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Rent*		163		388
Repairs and Maintenance - Others		92		87
Insurance		32		24
Travelling and Conveyance		37		23
Communication Expenses		13		14
Legal and Professional Charges		210		441
Electricity Expenses		41		45
Membership and Subscription Fees		25		26
Directors Sitting Fees		52		63
Payment to Auditors :				
- Audit Fees	15		15	
(Incl. tax audit, ICFR report)				
- Other matters (Certification)	6		15	-
- Reimbursement	0	21		30
Depletion in Value of Investments		0		1
Assets Written off		-		372
Exchange Rate Fluctuation (net)		2		1
ROC Fees		0		0
Provision for doubtful loan and advances		-		15
Expected Credit Loss		39		31
Bank Charges		1		6
Rates & Taxes		8		7
Printing & Stationery		17		10
Contribution to ISF		35		30
CENVAT Credit written off		22		33
Fair valuation of Mutual fund (loss)		13		30
Miscellaneous Expenses		85		94
Total		**908**		**1,772**

* Represents Rent Expenses for Short Term Lease for the Current Financial Year.

35 Contingent Liability

(i) Claim against the Company not acknowledged as debts :

a. IL&FS has filed a suit before the Bombay High Court against MSE (Suit No. 295 of 2014), along with a Notice of motion for interim relief for breach of the Share Purchase Agreement dated August 20, 2009 entered into between IL&FS (Plaintiff), MSE (Defendant No.1) and MCX (Defendant No.2) for purchase of shares of MSE by IL&FS from MCX. Various reliefs have been sought by IL&FS from MCX and MSE (on a joint and several basis), including monetary claim of INR 84.21 crore along with interest. Pleadings are completed and have been recorded by the Prothonotary.

The Notice of Motion no. 530/2014 in Suit no.: 295/2014 was heard on June 11, 2019 and the Hon'ble Bombay High Court through its order dated June 12, 2019 ordered that MSE and MCX, shall be restrained either directly or indirectly from issuing any further shares of MSE in any manner whatsoever without seeking the plaintiff's prior written consent in accordance with and/or in terms of Clause 5.5(a) of the SPA dated August 20, 2009. However, it was clarified by the Court that if IL&FS unreasonably withholds its consent then MSE shall be at liberty to approach the court for appropriate orders. MSE has filed an Appeal to the said order dated June 12, 2019 which will be taken up for hearing in due course of time.

The suit remains pending and no date of hearing has been fixed yet.

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 and a refund of Rs. 683.05 Lakhs has been received on the 4th May 2019. 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.

c. Claims not acknowledged as debt – Rs. 18.29 (PY Rs.17.70)

(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.

36 Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs 290.11 Lakhs as on 31st March, 2020. (PY Rs. 51.10 Lakhs).

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

The Company is adequately capitalized, the regulatory net worth of the company as on March 31, 2020 stands at Rs. 188 Crores as against minimum regulatory requirement of Rs. 100 Crore. Further, the Exchange has also gone live on regulatory requirements like interoperability and the Exchange's operations are running smoothly & appropriately. Apart from this Exchange is taking various new initiatives which will help the Exchange in creating liquidity and more business. Accordingly, the company continues to prepare its 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.85699 Lakhs 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. At present the Hon'ble Tribunal adjourned the case sine die with liberty to the parties to mention the matter after the decision of the Hon'ble Supreme Court in Civil Appeal no 8974 of 2014.

The Company has unutilized CEN VAT credit of Rs. 4,171 Lakhs as at March 31, 2020 (previous year Rs. 4,000 Lakhs). As mentioned above, the Company expects improved revenue earnings in the future years and hence is of the view that the unutilized CENVAT credit will be fully utilized in future years and the same is considered as good for recovery.

38 In some earlier years, the Company could not 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. 5550 Lakhs 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.

An appeal has been filed by NSE before the Hon'ble Supreme Court of India challenging the order passed by the COMPAT on August 05, 2014. The Hon'ble Supreme Court granted NSE only a limited interim stay on the recovery of the penalty amount of Rs. 5550 Lakhs (@ 5% of the average turnover).

At the hearing on February 12, 2018, the counsels were heard and an interim stay was granted to the proceedings of damages during the pendency of the present appeal filed by NSE in Supreme Court. The appeal was then listed on April 13, 2018.

At the hearing on April 13, 2018 upon hearing our counsels, the court passed the order to post the matter on Thursday, 19th July, 2018 for final hearing. After which the matter got listed on various occasions however was no taken up due to paucity of time. The matter was last listed on March 17, 2020 for hearing however due to Covid-19 pandemic it was adjourned to a future date which shall be specified by Supreme Court in due course of time. Interim orders on the penalty amount to be continued.

While the aforesaid Appeal filed by NSE is pending before the Supreme Court of India, the Exchange has filed an Application for award of compensation for Rs. 85699 Lakhs. under Section 53N (1) of the Competition Act, 2002 before the COMPAT (now NCLAT).

Thereafter the matter had been listed on various dates for hearing. However, due to paucity of time, the matter could not be taken up for hearing.

At the hearing on 08.03.18, the Learned Counsel for the Respondent-NSE brought to the notice of the Appellate Tribunal the order dated 12.02.18 passed by Hon'ble Supreme Court in Civil Appeal No.8974 of 2014 wherein an interim order of stay of proceeding of damages had been passed.

In the circumstances, the Hon'ble Tribunal adjourned the case for sine die with liberty to the parties to mention the matter after the decision of the Hon'ble Supreme Court.

39 Issue of Shares

During previous year the Board at its meeting held on June 23, 2018 & July 26, 2018 had offered its eligible shareholders on Rights Basis 68,32,00,300 equity shares at a price of Re. 2/- each (including a premium of Re.1 per share) aggregating to Rs. 136.64 lakhs in the ratio of 1:7 shares. The rights issue opened on August 10, 2018 and closed on September 08, 2018. Out of the subscription received, the Board vide circular resolution dated October 1, 2018 allotted 2,77,99,475 Equity Shares (having face value of Re. 1 per share) at a price of Rs.2 per share (including the premium of Re.1 per share) utilizing share application amounting to Rs. 555.99 Lakhs. The company has also received a sum of Rs. 0.04 Lakhs against which no shares could be allotted due to requisite information, the same has been disclosed as other current liability.

Further, Company issued 49,274 equity shares by converting non refundable interest free deposit/warrant application money amounting to Rs. 0.49 Lakhs.

40 Earnings per share ('EPS')

(Amount in Rs. Except for number of Shares)

Particulars	2019-20	2018-19
	Apr-19 to Mar-20	Apr-18 to Mar-19
Profit/(Loss) after tax as per statement of profit and loss attributable to equity share holders	(4,815)	(4,743)
Weighted average number of equity shares outstanding during the year for basic EPS	4,81,02,17,033	4,79,62,67,122
Add-Shares Issued to ESOP Trust	49,77,671	49,77,671
Weighted average number of equity shares outstanding during the year for diluted EPS	4,81,51,94,704	4,80,12,44,793
Basic earnings per share of face value Re. 1 each	(0.10)	(0.10)
Diluted earnings per share of face value Re. 1 each	(0.10)	(0.10)

41 Capital Reduction in Subsidiary:

Subsidiary MCCIL had filed a capital reduction petition with Hon'ble National Company Law Tribunal (NCLT) on November 30, 2018 seeking reduction of 170,000,000 Equity Shares of INR 10/- each held by the Shareholders as on the record date on proportionate basis, at a price of INR 10 per share, out of the total existing paid up Equity Share Capital of the Company of INR 29,537.09 Lakh divided into 295,370,991 Equity Shares of INR 10/- each fully paid up, and that such reduction is effected by returning capital to the Shareholders, of an aggregate amount of INR 17,000.00 Lakh and the Share Capital of the subsidiary MCCIL would reduce to the extent of shares so cancelled. The petition was admitted by Hon'ble NCLT on January 28, 2019.

The Hon'ble NCLT vide order dated August 19, 2019 and the Registrar of Companies vide issue of certificate dated August 29, 2019 approved reduction in share capital of the Company by 170,000,000 (Seventeen Crore) Equity Shares of INR 10/- each (Indian Rupees Ten only) held by the shareholders on proportionate basis. Accordingly MSE has received Rs. 16,294.96 Lakh from MCCIL and Investment of MSE in Subsidiary MCCIL has reduced to Rs. 12,017 Lakh.

42 Impairment of Assets

The company has carried out the Impairment testing in quarter ending September 30, 2019 and accordingly an amount of Rs. 1479 Lakh where carrying value was higher than the recoverable value has been impaired. The Assets getting impaired are intangible software's predominantly matching engine and related components for certain non revenue generating segments.

43 Disclosure under Indian Accounting Standard 19 (Ind As 19) on Employee Benefit

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: (₹ in Lakh)

Particulars	2019-20	2018-19
Employer's Contribution to Provident Fund	64	57

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, 2020 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, 2020.

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

(₹ in Lakh)

Particulars	Gratuity	
	2019-20 (Funded)	2018-19 (Funded)
Projected Value of Benefit Obligation at the beginning of the yearq	115	100
Current Service cost	18	16
Interest Cost	9	8
Liability transfer in	-	-
Liability transfer out	-	-
Actuarial (gain) / loss	12	6
Benefits paid	(3)	(14)
Defined Benefit obligation at the end of the year	152	115

II Reconciliation of opening and closing balance of the Fair value of Plan Assets (₹ in Lakh)

Particulars	Gratuity	
	2019-20	2018-19
Fair Value of Plan Assets at the beginning of the year	102	87
Expected Return On Plan Assets	8	7
Contribution during the year	23	24
Transfer From Other Company	-	-
Transfer To Other Company	-	-
Benefit Paid From The Fund	(3)	(14)
Actuarial Gains/(Losses) On Plan Assets	(1)	(2)
Fair Value of Plan Assets at the end of the year	128	102

III The amount recognized in the Balance Sheet as follows:- (₹ in Lakh)

Particulars	Gratuity	
	2019-20	2018-19
Present value of Benefit Obligation at the end of the Project	(152)	(115)
Fair Value of Plan Asset at the end of the Period	128	102
Funded Status (Surplus / (Deficit))	**(24)**	**(13)**
Net Liability/(Asset) recognized in Balance Sheet (Current)	**(24)**	**(13)**

IV The amount recognized in the statement of Profit & Loss is as follows:- (₹ in Lakh)

Particulars	Gratuity	
	2019-20 (Funded)	2018-19 (Funded)
Current service cost	18	16
Interest Cost	1	1
Expected return on plan assets	-	-
Actuarial (gain) / loss	-	-
Net expenses	**19**	**17**

V The amount recognized in the Balance Sheet as follows:- (₹ in Lakh)

Particulars	Gratuity	
	2019-20	2018-19
Actuarial (Gains) / Losses on obligation for the period	12	6
Return on plan assets, excluding interest income	1	2
Change in asset Ceiling	-	-
Net (income) / expense for the period recognized in OCI	**14**	**8**

VI Expected payout from the fund / employer (₹ in Lakh)

Particulars	Fund		Employer	
	2019-20	2018-19	2019-20	2018-19
Projected benefits payable in Future Years from Date of reporting				
1st Following year	9	12	-	-
2nd Following year	10	8	-	-
3rd Following year	11	8	-	-
4th Following year	11	9	-	-
5th Following year	14	9	-	-
6th - 10th Following years	67	53	-	-
11th year and above	175	151	-	-

VII Sensitivity Analysis (₹ in Lakh)

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount trade ,expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period , while holding all other assumptions constant. The result of Sensitivity analysis is given below:

Particulars	Gratuity	
	2019-20	**2018-19**
Projected benefit obligation on Current Assumption	152	115
Effect of +1% change in Rate of discounting	(12)	(9)
Effect of -1% change in Rate of discounting	14	10
Effect of +2% change in Rate of Salary Increase	29	21
Effect of -2% change in Rate of Salary Increase	(23)	(16)
Effect of +5% change in Rate of Employee Turnover	(3)	1
Effect of -5% change in Rate of Employee Turnover	3	(3)

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest Risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

VIII Principal actuarial assumptions at the Balance sheet date:

Particulars	Gratuity As at	
	31-Mar-20	**31-Mar-19**
Mortality Table(LIC)	Indian Assured Lives Mortality (2006-08)Ult	Indian Assured Lives Mortality (2006-08)Ult
Rate of employee turnover	For service 4 yrs & below 19% pa & 7% pa thereafter	For service 4 yrs & below 19% pa & 7% pa thereafter
Discount rate (per annum)	6.56%	7.64%
Expected Return on Plan Asset	6.56%	7.64%
Rate of escalation in salary (per annum)	6.50%	6.50%

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 above information is certified by the actuary.

The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held, assessed risks, historical results of return on Plan Assets and the Company's policy for Plan Assets Management.

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

44 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company operates only in one Business Segment i.e. facilitating trading in securities and the activities incidental thereto within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments". The Company while presenting the consolidated financial statements has disclosed the segment information to the extent applicable as required under Indian Accounting Standard 108 "Operating Segments".

45 Ind AS 24 - Related party Disclosures

a) Names of related parties and nature of relationship:

(i) Subsidiary

- Metropolitan Clearing Corporation Of India Limited (MCCIL)
- MCX-SX KYC Registration Agency Limited(MCX-SX KYC)

(ii) Key Management Personnel (KMP)

- Ms. Latika S. Kundu (MD & CEO) w.e.f. March 12, 2020
- Mr. Udai Kumar (MD & CEO) up to January 21,2019
- Mr. Kunal Sanghavi (CFO) up to April 13, 2020
- Mr. Yashwant Kakade (Company Secretary) up to January 20, 2020

(iii) Others

- Metropolitan Stock Exchange ESOP Trust
- Metropolitan Stock Exchange Investor Protection Fund

  Formerly MCX Exchange Investor Protection Fund Currency Derivative Segment Trust (MCX SX IPF CDS Trust)

b) Details of transactions with related parties (₹ in Lakh)

Nature of Transaction	MCX-SX KYC Registration Agency Limited (Subsidiary)	Metropolitan Clearing Corporation Of India Ltd (Subsidiary)	MCX SX IPF CDS Trust (Others)#	Metropolitan Stock Exchange ESOP Trust (Others)
Expenses				
Clearing and settlement charges	- -	3 *9*	- -	- -
Other services	- -	26 -	- -	- -
Income				
Rent income	- -	196 *179*	- -	- -
Shared service cost recovered	- -	291 *362*	- -	- -
Receipt under Capital Reduction	- -	16,295 -	- -	- -
Amount Receivable	0 *0*	- *18*	1 -	0 *0*
Amount Payable	0 *0*	12 -	- -	0 *0*
Closing Balance of Investments in equity shares	5 *5*	12,017 *28,312*	- -	- -
Closing Balance of Loan to ESOP Trust	- -	- -	- -	60 *60*
Closing Balance	0 -	12 *18*	1 -	0 *0*

The company acts as an intermediary for collection of penalties and share of listing fees to be transferred to Metropolitan Stock Exchange Investor Protection Fund accordingly those transactions have not been considered above.

c) **Transactions with KMP:**

(₹ in Lakh)

Nature of transactions	Amount
Salary & allowances*:	
Ms. Latika S. Kundu	3 -
Mr. Udai Kumar	- 64
Mr. Kunal Sanghavi	47 41
Mr. Yashwant Kakade	9 *5*
Director Sitting Fees	
Mr. Dinesh K Mehrotra	*9* *16*
Mr. Ketan Shivji Vikamsey	*9* *14*
Mr. S V D Nageswara Rao	11 *6*
Mr. Sudhir Kumar Bassi	*5* *8*
Ms. Trishna Guha	*10* *6*
Mr. Vijay Sardana	*7* -
Mr. Ajai Kumar	- *7*
Mr. Dilip G Patwardhan	- *7*

*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 italic 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 Limited on behalf of the company and paid to the company have not been considered for the aforesaid disclosure.

46 Details of dues to micro, small and medium enterprises

Under Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2nd October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. Accordingly, Company on periodic basis collects the required information from the vendors as to whether they are covered under Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006). Based on the vendors identified as above the outstanding amounts payable to vendors covered under Micro, Small and Medium Enterprises Development Act 2006 are given below;

Particulars	2019 - 20	2018 - 19
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year;	Principal - Rs.1,62,386/-	Nil
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	N.A.	Nil
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);	N.A.	Nil
The amount of interest accrued and remaining unpaid at the end of accounting year; and	N.A.	Nil
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	N.A.	Nil

47 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: (₹ in Lakh)

Particulars	As at	
	31-Mar-20	31-Mar-19
Future minimum lease payments		
Not later than one year	530	534
Later than one year and not later than five years	188	727
Later than five years	-	-

b) Lease payments recognised in the statement of Profit & Loss is Rs. 586.01 Lakhs (Previous year Rs. 567.60 Lakhs).

c) Sub-lease payment received and recognised in the statement of Profit & Loss is Rs. 195.89 Lakhs (Previous Year Rs. 179.26 Lakhs).

48 Fair value Measurement

Financial Instruments by category (₹ in Lakh)

Particulars	31/03/2020			31/03/2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Investments						
Equity Instruments	-	-	12,019	-	-	28,314
Other Instruments	-	-	3,981	-	-	-
Mutual Funds	3,882	-	-	667	-	-
Trade receivables	-	-	67	-	-	60
Cash and cash equivalents	-	-	1,257	-	-	136
Bank balances other than cash and cash equivalents	-	-	478	-	-	-
Deposits	-	-	5,782	-	-	4,226
Other financial assets	-	-	382	-	-	42
Total financial assets	**3,882**	**-**	**23,966**	**667**	**-**	**32,779**
Financial liabilities						
Borrowings			-	-	-	2,415
Trade payables	-	-	213	-	-	963
Other financial liabilities	-	-	3,789	-	-	4,346
Total financial liabilities	**-**	**-**	**4,002**	**-**	**-**	**7,724**

The carrying amounts of trade receivables, trade payables, deposits, other receivables, cash and cash equivalent including other current bank balances and other liabilities including creditors, etc. are considered to be the same as their fair values, due to current and short term nature of such balances.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Fair Value Hierarchy

(a) Fair value hierarchy - Recurring fair value measurements (₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Financial assets		
At Fair value through profit & loss		
Level 1		
Mutual fund Investments	3,882	667
	3,882	**667**

Recognised fair value measurements

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

• the use of quoted market prices of instruments

49 Capital management

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Compliance with externally imposed capital requirements:

In accordance with regulation 14 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, the Company shall have a minimum net worth of Rs. 10,000 Lakhs at all times.

50 Financials Risk Management

The Company's principal financial liabilities, comprise trade and other payables. The main purpose of these financial liabilities is to support its operations. The Company's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including foreign currency and interest rate risk), regulatory risk and clearing & settlement risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The demographics of the customer, including the default risk of the industry in which the customer operates, also has an influence on credit risk assessment.

The Company provides the stock exchange services to its listed customers and registered members (who have provide the collaterals and other securities for trading done on its platform), hence the Company operates with large number of customers portfolio and its revenue is not concentrated on small number of customers. All trade receivables are reviewed and assessed for default on a periodic basis. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

None of the customers accounted for more than 10% of the receivables and revenue for the year ended March 31, 2020.

Other Financial Assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks , Corporates and investments in debt mutual funds. The Company has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company's Finance Department.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Company's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The management monitors the Company's net liquidity position through forecasts on the basis of expected cash flows. The company is also taking steps to improve liquidity going forward by focusing on new initiatives taken recently.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2020 and March 31, 2019.

(₹ in Lakh)

Particulars	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2020				
Liabilities				
Borrowings	-	-	-	-
Trade payables	213	213	-	213
Other financial liabilities	3,789	1,481	2,308	3,789
Assets				
Trade Receivables	67	67	-	67
Investment	15,902	3,882	12,019	15,902
Other Investments	3,981	-	3,981	3,981
Cash and Cash equivalents	1,257	1,257	-	1,257
Bank balances other than cash and cash equivalents	478	478	-	478
Deposits	5,782	-	5,782	5,782
Other financial assets	382	382	-	382
As at March 31, 2019				
Liabilities				
Borrowings	2,415	2,415	-	2,415
Trade payables	963	963	-	963
Other financial liabilities	4,346	1,530	2,816	4,346
Assets				
Trade Receivables	60	60	-	60
Investment	28,981	667	28,314	28,981
Cash and Cash equivalents	136	136	-	136
Bank balances other than cash and cash equivalents	-	-	-	-
Deposits	4,226	-	4,226	4,226
Other financial assets	42	42	-	42

Market risk

The Company's business, financial condition and results of operations are highly dependent upon the levels of activity on the exchange, and in particular upon the volume of financial assets traded, the number of listed securities, the number of new listings and subsequent issuances, liquidity and similar factors, as a significant portion of our revenue depends, either directly or indirectly, on trading, listing, clearing and settlement transaction-based fees.

The Company's financial condition and results of operations are also dependent upon the success of our clearing, settlement and other issuer services, which, in turn, are directly dependent on the liquidity and financial strength of our customers, namely financial intermediaries such as brokers, and their respective clients.

Regulatory risk

The Company requires a number of regulatory approvals, licenses, registrations and permissions to operate our business, including at a corporate level as well as at the level of each of it's components. For example, the Company have licenses from SEBI in relation to, among others, introducing derivatives contracts on various indices of the exchange, introduction of futures and options contracts on various indices of the exchange and trading in government securities. Some of these approvals are required to be renewed from time to time. The Company's operations are subject to continued review and the governing regulations may change. The Company's regulatory team constantly monitors the compliance with these rules and regulations.

Post implementation of interoperability requirements, all Exchanges are required to contribute such amounts to the Core SGF of the Clearing Corporations as may be determined in accordance with the methodology specified by SEBI. The contribution to the Settlement Guarantee Fund of each Clearing Corporation is based on the ratio of Turnover of each Exchange to the relevant Clearing Corporation. Subject to SEBI Regulations, the Exchanges can also withdraw their excess Core SGF contributions.

As per Securities contracts regulations (stock exchange and clearing corporations) regulations 2018, a recognised stock exchange shall have a minimum net worth of Rs. 10,000 Lakhs at all times. Wide letter dated September 13, 2019 SEBI has granted renewal to the exchange for the period September 16, 2019 to September 15, 2020. The Exchange has met the above regulatory requirement.

51 Taxes

a) Income Tax Expenses

The major components of income tax expenses for the year ended March 31, 2020

Profit or loss section (₹ in Lakh)

Particulars	2019-20	2018-19
Current tax expense	-	-
Tax expense of earlier years	-	8
Deferred tax	-	-
Total income tax expense recognised in profit or loss	**-**	**8**

Other comprehensive income section (₹ in Lakh)

Particulars	2019-20	2018-19
Re-measurements of the defined benefit plans;	-	-
Total income tax expense recognised in Other comprehensive income	**-**	**-**

b) Reconciliation of effective tax rate

(₹ in Lakh)

	Particulars	2019-20	2018-19
a)	Income before income tax	(4,815)	(4,735)
b)	Enacted tax rate in India	26.000%	26.000%
c)	Expected tax expenses (a*b)	-	-
d)	Other than temporary differences		
	Investment income	-	-
	Expenses disallowed / (allowed)	-	-
	Total	**-**	**-**
e)	Temporary difference	11,312	11,689
	Temporary difference on which deferred tax assets not recognised	(11,312)	(11,689)
	Total	**-**	**-**
f)	**Net adjustments (d+e)**	-	-
g)	**Current tax expense of earlier years**	-	-
h)	**Tax expenses recognised in Profit or Loss (c+f+g)**	-	-

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

52 Expenditure in foreign currency

(₹ in Lakh)

Particulars	2019-20	2018-19
Repair, Maintenance & Sponsorship	26	35

53 Revenue from contract with customer

(₹ in Lakh)

a The revenue from contracts with customers to the amounts disclosed as total revenue is as under

Particulars	2019-20	2018-19
Revenue from contract with customer	510	569
Revenue from other sources	14	14
Total	**525**	**583**

b The disaggregation of revenue from contracts with customers is as under :

ii Geographical Location (₹ in Lakh)

Particulars	2019-20		2018-19	
	India	Foreign	India	Foreign
Total Revenue	**502**	**23**	**561**	**23**

iii At point in time / Over time (₹ in Lakh)

Particulars	2019-20			2018-19		
	At point in time	Over Time	Total	At point in time	Over Time	Total
Total Revenue	**210**	**315**	**525**	**261**	**322**	**583**

c **The contract assets & liability from contract with customers are as under :**

i **Contract Assets** (₹ in Lakh)

Particulars	2019-20	2018-19
Opening Balance of Contract Asset	3	10
Previous year - Contract Asset - reclassified to trade receivable on invoicing	3	10
Current year – Contract asset	16	3
Closing Balance of Contract Assets	16	3

ii **Contract Liability** (₹ in Lakh)

Particulars	2019-20	2018-19
Opening Balance of Contract Liability	36	32
Previous year - Contract Liability - Revenue recognized during the year	12	15
Current year – Contract Liability Carried forward	9	19
Closing Balance of Contract Liability	33	36

54 Interoperability among Clearing Corporations (CC) was implemented w.e.f June 2019. After implementation of the same, members of the Exchange have the option to choose CC to clear their trades. Further, as per the requirement laid down vide SEBI circular dated August 27, 2014 for contribution by Exchange to core SGF of each CC through which its trades are cleared. The Exchange had contributed towards the same to the tune of Rs. 10.41 crores to MCCIL. Further, the Exchange has represented to SEBI for allowing the excess contribution made by the Exchange to MCCIL to be adjusted with the said contribution to other Clearing Corporations requirements.

55 Impact of Covid 19

The Company being Exchange is under Essential Service Sector and was exempted from closure vide SEBI notification dated March 24, 2020. The said exemption was also carried forward vide notification dated April 15, 2020 and May 03, 2020.

As determined by the management, for the financial year ended March 31, 2020, the impact of CoVID-19 pandemic on Company's financials and Operations remained insignificant. However, going forward the full extent to which the pandemic will impact the future financial results of the Company will depend on upcoming developments, which are highly uncertain. Management will continue to monitor any material changes to future economic conditions and the impact thereof on the Company, if any.

56 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.

57 In the opinion of the management the loans and advances are approximately of the value stated, if realized, paid in ordinary course of business. The provision for all known liabilities are adequate and are not in excess of amount considered reasonably necessary.

58 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

Pramod Tilwani
Partner
Membership No.076650

Dinesh Kumar Mehrotra
Chairman & Public Interest Director
DIN :00142711

Latika S. Kundu
Managing Director & CEO
DIN :0008561873

Mumbai
Dated : June 23, 2020

Saket Bhansali
Head, New Initiatives & Incharge,
Finance & Accounts

Manisha Thakur
Head Legal & Company Secretary
ACS10855

f. **Details of Compliance with mandatory and non-mandatory requirement**

As per Regulation 11 (1) of SECC Regulations, 2018, Stock Exchange shall pay the regulatory fees in terms of Securities and Exchange Board of India (Regulatory Fee on Stock Exchange) Regulations, 2006. The Company has complied with the applicable mandatory requirements of payment of Regulatory Fees in terms of Regulations, 2006.

As per Regulation 12 (2) of SECC Regulations, 2018, a recognized Stock Exchange desirous of renewal of recognition shall make an application to the Board in Form A of Schedule-I of these regulations and such application shall reach the Board at-least three months prior to the date of expiry of the recognition. The Company has complied with the mandatory requirement of renewal of recognition in Form A of Schedule-I of these regulations.

As per Regulation 14 (1) of SECC Regulations, 2018, Stock Exchange shall have a minimum net worth of one hundred crore rupees at all time. The Company has complied with the same.

As per Regulation 33 of SECC Regulations, 2018, 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 Chairman and Managing Director & CEO.

b) The Internal Auditor reports directly to the Audit Committee.

g. **Policy for determining material subsidiaries**

As on March 31, 2020 the Company holds 95.85% 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 meetings 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 https://www.msei.in/about-us/policy.

h. **Dematerialization of shares and liquidity**

100% of the Company's shares are in dematerialized form as listed below as at Mach 31, 2020:

Category	No. of Shareholders	No. of shares	Percentage (%)
NSDL	19288	2896550072	60.22
CDSL	25140	1913666961	39.78
Total	**44428**	**4810217033**	**100.00**

i. **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence, as on March 31, 2020, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

j. **Commodity price risk or foreign exchange risk and hedging activities**

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For details on foreign exchange please refer to Management Discussion and Analysis Report.

k. A certificate has been received from DSM & Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority as annexed as ***ANNEXURE C***.

l. In terms of regulation 17(8) of the Listing Regulations, MD & CEO and Chief Financial Officer made a certification to the Board of Directors in the prescribed format for the year at the review, which has been reviewed by the Audit Committee and taken on record by the Board as annexed in ***ANNEXURE D***.

m. **Details of fees paid to Statutory Auditor**

Statutory Auditor: M/s. T.R. CHADHA & CO. LLP

Sr. No	Nature of Audit	(Rs.)
1	Statutory Audit	800,000
2	Limited Review Audit	450,000
3	Tax Audit	225,000
4	Fees for other matters	6,67,000
	Total	**21,42,000**

n. **Details of Sexual Harassment complaints received and redressed**

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	Nil	Nil	Nil

o. **Plant Location:** Not Applicable

p. **Credit Ratings:** Not Applicable

q. **Disclosures with respect to demat Suspense account/ unclaimed suspense account:** There are no shares held in demat suspense account/ unclaimed suspense account.

r. **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of SEBI (LODR), 2015**

No such issues were taken place during the year hence, not applicable.

s. The Board has identified the following skills/ expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board

Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management team to make decisions in uncertain environments
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective shareholder engagements and driving corporate ethics and values.
Specific Skill Set	Capital/ Commodity Market understanding, Technology and Cyber Security, Legal and Compliance, Stakeholder Relationship, Strategy and Planning, Financial and Treasury Management, Audit, Corporate Governance, Taxation.

For and on behalf of the Board of Directors

Latika S. Kundu
Managing Director & CEO
DIN: 08561873

Dinesh Kumar Mehrotra
Chairman
DIN: 00142711

Date: August 21, 2020
Place: Mumbai

ANNEXURE A – Corporate Governance Report

RECEIPT OF AFFIRMATIONS ON COMPLIANCE WITH THE CODE OF CONDUCT

I hereby declare that all the Board Members, Key Managerial Personnel and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year 2019-2020 as adopted by the Board of directors and applicable Regulations.

Sd/-
Latika S. Kundu
Managing Director & CEO
DIN: 08561873

Dated: August 21, 2020
Place: Mumbai

ANNEXURE B – Corporate Governance Report

PRACTICING COMPANY SECRETARIES' CERTIFICATE ON 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 33 of the Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 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, 2020 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 and examination 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

Sd/-
CS Sanam Umbargikar
Partner
M. No.: 26141
COP No.9394

Dated: August 21, 2020
Place: Mumbai

ANNEXURE C – Corporate Governance

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of
the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Metropolitan Stock Exchange of India Limited
Vibgyor Tower, 4th Floor,G Block C62,
Bandra Kurla Complex, Bandra (E)
Mumbai 400098

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Metropolitan Stock Exchange of India Limited having CIN U65999MH2008PLC185856 and having registered office at Vibgyor Tower, 4th Floor,G Block C62, Bandra Kurla Complex, Bandra (E) Mumbai 400098 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers. We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Appointment date
1	Mr. Dinesh Kumar Mehrotra*	00142711	January 5, 2017
2	Mr. Ketan Vikamsey**	00282877	April 5, 2017
3	Mr. Sudhir Bassi***	07819617	October 26, 2017
4	Ms. Trishna Guha	08200779	October 4, 2018
5	Ms. SVD Nageswara Rao	02105323	October 4, 2018
6	Mr. Vijay Sardana	01977874	April 27, 2019
7	Ms. Latika S. Kundu****	08561873	March 12, 2020

NOTES:

* Mr. Dinesh Kumar Mehrotra, Independent Director & Chairman has been re-appointed on the Board of the Exchange vide Board resolution passed on January 07, 2020 for the second term commencing from January 05, 2020 to January 04, 2023.

** Mr. Ketan Shivji Vikamsey, Independent Director has been re-appointed on the Board of the Exchange vide Board resolution at their meeting held on February 12, 2020 for the second term commencing from April 05, 2020 to April 04, 2023. Mr. Vikamsey resigned w.e.f. June 19, 2020.

*** Mr. Sudhir Bassi was reappointed on October 16, 2019 post approval from Shareholders and SEBI.

**** Ms. Latika S. Kundu was appointed by the Board at their meeting held on February 14, 2020 and she joined MSE w.e.f. March 12, 2020 as MD & CEO.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For DSM & Associates,
Company Secretaries
Sd/-
CS Sanam Umbargikar
Partner
M. No.: 26141
COP No.9394

Date: August 21, 2020
Place: Mumbai

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION
(In accordance with the provisions of Regulation 33 of SECC Regulations 2018 read with Regulation 17(8) of the SEBI (LODR) Regulations, 2015)

The Board of Directors
Metropolitan Stock Exchange of India Limited, Mumbai

Dear Members of the Board,

We, Latika S. Kundu, MD & CEO and Saket Bhansali, Chief Financial Officer of Metropolitan Stock Exchange of India Limited, to best of our knowledge and belief, certify that:

1. We have reviewed the Financial Statement and the Cash flow Statement of the Company for the financial year ended March 31,2020;
   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. these statements together present a true and fair view of the Company's affairs, and are in compliance with the existing accounting standards and / or applicable laws and regulations, except as disclosed in the notes to the financial statement
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2020 which are fraudulent, illegal or in violation of the Company's Code of Conduct, except as disclosed to the Company's Board of Directors;
3. We accept responsibility for establishing and maintaining internal controls for financial reporting for the Company, and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting, and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken, to rectify the deficiencies. In our opinion there are adequate internal controls over financial reporting.
4. We have indicated to the auditors and the Audit Committee:
   i. significant changes in internal control financial reporting during the year;
   ii. There are no significant changes in accounting policies made during the year, except as disclosed in the notes to the financial statements and;
   iii. 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.
5. We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

Yours Sincerely,

Saket Bhansali
Chief Financial Officer

Latika S. Kundu
MD & CEO
DIN: 08561873

Dated: August 21, 2020
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

To the Members of Metropolitan Stock Exchange of India Limited
Report on the Audit of the Consolidated Financial Statements

1. Qualified Opinion

We have audited the accompanying consolidated Ind AS financial statements of **Metropolitan Stock Exchange of India Limited** ('Holding Company') and its subsidiaries (the Company and its subsidiaries together referred to as '**the Group**'), which comprise the Consolidated Balance Sheet as at March, 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Change in Equity, the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

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 matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements prepared in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS'), gives 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 Group as at March 31, 2020, the loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

2. Basis for Qualified Opinion

We draw attention to note 39 of the consolidated financial statement with respect to, Holding Company's, preparation of the Ind AS Financial Statements on going concern basis even though it has continued to incur significant losses during the current and preceding periods. As advised, the Holding Company is adequately capitalised, it has gone live on interoperability, operations are functioning appropriately and gross revenue are expected to increase in future years and accordingly the Holding Company continues to prepare its Financial Statements on going concern basis. However, the business volumes are not sufficient and there is no clarity on increasing revenue & making profits and the Holding Company could not achieve its projected revenues so far. The management has also considered the GST Credit available amounting to Rs 4 171 Lakh and MAT Credit Entitlement amounting to Rs 186 Lakh as recoverable treating the Holding Company as going concern. We are unable to comment on the preparation of accounts on going concern basis and not making provisions for impairment for the above and the other adjustments, if any, that will be arising out of the same.

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

3. Emphasis of matter

a. We draw attention to Note 62 of the consolidated financial statement, which describes the extent to which the Covid-19 pandemic will impact the Group's financial statement and will depend on the future developments, which are highly uncertain.

b. We draw attention to Note 61 of the consolidated financial statement, in respect of contribution to be made to Core Settlement Guarantee Fund by the Holding Company to clearing corporations other than Metropolitan Clearing Corporation of India Limited. Considering the representation made by the Holding Company to Securities Exchange Board of India Limited (SEBI) and clarification to be received from them in this regard, no impact has been considered in the consolidated financial statement.

Our opinion is not modified in respect of these matters.

4. Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

a. Identification of Onerous Contract

As per Ind AS 37 "Provision, contingent liabilities and contingent assets", an onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Holding Company has an unavoidable long-term contract with one of the service providers which constitutes approx. 60% of the Technology Cost of Holding Company (refer note 32) for the year ended March 31, 2020.

Auditor's Response: Our procedure in relation to identification of onerous contract included, review of material contract with service providers, assessing the related cost and economic benefits expected to be received/are received and critically assessing the management's estimates with regard to plan for utilization of such costs. Based on above audit procedures the said contract has not been treated as onerous contract as on March 31, 2020.

b. Carrying value of Intangible Assets

In the Current period, the Holding Company has carried out impairment testing of intangibles assets to ascertain the carrying value of Intangible Assets majorly computer software based on current and future expected activity and usage from software deployed for various segment and accordingly considered a provision for impairment of Rs 1,480 Lakh.

Auditor's Response: We have examined the balance useful life, amortization charges and the impairment testing so performed by the management including assumption made while accessing the expected discounted inflow from various services rendered by the Holding Company. Based on above, we assessed the impairment of Intangibles, as aforesaid, made by the management.

5. Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in Holding Company's Annual report but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

6. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and board of directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. 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 of the assets of the Group 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 consolidated 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.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are also responsible for overseeing the Group's financial reporting process.

7. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiaries companies has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence

obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are independent auditors. For the other entities included in the consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

8. Other Matters

a. We did not audit the financial statements of a subsidiary; whose financial statements include total asset of Rs.28,305 lakhs, total revenues of Rs.2,399 lakhs, net profit/(loss) after tax of Rs.239 lakhs, total comprehensive income of Rs.228 lakhs and net cash inflow of Rs.21 lakhs for the year ended 31 March, 2020, as considered in the consolidated financial statements. The aforesaid financial statement has been audited by other auditors whose report has 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 the subsidiary, and our report in terms of the sub section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

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 matter with respect to our reliance on the work done and the report of the other auditor.

9. Report on Other Legal and Regulatory Requirements

a. As required by Section 143(3) of the Act, based on our audit we report that:

   i. We have sought and obtained, except for the matters described in the Basis for Qualified Opinion paragraph, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statements.

   ii. Except for the matters described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   iii. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated financial statements.

   iv. Except for the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (India Accounting Standards) Rules, 2015, as amended.

   v. The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.

   vi. On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2020, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group Companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   vii. The qualification relating to the maintenance of accounts and other matters connected herewith are as stated in the Basis for

Qualified Opinion paragraph above.

viii. With respect to the adequacy of the internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A' which is based on the auditor's reports of the Holding Company and its subsidiary companies incorporated in India.

ix. With respect to the matter to be included in the Auditor's Report under section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Companies, under the Group, to its directors during the current year is in accordance with the provisions of section 197 of the Act.

x. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements discloses the impact of pending litigations on the consolidated financial position of the Group.

ii. The Holding 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.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. 076650

UDIN:
Place of Signature: Mumbai
Date: June 23, 2020.

Annexure A to the Auditor's Report

Report on the Internal Financial Controls with reference to consolidated financial statements, of Metropolitan Stock Exchange of India Limited ('Holding Company'), under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls with reference to financial statement of Metropolitan Stock Exchange of India Limited ('the Holding Company') and its subsidiary companies, which are companies incorporated in India, as of March 31, 2020, in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to financial statement and such internal financial controls with reference to financial statement were operating effectively as at 31st March, 2020, based on the internal control with reference to financial statement criteria established by the respective Companies 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.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statement criteria established by the respective companies 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 respective 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statement of the Holding Company and its subsidiary companies, which are companies incorporated in India, 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") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls with reference to financial statement. 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 with reference to financial statement 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 with reference to financial statement and their operating effectiveness. Our audit of internal financial with reference to financial statement includes obtaining an understanding of internal financial controls with reference to financial statement, 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 internal financial controls system over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporate in India.

Meaning of Internal Financial Controls with reference to Financial Statement

A company's internal financial control with reference to financial statement 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 with reference to financial statement 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 with reference to financial statement

Because of the inherent limitations of internal financial controls with reference to financial statement, 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 with reference to financial statement to future periods are subject to the risk that the internal financial control with reference to financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. 076650

UDIN:
Place of Signature: Mumbai
Date: June 23, 2020.

CONSOLIDATED BALANCE SHEET

as at March 31, 2020

(₹ in Lakh)

	Particulars	Note	As at March 31, 2020		As at March 31, 2019	
I	**ASSETS**					
	1 Non-Current Assets					
	(a) Property, plant and equipment	3	663		441	
	(b) Intangible assets	4	2,224		3,838	
	(c) Intangible assets under development	4	223		154	
	(d) Right to use assets		526			
	(e) Financial assets					
	i. Investments	5	3,981		-	
	ii. Other financial assets	6	15,544		5,611	
	(f) Income tax assets (net)	7	379		959	
	(g) Deferred tax assets (net)	8	186		186	
	(h) Other non-current assets	9	4,222	27,949	4,018	15,207
	2 Current Assets					
	(a) Financial assets					
	i. Investments	10	5,494		4,088	
	ii. Trade receivables	11	117		134	
	iii. Cash and cash equivalents	12	1,297		152	
	iv. Bank balance other than (iii) above	13	14,715		37,809	
	v. Other financial assets	14	206		47	
	(b) Income tax assets (net)	15	1,631		1,755	
	(c) Other current assets	16	411	23,871	339	44,324
	Total Assets			**51,820**		**59,531**
II	**EQUITY AND LIABILITIES**					
	3 Equity					
	(a) Equity Share capital	17	48,052		48,052	
	(b) Other equity	18	(15,807)		(10,937)	
	Total Equity			**32,245**		**37,116**
4	**Non Controlling Interest**			**579**		**1,286**
5	**Core Settlement Guarantee Fund**	**19**		**1,041**		**1,041**
	Liabilities					
6	**Non-Current Liabilities**					
	(a) Financial liabilities					
	i. Lease rental liability		184		-	
	ii. Other financial liabilities	21	11,025		10,776	
	(b) Provisions	22	46		31	
	(c) Deferred Tax Liability	29	55		1	
				11,310		**10,808**
7	**Current Liabilities**					
	(a) Financial liabilities					
	i. Borrowing	23	-		2,415	
	ii. Trade payables					
	a. Total outstanding dues of micro enterprises and small enterprises		2		-	
	b. Total outstanding dues to creditors other than micro enterprises and small enterprises	24	285		948	
	iii. Lease rental liability	26	418		-	
	iv. Other financial liabilities	25	5,252		5,405	
	(b) Other current liabilities	27	644		489	
	(c) Provisions	28	43	6,644	24	9,280
	Total Equity and Liabilities			**51,820**		**59,531**

Significant Accounting Policies and Explanatory Information forming part of the financial statements 2-66

As per our report of even date
For **T R Chadha & Co LLP**
Chartered Accountants
Firm Reg.No.006711N/N500028

Pramod Tilwani
Partner
Membership No.076650

Mumbai
Dated : June 23, 2020

For and on Behalf of the Board of Directors of
Metropolitan Stock Exchange of India Limited

Dinesh Kumar Mehrotra
Chairman & Public Interest Director
DIN :00142711

Latika S. Kundu
Managing Director & CEO
DIN :0008561873

Saket Bhansali
Head, New Initiatives & Incharge, Finance & Accounts

Manisha Thakur
Head Legal & Company Secretary
ACS10855

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

(Amount in ₹ in Lakh except per share value)

Particular	Note	For the Year 2019-20	For the Year 2018-19
I Income			
(a) Revenue from operations	30	1,029	804
(b) Other income	31	2,672	2,716
Total Revenue		**3,701**	**3,520**
2 Expenditure			
(a) Operating expenses	32	1,767	1,685
(b) Employee benefits expense	33	2,194	1,882
(c) Finance costs	34	159	111
(d) Advertisement and business promotion expenses	35	52	194
(e) Depreciation and amortisation expense	3 & 4	919	1,338
(f) Depreciation On Right to Use Assets		374	-
(g) Other expenses	36	1,255	2,155
Total Expenses		**6,722**	**7,365**
3 Loss before tax		**(3,021)**	**(3,845)**
4 Exceptional items		**(1,480)**	**-**
5 Loss before tax		**(4,501)**	**(3,845)**
6 Tax expense			
Less : Current tax		10	203
Less : Earlier year tax		8	8
Less : Deferred tax		58	3
7 Loss for the year		**(4,577)**	**(4,059)**
8 Non Controlling Interest		10	28
9 Other comprehensive income			
1) Items that will not reclassified to profit or (loss) (net of tax)		**(29)**	**(10)**
2) Income tax relating to item will not reclassified to profit or (loss)		**4**	**1**
Total other Comprehensive Income for the year, net of tax		**(25)**	**(9)**
Total Comprehensive Income for the year		**(4,611)**	**(4,096)**
10 Earnings per equity share of face value of Re.1 each			
Basic (in Rs.)		(0.10)	(0.08)
Diluted (in Rs.)		(0.10)	(0.08)

Significant Accounting Policies and Explanatory Information forming part of the financial statements 2-66

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

Pramod Tilwani
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Dinesh Kumar Mehrotra
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Managing Director & CEO
DIN :0008561873

Mumbai
Dated : June 23, 2020

Saket Bhansali
Head, New Initiatives & Incharge, Finance & Accounts

Manisha Thakur
Head Legal & Company Secretary
ACS10855

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

A. Equity Share Capital

(Amount ₹ in Lakh except number of shares)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Equity shares at the beginning of the year	4,81,02,17,033	48,102	4,78,23,68,284	47,824
Add:-Shares issued during the year	-	-	2,78,48,749	278
Equity shares at the end of the year	**4,81,02,17,033**	**48,102**	**4,81,02,17,033**	**48,102**

B. Other Equity

(₹ in Lakh)

Particulars	Reserves & surplus			Non Refundable Interest Free Deposits Against Warrants	Warrant application money pending allotment	Other comprehensive income	Divident Dist Tax	Total
	Securities premium account	Retained earnings	Capital Reserve			Remeasurement of employees benefit		
As at 31 March 2018	**39,279**	**(46,381)**	**-**	**0**	**0**	**9**	**-**	**(7,093)**
Add : Addition on share issued	278	-	-	-	-	-	-	278
Less : Share Issue Expenses	(26)	-	-	-	-	-	-	(26)
Application money received	-		-	-	-	-	-	-
Allotment during the year	-		-	(0)	(0)	-	-	(0)
Addition	-		-	-	-	(10)	-	(10)
Non Controlling Interest Reallocation	-	(28)	-					(28)
Profit for the year	-	(4,059)	-		-	-	-	(4,059)
As at 31 March 2019	**39,531**	**(50,468)**	**-**	**0**	**0**	**(1)**	**-**	**(10,937)**
Addition	-		-	-	-	(25)	(269)	(294)
Non controlling Interest Reallocation	-	(10)	-	-	-	-	11	1
Profit for the year	-	(4,577)	-	-	-	-	-	(4,577)
As at 31 March 2020	**39,531**	**(55,055)**	**-**	**0**	**0**	**(25)**	**(258)**	**(15,807)**

Significant Accounting Policies and Explanatory
Information forming part of the financial statements 2-66

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

Pramod Tilwani
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Mumbai
Dated : June 23, 2020

Saket Bhansali
Head, New Initiatives & Incharge,
Finance & Accounts

Manisha Thakur
Head Legal & Company Secretary
ACS10855

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2020

(₹ in Lakh)

Particulars	For the year 2019-20		For the year 2018-19	
A. Cash flow from Operating Activities				
Net Profit / (Loss) before tax as per Statement of Profit and Loss		**(4,578)**		**(3,845)**
Adjustments for				
Depreciation/Amortisation	919		1,338	
Depreciation On Right to Use Assets	374		-	
Impairment of Assets	1,480		-	
Net fair value gain/loss on financial assets measured at fair value through profit and loss	(28)		(112)	
Dividend Distribution Tax	(269)			
Dividend from investments	(68)		(41)	
Unrealised Exchange Rate fluctuation	2			
Interest Income - Bank FD	(1,968)		(2,414)	
Interest Income - Corp. FD	(100)		-	
Interest on IT Refund	(173)		-	
Finance Costs	119		111	
Finance Costs - ROU Asset (net)	40		-	
Fixed assets written off	-		372	
Impairment loss on financial assets	-		31	
Impairment loss on other assets	-		15	
Profit on sale of investments (net)	(240)		(100)	
Remeasurement of employee benefit	(25)		(10)	
Depletion in value of investments	-	64	-	(810)
Operating profit/ (loss) before working capital changes		**(4,514)**		**(4,655)**
Adjustments for				
Decrease/ (increase) in trade receivable	15		(117)	
Decrease/ (increase) in financial & other assets	(290)		(26)	
Total Increase / (decrease) in Current and non current assets		**(275)**		**(143)**
Increase / (decrease) in trade payables	(661)		132	
Increase / (decrease) in financial & other liabilities	333		3,850	
Increase / (decrease) in provision	88		6	
Total Increase / (decrease) in Current and non current Liabilities		**(239)**		**3,988**
Cash generated from/(used in) operations		**(5,029)**		**(810)**
Less:(Taxes paid) / refund received		877		(211)
Net cash generated from/(used in) operating activities		**(4,152)**		**(1,021)**
B. Cash flow from investing activities				
Purchase of fixed assets (including capital work in progress and intangible assets)		(1,088)		(309)
Sale of fixed assets (net)		12		3
Purchase of current investments		(2,34,642)		(1,03,074)
Sale of current investments		2,33,504		1,03,369
Fixed deposit placed with banks		(55,543)		(43,182)
Corporate Deposits (net)		(3,981)		-
Fixed deposit matured		68,658		38,927
Dividend from investment		68		41
Interest received (net of accrued interest)		1,968		2,414
Net cash generated from/(used in) Investing Activities		**8,956**		**(1,811)**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2020 (Contd.)

(₹ in Lakh)

Particulars	For the year 2019-20	For the year 2018-19
C. Cash flow from financing activities		
Finance cost	(119)	(110)
Lease Liability Payment	(420)	-
Share application money received/ (refunded)	-	(0)
Short term borrowings	(2,415)	2,415
Proceeds from issuance of shares (Net)	-	278
Receipt/(Distribution) from/to minority shareholders	(705)	-
Security premium collected (Net of Expenses)	-	252
Net Cash Generated from Financing Activities	**(3,659)**	**2,834**
Net Increase in Cash and Cash Equivalents	**1,145**	**2**
Cash and Cash Equivalents at Beginning of the Year (Refer note 12)	152	150
Cash and Cash Equivalents at End of the Year (Refer note 12)	**1,297**	**152**
Add : Fixed Deposits held for more than three months	14,715	37,809
Closing Cash and Bank Balance as per Note 12 & 13	**16,011**	**37,961**
Component of cash & bank balance (refer note 11)		
In current accoun		
Owned	890	130
Earmarked	406	21
Cash on hand	**0**	**0**
Stamps in hand	**1**	**1**
	1,297	**152**

Significant Accounting Policies and Explanatory Information forming part of the financial statements

1. The Cash Flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7 (Ind AS 7)" Statement of Cash Flows" prescribed under Companies Act, 2013.

2. 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

Pramod Tilwani
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Dinesh Kumar Mehrotra
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DIN :00142711

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DIN :0008561873

Mumbai
Dated : June 23, 2020

Saket Bhansali
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SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31, 2020

1 Corporate Information

The Metropolitan Stock Exchange of India Limited (MSEI or the Parent 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. MSEI provides platform for trading in Currency Derivatives, Debt Segment, Interest Rate Futures, Equity Cash and F&O segment.

The Consolidated financial statement relates to parents and its subsidiary companies namely Metropolitan Clearing Corporation of India Ltd (MCCIL) and MCX-SX KYC Registration Agency Limited(MCX-SX KYC) (collectively referred to as 'the Group' or 'Company')

The Consolidated Financial Statements were authorized for issue by the Parent Company's Board of Directors on June 23, 2020.

2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements ("financial statements"). These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation of financial statements

The Consolidated financial statements have been prepared and presented under the historical-cost convention on accrual basis, except as disclosed in the accounting policies below. The Group has prepared these financials to comply in all material respect with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, as amended, relevant provisions of the Companies Act 2013 including rules made thereunder, various regulatory guidelines to the extent relevant and applicable to the Group and in accordance with the generally accepted accounting principles in India. The accounting policies adopted in the preparation of the financial statements are consistent.

The Consolidated Financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities and contingent consideration is measured at fair value,
- defined benefit plans - plan assets measured at fair value, and

Basis of Consolidation

The Company consolidate entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries ("the Group"). Control exists when the Parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Profit or Loss from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

a) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

b) potential voting rights held by the Company, other vote holders or other parties;

c) rights arising from other contractual arrangements; and

d) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests are disclosed separately. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. When the Group cease control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable.

Particulars	Country of Incorporation	% of Voting Power As at March 31, 2020	% of Voting Power As at March 31, 2019
Subsidiary Company - Direct			
Metropolitan Clearing Corporation India Limited	India	95.85	95.85
MCX-SX KYC Registration Agency Limited	India	100	100

2.2 Operating Cycle

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

§ Expected to be realised or intended to be sold or consumed in normal operating cycle

§ Expected to be realised within twelve months after the reporting period, or

§ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is treated as current when:

§ It is expected to be settled in normal operating cycle

§ It is due to be settled within twelve months after the reporting period, or

§ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

2.3 Foreign currency translation and transactions

i) Functional and presentation currency

Items included in the Consolidated Financial Statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial Statements are presented in Indian Rupees (INR), which is the Group functional and presentation currency.

ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit & Loss of the year.

2.4 Revenue recognition

Revenue from contract with customers is recognised in the Statement of Profit and Loss through following steps:

i) identification of the contract or contracts with the customers

ii) identification of the performance obligations in the contracts,

iii) determination of the transaction price

iv) allocation of the transaction price to the performance obligations in the contract

v) recognition of revenue when company satisfy a performance obligation.

Revenue mainly comprises :

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 exchange are matched and confirmed.

Admission fees collected from new members for joining the exchange are recognized when received and membership approved by SEBI.

Processing and other fees collected from members are recognized for which services are performed.

Connectivity Income are apportioned over the period of connectivity on a pro rata basis from the date of activation of connectivity.

Dividend income is recognized when the company's right to receive dividend is established.

Interest income is recognized on time proportion basis into account the amount outstanding and the rates applicable. For all other financial assets measured at amortised cost interest income is recorded using the Effective Interest Rate (EIR).

Income from Annual Listing Fees is recognized on time proportion basis.

Revenue from Shared Service recognised based on the time proportion basis.

Revenue from data feed charges based on the time proportion basis.

The Group adopted Ind AS 115 "Revenue from Contracts with customers" w.e.f. 01 April 2018, using the Modified Retrospective transition approach which is applied to contracts that were not completed as of 01 April 2018.

The disclosure of significant accounting reporting requirements relating to revenue from contracts with customers are provided in Notes 49.

2.5 Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any. Income tax expense is recognised in the Profit or Loss except to the extent it relates to items directly recognised in equity or in other comprehensive income.

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted at the reporting date and applicable for the period. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities and assets are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are to be apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised only to the extent that there is a probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax credits and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised."

2.6 Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.7 Property, plant and equipment

Property, plant and equipment are measured at cost of acquisition net of recoverable taxes less accumulated depreciation and impairment loss, if any. Cost includes expenses that is directly attributable to acquisition of the assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for their intended use before such date are shown as Capital Work in Progress.

Depreciation on property, plant and equipment is provided on straight line method over 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 (in years)
1	Furniture and fixtures	10
2	Office Equipment's	5
3	Vehicles	5-8
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.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. With the effect of any changes in estimate accounted for on a prospective basis.

2.8 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.

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.

2.9 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the lower of the present value of expected net cost of fulfilling the contract and the present value of expected cost of terminating the contract.

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.

Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably, is not recognised in the books of accounts but its existence is disclosed in the Financial Statements. 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 not recognized but disclosed in the financial statements when economic inflow is probable.

2.11 Fair Value Measurement

The company measures financial instruments at fair value in accordance with accounting policies at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the company

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.12 Financial instrument

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial Assets:

Initial recognition and measurement:

The company measures its financial assets at fair value. In this context, quoted investments are fair valued adopting the techniques defined in Level 1 of fair value hierarchy of Ind-AS 113 "Fair Value Measurement" and unquoted investments, where the observable input is not readily available, are fair valued adopting the techniques defined in Level 3 of fair value hierarchy of Ind-AS 113 and securing the valuation report from the certified valuer. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

i. The Company's business model for managing the financial asset and

ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

(a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

(a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to Investments in Equity and Convertible Warrants. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI.

However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

On De-recognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss.

However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

Equity Investments (in subsidiaries, associates and joint venture)

Investments in subsidiaries, associates and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

De-recognition

Financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;

  (a) The company has transferred substantially all the risks and rewards of the asset, or

  (b) The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

On De-recognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets

The company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measure at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

(b) Financial Liabilities:

Initial recognition and measurement

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. Financial liabilities are initially measured at Fair value.

Subsequent measurement

All non-current financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss..

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.13 Employee benefits

Short Term Obligation

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period at the undiscounted in the Statement of Profit & Loss and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other Long-Term employees benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss. The liability for earned leave is also classified as current where it is expected to be availed/ encashed during the next 12 months. The remaining portion is classified as non-current. The amounts of current and non-current liability are based on actuarial estimates.

Post-employment obligations

Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognised as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company.

The Company operates following post-employment schemes:

(a) defined benefit plans such as gratuity

(b) defined contribution plans such as provident fund

Defined Benefit Plans - Gratuity Obligation

The Company has maintained a Gratuity Scheme with the MCX Gratuity Trust. Trustees administer contributions made to the Trusts and contribution are invested in insurance company in the form of qualifying insurance policy. Company is contributing a sum determined by insurance company annually. The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

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

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

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

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Defined Contribution Plans - Provident Fund

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.14 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on 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.

2.15 Cash & Cash Equivalents

Cash and cash equivalent in the balance sheet comprises cash on hand and at bank and demand deposits with banks 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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

2.16 Key Accounting Estimates and Judgment

As per Ind AS the accounting policy should also disclose the significant estimates and critical judgment used in preparation of financial statement. The same can be done based on following lines:

The preparation of the Company's financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Income taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

Minimum Alternate Tax

Minimum Alternate Tax ("MAT") paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an deferred tax asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company. The management estimate the Company to pay normal tax and benefit associated with MAT will flow to the Company within permissible time limit under Income Tax Act, 1961 to the extent MAT asset recognised.

Property, Plant and Equipment

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financials assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgments and assumptions.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of Non-financial assets

The impairment provisions for Non-financial assets are based on assumptions about recoverability. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Going Concern Assumption

Going concern assumption has been applied on the basis that the company will able to continue its operation in the foreseeable future, and without there being any intention or necessity for it to either liquidate or curtail materially its scale of business operations.

2.17 Leases

The Company's lease asset primarily consists of leases for buildings. The Company assesses whether a contract contains a lease, at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low-value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense.

The right-of-use assets initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets is evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it exercises an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet, and lease payments have been classified as financing cash flows.

2.18 Core Settlement Guarantee Funds

As per SEBI regulation every recognised clearing corporation shall establish and maintain a Fund for each segment, to guarantee the settlement of trades executed in that respective segment of a recognised stock exchange. The Clearing Corporation shall have a fund called Core SGF for each segment of each Recognised Stock Exchange to guarantee the settlement of trades executed in the respective segment of the Stock Exchange. In the event of a clearing member(member) failing to honour settlement commitments, the Core SGF shall be used to fulfil the obligations of that member and complete the settlement without affecting the normal settlement process. The Core SGF shall be contributed by Metropolitan Clearing Corporation of India Limited (MCCIL), Stock Exchanges and the clearing members, in a manner as prescribed by SEBI. This fund is represented by earmarked Core SGF investments. The income earned on such investments is credited to the respective contributor's funds and adjusted towards incremental requirement of Minimum Required Corpus (MRC) as per SEBI Penalties and fines levied by the Company are transferred to Core SGF as Other Contributions.

Significant Accounting Policies and notes to the Consolidated financial statements for the year ended March 31, 2020. (Rupees in lakhs, except share and per share data, unless otherwise stated)

3 Property, Plant and Equipment

(₹ in Lakh)

Particulars	Office Equipment's	Computer Hardware	Furniture & Fixtures	Vehicles	Leasehold Improvements	Total
Gross Carrying amount as at 31.03.2018	185	3,857	51	39	149	4,281
Addition	4	9	0	-	17	29
Disposals/Write off	-	22	-	13	-	34
Gross Carrying amount as at 31.03.2019	189	3,844	51	26	166	4,276
Addition	2	438	-	-	-	440
Disposals/Write off	34	521	5	15	-	575
Gross Carrying amount as at 31.03.2020	156	3,761	46	11	166	4,141
Accumulated Depreciation as at 31.03.2018	152	3,090	24	14	128	3,409
Depreciation charges during the year	12	419	7	8	7	454
Disposals/Write off	-	18	-	10	-	28
Accumulated Depreciation as at 31.03.2019	164	3,491	31	12	135	3,834
Depreciation charges during the year	9	180	5	2	13	208
Disposals/Write off	35	521	5	3	-	564
Accumulated Depreciation as at 31.03.2020	138	3,150	31	11	148	3,478
Net Carrying amount as at 31.03.2020	18	611	15	0	18	663
Net Carrying amount as at 31.03.2019	24	353	20	14	31	441

4 Intangible Assets and Intangible Assets under development

(₹ in Lakh)

Particulars	Computer Software**	Intangible asset under development	Total
Gross Carrying amount as at 31.03.2018	**11,241**	**179**	**11,419**
Addition	304	157	461
Disposals/write off	446	182	628
Gross Carrying amount as at 31.03.2019	**11,098**	**154**	**11,252**
Addition	578	485	1,063
Disposals/write off	1,032	416	1,449
Gross Carrying amount as at 31.03.2020	**10,644**	**223**	**10,866**
Accumulated Depreciation as at 31.03.2018	**6,453**	**-**	**6,453**
Depreciation charges during the year	885	-	885
Disposals/write off	77	-	77
Accumulated Depreciation as at 31.03.2019	**7,261**	**-**	**7,261**
Depreciation charges during the year	712	-	712
Disposals/write off	1,032	-	1,032
Impairment	1,480		1,480
Accumulated Depreciation as at 31.03.2020	**8,420**	**-**	**8,421**
Net Carrying amount as at 31.03.2020	**2,224**	**223**	**2,445**
Net Carrying amount as at 31.03.2019	**3,838**	**154**	**3,991**

(Other than internally generated)

** In certain cases the company has only usage right and not the title or ownership, net carrying amount of Rs. 1,204 Lakhs (PY 3,237 lakh)

Significant Accounting Policies and notes to the Consolidated financial statements for the year ended March 31, 2020. (Rupees in lakhs, except share and per share data, unless otherwise stated)

5 Non Current Investment

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Other Investments				
Corporate Fixed Deposits				
HDFC Ltd	1,501		-	
LIC Housing Finance Limited	1,000		-	
Mahindra & Mahindra Finance Limited	500		-	
Bajaj Finance Ltd	980	3,981	-	-
Total		**3,981**		**-**
Aggregate book value of quoted investments				
Aggregate market value of quoted investments				
Aggregate carrying value of un-quoted investments		3,981		-
Aggregate amount of impairment in value of investments				

6 Other Financial Assets

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Non Current Bank Balance				
Deposit with banks (with Maturity more than 12 months)		12,003		770
Earmarked		-		-
Towards members deposit		3,129		3,854
Towards investor service fund		129		126
Towards defaulter committee fund		23		23
Towards overdraft facility		-		600
Others				
Sundry deposits		260		238
Total		**15,544**		**5,611**

7 Income Tax Assets

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Advance income tax (net)		379		959
Total		379		959

8 Deferred Tax Assets (Net)

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
MAT credit entitlements*		186		186
Total		**186**		**186**

* The management expects the company to pay normal tax and benefit associated with MAT credit will flow to the company within permissible time limit stipulated under income tax act, 1961 to the extent MAT asset recognised.

9 Other Non-Current Assets

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good)				
Tax recoverable, statutory deposits and dues from government		4,211		4,000
Prepaid expenses		11		18
Total		**4,222**		**4,018**

10 Current Investments

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Rupees	Units	Rupees
In Mutual Funds (Quoted) *				
Investments in mutual funds at FVTPL				
Nippon India Liquid Fund - DGP - G OPTION	4,126.136	200	2,706.527	124
Nippon India Liquid Fund - GP - G OPTION	-	-	2,247.987	102
HDFC Liquid Fund - Dir - Growth	11,786.909	460	531.679	20
SBI Magnum Low Duration Fund Direct Growth	-	-	1,044.966	25
ICICI Prudential Liquid - Growth	-	-	37,041.496	102
Aditya Birla Sun Life Liquid Fund - Growth	-	-	81,600.777	244
Invesco India Liquid Fund - Growth	-	-	1,956.134	50
ABSL MMF - G-D	1,05,964.940	287	-	-
HDFC MM Fund –D – G	4,741.094	200	-	-
ABSL Liquid Fund - G-D	1,91,731.372	613	-	-
Nippon India MM Fund – D.G. Plan	10,682.731	326	-	-
ABSL Overnight Fund - G-D	103.072	1	-	-
HDFC Overnight Fund - D-G	11.608	0	-	-
Nippon India OVERNIGHT FUND – D-G	136.397	0	-	-
ICICI Prudential Liquid Fund D-G	1,64,745.463	484	-	-
Kotak Liquid Fund - D-G	13,172.923	529	-	-
Axis Liquid Fund D-G	35,431.315	781	-	-
Aditya Birla Sun Life Liquid Fund - Dir - Growth	3,834.121	12	36,100.860	108
Axis Liquid Fund - Direct Plan - Daily Dividend	11.306	0	10.900	0
Axis Liquid Fund - Direct Growth	746.291	16	24,250.540	503
BOI AXA Liquid Fund - Direct Plan - Daily Dividend	-	-	18,206.990	183
BOI AXA Liquid Fund - Direct Plan - Growth	1,547.385	35	23,337.770	503
BOI AXA Liquid Fund- Dir- Overnight	19,086.302	192	-	-
SBI Premier Liquid Fund- Dir- Overnight	1,457.365	47	-	-
SBI Premier Liquid Fund - Direct Plan -Daily Dividend	-	-	24,055.820	241
Sundaram Money Fund - Direct Plan - Daily Dividend	62,47,568.636	631	82,75,936.20	836
Sundaram Money Fund - Direct Plan - Growth	43,724.357	18	12,75,463.26	503
Sundaram Money Fund- Direct- Overnight	38,814.201	412	-	-
ICICI Prudential Liquid -Direct Plan - Daily Dividend	34,400.088	34	33,007.520	33
Mirae Asset Cash Management Fund - Daily Dividend	-	-	838.910	9
Mirae Asset Cash Management Fund - Direct Plan - Growth	9,784.650	205	25,486.400	502
Mirae Liquid Fund- Dir- Overnight	687.542	7	-	-
Total		**5,494**		**4,088**
Aggregate book value of quoted investments				
Aggregate market value of quoted investments		5,494		4,088
Aggregate carrying value of un-quoted investments				
Aggregate amount of impairment in value of investments				
* Rs. 11.91 Lakh (PY Rs. 431 lakh/-) are towards making payments of the deposits of members.				

11 Trade Receivables

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Current				
Unsecured, considered good	-	101	-	122
Receivables which have significant increase in credit risk	-	16	-	12
Credit impaired	58	-	58	-
Less :- Allowance for credit impaired debts (expected credit loss allowance)	58	-	58	-
Total		**117**		**134**

Note 1 Trade receivables are dues in respect of services rendered in the normal course of business.

Note 2 The Normal credit period allowed by the Group ranges from 0 to 60 days.

Note 3 The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a detailed analysis of trade receivables by individual departments.

Note 4 There are no dues by directors or other officers of the Parent Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

Movement in expected credit loss allowance

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Balance at the beginning of the year		58		27
Impairment loss allowance on trade receivables		39		31
Balance at the end of the year		**97**		**58**

12 Cash and Cash Equivalent

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Balance with banks				
- In current accounts				
Owned	119		130	
Earmarked				
Towards investor service fund	2		9	
Towards arbitration	15		11	
Towards defaulter committee fund	0		1	
Total		**137**		**151**
Owned	771		-	
Earmarked				
Towards members deposit	370		-	
Towards investor service fund	7		-	
Towards defaulter committee fund	12		-	
Stamps in hand	0		1	
Cash on hand	0		0	
Total		**1,160**		**1**
Total		**1,297**		**152**

13 Other Bank Balance

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Other Bank Balances in Fixed Deposits				
Owned		14,694		33,805
Earmarked				
Towards Overdraft Facility		-		4,004
Towards investor service fund		21		-
Total		**14,715**		**37,809**

14 Other Financial Assets

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Loan to Metropolitan Stock Exchange ESOP Trust	11		11	
Less :- Provision for Doubtful Loan	11	-	11	-
		-		-
Interest accrued on Fixed Deposits		106		39
Owned	97		35	
Earmarked	10		4	
Interest Accrual on Corporate FD		100		-
Unbilled receivable		0		8
(Refer note 56)				
Total		**206**		**47**

15 Income Tax Assets (Net) - Current

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Advance Income Tax (Net of Provision)		1,631		1,755
Total		**1,631**		**1,755**

16 Other Current Assets

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good, unless otherwise stated)				
Tax recoverable, statutory deposits and dues from government		-		-
Advances to vendors		248		281
Advances to employees		0		2
Capital advances		0		2
Prepaid expenses		162		54
Sundry deposits		-		-
Other advances	15	-	15	-
Less :- Provision for doubtful advance	15	1	15	-
Total		**411**		**339**

17 Share Capital

(Amount in ₹ in Lakh except number of shares)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No of Shares	No of Shares	No of Shares	No of Shares
Authorised : 5,50,00,00,000 (PY 5,50,00,00,000) Equity Shares of Re.1/- each		55,005		55,000
Issued : 5,465,617,858 (PY 5,465,617,858) Equity Shares of Re.1/- each #		54,656 -		54,656 -
Subscribed and Paid-up 4,81,02,17,033 (PY 4,78,23,68,284) Equity Shares of Re.1/- each	**48,102**		**48,102**	
Less :- Amount recoverable from Metropolitan Stock Exchange ESOP Trust (Refer Note 18.6) 49,77,671 [(PY 49,77,671) equity shares of Re 1/- each fully paid allotted to the Metropolitan Stock Exchange ESOP Trust]	50		50	
.		**48,052**		**48,052**
Total		**48,052**		**48,052**

Vide Board meeting dated May 7, 2019, the Board has approved withdrawal of the unsubscribed portion of the Rights issues of 2018 totalling to 655,400,825 number of Shares of Rs. 1 each.

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.

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

(Amount in ₹ in Lakh except shares)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Rupees	No. of Shares	Rupees
Equity shares				
At the beginning of the Year		5,77,639		47,824
Issued during the Year*		-		278
Outstanding at the end of the Year	-	**5,77,639**	-	**48,102**

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	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**	**6.90%**	**33,17,77,008**	**6.90%**

18 Other Equity

(₹ in Lakh)

Particulars	Securities premium	Retained earnings	Capital Reserve	Non Refundable Interest Free Deposits Against Warrants	Warrant application money pending allotment	Other comprehensive income Remeasurement of employees benefit	Dividend Dist tax	Total
As at 31 March 2018	**39,279**	**(46,381)**	**-**	**0**	**0**	**9**	**-**	**(7,093)**
Add : Addition on share issued	278	-	-	-	-	-	-	278
Less : Share Issue Expenses	(26)	-	-	-	-	-	-	(26)
Allotment during the year	-	-	-	(0)	(0)	-	-	(0)
Addition	-	-	0	-	-	(10)	-	(10)
Minority Interest Reallocation	-	(28)			(0)			(28)
Profit for the year	-	(4,059)	-	-	-	-	-	(4,059)
As at 31 March 2019	**39,531**	**(50,468)**	**0**	**0**	**(0)**	**(1)**	**-**	**(10,937)**
Addition	-	-	-			(25)	(269)	(294)
Minority Interest Reallocation	-	(10)				-	11	1
Profit for the year	-	(4,577)	-			-	-	(4,577)
As at 31 March 2020	**39,531**	**(55,055)**	**0**	**0**	**(0)**	**(26)**	**(258)**	**(15,807)**

18.1 Securities premium

Securities premium reflects issuance of the shares by the company at a premium i.e. a sum equal to the aggregate amount of the premium received on shares is transferred to a securities premium as per the provisions of the Companies Act, 2013. The premium is utilised in accordance with the provisions of the Companies Act, 2013.

18.2 Retained earnings

The same reflects surplus/deficit after taxes in the statement of profit and loss. The amount that can be distributed by the company as dividends to its equity share holders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

18.3 Capital Reserve

Capital Reserve represents the amount forfeited on 25,445 warrants against which Rs. 0.12 lakh has been collected.

18.4 Non Refundable Interest Free Deposits Against 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 till FY 17-18, hence the said warrants were not exercised into equity shares, which are exercised during previous year

18.5 Warrant application money pending allotment

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.1,683 lakh 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. 0.29 lakh received by MSE.

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.

During the previous year, the company issued 33,625 shares by conversion of the same number of warrants on receipt of balance Rs. 0.50 per warrant and forfeited Rs. 0.12 lakh being Rs. 0.50 per warrant on 25,445 warrants for non receipt of balance amount."

18.6 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 Lakhs to the Trust to subscribe to 54,33,000 shares issued at Re. 1 per share and were allotted on November 20, 2009. The amount of loan equivalent to the face value of securities subscribed and not allotted to employees 49.78 Lakhs (Previous Year Rs. 49.92 Lakhs) has been deducted from share capital account and the balance part of the loan representing the amount of Rs. 10.08 Lakhs (Previous Year Rs. 10,08 Lakhs] has been added to short term loans and advances in note no.14. The balance of such loan as at March 31, 2020 is Rs. 60.00 Lakhs. 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.

18.7 Share Issue Expenses

In accordance with Section 52 of the Companies Act, 2013, during the year the company has utilised securities premium account towards share issue expenses.

19 Core Settlement Guarantee Fund

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Core Settlement Guarantee Fund				
As per Last Balance Sheet		1,041		1,041
Total		**1,041**		**1,041**

20 Provisions - Non Current

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Lease rental liability		184		31
Total		**184**		**31**

21 Other Financial Liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Amount received from members and applicants towards :				
- Deposits		4,308		2,816
- Settlement Banks Deposits		-		959
Core Settlement Guarantee Fund:				
- For clearing trades of MSE		2,113		2,779
- For clearing trades of ICEX		4,539		4,182
- Other Deposits		65		40
Total		**11,025**		**10,776**

22 Provisions - Non Current

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Provision for leave encashment		46		31
Total		**46**		**31**

23 Borrowings

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Secured				
Working Capital facility from bank		-		2,415
(The above loan is secured against charge on Fixed Deposits made with the banks				
Total		**-**		**2,415**

24 Trade Payables

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Total outstanding dues of micro enterprises and small enterprises		2		-
Total outstanding dues to creditors other than micro enterprises and small enterprises		285		948
Total		**287**		**948**

25 Other Current Financial Liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Deposits from members		3,940		4,748
Share application money refundable		0		0
Other payable		218		218
Members Margin and Deposits - Commodity Segment		1,095		657
Total		**5,252**		**5,622**

26 Lease rental liability - Current

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Lease rental liability		418		0
Total		**418**		**0**

27 Other Current Liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Unearned Income towards :				
Unearned income (Refer note 56)		33		36
Investor Service fund # [Including interest earned of Rs. 10 lakh (PY 7 lakh)		168		141
SEBI Regulatory Fees		11		11
TDS Payable		51		43
Other Liabilities including Statutory Liabilities		48		177
Other Payable as per the Scheme Of Capital Reduction		331		-
Lease Equalisation		-		82
Share application money refundable				
# 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. 168 lakh (PY 141 lakh) as at March, 31, 2020 represents the Listing Fees Contribution, net of expenses and interest earned thereon.				
Total		**644**		**489**

28 Provisions - Current

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Provision for gratuity		37		20
Provision for leave encashment		6		4
Total		**43**		**24**

29 Deferred Tax Liability

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Rupees	Rupees	Rupees	Rupees
Deferred Tax Credit / (Charge)		55		1
Total		**55**		**1**

30 Revenue From Operations

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Revenue from operations				
Sale of services -				
Transaction fees		68		62
Clearing and settlement fees		413		200
Other operating revenue -				
Processing fees		27		77
Listing fees		172		173
Annual subscription fees		-		5
Income related to commodity segment		86		16
Vsat connectivity income		-		1
Other connectivity charges		98		104
Data feed charges		45		45
Examination fees		12		13
Membership surrender fee		94		94
Other revenue from operations		14		14
Total		**1,029**		**804**

31 Other Income

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Interest on bank deposits		1,968		2,413
Interest on Corporate Deposits		100		-
Dividend from non trade current investments		68		41
Interest income others		216		16
Profit on sale of current investments (Net)		240		100
Fair valuation of mutual fund		41		141
Miscellaneous income		39		5
Total		**2,672**		**2,716**

32 Operating Expenses

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Clearing and Settlement Charges		18		-
Technology cost		1,435		1,214
SEBI regulatory charges		27		25
Internet connectivity charges		1		1
Direct communication expenses		41		147
POP / NPN Charges		87		129
Co-Location charges		90		86
Electricity Expenses- Direct		68		83
Total		**1,767**		**1,685**

33 Employee Benefits Expense

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Salaries, allowances and bonus		2,028		1,763
Contribution to provident fund and other funds		107		89
Staff welfare and other amenities		59		30
Total		**2,194**		**1,882**

34 Finance Costs

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Interest expenses		119		111
Finance cost - Right to use Asset-Ind AS		40		0
Total		**159**		**111**

35 Advertisement and business promotion expenses

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Advertisement		7		172
Business promotion expenses		30		8
Sponsorships and seminar		14		14
Total		**52**		**194**

36 Other Expenses

(₹ in Lakh)

Particulars	2019-20		2018-19	
	Rupees	Rupees	Rupees	Rupees
Rent		184		568
Repairs and maintenance - others		92		87
Insurance		53		41
Travelling and conveyance		37		23
Communication expenses		13		14
Legal and professional charges		233		466
Electricity expenses		41		45
Membership and subscription fees		25		26
Directors sitting fees		75		83
Payment to Auditors :				
- Audit fees	22		18	
(Incl. tax audit, ICFR report)				
- Other matters (Certification)	12		23	
- Reimbursement	1	34	0	41
Assets written off		-		372
Exchange rate fluctuation (net)		2		1
ROC fees		0		0
Provision for doubtful loan and advances		-		15
Expected credit loss		39		31
Bank charges		1		7
Rates & taxes including stamp duty		8		7
Printing & stationery		17		10
Contribution to investor service fund		35		30
CENVAT credit written off		22		33
Fair valuation of deposit		13		30
Operating expenses - commodity segment		85		18
Corporate Social Responsibility Expenses		6		-
Miscellaneous expenses		242		208
Total		**1,255**		**2,155**

37 Contingent Liability

(i) Claim against the Group not acknowledged as debts :

a. IL&FS has filed a suit before the Bombay High Court against MSE (Suit No. 295 of 2014), along with a Notice of motion for interim relief for breach of the Share Purchase Agreement dated August 20, 2009 entered into between IL&FS (Plaintiff), MSE (Defendant No.1) and MCX (Defendant No.2) for purchase of shares of MSE by IL&FS from MCX. Various reliefs have been sought by IL&FS from MCX and MSE (on a joint and several basis), including monetary claim of INR 84.21 crore along with interest. Pleadings are completed and have been recorded by the Prothonotary.

The Notice of Motion no. 530/2014 in Suit no.: 295/2014 was heard on June 11, 2019 and the Hon'ble Bombay High Court through its order dated June 12, 2019 ordered that MSE and MCX, shall be restrained either directly or indirectly from issuing any further shares of MSE in any manner whatsoever without seeking the plaintiff's prior written consent in accordance with and/or in terms of Clause 5.5(a) of the SPA dated August 20, 2009. However, it was clarified by the Court that if IL&FS unreasonably withholds its consent then MSE shall be at liberty to approach the court for appropriate orders. MSE has filed an Appeal to the said order dated June 12, 2019 which will be taken up for hearing in due course of time.

The suit remains pending and no date of hearing has been fixed yet.

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 and a refund of Rs. 683.05 Lakhs has been received on the 4th May 2019. 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.

c. Claims not acknowledged as debt – Rs. 18.29 (PY Rs.17.70)

d. Income Tax Matter - Rs. Nil (PY 0.10)

(ii) Other money for which the Group 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.

38 Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs 290.11 Lakhs as on 31st March, 2020. (PY Rs. 51.10 Lakhs).

39 Going Concern

The Company is adequately capitalized, the regulatory net worth of the company as on March 31, 2020 stands at Rs. 188 Crores as against minimum regulatory requirement of Rs. 100 Crore. Further, the Exchange has also gone live on regulatory requirements like interoperability and the Exchange's operations are running smoothly & appropriately. Apart from this Exchange is taking various new initiatives which will help the Exchange in creating liquidity and more business. Accordingly, the company continues to prepare its 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.85699 Lakhs 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. At present the Hon'ble Tribunal adjourned the case sine die with liberty to the parties to mention the matter after the decision of the Hon'ble Supreme Court in Civil Appeal no 8974 of 2014.

The Company has unutilized CEN VAT credit of Rs. 4,171 Lakhs as at March 31, 2020 (previous year Rs. 4,000 Lakhs). As mentioned above, the Company expects improved revenue earnings in the future years and hence is of the view that the unutilized CENVAT credit will be fully utilized in future years and the same is considered as good for recovery.

40 In some earlier years, the Company could not 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. 5550 Lakhs 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.

An appeal has been filed by NSE before the Hon'ble Supreme Court of India challenging the order passed by the COMPAT on August 05, 2014. The Hon'ble Supreme Court granted NSE only a limited interim stay on the recovery of the penalty amount of Rs. 5550 Lakhs (@ 5% of the average turnover).

At the hearing on February 12, 2018, the counsels were heard and an interim stay was granted to the proceedings of damages during the pendency of the present appeal filed by NSE in Supreme Court. The appeal was then listed on April 13, 2018.

At the hearing on April 13, 2018 upon hearing our counsels, the court passed the order to post the matter on Thursday, 19th July, 2018 for final hearing. After which the matter got listed on various occasions however was no taken up due to paucity of time. The matter was last listed on March 17, 2020 for hearing however due to Covid-19 pandemic it was adjourned to a future date which shall be specified by Supreme Court in due course of time. Interim orders on the penalty amount to be continued.

While the aforesaid Appeal filed by NSE is pending before the Supreme Court of India, the Exchange has filed an Application for award of compensation for Rs. 85699 Lakhs. under Section 53N (1) of the Competition Act, 2002 before the COMPAT (now NCLAT).

Thereafter the matter had been listed on various dates for hearing. However, due to paucity of time, the matter could not be taken up for hearing.

At the hearing on 08.03.18, the Learned Counsel for the Respondent-NSE brought to the notice of the Appellate Tribunal the order dated 12.02.18 passed by Hon'ble Supreme Court in Civil Appeal No.8974 of 2014 wherein an interim order of stay of proceeding of damages had been passed.

In the circumstances, the Hon'ble Tribunal adjourned the case for sine die with liberty to the parties to mention the matter after the decision of the Hon'ble Supreme Court.

41 Issue of Shares

a During previous year the Board at its meeting held on June 23, 2018 & July 26, 2018 had offered its eligible shareholders on Rights Basis 68,32,00,300 equity shares at a price of Re. 2/- each (including a premium of Re.1 per share) aggregating to Rs. 136.64 lakhs in the ratio of 1:7 shares. The rights issue opened on August 10, 2018 and closed on September 08, 2018. Out of the subscription received, the Board vide circular resolution dated October 1, 2018 allotted 2,77,99,475 Equity Shares (having face value of Re. 1 per share) at a price of Rs.2 per share (including the premium of Re.1 per share) utilizing share application amounting to Rs. 555.99 Lakhs. The company has also received a sum of Rs. 0.04 Lakhs against which no shares could be allotted due to requisite information, the same has been disclosed as other current liability.

Further, Company issued 49,274 equity shares by converting non refundable interest free deposit/warrant application money amounting to Rs. 0.49 Lakhs.

42 Earnings per share ('EPS')

(Amount in ₹ in Lakh Except for number of Shares)

Particulars	Apr-19 to Mar-20	Apr-18 to Mar-19
Profit/(Loss) after tax as per statement of profit and loss attributable to equity share holders	(4,577)	(4,059)
Weighted average number of equity shares outstanding during the year for basic EPS	4,81,02,17,033	4,79,62,67,122
Add-Shares Issued to ESOP Trust	49,77,671	49,77,671
Weighted average number of equity shares outstanding during the year for diluted EPS	4,81,51,94,704	4,80,12,44,793
Basic earnings per share of face value Re. 1 each	(0.10)	(0.08)
Diluted earnings per share of face value Re. 1 each	(0.10)	(0.08)

43 Capital Reduction:

Subsidiary MCCIL had filed a capital reduction petition with Hon'ble National Company Law Tribunal (NCLT) on November 30, 2018 seeking reduction of 170,000,000 Equity Shares of INR 10/- each held by the Shareholders as on the record date on proportionate basis, at a price of INR 10 per share, out of the total existing paid up Equity Share Capital of the Company of INR 29,537.09 Lacs divided into 295,370,991 Equity Shares of INR 10/- each fully paid up, and that such reduction is effected by returning capital to the Shareholders, of an aggregate amount of INR 17,000.00 Lacs and the Share Capital of the subsidiary MCCIL would reduce to the extent of shares so cancelled. The petition was admitted by Hon'ble NCLT on January 28, 2019.

The Hon'ble NCLT vide order dated August 19, 2019 and the Registrar of Companies vide issue of certificate dated August 29, 2019 approved reduction in share capital of the Company by 170,000,000 (Seventeen Crore) Equity Shares of INR 10/- each (Indian Rupees Ten only) held by the shareholders on proportionate basis.

Further, in terms of the aforesaid order, proportionate funds amounting to INR 3,30,93,974/- to be paid to M/s. 63 moons technologies ltd, pursuant to capital reduction, have been transferred to current liabilities in the books of accounts of the subsidiary, until further directions are received from SEBI in this matter.

Post capital reduction the Equity Share Capital of the Company is INR 12,537.09 Lacs constituting of 125,370,991 shares of INR 10 each.

44 Impairment of Assets

The Holding company has carried out the Impairment testing in quarter ending September 30, 2019 and accordingly an amount of Rs. 1479 Lakh where carrying value was higher than the recoverable value has been impaired. The Assets getting impaired are intangible software's predominantly matching engine and related components for certain non revenue generating segments.

45 Disclosure under Indian Accounting Standard 19 (Ind As 19) on Employee Benefit

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: (₹ in Lakh)

Particulars	2019-20	2018-19
Employer's Contribution to Provident Fund	84	70

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, 2020 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, 2020.

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

Particulars	Gratuity	
	2019-20 (Funded)	2018-19 (Funded)
Defined Benefit Obligation at the beginning of the year	150	126
Current Service cost	24	20
Interest Cost	12	10
Liability transfer in	-	-
Liability transfer out	-	-
Actuarial (gain) / loss	27	8
Benefits paid	(3)	(14)
Defined Benefit obligation at the end of the year	209	150

II Reconciliation of opening and closing balance of the Fair value of Plan Assets- (₹ in Lakh)

Particulars	Gratuity	
	2019-20	2018-19
Fair Value of Plan Assets at the beginning of the year	130	108
Expected Return On Plan Assets	10	8
Contribution during the year	36	30
Transfer From Other Company	-	-
Transfer To Other Company	-	-
Benefit Paid From The Fund	(3)	(14)
Actuarial Gains/(Losses) On Plan Assets	(2)	(3)
Fair Value of Plan Assets at the end of the year	172	130

III The amount recognized in the Balance Sheet as follows:- (₹ in Lakh)

Particulars	Gratuity	
	2019-20	2018-19
Present value of Benefit Obligation at the end of the Project	(209)	(150)
Fair Value of Plan Asset at the end of the Period	172	130
Funded Status (Surplus / (Deficit))	(37)	(20)
Net Liability/(Asset) recognized in Balance Sheet	(37)	(20)

IV The amount recognized in the statement of Profit & Loss is as follows:- (₹ in Lakh)

Particulars	Gratuity	
	2019-20 (Funded)	2018-19 (Funded)
Current service cost	24	20
Interest Cost	2	1
Expected return on plan assets	-	-
Actuarial (gain) / loss	-	-
Net expenses	25	22

V The amount recognized in the Balance Sheet as follows:-

(₹ in Lakh)

Particulars	Gratuity	
	2019-20	2018-19
Actuarial (Gains) / Losses on obligation for the period	27	8
Return on plan assets, excluding interest income	2	3
Change in asset Ceiling	-	-
Net (income) / expense for the period recognized in OCI	29	10

VI Expected payout from the fund / employer

(₹ in Lakh)

Particulars	Fund		Employer	
	2019-20	2018-19	2019-20	2018-19
Projected benefits payable in Future Years from Date of reporting				
1st Following year	10	13	-	-
2nd Following year	11	8	-	-
3rd Following year	12	9	-	-
4th Following year	12	10	-	-
5th Following year	15	10	-	-
6th - 10th Following years	76	59	-	-
11th year and above	342	270	-	-

VII Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount trade ,expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period , while holding all other assumptions constant. The result of Sensitivity analysis is given below:

(₹ in Lakh)

Particulars	Gratuity	
	2019-20	2018-19
Projected benefit obligation on Current Assumption	173	150
Effect of +1% change in Rate of discounting	(16)	(13)
Effect of -1% change in Rate of discounting	19	15
Effect of +2% change in Rate of Salary Increase	30	27
Effect of -2% change in Rate of Salary Increase	(24)	(21)
Effect of +5% change in Rate of Employee Turnover	(0)	1
Effect of -5% change in Rate of Employee Turnover	(2)	(3)

These plans typically expose the Group to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest Risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

VIII Principal actuarial assumptions at the Balance sheet date:

Particulars	Gratuity As at	
	31-Mar-20	31-Mar-19
Mortality Table(LIC)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Rate of employee turnover	For service 4 yrs. & below 19% pa & 7% pa thereafter	For service 4 yrs. & below 19% pa & 7% pa thereafter
Discount rate (per annum)	7.64%	7.78%
Expected Return on Plan Asset	7.64%	7.78%
Rate of escalation in salary (per annum)	6.50%	6.50%

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 above information is certified by the actuary.

The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held, assessed risks, historical results of return on Plan Assets and the Company's policy for Plan Assets Management.

The Group 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

46 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company operates only in one Business Segment i.e. facilitating trading in securities and the activities incidental thereto within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments". The Company while presenting the consolidated financial statements has disclosed the segment information to the extent applicable as required under Indian Accounting Standard 108 "Operating Segments".

Primary Segment Business segments being Trading & Clearing (₹ in Lakh)

Particulars	Trading Services		Clearing Services		Unallocable		Total	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	1.03.2019	31.03.2020	31.03.2019
REVENUE:								
External Revenue	524	583	504	221	-	-	1,029	804
Inter-segment Revenue	-	-	3	9	-	-	3	9
Total Revenue	**524**	**583**	**507**	**230**	**-**	**-**	**1,032**	**813**
SEGMENT RESULT :								
Loss Before Interest & Tax	(5,456)	(4,989)	(1,694)	(1,427)	349	252	(6,801)	(6,164)
Less : Interest Expense	-	-	-	-	(160)	(110)	(160)	(110)
Add : Interest Income	-	-	-	-	2,460	2,429	2,460	2,429
Loss After Interest	(5,456)	(4,989)	(1,694)	(1,427)	2,650	2,571	(4,501)	(3,845)
Less: Tax Expense	-	-	-	-	-	-	76	214
Less : Minority Interest	-	-	-	-	-	-	10	28
Total Other Comprehensive income							(25)	(9)
Loss for the Year	(5,456)	(4,989)	(1,694)	(1,427)	2,650	2,571	(4,612)	(4,096)
OTHER INFORMATION								
Segment Assets	13,487	9,184	12,279	13,763	26,054	36,584	51,820	59,531
Segment Liabilities	4,722	7,911	10,151	9,219	3,082	2,958	17,955	20,088
Segment Capital Expenditure	248	147	840	162		-	1,088	309
Depreciation / Amortisation	844	1,333	75	5		-	919	1,338

Secondary Segment

Since all the activities of the Group are predominantly conducted in India, there are no separate reportable geographical segments.

Note:

Segment Liabilities are after elimination of inter company contribution towards Settlement Guarantee Fund, Core Settlement Guarantee Fund allocations.

47 Ind AS 24 - Related party Disclosures

a) Names of related parties and nature of relationship:

(i) Key Management Personnel (KMP)

MSEI

- Ms. Latika S. Kundu (MD & CEO) w.e.f. March 12, 2020
- Mr. Udai Kumar (MD & CEO) upto January 21,2019
- Mr. Kunal Sanghavi (CFO) upto April 13, 2020
- Mr. Yashwant Kakade (Company Secretary) upto January 20, 2020

MCCIL

- Mr. Balu Nair (MD & CEO)
- Mr. Krishana Wagle (CFO)
- Ms. Avni Patel (Company Secretary)

(ii) Others

- Metropolitan Stock Exchange ESOP Trust
- Metropolitan Stock Exchange Investor Protection Fund Trust (erstwhile MCX Stock Exchange Investor Protection Fund Currency Derivative Segment Trust (IPF Trust)

b) Transactions with KMP: (₹ in Lakh)

Nature of transactions	Amount
Salary & allowances*:	
Ms.Latika S. Kundu	3
Mr. Udai Kumar	- *64*
Mr. Kunal Sanghavi	47 *41*
Mr. Yashwant Kakade	9 *5*
Mr. Balu Nair	65 *51*
Mr. Krishana Wagle	27 *23*
Ms. Avni Patel	20 *17*
Director Sitting Fees	
Mr. Dinesh K Mehrotra	9 *16*
Mr. Ketan Shivji Vikamsey	9 *14*
Mr. S V D Nageswara Rao	11 *6*
Mr. Sudhir Kumar Bassi	5 *8*
Ms. Trishna Guha	10 *6*
Mr. Vijay Sardana	7 *-*
Mr. Ajai Kumar	- *7*
Mr. Dilip G Patwardhan	- *7*
Mr. Vijay Ranjan	7 *5*
Mrs. Rita Menon	8 *6*
Mr. Alok Mittal	9 *8*

*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 italic represent previous year’s amounts.

(iv) The transactions with the related parties are disclosed only till the relation exists.

48 Details of dues to micro, small and medium enterprises

Under Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2nd October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. Accordingly, Company on periodic basis collects the required information from the vendors as to whether they are covered under Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006). Based on the vendors identified as above the outstanding amounts payable to vendors covered under Micro, Small and Medium Enterprises Development Act 2006 are given below;

Particulars	2019 - 20	2018 - 19
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year;	Principal - Rs.1,62,386/- Interest-Rs.Nil	Principal - Rs.16,474/- Interest-Rs.Nil
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	N.A.	Nil
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);	N.A.	Nil
The amount of interest accrued and remaining unpaid at the end of accounting year; and	N.A.	Nil
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	N.A.	Nil

49 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:

(₹ in Lakh)

Particulars	As at	
	31-Mar-20	31-Mar-19
Future minimum lease payments		
Not later than one year	530	534
Later than one year and not later than five years	188	727
Later than five years	-	-

b) Lease payments recognised in the statement of Profit & Loss is Rs. 586.01 Lakhs (Previous year Rs. 567.60 Lakhs).

c) Sub-lease payment received and recognised in the statement of Profit & Loss is Rs. 195.89 Lakhs (Previous Year Rs. 179.26 Lakhs).

50 Corporate Social Responsibility Expenses:

The subsidiary has achieved the Net Profit criteria as specified u/s. 135 of the Companies Act 2013.

(₹ in Lakh)

Particulars	As at	
	31-Mar-20	31-Mar-19
Gross Amount Required To Be Spent By The Company During The Year	6	-
Amount Spent During The Year		
A. Construction/ Acquisition Of Any Asset		
B. On Purposes Other Than (A) Above	6	-
Total	**6**	**-**

51 Fair value Measurement

Financial Instruments by category

(₹ in Lakh)

Particulars	31/03/2020			31/03/2019		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial Assets						
Investments						
Equity Instruments	-	-	-	-	-	(0)
Other Instruments	-	-	3,981	-	-	-
Mutual Funds	5,494	-	-	4,088	-	-
Trade receivables	-	-	117	-	-	134
Cash and Cash equivalents	-	-	1,297	-	-	152
Bank balances other than cash and cash equivalents	-	-	14,715	-	-	37,809
Deposits	-	-	15,544	-	-	5,611
Other financial assets	-	-	206	-	-	47
Total financial assets	**5,494**	**-**	**35,859**	**4,088**	**-**	**43,753**
Financial liabilities						
Borrowings			-			2,415
Trade payables	-	-	287	-	-	948
Other financial liabilities	-	-	16,278	-	-	16,181
Total financial liabilities	**-**	**-**	**16,565**	**-**	**-**	**19,544**

The carrying amounts of trade receivables, trade payables, deposits, other receivables, cash and cash equivalent including other current bank balances and other liabilities including creditors, etc. are considered to be the same as their fair values, due to current and short term nature of such balances.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Fair Value Hierarchy

(a) Fair value hierarchy - Recurring fair value measurements

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Financial assets		
At Fair value through profit & loss		
Level 1		
Mutual fund Investments	5,494	4,088
	5,494	**4,088**

Recognised fair value measurements

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices of instruments

52 Capital management

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Compliance with externally imposed capital requirements:

In accordance with regulation 14 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, the parent Company and its Subsidiary i.e. Metropolitan Clearing Corporation of India Limited (MCCIL) shall have a minimum net worth of Rs. 10,000 Lakhs and Rs. 10,000 lakhs respectively, at all times.

53 Financials Risk Management

The Company's principal financial liabilities, comprise trade and other payables. The main purpose of these financial liabilities is to support its operations. The Company's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including foreign currency and interest rate risk), regulatory risk and clearing & settlement risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The demographics of the customer, including the default risk of the industry in which the customer operates, also has an influence on credit risk assessment.

The Company provides the stock exchange services to its listed customers and registered members (who have provide the collaterals and other securities for trading done on its platform), hence the Company operates with large number of customers portfolio and its revenue is not concentrated on small number of customers. All trade receivables are reviewed and assessed for default on a periodic basis. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

None of the customers accounted for more than 10% of the receivables and revenue for the year ended March 31, 2020.

Other Financial Assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks and investments in debt mutual funds. The Company has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company's Finance Department.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Company's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The management monitors the Company's net liquidity position through forecasts on the basis of expected cash flows. The company is also taking steps to improve liquidity going forward by focusing on new initiatives taken recently.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2020 and March 31, 2019

(₹ in Lakh)

Particulars	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2020				
Liabilities				
Borrowings	-	-	-	-
Trade payables	285	285	-	285
Other financial liabilities	16,278	5,252	11,025	16,278
Assets				
Trade Receivables	117	117	-	117
Investment	5,494	5,494	-	5,494
Other Investments	3,981	-	3,981	3,981
Cash and Cash equivalents	1,297	1,297	-	1,297
Bank balances other than cash and cash equivalents	14,715	14,715	-	14,715
Deposits	15,544	-	15,544	15,544
Other financial assets	206	206	-	206
As at March 31, 2019				
Liabilities				
Borrowings	2,415	2,415	-	2,415
Trade payables	948	948	-	948
Other financial liabilities	16,181	5,405	10,776	16,181
Assets				
Trade Receivables	134	134	-	134
Investment	4,088	4,088	(0)	4,088
Cash and Cash equivalents	152	152	-	152
Bank balances other than cash and cash equivalents	37,809	37,809	-	37,809
Deposits	5,611	-	5,611	5,611
Other financial assets	47	47	-	47

Market risk

The Company's business, financial condition and results of operations are highly dependent upon the levels of activity on the exchange, and in particular upon the volume of financial assets traded, the number of listed securities, the number of new listings and subsequent issuances, liquidity and similar factors, as a significant portion of our revenue depends, either directly or indirectly, on trading, listing, clearing and settlement transaction-based fees.

The Company's financial condition and results of operations are also dependent upon the success of our clearing, settlement and other issuer services, which, in turn, are directly dependent on the liquidity and financial strength of our customers, namely financial intermediaries such as brokers, and their respective clients.

Regulatory risk

The Company requires a number of regulatory approvals, licenses, registrations and permissions to operate our business, including at a corporate level as well as at the level of each of it's components. For example, the Company have licenses from SEBI in relation to, among others, introducing derivatives contracts on various indices of the exchange, introduction of futures and options contracts on various indices of the exchange and trading in government securities. Some of these approvals are required to be renewed from time to time. The Company's operations are subject to continued review and the governing regulations may change. The Company's regulatory team constantly monitors the compliance with these rules and regulations.

Post implementation of interoperability requirements, all Exchanges are required to contribute such amounts to the Core SGF of the Clearing Corporations as may be determined in accordance with the methodology specified by SEBI. The contribution to the Settlement Guarantee Fund of each Clearing Corporation is based on the ratio of Turnover of each Exchange to the relevant Clearing Corporation. Subject to SEBI Regulations, the Exchanges can also withdraw their excess Core SGF contributions.

Clearing and Settlement Risk

Parties to a settlement may default on their obligations for reason beyond the control of the Company. The clearing and settlement operations are conducted through a wholly owned subsidiary Metropolitan Clearing Corporation Of India Limited (MCCI). MCCI guarantees the settlement of trade executed on Company's platform and maintains a core settlement guarantee fund to support its guarantee obligations.

54 Taxes

a) Income Tax Expenses

The major components of income tax expenses for the year ended March 31, 2020

Profit or loss section

(₹ in Lakh)

Particulars	2019-20	2018-19
Current tax expense	10	203
Current tax expense of earlier years	8	8
Deferred tax	58	3
Total income tax expense recognised in profit or loss	**76**	**213**

Other comprehensive income section

(₹ in Lakh)

Particulars	2019-20	2018-19
Remeasurements of the defined benefit plans;	(4)	0
Total income tax expense recognised in Other comprehensive income	(4)	0

b) Reconciliation of effective tax rate

(₹ in Lakh)

	Particulars	2019-20	2018-19
a)	Income before income tax	(4,501)	(3,845)
b)	Enacted tax rate in India	26.000%	26.000%
c)	Expected tax expenses (a*b)	10	203
d)	Other than temporary differences		
	Investment income	-	-
	Expenses disallowed / (allowed)	-	-
	Total	**-**	**-**
e)	Temporary difference	11,312	11,689
	Temporary difference on which deferred tax assets not recognised	(11,312)	(11,689)
	Total	**-**	**-**
f)	**Net adjustments (d+e)**	-	-
g)	**Current tax expense of earlier years**	8	8
h)	**Tax expenses recognised in Profit or Loss (c+f+g)**	76	214

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

55 Expenditure in foreign currency

(₹ in Lakh)

Particulars	2019-20	2018-19
Travelling and Conveyance	0	-
Repair, Maintenance & Sponsorship	26	35

56 Revenue from contract with customer

a The revenue from contracts with customers to the amounts disclosed as total revenue is as under

(₹ in Lakh)

Particulars	2019-20	2018-19
Revenue from contract with customer	1,014	790
Revenue from other sources	14	14
Total	**1,029**	**804**

b The disaggregation of revenue from contracts with customers is as under :

ii Geographical Location

(₹ in Lakh)

Particulars	2019-20		2018-19	
	India	Foreign	India	Foreign
Total Revenue	**1,006**	**23**	**781**	**23**

iii At point in time / Over time

(₹ in Lakh)

Particulars	2019-20			2018-19		
	At point in time	Over Time	Total	At point in time	Over Time	Total
Total Revenue	**215**	**813**	**1,029**	**261**	**543**	**804**

c **The contract assets & liability from contract with customers are as under :**

i **Contract Assets**

(₹ in Lakh)

Particulars	2019-20	2018-19
Opening Balance of Contract Asset	3	10
Previous year - Contract Asset - reclassified to trade receivable on invoicing	3	10
Current year – Contract asset	16	3
Closing Balance of Contract Assets	16	3

ii **Contract Liability**

(₹ in Lakh)

Particulars	2019-20	2018-19
Opening Balance of Contract Liability	36	32
Previous year - Contract Liability - Revenue recognized during the year	12	15
Current year – Contract Liability Carried forward	9	19
Closing Balance of Contract Liability	33	36

57 Core Settlement Guarantee Fund (Core SGF)

(A) For Segments other than Commodity Derivatives:

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

Minimum Required Corpus (MRC) of Core SGF - 31.03.2020 (₹ in Lakh)

Segment	Contribution required from MCCIL (Minimum) (a) = 50%*d	Contribution required from the Exchanges (b) = 25%*d	Maximum contribution required from Clearing Members (c) = 25%	MRC (d) = (a) + (b) + (c)
CDS - (Under Interoperability)	2,083	1,041	1,041	4,165
ECM - (Under Interoperability)	0	0	0	1
EDS - (Under Interoperability)	0	0	0	0
DMS - (MSE Segment)	0	0	0	0
Total	**2,083**	**1,041**	**1,041**	**4,166**

Corpus of Core SGF as on March 31, 2020 (₹ in Lakh)

Segment	Total Contribution to Core SGF				Penalties	Total Corpus
	MCCIL	MSE	Other Exchanges	Clearing Members		
	Cash	Cash	Cash	Cash	Cash	Cash
	(a)	(b)	(c)	(d)	(e)	(f) = (a)+(b)+(c)+(d)+(e)
CDS - (Under Interoperability)	3,277	1,537	-	34	525	5,373
ECM - (Under Interoperability)	37	-	-	-	0	37
EDS - (Under Interoperability)	37	-	-	-	3	41
DMS - (MSE Segment)	37	-	-	-	-	37
Total	**3,389**	**1,537**	**-**	**34**	**528**	**5,489**
	Total - CORE SGF CORPUS					**5,489**

Note:

1 Contribution made by the MCCIL to the Core SGF Corpus is funded through its Equity.

2 Further, in accordance with the directions received from the SEBI, MCCIL had contributed an amount of INR 25 lakh each in Equity Derivative Segment, Equity Cash Market Segment and Debt Market Segment as the minimum corpus of Core SGF with effect from February 2, 2015.

3 Corpus of Core SGF includes contribution made by the contributors, penalties levied and income earned on the corpus.

4 Clearing Member contribution have not been sought in view of the adequacy of Core SGF Corpus after taking into consideration the contributions (including the interest income) made by the MCCIL and the Exchanges. The amount reflecting under Core SGF Corpus of Clearing Member pertains to income earned on Clearing Member contributions.

5 As decided in the Risk Management Committee in their meeting held on December 20, 2019, the requirement from the Exchanges in the Equity Cash Market (ECM) Segment will be recovered from the Exchanges once the individual requirement from each Exchange reaches INR 1 Lakh.

(B) For Commodity Segment:

Securities & Exchange Board of India (SEBI) had issued norms related to Core SGF and standardised stress testing for credit risk for commodity derivatives vide circular SEBI/ HO/ CDMRD/ DRMP/ CIR/ P/ 2018/ 111 dated July 11, 2018. Based on said guidelines Clearing Corporation and Stock Exchange are required to contribute at least 50% and 25% of the Minimum Required Corpus (MRC) of the Core SGF whereas up to 25% of the Core SGF contribution can be collected from Clearing Members.

Minimum Required Corpus (MRC) of Core SGF - 31.03.2020

(₹ in Lakh)

Segment	Contribution required from MCCIL (Minimum) (a) = 50%*d	Contribution required from the ICEX (Minimum) (b) = 25%*d	Contribution required from Clearing Members (Maximum) (c) = 25%	MRC (d) = (a) + (b) + (c)
Commodity Derivative Segment	500	250	250	1,000
Total	**500**	**250**	**250**	**1,000**

Corpus of Core SGF as on March 31, 2020

(₹ in Lakh)

Segment	Total Contribution to Core SGF			Penalties	Total Corpus
	MCCIL	ICEX	Clearing Members		
	Cash	Cash	Cash	Cash	Cash
	(a)	(b)	(c)	(d)	(e) = (a)+(b)+(c)+(d)
Commodity Derivative Segment	559	3,936	-	45	4,539
Total	**559**	**3,936**	**-**	**45**	**4,539**

Note:

1 Corpus of Core SGF for commodity segment includes contribution made by the contributors, penalties levied and income earned on the corpus.

2 Clearing Member contribution have not been sought in view of the adequacy of Core SGF Corpus after taking into consideration the contributions (including the interest income) made by the MCCIL and the ICEX.

3 SEBI vide its letter SEBI/HO/CDMRD/DEA/OW/P/2018/27063/1&2, dated September, 27 2018, had instructed Exchange/ Clearing Corporation to strengthen and build up the resources available for SGF to at least INR 100 Crores over a period of three years. The shortfall to be made up by the Exchange/ CC by earmarking INR 5 Crores per quarter towards a separate fund for the purpose of augmenting SGF and the fund shall have separate earmarked investments in a separate account.

ICEX and MCCIL vide its joint letter dated October 05, 2018 had informed SEBI that ICEX would build up SGF to at least INR 100 Crores over a period of three years by earmarking INR 5 Crores per quarter, starting from quarter ending December 31, 2018, towards a separate fund for the purpose of augment SGF and the fund shall have earmarked investments in a separate account.

For the FY 2019-20, ICEX has made provisions of INR 5 Crores in every quarter up to quarter ending December 31, 2019. However, for quarter ending March 31, 2020, ICEX has not made any provision and has informed MCCIL that ICEX is in discussion with the SEBI on the said matter.

58 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Year Ended March 31, 2020

(₹ in Lakh)

Sr. No.	Name of the Entity in the Group	Net Asset i.e. Total assets minus total liabilities		Share in Profit		Share in Other Comprehensive Income (OCI)		Share in total Comprehensive Income	
		As % of Consolidated Net asset	Amount	As % of Consolidated Profit / Loss	Amount	As % of Consolidated OCI	Amount	As % of total comprehensive income	Amount
A	**Parent** Metropolitan Stock Exchange of India Ltd.	46%	23,781	-105%	(4,815)	-56%	(14)	-105%	(4,829)
B	**Indian Subsidiaries**								
	i Metropolitan Clearing Corporation of India Ltd.	53%	27,458	5%	239	-44%	(11)	5%	228
	ii MCX-SX KYC Registration Agency Ltd.	0%	2	0%	(0)	0%	-	0%	(0)
	iii Non-controlling Interest in all Subsidiaries	1%	579	0%	(10)	0%	-	0%	(10)
	Total	**100%**	**51,820**	**-100%**	**(4,587)**	**-100%**	**(25)**	**-100%**	**(4,612)**

Year Ended March 31, 2019

(₹ in Lakh)

Sr. No.	Name of the Entity in the Group	Net Asset i.e. Total assets minus total liabilities		Share in Profit		Share in Other Comprehensive Income (OCI)		Share in total Comprehensive Income	
		As % of Consolidated Net asset	Amount	As % of Consolidated Profit / Loss	Amount	As % of Consolidated OCI	Amount	As % of total comprehensive income	Amount
A	**Parent** Metropolitan Stock Exchange of India Ltd.	26%	15,452	-116%	(4,743)	-85%	(8)	-116%	(4,751)
B	**Indian Subsidiaries**								
	i Metropolitan Clearing Corporation of India Ltd.	72%	42,789	17%	684	-15%	(1)	17%	683
	ii MCX-SX KYC Registration Agency Ltd.	0%	3	0%	(0)	0%	-	0%	(0)
	iii Non-controlling Interest in all Subsidiaries	2%	1,286	-1%	(28)	0%	-	-1%	(28)
	Total	**100%**	**59,530**	**-100%**	**(4,087)**	**-100%**	**(9)**	**-100%**	**(4,096)**

59 SEBI in its order dated March 19, 2014 stated that 63 moons technologies limited (63 moons) (Formerly known as Financial Technologies (India) Limited) is not a 'fit and proper person' to acquire or hold any equity share or any instrument that provides for entitlement for equity shares or rights over equity shares at any future date, in a Recognized Stock Exchange or Clearing Corporation, either directly or indirectly and directed them to divest equity shares held in MCCIL, directly or indirectly, within 90 days of the order. In the same order, SEBI also stated that 63 moons and entities through which it indirectly holds equity shares or any instrument entitling voting rights in MCCIL shall cease to be entitled to exercise voting rights in respect of those shares or instruments with immediate effect. The Securities Appellate Tribunal (SAT) has since its order dated July 09, 2014 upheld the decision of SEBI. SEBI had vide its letter dated September 29, 2014 directed the Company to comply with the shareholding requirements of SECC Regulations and SEBI's direction issued vide order dated March 19, 2014 with regard to entities which have been declared not 'fit and proper' person. Further, the Company sent multiple letters to 63 moons regarding divestment of their stake in the Company; in reply to these letters 63 moons informed us that they are in search of the suitable buyer to acquire their stake in the Company. Further, SEBI vide letter no. SEBI/MRD/DRMNP/2019/15963 dated June 25, 2019 advised the Company to freeze the voting rights and corporate benefits of 63 moons technologies limited.

60 **Commencement of clearing & settlement of Mutual Fund Transaction:**

MCCIL has entered into the agreement with Indian Commodity Exchange Limited (ICEX) on November 21, 2019 to provide clearing and settlement service of mutual fund transaction on ICEX Mutual Fund (MF) Platform. MCCIL has started the activities of clearing and settlement of mutual fund transaction on ICEX Mutual Fund (MF) Platform from December 27, 2019.

61 **Interoperability:**

SEBI vide Circular: CIR/MRD/DRMNP/CIR/P/2018/145 dated November 27, 2018, introduced framework for interoperability among Clearing Corporations. This would allow market participants to consolidate their clearing and settlement functions at a single clearing corporation (CCP), irrespective of the stock Exchange on which the trade is executed. It is expected that the interoperability among CCPs would lead to efficient allocation of capital for the market participants, thereby saving on costs as well as provide better execution of trades.

MCCIL has successfully implemented the operationalization of interoperability as per prescribed guidelines and timelines by the SEBI."

62 **Impact of Covid 19**

The Company being Exchange is under Essential Service Sector and was exempted from closure vide SEBI notification dated March 24, 2020. The said exemption was also carried forward vide notification dated April 15, 2020 and May 03, 2020.

As determined by the management, for the financial year ended March 31, 2020, the impact of CoVID-19 pandemic on Company's financials and Operations remained insignificant. However, going forward the full extent to which the pandemic will impact the future financial results of the Company will depend on upcoming developments, which are highly uncertain. Management will continue to monitor any material changes to future economic conditions and the impact thereof on the Company, if any.

63 Subsidiary Company has received approval from SEBI vide letter No SEBI/HO/CDMRD/DEA/OW/P/2018/27063/1, dated September 27, 2018, for clearing & settling the trades carried on the platform of Indian Commodity Exchange Limited (ICEX). Accordingly, with effect from October 01, 2018, MCCIL has started clearing & settlement activities in Commodity Derivative Segment of ICEX. In terms of clause 3.2 of the Clearing and Settlement Agreement dated July 11, 2018 entered between ICEX and MCCIL, ICEX is required to transfer various deposits/funds, including SGF funds, security and margin deposits of Clearing Members to Subsidiary Company. All the balances/ funds were migrated successfully.

64 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.

65 In the opinion of the management the loans and advances are approximately of the value stated, if realized, paid in ordinary course of

business. The provision for all known liabilities are adequate and are not in excess of amount considered reasonably necessary.

66 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

Pramod Tilwani
Partner
Membership No.076650

Dinesh Kumar Mehrotra
Chairman & Public Interest Director
DIN :00142711

Latika S. Kundu
Managing Director & CEO
DIN :0008561873

Mumbai
Dated : June 23, 2020

Saket Bhansali
Head, New Initiatives & Incharge,
Finance & Accounts

Manisha Thakur
Head Legal & Company Secretary
ACS10855

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