

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the Seventeenth Annual Report on the business and operations of your Company, along with the Audited Statement of Accounts and the Auditors' Report, for the financial year (FY) ended March 31, 2019 ('year under review'). The highlights of this Annual Report are given below:

FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2019 is summarized below:

(₹ In lakh, except EPS)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Total Income	38,472	34,620	39,859	35,186
Total Operating Expenditure	20,575	18,552	20,607	18,798
Profit before Interest, depreciation, exceptional items and tax	17,897	16,068	19,252	16,388
Less: Depreciation	1,529	1,666	1,545	1,666
Less: Interest	3	-	1	4
Less: Exceptional items	2,380	-	2,380	-
Add: Share of Profit of Associate	-	-	43	-
Profit after exceptional items and Share of Profit of Associate but before tax	13,985	14,402	15,369	14,718
Less: Provision for tax	335	3,767	745	3,882
Profit after tax	13,650	10,635	14,624	10,836
Add/(Less) : Other Comprehensive Income (net of tax)	(186)	265	(171)	124
Total Comprehensive Income for the period (Comprising Profit and Other Comprehensive Income for the period)	13,464	10,900	14,453	10,960
Earnings per share				
i. Basic (₹)	26.83	20.91	28.75	21.31
ii. Diluted (₹)	26.83	20.91	28.75	21.31

GLOBAL COMMODITY MARKET

The calendar year 2018 was a year of instability and volatility in global commodity markets. Right from the beginning of the year, in addition to the geopolitical tensions between US and North Korea and continued unrest in the Middle East, troubled trade equations and strengthening dollar index provided uncertainty to commodity prices. The trade war between US and China disturbed the historical trading patterns and trade equations not only between the two countries, but also among all trading nations. The prices of most of energy, metal and mineral, and agricultural commodities declined in the last quarter of 2018, only to rebound in the first quarter of 2019. The weakness of energy, as well as, metal and mineral prices in late 2018, reflected concerns about global growth, especially in China. Renewed fiscal stimulus in US, and the resumption of U.S.-China trade negotiations in January 2019, improved growth prospects and supported a rebound in commodity prices in the first quarter of 2019. This rebound was supported by a series of commodity-specific factors which affected their supplies.

Given the backdrop of global commodity market, the operating environment for your Company during the year was challenging.

FINANCIAL HIGHLIGHTS

Despite odds, the average daily turnover increased from 21,193 crore in FY 2018 to 25,648 crore (single side) in FY 2019, a growth of 21%. The Average Realization Rate (ARR) decreased from ₹ 2.22 per lakh to ₹ 2.17 per lakh. The total turnover

of commodity futures traded on your Exchange stood at ₹ 65.91 lakh crore in FY 2019 as against ₹ 53.83 lakh crore during FY 2018, an increase of 22.44%. The market share of your Company amongst all national exchanges offering commodity derivatives trading was 91.6% in FY 2019 as against 89.58% in FY 2018. The number of contracts traded on your Exchange in FY 2019 stood at 2464 lakh as compared to 2060 lakh for FY 2018, an increase of 19.61%.

For FY 2019, your Company's (standalone) total income stood at ₹ 38,472 lakh as compared to ₹ 34,620 lakh during FY 2018, a growth of 11%. Increase in total income was mainly due to increased revenue from transaction fees. The operating income during the year under review was ₹ 29,835 lakh as against ₹ 25,984 lakh in FY 2018. Net profit after tax in FY 2019 increased to ₹ 13,650 lakh from ₹ 10,635 lakh in FY 2018.

The net worth of the Company as at March 31, 2019 stood at ₹ 1,46,285 lakh.

During the year under review, Hon'ble Bombay High Court has dismissed Income Tax Department's order of Special audit u/s 142(2A) for AY 2010-11, 2011-12 and 2014-15. However, for AY 2015-16, the Hon'ble Bombay High Court has issued an order in favor of the Income Tax Department. Pursuant to the reopening of assessment for AY 2010-11 u/s 148, the Income Tax Department has issued re-assessment order u/s 143(3) of the Income Tax Act, 1961 raising a demand of ₹ 5,160 lakh (including Interest of ₹ 2,731 lakh u/s 234B). For AY 2014-15, assessing officer has completed the assessment and issued order u/s 143(3) of the Income Tax Act, 1961 raising a demand of ₹ 3,331 lakh (including Interest of ₹ 1,314 lakh u/s 234B). Further, for AY 2013-14, Transfer pricing officer had passed an order in FY 2017 raising a demand of ₹ 2,774 lakh (including interest of ₹ 868 lakh u/s 234). The Company is contesting the above demands and the management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operation. Accordingly, no provision has been made as on March 31, 2019 and the above amounts are shown under contingent liabilities.

SHARE CAPITAL

There has been no change in the share capital of your Company during the year under review. As on March 31, 2019, the paid-up share capital of your Company stood at ₹ 5,099.84 lakh comprising 50,998,369 Equity shares of ₹ 10 each fully paid.

Your Company has, during the year under review, neither issued any Equity shares with differential voting rights nor any shares (including sweat equity shares) to its employees under any scheme.

TRANSFER TO RESERVES

For the year ended March 31, 2019, your Directors do not propose to transfer any amount to the General Reserve. An amount of ₹ 1,06,345 lakh is proposed to be retained as surplus in the Profit and Loss Account.

DIVIDEND

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the SEBI Listing Regulations, 2015), your Company has formulated a Dividend Distribution Policy which is attached as **Annexure I** to this Report. The same is also available under the weblink: https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/dividend_distribution_policy_re.pdf?sfvrsn=2

The Board of Directors of your Company have recommended a dividend of ₹ 20 (200%) per equity share on a face value of ₹ 10 per share, aggregating ₹ 10,200 lakh for the financial year ended March 31, 2019, subject to the approval of shareholders at the ensuing Annual General Meeting.

The outgo on account of the proposed dividend of 200% (Previous Year 170%) and tax thereon to be paid by the Company aggregates to ₹ 12,297 lakh (including the Dividend Distribution Tax rounded off to ₹ 2,097 lakh), being a payout of 90.08% of the profit after tax (PAT) for the year ended March 31, 2019 as against ₹ 10,452 lakh (being a payout of 98.28% of PAT) for FY 2018.

Your Directors have recommended the dividend based on the Company's performance and in view of the adequacy of existing cash / cash equivalent at its disposal, with few other possible avenues of deploying incremental accumulations, other than those permitted by the Investment Policy of the Company. Also, there is no immediate material cash outflow requirement during FY 2020, apart from a probable capital infusion in Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) due to increase in SGF requirements and possible capital infusion in spot exchange entities, which could be invested out of the existing accumulated reserves.

DEPOSITS

Your Company had not invited any deposits from the public, and as such, no amount of principal or interest related thereto was outstanding as on March 31, 2019.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The details of loans, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as on March 31, 2019, are set out in Note 48(B) to the Standalone Financial Statements of the Company.

BUSINESS OPERATIONS

During the year under review, there was no change in the nature of business of your Company.

Your Company, during the course of the year, transferred the functions of clearing and settlement to a separate entity, Multi Commodity Exchange Clearing Corporation Limited (MCXCCL), a wholly owned subsidiary, pursuant to the guidelines issued by Securities and Exchange Board of India (SEBI).

MCXCCL was the first Clearing Corporation to receive recognition from SEBI vide letter dated August 01, 2018, for the period of one year commencing July 31, 2018, for clearing Commodity Derivatives Contracts. Consequent to the grant of recognition, the Clearing and Settlement Division of MCX was transferred to MCXCCL on slump sale basis by executing a Business Transfer Agreement effective from September 01, 2018. Post this transfer, MCXCCL commenced its operations from September 03, 2018 to provide, *inter alia*, clearing and settlement services along with all associated and related functions, including collateral management and risk management functions for all trades in securities executed on MCX platform.

MCX crude oil futures, MCX crude oil mini futures and MCX natural gas futures were amongst the top 20 commodity futures and options contracts in the global ranking of commodity futures contracts in Calendar Year 2018 (CY18). (Source: FIA Annual Volume trading statistics January 2019).

During the year, your Company launched options trading with Crude Oil (100 Barrels), Zinc (5MT), Silver (30 kg) and Copper (1 MT) futures as underlying. In order to encourage active participation in the market, the Exchange will continue to waive transaction fees on all commodity options contracts till March 31, 2020.

The 2018-19 Union Budget reduced the transaction taxes on exercise of commodity options from 0.125 per cent to 0.0001 per cent (on settlement value) w.e.f. April 1, 2018.

Pursuant to SEBI Circular no. SEBI/HO/CDMRD/DMP/CIR/P/2018/55 dated March 26, 2018, MCX had launched Liquidity Enhancement Scheme (LES) in Gold options from April 24, 2018 for a period of six months i.e. upto October 23, 2018. The scheme was framed to provide two-way quotes for three price levels and five strike prices of both call and put in MCX Gold Option contracts. The said scheme was not extended further.

Consequent to directions by SEBI, the Exchange applied for modification to convert all the Base Metal contracts to compulsory delivery mode of settlement. During FY 2019, the modified futures contracts from 'Both Options' settlement mode to 'Delivery-Based' settlement mode for Aluminium, Aluminium Mini, Zinc, Zinc Mini, Lead and Nickel were approved and launched. MCX successfully completed settlement of its first delivery based Aluminium Futures Contract with delivery of 10 MT at the expiry of the contract on March 29, 2019.

Consequent to the Reserve Bank of India (RBI) permitting subsidiaries of banks to offer broking services for commodity derivatives segment of SEBI recognised stock exchanges, three bank (broking) subsidiaries have obtained the membership of the Exchange in FY 2019.

As on March 31, 2019, the Company has national reach with 700 members, having 54,896 Authorised Persons, operating through 16,30,311 terminals connected through various available modes of connectivity (including Computer to Computer Link (CTCL), Internet Based Trading and Wireless Trading) across 1,080 cities/towns across India.

MCX was admitted as a full member of the World Federation of Exchange (WFE), the global industry group of exchanges and Central Counter Parties (CCP), at the 58th General Assembly in Athens. Prior to that, MCX was an affiliate member of WFE.

In order to capture demographic, compliance and grievances related information from the Members/Clients and facilitate seamless flow of information between the Exchange and its Members/Clients, your Exchange launched the following online portal services during FY 2019:

- i. 'Member Assistance Portal' – an online portal for member queries;
- ii. 'MCX Member Profile Interface (MMPI)'- an online utility for members for updating their profile details and for continuous membership compliances;
- iii. eUIMS (Electronic User ID Management System Portal) - an online application for members to submit applications for generating, modification and cancellation of User ID;

- iv. A new integrated MCX-AP Portal which enables members to submit digitally signed applications for Authorised Persons registration, profile modification and cancellation; and
- v. IGRS (Investor Grievance Redressal System) - an online portal for complaint registration.

With an aim to seamlessly integrate with the global commodities ecosystem, MCX continues to have strategic alliances with leading international exchanges viz. Mozambique Commodities Exchange (BMM), Singapore Diamond Investment Exchange, CME Group, London Metal Exchange (LME), Dalian Commodity Exchange (DCE), and Taiwan Futures Exchange (TAIFEX). MCX has also tied up with various trade bodies, corporates, educational institutions and research centres across the country to improve trade practices, increase awareness, and facilitate overall improvement of the commodity market.

During the year under review, MCX signed a Memorandum of Understanding (MOU) with Government of Maharashtra and launched 'Cotton Mission' to empower cotton farmers in Vidarbha region and create a value chain with final market linkages. Your Company also signed MoUs with Indian Cotton Federation (ICF) for knowledge-sharing initiatives and Indian Bullion and Jewellers Association (IBJA) to set up the Bullion Spot Exchange and organising joint awareness programmes and seminars for Bullion stakeholders.

During FY 2019, MCX had encountered disconnection of its core component i.e. Matching Engine (OMX) from Order Management Server (OMS) resulting in trading halts on May 25, 2018, July 11, 2018 and July 16, 2018. The trading activities were restored to normalcy on the same day. The Exchange did not cancel any orders/trades. However, members were allowed to cancel their pending orders in the system. The end of day activities across trading, surveillance, clearing & settlement were completed as per regular schedule on the respective days. To avoid re-occurrence of such halts due to underlying device drivers, corrective measures were taken in consultation with Stratus Technologies, the original equipment manufacturer (OEM). The root cause analysis for the trading halt was carried out by the Exchange along with 63 Moons Technologies Ltd, Microsoft and Stratus Technologies. The root cause analysis report alongwith the proposed solution received from OEM was presented to SEBI Technical Advisory Committee (TAC). After receiving the go ahead from SEBI to reinstate the deployment of OMS and OMX applications on two separate servers, as it existed before trading halts, Exchange went live with OMS and OMX application on two separate servers w.e.f. November 30, 2018. SEBI was kept fully informed on the details of the aforesaid trading halts and the corrective actions taken thereafter.

During FY 2015, your Company had filed 9 applications seeking compounding of offences of earlier years, under Section 621A of the Companies Act, 1956, against the Show Cause Notices received from the Registrar of Companies, Mumbai, Maharashtra. As on March 31, 2019, compounding has been effected in respect of 8 applications, 3 by Regional Director, Western Region Mumbai, and 5 by Hon'ble Company Law Board, Mumbai Bench (CLB). The Compounding Authority has imposed an aggregate compounding fee of ₹ 7,43,600/- on the Company which has since been paid. The Company had received the copy of the Orders passed by the Regional Director, Western Region Mumbai, in respect of 3 compounding applications under Section 193(1), Section 301 and Section 301(1) of the Companies Act, 1956 till FY 2018. The details of compounding application as at March 31, 2019, in respect of the 6 applications, is given in the Extract of the Annual Return in **Annexure IV**.

REGULATORY DEVELOPMENTS

During the year under review, SEBI, the sectoral regulator, launched reforms for paving the path for increased market participation in the commodity derivatives market. SEBI also took steps for strengthening the operational framework, risk management and corporate governance in commodity exchanges, thereby further increasing the trust and confidence of the stakeholders in the commodities market.

In order to deepen the commodity derivatives markets, as well as, to enhance the participation of stakeholders, SEBI extended trade timings for commodity derivatives segment by an hour i.e. for non-agri commodities from 9 am to 11.30/ 11.55 pm, and for agricultural/ agri-processed commodities from 9 am to 5 pm (up to 9 pm for internationally referenced agri-commodities).

The important Regulatory developments during FY 2019, *inter alia*, were as hereunder:

- i) Pursuant to the amendments in the Finance Act w.e.f. April 01, 2018, Commodity Transaction Tax ('CTT') was made applicable on options on commodity derivatives in lieu of Securities Transaction Charges (STT).
- ii) Increase in order per second limit for algorithmic trading in commodity derivatives.
- iii) Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC) was notified on October 03, 2018, thereby, repealing SECC Regulations, 2012.

SECC Regulations, 2018, rationalized the constitution of existing regulatory committees at Market Infrastructure Institutions (MIs). Subsequently, SEBI vide circular dated January 10, 2019, prescribed the composition and brief terms of reference for the mandatory committees i.e Functional Committees and Oversight Committees to be constituted at MIs under SECC Regulations, 2018.

- iv) Guidelines were issued on Anti-Money Laundering (AML), Standards and Combating the Financing of Terrorism (CFT)/ Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules applicable for all the Intermediaries registered with SEBI under Section 12 of the SEBI Act, 1992.
- v) Master circular was issued, being the compilation of the circulars issued by Commodity Derivatives Market Regulation Department (CDMRD) pertaining to domestic commodity derivatives segment.
- vi) Permitted Eligible Foreign Entities (EFEs) having actual exposure to Indian commodity markets, to participate in the commodity derivatives segment of recognized stock exchanges for hedging their exposure and prescribed the detailed regulatory framework for participation by EFE's.
- vii) SEBI issued a detailed regulatory framework on Cyber Security and Cyber Resilience for MIIs. SEBI directed that MIIs shall have a Cyber Security Operation Center (C-SOC) that would be a 24x7x365 set-up manned by dedicated security analysts to identify, respond, recover and protect from cyber security incidents.
- viii) An Early Warning Mechanism was put in place for sharing of information between Stock Exchanges, Depositories and Clearing Corporations, to detect the diversion of client's securities by the stock broker at an early stage so as to take appropriate preventive measures.
- ix) To enhance transparency to the public in Commodity Derivatives Markets, SEBI directed the Exchange to provide additional commodity level disclosures including details of Open Interest and turnover for six categories of participants (Farmers / Farmers Producers Organisations (FPOs), Value chain participants (VCPs), Proprietary traders, Domestic financial institutional investors, Foreign participants and others) at the Commodity, as well as, market level.
- x) SEBI notified that the exchanges shall follow the policy of having uniform trading and delivery lot size for the newer and for existing contracts.
- xi) A framework for performance review of Public Interest Directors (PID) was provided, *inter alia*, including formulation of policy for performance review of PIDs, guiding criteria for the same, evaluation mechanism, disclosures and recommendations to SEBI.
- xii) To encourage the participation by Farmers / Farmers Producer Organizations (FPOs) in agricultural commodity derivatives markets and to reduce their cost burden, SEBI reduced the regulatory fee on Stock Exchanges with respect to turnover in agricultural commodity derivatives.

In order to pass on the desired benefits from reduction of regulatory fees on agricultural commodity derivatives, stock exchanges dealing with agricultural commodity derivatives were required to create a separate fund earmarked for the benefit of Farmers/FPOs in which regulatory fee foregone by SEBI had to be deposited. This was to be utilized exclusively for the benefit of and easy participation by Farmers and FPOs in the agri-commodity derivatives market.
- xiii) In view of the advancement in technology and improved automation of processes for transition of operations from the Primary Data Centre (PDC) to the Disaster Recovery Site (DRS), SEBI modified the framework for Business Continuity Plan (BCP) and Disaster Recovery (DR) of MIIs.

It prescribed that DRS, should preferably be set up in different seismic zones and in case due to certain reasons such as operational constraints, change of seismic zones, etc., minimum distance of 500 kilometer shall be ensured between PDC and DRS, so that both are not affected by the same disaster.
- xiv) SEBI amended the SEBI (Custodian of Securities) Regulations, 1996, enabling custodians to provide custodial services in respect of goods as well.
- xv) SEBI directed that stock brokers shall not accept cash from their clients, either directly or by way of cash deposit to the bank account of stock broker.
- xvi) SEBI has provided for reporting of Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by MIIs.
- xvii) RBI issued revised guidelines for Hedging of Commodity Price Risk by Residents in overseas markets, which was effective from April 1, 2018.

RISK MANAGEMENT AND RISK MANAGEMENT POLICY

Your Company has put in place an Enterprise Risk Management ("ERM") framework to enable and support achievement of business objectives through identification, evaluation, mitigation and monitoring of different risks.

Your Company has a comprehensive Risk Management Policy for managing different risks including Regulatory & Compliance risks, Technology risks, Business risks, Operational risks, Credit risks and Market risks. The Risk Officer of the Exchange ensures compliance with the Risk Management Policy throughout the organization. The head of each department is responsible for managing risks affecting their area of operations / business. The Risk Officer is responsible to review the

risks associated with the functioning of the various departments of the Exchange and to identify the emerging risk and monitor the risk mitigation plan thereon. The Risk Officer also reviews the Internal Audit Report(s), how controls can be improved, and whether any observation can result in a risk to the organization.

The Board of Directors have constituted a Risk Management Committee (RMC) for, *inter alia*, identification, measurement and monitoring risk profile of the Exchange. As on March 31, 2019, the Risk Management Committee comprised of two Public Interest Directors and an Independent External Expert. The Risk Management Committee periodically reviews the Risk Management Policy and its implementation thereon, as well as, the Risk Register that includes observations from Internal Audit. The Committee also periodically examines and evaluates the Risk Information Management Systems (RIMS) along with emerging risks, if any. The risks in relation to internal control over financial reporting is reviewed by the Audit Committee.

For details relating to 'Risks and Concerns' of your Company please refer the Management Discussion and Analysis forming part of this Annual Report.

INVESTOR PROTECTION FUND (IPF)

Your Company has set up Multi Commodity Exchange Investor Protection Fund (IPF), to protect and safeguard the interest of investors/ clients, in respect of eligible/legitimate claims arising out of the default of the member of the Exchange. The interest income on investment of surplus funds of IPF is used for imparting investor/ client education, awareness, undertaking research activities or such other programs as may be specified by SEBI. As on March 31, 2019, the corpus of IPF stood at ₹ 21,042 lakh (provisional).

Pursuant to SEBI circular dated June 13, 2017, the applicable IPF compensation limits are ₹ 25 lakh per client with no member wise limit for SEBI-registered members declared defaulter on or after January 24, 2018. Further, the limits of ₹ 2 lakh per investor per defaulter member and ₹ 200 lakh per defaulter member shall continue to be applicable for claims against members, declared defaulter prior to January 24, 2018 and for non-SEBI registered members.

INVESTOR SERVICE FUND (ISF)

Pursuant to SEBI circular dated June 13, 2017, your Company has set up an Investor Service Fund (ISF) for providing basic minimum facilities at various Investor Service Centres as mentioned in the said Circular. SEBI has permitted to utilize the corpus of ISF for conducting various investor education and awareness programs, capacity building programs and maintenance of all price ticker boards installed by the respective exchanges, cost of training of arbitrators etc. In addition to above, the corpus may be utilized in other manner as prescribed/permitted by SEBI in the interest of investors from time to time.

In terms of the said Circular, your Company contributed ₹ 10 lakh towards setting up the ISF as an initial contribution. Subsequently, your Company has transferred 1% of the turnover fees charged from its members on a monthly basis. As on March 31, 2019, the corpus of ISF stood at ₹ 333 lakh (provisional).

Considering the recent origin of ISF and its corpus being inadequate, SEBI has permitted utilization of interest on IPF, to pursue activities of ISF for a period of 3 years starting from April 01, 2018.

WAREHOUSING

To cater to the storage requirements of various members of the Exchange and their respective constituents/ depositors who are willing to store goods and give delivery on the Exchange platform, your Company had made necessary warehousing and logistics arrangements with Warehouse Service Providers (WSP)/ Vault Service Providers (VSP). Consequent to the transfer of clearing and settlement division of the Exchange to MCXCCL w.e.f. September 01, 2018, physical deliveries of the commodities traded on the Exchange platform are effected through MCXCCL. MCXCCL has made necessary warehousing arrangements with WSP/VSP for this purpose and undertakes accreditation of the warehouses/vaults, to ensure safe storage and preservation of quality of goods deposited by various business participants for delivery on its platform.

MCXCCL has a wide network and availability of warehouses for delivery of commodities traded on MCX platform, which provides confidence to members to trade on MCX. As at March 31, 2019, MCXCCL has entered into agreements with four WSPs for facilitating physical deliveries in agricultural commodities and Base Metals viz. Origo Commodities India Private Limited, Yamada Logistics Private Limited, Navjyoti Commodity Management Services Limited and Shree Shubham Logistics Limited. As at March 31, 2019, MCXCCL has accredited 55 warehouses of these four WSPs, of which 52 warehouses are registered with the Warehousing Development & Regulatory Authority (WDRA) and remaining 3 warehouses for metals do not require WDRA registration.

Further, MCXCCL entered into agreements with Sequel Logistics Private Limited, Brinks India Private Limited & Malca-Amit JK Logistics Pvt. Ltd. as 'Vault Service Providers' for facilitating physical deliveries in bullion. The vaults of these agencies are located at Ahmedabad, Delhi, Mumbai, Bengaluru, Chennai, Cochin, Hyderabad and Kolkata.

TRAINING AND EDUCATION

MCX endeavours to inculcate among various stakeholders the knowledge about commodities derivatives and commodity trade, and the positive aspects of using the derivatives exchange platform to manage price risk and for price discovery. To achieve this MCX helps in the:

- Facilitation of structured learning of commodity trading to the community at large and investors in particular; and
- Augmentation of business development and product top lines through the training of various market participants.

To achieve the said objectives, your Exchange during FY 2019:

- i. Recorded 1181 registrations for the MCX Certified Commodity Professionals (MCCP) examination;
- ii. Conducted 13 MCCP training programmes across the country;
- iii. Conducted 22 programmes on sensitizing the stakeholders on Options;
- iv. Hosted and trained 5 international delegations and 5 student and corporate delegations;
- v. Conducted over 67 Investor Protection Fund programmes across the country;
- vi. Conducted 21 general awareness programmes on commodity derivatives;
- vii. Held 5 faculty development programmes for colleges and institutions;
- viii. Held 7 programmes on Futures and Options for media-persons;
- ix. Conducted 3 capacity building programmes;
- x. Held 4 programmes for subsidiary of banks, which became members of the Exchange; and
- xi. Conducted 2 programmes for SEBI, under their 'Commodity Derivatives Trainers' (CoT's) scheme to train commodity trainers.

Your Company continues its efforts to impart knowledge on commodity derivatives by conducting various training programmes for various stakeholders in the ecosystem, such as traders, farmers, bankers, students, teachers, etc. At present, on the initiatives of your Company, five institutions are offering commodity as an asset class as part of their syllabus. During the year, four more educational institutions have entered into MoUs with your Company, whereby these institutions will be introducing commodity derivatives as a subject in their syllabus. Further as part of the MoU, your Company will train the faculty of these institutions, who in turn will educate their students.

Your Company aims to increase the number of training sessions in the coming year for new participants from the banking and mutual fund segments.

During the year, internal training programmes on Information Security Management System's ISO standard ISO/IEC 27001:2013 for MCX staff, as well as, induction programmes for new joiners were conducted.

MCX conducted the first, national-level commodity quiz competition – COMQUEST 2019, where 56 educational institutions from across the country participated. The final round was held in Mumbai and was telecast on a business channel. The underlying idea of this exercise was to garner wider participation from the youth and generate interest among them about the commodity derivatives market, which until now remains a niche segment.

SUBSIDIARY

Multi Commodity Exchange Clearing Corporation Limited (MCXCCL)

MCXCCL, a wholly-owned subsidiary of your Company, was set up as a separate clearing house to provide services such as clearing and settlement of trades and guaranteeing counter party risk. SEBI granted recognition to MCXCCL to act as a Clearing Corporation for a period of one year w.e.f. July 31, 2018, and thereafter it commenced operations w.e.f. September 03, 2018.

During the year under review, the Authorized Share Capital of MCXCCL was increased from ₹ 1,500 lakh to ₹ 2,500 lakh and your Company participated in the rights issue by MCXCCL and infused a capital of ₹ 13,399 lakh in the company. As on March 31, 2019, the paid-up capital of MCXCCL stood at ₹ 23,999 lakh.

As per SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014, every stock exchange shall contribute at least 25% of the Minimum Required Corpus to a Core Settlement Guarantee Fund (SGF) established and maintained by its clearing corporation. Accordingly, during the year your Company contributed ₹ 7,938 lakh towards Core SGF.

SME Exchange of India Limited (SME)

SME, a subsidiary of your Company was set up to provide a platform for transacting, clearing and settlement of trades in small and medium enterprises segment.

The company is under the process of members' voluntary winding up and the requisite formalities for the same has been completed. The Official Liquidator has issued the final report vide letter dated March 05, 2019, filed before Hon'ble High Court, Bombay, in respect of voluntary liquidation of SME. The date of hearing with respect to the same is yet to be communicated.

ASSOCIATE

Your Company entered into an agreement with Central Depository Services Limited (CDSL) and CDSL Commodity Repository Ltd. (CCRL) effective May 18, 2018, for setting up and operationalization of the new repository under the Warehousing (Development and Regulation) Act, 2007. Pursuant to Section 2(6) of the Companies Act, 2013, CCRL became an associate company of MCX w.e.f. June 04, 2018, consequent to investment of ₹ 1200 lakh comprising of 12,000,000 equity shares of ₹ 10 each, equivalent to 24% stake in CCRL.

During the year under review, there were no companies which have become or have ceased to be the subsidiary or joint venture of your Company. Further, the Managing Director & CEO of your Company does not receive any remuneration or commission from its subsidiary.

A report on the performance and financial position/salient features of the subsidiary and associate company as per the Companies Act, 2013 is provided as **Annexure II**.

In accordance with Section 136(1) of the Companies Act, 2013, the financial statements including consolidated financial statements and all other documents required to be attached thereto and audited annual accounts of MCXCCL, the subsidiary company, are available on our website under the weblink <https://www.mcxindia.com/investor-relations>. Shareholders interested in obtaining a copy of the audited annual accounts of the subsidiary company may write to the Company Secretary at the Company's registered office. Copies of the annual accounts of your Company and of its subsidiary company would be kept at the registered office of your Company for inspection by any shareholder.

CONSOLIDATED FINANCIAL STATEMENT

Your Company has, in accordance with Section 129(3) of the Companies Act, 2013, prepared the annual consolidated financial statements, consolidating its financials with its wholly owned subsidiary company, MCXCCL and the associate company, CCRL. The annual audited consolidated financial statements have been prepared in accordance with the requirements of Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, as applicable, and other accounting principles generally accepted in India and forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Management Discussion and Analysis Statement, as stipulated under the SEBI Listing Regulations, 2015, forms a part of this Annual Report.

COMMITMENT TO QUALITY

Your Company has been in the forefront in complying with robust quality management system enabling excellence in product and service delivery, customer centricity and risk mitigation. Your Company is focused on continuous improvement of robust processes and quality services. Your Company is ISO 9001:2015 certified for processes and is committed to provide continuous delivery of its quality services, through an effective and efficient response.

Your Company has rolled out several key initiatives, across the organization to improve productivity and quality of service through business process automation. A dedicated group for process excellence, risk management and process automation works with all stakeholders across various departments to improve the productivity and quality of deliverables, thereby, excelling in whatever your Company strives to accomplish.

RESEARCH AND DEVELOPMENT

Your Company regularly undertakes research activities for developing new products viz. futures, options and indices, considering the evolving policy and regulatory landscape, risk management and global best practices. During FY 2019, the Exchange launched Options on futures contracts of multiple commodities: Crude Oil (100 barrel) on May 15, 2018, Copper (1 MT) on May 21, 2018, Silver (30 MT) on May 24, 2018 and Zinc (5 MT) on June 21, 2018. MCX also launched Rubber futures on August 16, 2018.

SEBI recently released guidelines for 'Design of Commodity Indices and Product Design for Futures on Commodity Indices' and your Company is gearing up to launching futures on its iCOMDEX series of indices. iCOMDEX, the Thomson Reuters-MCX India Commodity Indices, was launched in 2017, tracking the performance of commodities listed on MCX. iCOMDEX series utilizes a similar methodology as other established global commodity indices which are used by international investors, such as the popular Thomson Reuters/Core Commodity CRB index. MCX has worked with the Indian investors to ensure that the indices correctly represent Indian commodity markets, with Thomson Reuters validating this approach and

ensuring the indices meet international standards. MCX has begun working towards launching Commodity Index futures by taking necessary steps, conforming with SEBI guidelines.

During the year, your Company undertook a research-based consultancy assignment for the International Fund for Agricultural Development (IFAD), a UN body. The assignment entailed studying and suggesting means for enabling hedging in specific crops in two African countries – Senegal and Nigeria.

Your Company undertook various research studies during FY 2019. A study titled 'Agri Derivatives in India: Market Development and Policy Issues' was carried out by National Council of Financial Market Research to examine the current functioning of Indian agri commodity market and suggest measures for making the market more useful for farmers and other stakeholders. Using a triangulation approach, where majority (75%) of the respondents in cotton were hedgers, while in case of mentha oil nearly half of them were hedgers, the study suggested that the removal of CTT and launch of mini and micro contracts may help in increasing participation of physical market participants.

Another study on prospects and potential for the development of base metals futures market in India, conducted by Acies Consulting, studied the feasibility and roadmap for structuring delivery-based futures contracts. The study recommended a collective effort among various stakeholders to ensure alignment and fulfillment of the physical market structure with the exchange-traded contracts, in order to achieve a successful ecosystem of delivery-based futures contracts for base metals.

To spread awareness and promote research in commodity markets and its ecosystem, the Commodity Insights Yearbook 2018 was released on India Commodity Day 2018. The publication aims at dissemination of comprehensive knowledge on the commodity market ecosystem, for the benefit of all stakeholders including market participants, financial institutions, policymakers, practitioners, analysts, producers, traders, processors, consumers, industry observers, academicians, etc. The National Institute of Securities Management (NISM), an institution established by SEBI, was the partner organization in publication of the Commodity Insights Yearbook 2018.

AWARDS

The initiatives taken by your Company for growth and market development have been well appreciated and recognized at various fora. Your Company was bestowed with the 'Best Commodity Exchange' Award by Commodity Participants Association of India (CPAI) in June 2018. Your Company was also awarded as the 'Best Commodity Exchange' by the Bullion Federation Global Convention (BFGC), as well as, ASSOCHAM in July 2018. Further, your Company was recognised as the 'Best Commodity Exchange of India' at the India International Gold Convention in August 2018. Your Company was also awarded as the 'Best Exchange in Bullion' 2018, at the ASSOCHAM- 11th International Gold Summit and honoured with the 'Best Commodity Exchange' by PHD Chamber of Commerce and Industry in September 2018.

ENVIRONMENTAL RESPONSIBILITY

Given the nature of its operations, your Company has a very low impact on the environment. Notwithstanding, your Company is committed to minimising its environmental impacts through efficient use of natural resources, including electricity, which is the key touch point of the Exchange's technology-driven business. Your Company is governed by an effective Environmental Policy. Your Company believes that in order to meet the objectives of its Environmental Policy, employee commitment is imperative. Your Company constantly endeavors to create awareness amongst employees and encourages them to adopt conservation practices on an ongoing basis. Your Company successfully completed ISO 14001:2015 surveillance audit without any observation, and continues to monitor its Environment Management Plan, developed on the basis of the Environment Review conducted annually, to assess the impact of the Company's activities. Your Company has also developed an E-Waste Policy for the safe disposal of e-waste from its premises and has tie-ups with authorised e-waste recyclers to dispose the e-waste in an eco-friendly manner. Further, the e-waste disposal is minimised by adopting best practices in maintenance and re-use of resources. Other initiatives implemented by your Company to save the environment are smoke emission test, noise pollution test, water test, cold fogging and password enabled printer to minimise wastage of paper.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR is an opportunity for companies to effectively align its values and strategy for the benefits of the society, to create an overall positive effect. This requires continuing commitment on part of the companies, which in turn helps in improving the quality of life of the communities and contributes to social, economic and environmental development of the society at large.

The CSR Committee steers the CSR activities of your Company. The CSR Policy formulated in accordance with the Companies Act, 2013 (as amended from time to time), guides the Company's CSR approach to sub serve the well-being of the society at large. The CSR Policy and initiatives adopted by the Company on CSR during FY 2019 are available at the web link <https://www.mcxindia.com/about-us/csr>

Your Company implements and monitors CSR activities in letter and spirit and undertakes projects that focus on securing long-term development and sustainable growth of the society. Your Company believes that for holistic and sustainable development, creation of social infrastructure and integration of interventions is indispensable. During FY 2019, your Company has, *inter alia*, associated itself with projects like watershed, empowering communities, enabling education, etc. Your Company, *inter alia*, endeavors to support rural developmental projects which include watershed development programmes and add on measures, aimed towards increasing agriculture productivity and production, through soil and water conservation, resulting in livelihood opportunities and income enhancement for sustainable and community development. Your Company values heritage and considering its economic value for ensuring livelihood to local residents and as a powerful tool for sustainable economic growth, has contributed towards the corpus of the Indian Trust for Rural Heritage and Development, which is involved in conservation of our heritage and rural development.

To enhance yield and increase income of rural communities, the Gramin Suvidha programme of the Company provided farmers with necessary support through the Gramin Suvidha Kendras (GSK). Through various interventions provided under the programme, your Company has demonstrated how farm activity can be economically sustainable while engaging the community on a continuous basis. The model of the GSK programme being conventional in approach, it was considered to explore alternative models to empower rural communities at large in a sustainable manner. Hence, the Company had disassociated with India Post and subsequently discontinued the GSK programme.

The Company has undertaken projects for encouraging quality education among the lower strata of the society and has also assisted in creating an enabling environment for education to economically under-privileged children, by providing financial support for construction of class rooms and setting up of computer laboratory for students.

Further, to assist farmers to appropriately decide on the agricultural activities to be undertaken, your Company has supported Automatic Weather Station so as to make the meteorological data available to local farmers easily.

Your Company's CSR spent for FY 2019 was ₹ 252.19 lakh as against the prescribed amount of ₹ 269.7 lakh, and the reasons for marginal amount remaining unspent is stated in the Annual Report on CSR activities forming part of this Report as **Annexure III**. Going forward, your Company shall endeavor to undertake projects in accordance with the CSR Policy.

BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34 of the SEBI Listing Regulations, 2015 and amendment thereof, the Annual Report of top 500 listed entities, based on market capitalization, shall include the Business Responsibility Report (BRR) describing the initiatives taken by Company from an environmental, social and governance perspective.

As your Company falls within the top 500 listed Companies, the said Regulations are applicable to it. In compliance with the same, the BRR forms part of this Annual Report.

Further, your Company has evolved a Business Responsibility Policy, encompassing the broad scope of the initiatives, to be undertaken by the Company, to best sub serve the interest of all the stakeholders.

ETHICS AND GOVERNANCE POLICIES

Your Company adheres to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Accordingly, your Company has adopted various codes and policies to carry out the duties in an ethical manner. Some of these codes / policies framed and implemented by your Company are the Code of Conduct and Code of Ethics, Code of Conduct for Prevention of Insider Trading, Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information, Whistle Blower Policy /Vigil Mechanism, Policy on Related Party Transactions, Policy for determining Material Subsidiaries, Corporate Social Responsibility Policy, Risk Management Policy, Nomination and Remuneration Policy, Policy for Appointment of Independent External Persons on Committees of the Board, Board Diversity Policy, etc.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management & Administration) Rules, 2014, the extract of Annual Return for FY 2019 is attached as **Annexure IV** to this Report. The same is also available at the weblink <https://www.mcxindia.com/investor-relations>

CORPORATE GOVERNANCE

Your Company continues to be committed to good corporate governance aligned with the best corporate practices. The report on Corporate Governance, as stipulated under Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, 2015 and the certificate from a Practicing Company Secretary, regarding compliance of conditions of corporate governance, forms part of this Annual Report. The report on Corporate Governance also contains certain disclosures required under the Companies Act, 2013.

MEETINGS OF THE BOARD

Eight meetings of the Board of Directors were held during FY 2019. For further details, please refer to the report on Corporate Governance forming part of this Annual Report.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

Your Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI Listing Regulations, 2015, the Board of Directors have implemented a vigil mechanism through the adoption of Whistle Blower Policy. For further details, please refer report on Corporate Governance forming part of this Annual Report.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

Your Company has formulated the policy on materiality of related party transactions and dealing with related party transactions which has been amended from time to time. The latest Policy is uploaded on the website of your Company and may be accessed at the web link: https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/amended_policy_on_related_party_transactions_16july2019.pdf?sfvrsn=2414ad90_2

All related party transactions, entered into by your Company, are in the ordinary course of business and at arm's length pricing basis, except transfer of some assets & liabilities to MCXCCL, its wholly owned subsidiary, pursuant to the Business Transfer Agreement dated June 04, 2018, which is not in the ordinary course of business, and forms part of **Annexure V** to this Report. Also, prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in ordinary course of business and are at arm's length. All the related party transactions, entered into by your Company during the year under review, were placed and approved by the Audit Committee and/or by the Board, as applicable, in accordance with the Companies Act, 2013, SEBI Listing Regulations, 2015 and other applicable guidelines/directions from Regulator, if any.

Pursuant to Section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of material contracts or arrangements with related parties to be reported under Section 188 (1) of the Companies Act, 2013 is appended in Form AOC - 2 as **Annexure V** to this Report.

All Related Party Transactions as required under Ind AS 24 – Related Party Disclosures are reported in Note 39 and Note 38 of Notes to Accounts of the standalone and consolidated financial statements of your Company, respectively.

DIRECTORS

Your Company, being a recognized stock exchange and regulated by SEBI, is required to, *inter alia*, comply with provisions relating to the constitution of the Company's Board of Directors as specified in Companies Act, 2013, SECC Regulations, 2018 and SEBI Listing Regulations, 2015.

Your Company has a well-diversified Board comprising of Directors coming from various walks of life and having broad range of experience, in the areas of law, finance, accounting, economics, governance, management, administration, etc. This facilitates the Board to have the benefit arising out of a multi-faceted talent-pool to leverage differences in thought, perspective, knowledge, skill, regional and industry experiences to ensure effective corporate governance and sustained commercial success of the Company.

As on March 31, 2019, the Board comprised of 11 (eleven) Directors, of which 5 (five) were Public Interest Directors, 5 (five) were Shareholder Directors and 1 (one) Managing Director. Your Company had 3 (three) women Directors on the Board, including one independent woman director, as stipulated under SEBI Listing Regulations, 2015.

A "Public Interest Director" under the SECC Regulations, 2018, means an independent director representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Board, is in conflict with his role, and accordingly such directors are considered as Independent Directors for adhering compliance with the provisions under the SEBI Listing Regulations, 2015 and Companies Act, 2013.

Your Company has received confirmations from the respective Public Interest Directors to the effect that each of them meets the criteria of independence, as prescribed under Regulation (16)(b) of the SEBI Listing Regulations, 2015 and Section 149(6) of the Companies Act, 2013. The nomination/ appointment of Independent Directors/ Public Interest Directors on the Board of your Company is in accordance with the eligibility conditions prescribed by SEBI and with the approval of SEBI.

Further, all the Directors have confirmed that they are 'Fit and Proper', in terms of the SECC Regulations, 2018. Your Company has also obtained affirmation of adherence to Schedule IV of the Companies Act, 2013 and the Code of Conduct of your Company in accordance with the SEBI Listing Regulations, 2015 from all the Directors as applicable.

Mr. Basant Seth (DIN: 02798529) was appointed as a Public Interest Director (PID) on the Board of your Company for filling one vacancy caused due to the expiry of the term of Mr. Subrata Kumar Mitra (DIN: 00029961) and Mr. Arun Kumar Nanda (DIN: 0010029) as PIDs w.e.f. May 19, 2018, and it was decided that the second vacancy need not be filled.

Dr. Deepali Pant Joshi (DIN: 07139051) was appointed as a PID to fill the vacancy arising on completion of the tenure of Dr. M. Govinda Rao (DIN: 01982343), as a PID on the Board of the Company w.e.f. August 08, 2018.

Ms. Madhu Vadera Jayakumar (DIN: 00016921) and Mr. Hemang Raja (DIN: 00040769), Shareholder Directors, who were liable to retire by rotation at the 16th AGM of the Company held on August 31, 2018, were re-appointed with the approval of the shareholders and SEBI w.e.f. August 31, 2018.

Mr. Arun Bhargava (DIN: 02375147) resigned as a PID from the Board of the Company w.e.f. March 06, 2019.

Consequent to the resignation of Mr. Arun Bhargava, the composition of the Board has been affected under the SECC Regulations, 2018, and the same has been intimated to SEBI. SEBI has advised the Company to comply with the provisions of the Companies Act, 2013 and SEBI regulations in relation thereto. Accordingly, your Company recommended candidates to SEBI for its approval, for appointment as a PID for filling the vacancy arising out of the resignation of Mr. Arun Bhargava in compliance with SECC Regulations, 2018. The update on the same, post March 31, 2019, is covered separately in this Report.

In view of the completion of tenure of Mr. Mrugank Paranjape (DIN: 02162026) as MD & CEO of the Company on May 08, 2019, the Nomination and Remuneration Committee initiated the process for appointment of MD & CEO as laid down in SECC Regulations, 2018. The said Committee recommended the names of two candidates to the Board for its consideration and onward submission to SEBI. The Board, after deliberations, accorded its approval for recommendation to SEBI, the name of Mr. Padala Subbi Reddy (hereinafter referred to as Mr. P.S. Reddy) (DIN: 01064530) as an Additional Director and MD & CEO for a period of five years, subject to such other approvals as may be necessary.

In accordance with the provisions of the Companies Act, 2013, Mr. Chengalath Jayaram (DIN: 00012214) and Ms. Padma Raghunathan (DIN: 07248423), Shareholder Directors, who have been longest in office since their appointment, are liable to retire by rotation at the ensuing AGM and being eligible, are seeking re-appointment. The Board recommends their re-appointment.

KEY MANAGERIAL PERSONNEL (KMP)

Mr. Girish Dev was designated as the Chief Regulatory Officer (CRO) in place of Mr. Narendra Kumar Ahlawat, who ceased to be CRO and KMP w.e.f. April 01, 2018. Further, Mr. Girish Dev was identified as KMP under Section 203 of the Companies Act, 2013, for a period of 3 years w.e.f. April 28, 2018.

Mr. Rahi Racharla ceased to be the Chief Technology Officer (CTO) and KMP of the Company with effect from close of business hours on August 17, 2018.

Consequent to the resignation of Mr. Ashwin Patel, he ceased to be the Company Secretary and KMP of the Company w.e.f. close of business hours on November 06, 2018. Mr. Ajay Puri was appointed as the Company Secretary of the Company and identified as a KMP under Section 203 of the Companies Act, 2013, for a period of 3 years w.e.f. December 7, 2018.

The following employees were identified as KMP in terms of the provisions of SECC Regulations, 2018, for a period of three years w.e.f. November 16, 2018:

Sr. No.	Name
1.	Mr. Arvind Sharma, VP - Business Development
2.	Mr. Chittaranjan Rege, Head - Base Metals
3.	Mr. C N Upadhyay, VP - Inspection & Audit
4.	Mr. Deepak Mehta, Head - Energy & Agri
5.	Mr. DG Praveen, Head - Corporate Office and Projects, Risk Officer
6.	Mr. Girish Dev, Chief Regulatory Officer
7.	Mr. Himanshu Ashar, VP - Market Operations & Surveillance & Investigation
8.	Mr. Jayaprakash Menon, VP - Business Development
9.	Ms. Neetu Juneja, VP - Investor Services Department/IPF
10.	Mr. Rajendra Gogate, Head - Human Resources & Admin
11.	Mr. Rishi Nathany, Head - Business Development & Marketing
12.	Mr. Sanjay Gakhar, VP - Business Development
13.	Mr. Sanjay Golecha, VP- Regulatory Compliance

Sr. No.	Name
14.	Mr. Shivanshu Mehta, Head – Bullion
15.	Mr. Sudeendra Venkatesh Nadager, VP – Technology*
16.	Dr. Venkatachalam Shunmugam, Head – Research

*Note: Consequent to resignation of Mr. Sudeendra Venkatesh Nadager, VP – Technology, he ceased to be a KMP w.e.f. November 17, 2018.

Further, the following employees were designated as KMP under SECC Regulation, 2018, for a period of three years, w.e.f. their date of joining:

Sr. No.	Name	Date of joining
1.	Mr. Sunil Kurup, VP - Technology	January 21, 2019
2.	Dr. Pareshnath Paul, Chief Information Officer	February 11, 2019

In view of the revised SECC Regulations, 2018, the Board approved that the position of Chief Technology Officer (CTO)/Chief Information Officer (CIO) and Chief Regulatory Officer (CRO) of the Company shall not be considered as a Key Managerial Personnel in terms of the Companies Act, 2013 w.e.f. January 15, 2019.

PERFORMANCE EVALUATION OF THE BOARD

During the year under review, the Board of Directors of the Company, on recommendation of Nomination and Remuneration Committee, adopted a revised Policy on Performance Evaluation, formulated in accordance with the provisions of the Companies Act, 2013, SEBI Listing Regulations, 2015, SECC Regulations 2018, SEBI Circular dated January 05, 2017 which provides further clarity on the process of Board Evaluation (“SEBI Guidance Note”) and SEBI circular dated February 05, 2019.

The Policy has been framed with an objective to ensure individual directors of the Company and the Board as a whole, work efficiently and effectively in achieving their functions, for the benefit of the Company and its stakeholders.

Your Company has implemented a system of evaluating performance of the Board of Directors and of its Committees and individual Directors on the basis of a structured questionnaire which comprises evaluation criteria as listed hereunder, through peer evaluation, excluding the Director being evaluated.

The criteria for performance evaluation, *inter-alia*, includes the following:

i. Internal Evaluation of Individual Director's Performance

The individual Director's performance is evaluated based on his/ her level of participation and contribution to the performance of Board/ Committee(s) meetings, qualification & experience, knowledge and competency, fulfillment and ability to function as team, initiatives taken, adherence to the rules/regulations, having independent views and judgement, providing guidance to senior management and board members, etc.

ii. External Evaluation of Individual Director's Performance

Pursuant to SECC Regulations, 2018 read with SEBI circular dated February 05, 2019, the tenure of PIDs may be extended by another 3 years, subject to performance evaluation, internal and external, both carrying equal weightage. Such PIDs shall be subject to:

- Internal evaluation by all the governing board members, based on the criteria for the performance review of individual director; and
- External evaluation by a management or a human resources consulting firm based on their pre-determined criteria.

iii. Evaluation of the Board as a Whole

Providing entrepreneurial leadership to the Company, having clear understanding of the Company's core business and strategic direction, maintaining contact with management and external stakeholders, ensuring integrity of financial controls and systems of risk management, making high quality decisions, monitoring performance of management, maintaining high standards of integrity and probity, encouraging transparency, etc.

iv. Chairman's Performance Evaluation

Providing effective leadership, setting effective strategic agenda of the Board, encouraging active engagement by the Board members, providing guidance and motivation to MD & CEO, impartiality in conducting discussions, establishing effective communication with all stakeholders, etc.

v. Performance Evaluation of Board Committees

Sufficiency in the scope for addressing the objectives, effectiveness in performing the key responsibilities, adequacy in composition and frequency of meetings, quality of relationship of the committee with the Board and the management, clarity of agenda discussed, discussion on critical issues, clarity of role and responsibilities, etc.

AUDIT COMMITTEE

The composition of Audit Committee is covered under the Corporate Governance Report. During the year under review, there were no instances, where the Board had not accepted any recommendation of the Audit Committee.

STATUTORY AUDITOR AND THEIR REPORT

M/s Shah Gupta & Co., Chartered Accountants (Firm Registration No. 109574W) were appointed as Statutory Auditors by the shareholders, at their 13th Annual General Meeting (AGM) held on September 29, 2015 for a period of five years, subject to ratification by the shareholders at every AGM.

However, pursuant to Section 40 of the Companies (Amendment) Act, 2017, effective May 07, 2018, the requirement of ratification of appointment of Statutory Auditors by members at every AGM has been omitted. Accordingly, no resolution for ratification of appointment of the statutory auditors is being proposed at the ensuing AGM.

The Report given by the Auditor on financial statements of the Company forms part of the Annual Report. There is no qualification, reservation or adverse remark made by the Auditor in their report.

SECRETARIAL AUDITOR AND THEIR REPORT

M/s Rathi & Associates, Practicing Company Secretaries, were appointed as the Secretarial Auditors by the Board to conduct the secretarial audit of the Company for financial year 2018-19.

In accordance with Section 204(1) of the Companies Act, 2013, the Secretarial Audit Report for the financial year ended March 31, 2019 is annexed as **Annexure VI** to this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Secretarial Auditor in their report, have stated that the composition of the Board of Directors specified under Regulation 23, has been affected due to the resignation of a Public Interest Director (PID) w.e.f. March 6, 2019 and has been intimated to SEBI. The Company has, however, initiated the process of ensuring compliance with the said regulations by recommending the names of Public Interest Directors for approval to SEBI.

Management Response:

The Company vide its letter dated March 8, 2019 intimated SEBI about the resignation of Mr. Arun Bhargava and sought opinion on the effective date of his resignation. SEBI vide its letter dated March 25, 2019 advised the Company to comply with the provisions of the Companies Act, 2013 and the SEBI regulations.

Accordingly, the resignation of Mr. Arun Bhargava became effective from March 06, 2019. Further, in compliance with SECC Regulations, 2018, the Company recommended candidates to SEBI for its approval, for appointment as a PID for filling the vacancy arising out of the resignation of Mr. Arun Bhargava. The update post March 31, 2019, is covered separately in this Report.

INTERNAL CONTROL AND THEIR ADEQUACY

Your Company has maintained adequate internal financial controls over financial reporting, which are constantly assessed and strengthened with new/revised standard operating procedures. The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

The Company's internal control system is commensurate with its size, scale and complexities of its operations. The Audit Committee of the Board actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Audit Committee of the Board and Statutory Auditors are periodically apprised of the internal audit findings and corrective actions taken. Audit plays a key role in providing assurance to the Board of Directors on the effectiveness of internal controls and the veracity of the financial statement. Such internal financial controls over financial reporting were operating effectively as of March 31, 2019.

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

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant and material orders were passed, during the year under review, by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

HUMAN RESOURCE DEVELOPMENT

Your Company believes in strategic alignment of Human Resources to its business priorities and end objectives.

To ensure that employees have avenues and opportunities to raise their concerns, share their suggestions and give their opinions, Town Hall and 'Chai pe Charcha', meeting with MD across all level were organised, having a blend of formal, as well as, informal setting for promoting communication, exchange of views and ideas during the year.

Additionally, Exchange undertakes various staff welfare activities to improve productivity by bringing unity, break the peer groups together for enhanced interpersonal relationship and team work.

Well engaged employees have an emotional connect with the Vision & Mission of the organisation. Hence, to map the employee engagement & evolve a suitable action plan based on the employee feedback, Employee Engagement Survey was conducted focusing on essential engagement parameters such as Workplace, Organisation Values, Culture and Career Development. Clear ownership amongst the Senior Management Team was established to ensure timely action on the basis of the feedback received.

Your Company continues to have in place an Anti-Sexual Harassment Policy and has complied with the provisions relating to the constitution of Internal Complaints Committee under "The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013."

No complaints were received during the FY 2019 in relation thereto. During the year under review, your Company has also imparted awareness training to all employees including outsourced manpower on the 'Anti-Sexual Harassment Policy.'

EMPLOYEE STOCK OPTION SCHEME

The stock options granted to the employees of the Company, operate under the "Employee Stock Option Scheme 2008 (ESOP 2008)" of MCX, formulated in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, which was approved by the shareholders at the Extraordinary General Meeting held on February 27, 2008. MCX ESOP Trust constituted by the Company is responsible for administration and implementation of the scheme under the directions of the Nomination and Remuneration Committee of the Board of Directors of MCX. The said Scheme is being implemented in compliance with the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014 [SBEBS Regulations] and there has been no change in the Scheme during the year ended March 31, 2019. The relevant disclosures required under the SEBI Regulations for the year ended March 31, 2019 are available on the website of the Company at <https://www.mcxindia.com/investor-relations/corporate-governance>.

PARTICULARS OF REMUNERATION

Your Company has adopted a well-defined Nomination & Remuneration Policy for Directors, Key Managerial Personnel and other employees. During FY 2019, the said Policy was amended in terms of the provisions of SECC Regulations, 2018, effective October 03, 2018, amendments in the Companies Act, 2013 and SEBI Listing Regulations, 2015. The said Policy alongwith the changes therein, forms part of this Report as **Annexure VII**, and is also available under the weblink https://www.mcxindia.com/docs/default-source/investor-relations/corporate-governance/remuneration-policy_march2019.pdf?sfvrsn=ebedd890_2

The ratio of the remuneration of each Director and KMP to the median employee's remuneration and other details in accordance with Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 27(6) of the SECC Regulations, 2018, forms part of this Report as **Annexure VIII**.

Further, in accordance with Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 27(5) of SECC Regulations, 2018, a statement containing particulars of employees as stipulated therein also forms part of this Report as **Annexure IX**.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

The disclosures to be made under Section 134 (3) (m) of the Companies Act, 2013 read with Rule (8) (3) of the Companies (Accounts) Rules, 2014, are explained as under:

A) CONSERVATION OF ENERGY

Your Company, not being energy intensive, takes various measures to reduce energy consumption by using energy-efficient computer systems and equipment. As an ongoing process, your Company evaluates new technologies and techniques to make its infrastructure more energy efficient.

(i) Steps taken or impact on Conservation of Energy:

Your Company has in-row cooling system for servers in the Data Center that cools only the equipment and not the external environment, thereby, ensuring that no energy is wasted in running compressors excessively, to maintain the desired temperature levels of external environment.

The Company regularly replaces high energy consuming electrical equipment with modern efficient devices such as replacing the fluorescent lights with LED light and the CCTV surveillance system from Analog cameras to IP cameras. Your Company conserves energy by switching off lights & other equipment when they are not required. Your Company has UV resistant film on facade glass windows to reduce the heat entering the building which reduces the air-conditioning load.

Your Company maintains adequate capacitor bank for non-linear electrical loads like air-conditioning plant, pumps and Heat Recovery System, thereby reducing the drawing of extra energy and improving the power factor. Further, your Company undertakes preventive maintenance of air conditioning system on scheduled basis, thereby, ensuring that the heat sensors and electronic components are functioning properly for compressors to achieve variable compression linked to heat levels for reduction in power consumption. The Company continuously strives to optimize its energy usage and efficiency.

(ii) Steps taken by your Company for utilising alternate sources of energy:

No alternate source of energy is utilized by your Company.

(iii) Capital investment on energy conservation equipment:

During the year under review, your Company invested ₹ 28 lakh for installation of LED lights and IP CCTV system in the Exchange premises.

B) TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption:

Implementation of hyper converged infrastructure

Your Company has increased the hardware virtualization footprint and moved majority of its application to hyper converged infrastructure, thus ensuring high availability and better disaster recovery capability. New energy efficient servers have been installed thus enabling the Exchange to reduce the carbon footprint.

Cyber Security framework

Your Company lays special emphasis on improvement in its cyber security framework and information security management systems. There is an ongoing process to strengthen cyber security to be in line with the guidelines laid down by the market Regulator and other national agencies to provide increased resilience and rapid response to cyber threats to its IT infrastructure. Security Operation Centre (SOC) setup has been implemented for monitoring cyber-attacks / incident related alerts.

Increase in accessibility via web based application

Your Company has launched various web based application making it accessible for its members and clients for seamless Exchange of information.

Automation of switchover/switchback between Primary & DR site

MCX has successfully deployed automated process, to the extent possible, for switch-over from Primary site to Disaster Recovery Site, with reduced migration time duration.

Upgradation of information technology systems

The Company has regularly allocated substantial resources towards upgrading information technology systems, with an over-arching goal of achieving higher capacity and lower latency, improving market efficiency and transparency, enhancing user access and providing flexibility for future business growth and market needs.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution

During FY 2019, your Company has continued to invest in IT systems and using it as an enabler to provide a competitive advantage. Your Company's robust technology infrastructure continues to provide uninterrupted trading experience, reliability, credibility and mitigating risk of single point of failure.

Your Company has implemented industry proven technology solutions after due validation and verification, which not only ensured latest technology, but also helped your Company to offer quality services meeting business needs. Your Company has used indigenous technologies in security space, thereby, substantially reducing expensive import costs.

Your Company has an in-house software development team which undertook several initiatives in FY 2019 to develop and roll out various ancillary and peripheral systems as required by the organisation. With a right mix of in-house and outsourced resources, your Company is adopting new technologies to deliver the growing business needs and ensuring quality services for the clients.

(iii) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

Your Company has not directly imported any technology during the last three financial years.

(iv) **Your Company has incurred ₹ 8.90 lakh on Research and Development during the year under review.**

C) FOREIGN EXCHANGE EARNINGS / OUTGO DURING THE YEAR UNDER REVIEW

The details of foreign exchange earnings and outgo during the year under review forms part of the Significant Accounting Policies and Note no. 36 of Notes to Accounts of the standalone and consolidated financial statements.

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

The Company being a recognised stock exchange is governed by SEBI and ensures compliance with various regulations and guidelines applicable to the Company. Your Company aims at implementing the best governance practices and disclosure norms.

In terms of Regulation 33 of the SECC Regulations, 2018, the details of resources committed, during the year under review, towards strengthening regulatory functions and ensuring compliance with the regulatory requirements, backed by an activity based accounting, is given below. Each such department is headed by a senior official of the Company, reporting to the Chief Regulatory Officer, who in turns reports to MD & CEO.

Department	Activities	Total head count	Cost including Salary (In ₹ lakh)
Inspection & Audit	Onsite inspection of Members, verification of Member submissions relating to Enhanced Supervision and Risk Based Supervision, taking disciplinary action against Members, etc.	26	323
Membership	Processing applications for registration of Members, transfer / conversion of Membership, activation/ surrender of Members, application for approval / cancellation / transfer of Authorised Persons, etc.	18	57
Investor Services Department	Handles complaints of investors / clients against the registered Members of the Exchange, as well as, Arbitration references received from clients, Authorized Persons and Members of the Exchange; matters pertaining to declaration of Members as defaulter; scrutinizing and processing of the investor / client claims thereon.	23	216
IPF	Compensating legitimate claims of investors against a defaulter member, processing documents related to awareness events and ensure compliance relating to the Trust.	4	37
Regulatory Compliance	Maintenance of compliance calendar, co-ordination w.r.t. to SEBI Inspection and submission of necessary reports and reply to queries raised by SEBI.	4	204
Legal Compliances	Drafting and vetting of Show Cause Notices, Personal Hearing Letters and Orders with respect to Disciplinary Actions, vetting of Department Circulars, providing legal opinion relating to Bye-laws and Rules of the Exchange and carrying out amendments in the Business Rules, as and when required.	2	63

Department	Activities	Total head count	Cost including Salary (In ₹ lakh)
Surveillance & Investigation	Monitoring the market through various online & offline alerts and reports, monitoring of position limit violation and client code modifications, UCC Registration and PAN verification, examination / investigation, providing Transactional Alerts to members, etc.	21	284
Market Operations	Launching of commodity contracts, Daily Price Limit (DPL) relaxation, activation/deactivation of Members, generation of Bhavcopy, programming and dissemination of market messages through LIVE system broadcast pertaining to circulars, settlement prices and market related information at regular intervals during the day, online activities pertaining to Member servicing, Beginning of Day (BoD) and End of Day (EoD) tasks carried out to ensure smooth availability of systems, etc.	15	393

Note: The above count excludes the Chief Regulatory Officer.

UPDATES POST MARCH 31, 2019:

Director/KMP update

- i. Mr. Radheshyam Yadav, VP - Technology and Mr. Pravin Gade, VP – Technology, became KMPs under the SECC Regulations, 2018, w.e.f April 01, 2019. Mr. Satyajeet Bolar, VP – Finance & Accounts became a KMP under SECC Regulations, 2018, w.e.f April 09, 2019.
- ii. Considering the change in the top management and to ensure smooth transition in the business and operations of the Company, Mr. P.S. Reddy was appointed as Officer on Special Duty and identified as a KMP under SECC Regulations, 2018 w.e.f. April 26, 2019, until he assumed office as MD & CEO of the Company.
- iii. Mr. Mrugank Paranjape ceased to be MD & CEO of the Company and a KMP, on expiry of his tenure w.e.f. close of business hours on May, 08 2019.
- iv. Mr. P.S. Reddy was appointed as MD & CEO of the Company for a period of five years w.e.f. May 10, 2019, with prior approval of SEBI. He was also designated as a whole-time Key Managerial Personnel in terms of Section 203 of the Companies Act, 2013, w.e.f. May 10, 2019. Details of Mr. P.S. Reddy and the terms of his appointment including remuneration payable to him is given in the notice convening the ensuing AGM for seeking the approval of the shareholders for his appointment as a Director and MD & CEO of the Company.
- v. In view of the expiry of tenure of Mr. Saurabh Chandra (DIN: 02726077) as a PID and Chairman of the Exchange on July 02, 2019, the Board, in compliance with the provisions relating to appointment and performance review of a PID prescribed under the SECC Regulations, 2018 and SEBI circular no. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/26 dated February 5, 2019, recommended to SEBI, the extension of tenure of Mr. Saurabh Chandra as a PID on the Board of the Exchange by another term of three years. SEBI vide letter dated May 31, 2019, approved the re-appointment of Mr. Saurabh Chandra as a PID on the Board of the Exchange. Details relating to performance evaluation of Mr. Saurabh Chandra for recommending his extension is covered in the section relating to 'Performance Evaluation of the Board.' Further, the Board recommended to SEBI to accord its approval for Mr. Saurabh Chandra being the Chairman of the Governing Board in terms of the SECC Regulations, 2018. SEBI vide letter dated July 25, 2019, approved the appointment of Mr. Saurabh Chandra as the Chairman of the Board of the Exchange.
- vi. SEBI vide letter dated May 31, 2019, approved the appointment of Mr. Gulshan Rai (DIN: 01594321) as PID on the Board of the Exchange for a period of three years for filling up the vacancy arising out of the resignation of Mr. Arun Bhargava from the Board of the Exchange. Mr. Gulshan Rai was to be formally inducted as PID on the Board of the Exchange on receipt of "No Objection" from Government of India. However, he has now expressed his inability to join the Board owing conflict of interest in terms of SECC Regulations, 2018, on being co-opted as a director on the board of subsidiary of a stock exchange.
- vii. Mr. Girish Dev, KMP under the SECC Regulations, 2018, resigned w.e.f. June 24, 2019 and as per his terms of appointment has given 3 months' notice.

Regulatory update

- viii. SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, was notified effective from April 01, 2019.

- ix. SEBI has revised the fee structure for stock brokers and exchanges w.e.f. April 01, 2019.
- x. To promote institutional participation, SEBI has allowed the participation of Mutual Funds and Portfolio Managers in the Exchange Traded Commodity Derivatives (ETCDs).
- xi. SEBI has permitted recognised stock exchanges with commodity derivative segment to introduce futures on commodity indices and issued Guidelines for 'Design of Commodity Indices and Product Design for Futures on Commodity Indices'.
- xii. SEBI brought about uniformity of approach while dealing in clients' securities by Members and provided further guidelines on the same.
- xiii. SEBI decided that all penalties levied on short-collection/non-collection of Margins as prescribed by SEBI Circular dated September 07, 2016 shall be credited to Core SGF.
SEBI further directed that, penalties, if any, on short-collection/non-collection of Margins for commodity derivatives segments levied by Clearing Corporations / Exchanges, that have already been transferred to IPF Trust, shall be transferred to Core SGF, effective from the day on which Clearing Corporation started clearing function for commodity derivatives segment.
- xiv. SEBI has modified the staggered delivery framework for commodity futures contract, wherein, all compulsory delivery commodity futures contracts (agriculture, as well as, non-agriculture commodities), shall have a staggered delivery period.
- xv. SEBI has issued a circular on rationalization of imposition of fines for false / incorrect reporting of margins or non-reporting of margins by Trading Member / Clearing Member in all segments.
- xvi. SEBI has mandated that each recognised stock exchange dealing in commodity derivatives segment, should constitute a Product Advisory Committee (PAC) for each group/complex of commodities, having common stakeholders/value chain participants, on which derivatives are traded or being proposed to be traded on the exchange.

Product update

- xvii. As per directions of SEBI, MCX modified Copper , Nickel, Lead and Lead Mini contract from 'Both Option' settlement mode to 'Delivery-Based' settlement mode and a total of 256 MTs of Nickel, 50 MTs of Copper and 212 MTs of Lead were delivered on Exchange, since their conversion.
- xviii. SEBI mandated the Exchange to align the trading lot and the delivery lot of all its contracts. Accordingly, Copper 1 MT contract was changed to 2.5 MT trading unit and the delivery unit is also kept the same. The current Nickel contract with 250 KG trading unit and 1.5 MT delivery unit, will be modified to 1.5 MT trading unit from December 2019 contract onwards. The delivery unit will also be the same (1.5 MT). As Copper Mini (250 KG) and Nickel Mini (100 KG) could not have the same trading unit and delivery unit due to practical challenges of the physical market, both these contracts have been de-listed.

Subsidiary update

- xviii. SEBI vide letter dated July 23, 2019, has granted renewal of recognition to MCXCCL for a period of three years commencing from July 31, 2019 and ending on July 30, 2022, subject to complying with all rules, regulations, guidelines, and other instructions as may be issued by SEBI from time to time.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134 of the Companies Act, 2013, your Directors confirm that:

- a) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards have been followed and there are no material departures from the same;
- b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a 'going concern' basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ACKNOWLEDGMENTS

The Board of Directors wish to place on record their sincere gratitude for the valuable guidance and continued support extended by the Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges, Ministry of Corporate Affairs, other government authorities, Banks and other stakeholders. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.

For and on behalf of the Board of Directors

Saurabh Chandra

Chairman

(DIN: 02726077)

Mumbai

August 22, 2019