



# NCD EX

Pragati ka Solid Exchange.

Annual Report 2015-16

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# Company Information

<b>Board of Directors</b>	Mr. Rabi Narayan Das	: Chairman and Public Interest Director	
	Mr. Prithvi Raj Bishnoi (Upto July 21, 2016)	: Public Interest Director	
	Mr. Sidhartha Pradhan	: Public Interest Director	
	Dr. Ashok Gulati	: Public Interest Director	
	Mrs. Naina Krishna Murthy	: Public Interest Director	
	Justice (Retired) Ashok Bhan (w.e.f. July 21, 2016)	: Public Interest Director	
	Mr. Ravi Narain	: Shareholder Nominee Director	
	Mr. Rakesh Kapur	: Shareholder Nominee Director	
	Mr. Samir Kumar Mitter	: Shareholder Nominee Director	
	Mr. Srinath Srinivasan	: Shareholder Nominee Director	
	Dr. R. M. Kummur	: Shareholder Nominee Director	
	Mr. Samir Shah	: Managing Director & Chief Executive Officer	
<b>Company Secretary</b>	Mr. M. K. Ananda Kumar		
<b>Chief Financial Officer</b>	Mrs. Komal Shahani		
<b>Statutory Auditor</b>	M/s. K. S. Aiyar & Co., Chartered Accountants # F-7, Laxmi Mills, Shakti Mills Lane, (Off Dr. E. Moses Rd), Mahalaxmi, Mumbai – 400 011		
<b>Secretarial Auditor</b>	Dr. K. R. Chandratre, Practicing Company Secretary 308 Commerce Avenue, 3 <sup>rd</sup> Floor, 24 Mahaganesh Colony, Paud Road, Pune 411038		
<b>Bankers</b>	Axis Bank Limited	Bank of India	Canara Bank
	Development Credit Bank	HDFC Bank Limited	IndusInd Bank Limited
	ICICI Bank Limited	Kotak Mahindra Bank Limited	Punjab National Bank
	Tamilnad Mercantile Bank Limited	Union Bank of India	Yes Bank Limited
<b>Registered Office</b>	1 <sup>st</sup> Floor, Ackruti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg West, Mumbai 400 078		
<b>Corporate Office</b>	503, 5 <sup>th</sup> Floor, Windsor, off CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai – 400 098		
<b>Branch Offices</b>	<b>Ahmedabad</b> : 502, Kaivanna Complex, Off. C. G. Road, Near Panchvati Circle, Central Mall, Ambavadi, Ahmedabad 380015 <b>Hyderabad</b> : 207, 2 <sup>nd</sup> Floor, Ashoka Capital, Opp. K.B.R. Park, Road No. 2, Banjara Hills, Hyderabad – 500034 <b>Indore</b> : 4 <sup>th</sup> Floor, 401, Gold Arcade, Pent House, New Palasia Road No.1, Opposite Curve Well Hospital, Indore 452 001 <b>Jaipur</b> : Prestige Tower, 2 <sup>nd</sup> Floor, Office No 1A, Amrapali Circle, Vaishali Nagar, Jaipur – 302021 <b>Kochi</b> : 503, 5 <sup>th</sup> Floor “Landmark Enclave” S.A. Road , Valanjambalam, Kochi – 682 016 <b>Kolkata</b> : Jasmine Tower, 5 <sup>th</sup> Floor, Unit No.503B, 31 Shakespeare Sarani, Kolkata-700017 <b>New Delhi</b> : 2 <sup>nd</sup> Floor, Jeevan Vihar Building, 3 Parliament Street, New Delhi 110 001		
<b>Registrar and Share Transfer Agents</b>	3i Infotech Limited Tower # 5, 3 <sup>rd</sup> to 6 <sup>th</sup> Floors, International Infotech Park, Vashi, Navi Mumbai 400 703		

# Board of Directors



Mr. Rabi Narayan Das

*Chairman and  
Public Interest Director*



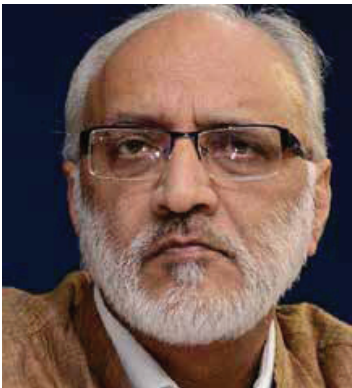
Mr. Prithvi Raj Bishnoi

*Public Interest Director  
(upto 21 July 2016)*



Mr. Sidhartha Pradhan

*Public Interest Director*



Dr. Ashok Gulati

*Public Interest Director*



Mrs. Naina Krishna Murthy

*Public Interest Director*



Mr. Ashok Bhan (Retired Justice)

*Public Interest Director  
(with effect from 21 July 2016)*



Mr. Ravi Narain

*Shareholder Nominee Director*



Mr. Rakesh Kapur

*Shareholder Nominee Director*



Mr. Samir Kumar Mitter

*Shareholder Nominee Director*



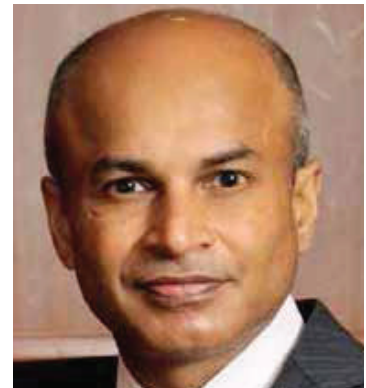
Mr. Srinath Srinivasan

*Shareholder Nominee Director*



Dr. R. M. Kummur

*Shareholder Nominee Director*



Mr. Samir Shah

*Managing Director & CEO*

# Directors' Report

## Dear Shareholders,

Your Directors have pleasure to present the Thirteenth Annual Report of the Exchange together with the audited accounts for the financial year ended March 31, 2016.

## PERFORMANCE

The summary of financial performance of the Exchange for the year ended March 31, 2016 is as under:

Particulars	(₹ in Lacs)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Total Income	17,374	14,550
Total Expenditure	11,021	10,678
Profit before exceptional item and taxation	6,353	3,872
Exceptional Income	3,635	-
Profit before taxation	9,988	3,872
Profit after taxation	6,881	2,679
Proposed Dividend	1,267	760
Corporate dividend tax	258	155
Transfer to General Reserve	-	-
Transfer to Settlement Guarantee Fund	1,008	962
Depreciation for earlier years due to change in estimate net of deferred tax of ₹ 58 lacs	-	112
Balance carried forward	18,417	14,069

The consolidated performance (along with the subsidiaries, associate and joint venture company) of the Exchange is as follows:

Particulars	(₹ in Lacs)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Total Income	20,907	16,458
Total Expenditure	13,772	12,100
Profit before taxation	7,135	4,358
Profit after taxation before adjusting loss of Associate	7,430	3,061
Profit/(loss) of Associate	-	(60)
Profit after taxation	7,430	3,001
Proposed Dividend	1267	760
Corporate dividend tax	258	155
Transfer to General Reserve	-	-
Transfer to Settlement Guarantee Fund	1008	962
Depreciation for previous year due to change in estimate	-	112
Transfer to Transaction Charges Special Reserve	64	-
Proposed dividend of step down entity	35	-
Distribution tax on dividend of step down entity	7	-
Balance carried forward	17,072	12,281



## REVIEW OF OPERATIONS

### HIGHLIGHTS

- ▶ Highest total turnover achieved on a day during the FY 2015-2016 was ₹ 8,547.85 crore.
- ▶ Chana was the top volume contributor, contributing 15.68 percent to the total turnover of the Exchange.
- ▶ The Average Daily Traded Value ('ADTV') stood at ₹ 3,967.27 crore in FY 2015-16 as compared to ₹ 3,545.34 crore in FY 2014-2015.

### Trading Volumes

Quarter	ADTV – Financial Year 2015-2016	ADTV – Financial Year 2014-2015
April – June	4,939	4,019
July – September	4,107	3,903
October – December	3,990	3,365
January – March	2,811	2,894
ADTV	<b>3,967</b>	<b>3,545</b>

(₹ in crores)

As of March 31, 2016, the Exchange offered trading in 27 commodity contracts, which includes 21 agricultural commodity contracts, 3 bullion commodity contracts, 2 metal commodity contracts and 1 commodity contract in energy sector.

### GUAR COMPLEX

During the FY 2015-16, Guar complex has shown around 65% growth in ADTV over the last year despite unprecedented fall in prices. Average Daily Traded Quantity (ADTQ) during the same period has grown around 130%. Increased validity and modification of quality specifications of Guarseed contract to cater to changed market dynamics has resulted in physical deposits reaching the highest levels after re-launch.

### OIL & OILSEEDS COMPLEX

Oilseeds complex has seen a mixed performance during this year. Mustard Seed contract has seen healthy growth in participation with volumes of ₹ 434 crores. The Exchange over the past two seasons has evolved its contract specifications to cater to the market needs. In the Soya complex, the specifications of Soybean were changed with respect to the validity structure which resulted in high deposits of 83,000 MT.

Refined Soy Oil contract was modified to Intention matching from March 2016 expiry onwards and this is expected to give a push to participation in this contract.

### GRAIN & PULSES

During the FY 2015-16 Chana contract has seen 50% rise in ADTV and 78% rise in ADTQ as compared to FY 2014-15, despite stock limits in major producing states and other actions by government, like stock seizure, IT raids etc. The deliveries at the Exchange have seen growth of 37% as compared to last year.

In Maize, the Exchange has demarcated two contracts in terms of geography of their arrivals, Maize Kharif and Maize Rabi catering to Southern India and Northern India respectively. This was done for making contract specifications more aligned to market practices.

The Exchange has made Cotton bales contract a focus area and made significant dents in a commodity where liquidity is centered at the competitor exchange. The Exchange hopes to build on these gains and corner significant market share in the coming months.

## SPICES & SUGAR

Sugar futures contract gained considerable depth and saw life time high Open Interest (OI) of 190,000 MT. Delhi Center saw increased participation and deliveries to tune of 58,000 MT.

Implementation of new parameters in Turmeric futures contract (such as increased inferior turmeric to 2.25%) in fresh deposits and acceptance of farmer polished variety of turmeric in Nizamabad at premium led to lifetime high deposits of 20,903 MT.

Dhaniya futures contract saw healthy deliveries on the Exchange. Gondal which was introduced as additional delivery center saw delivery to the tune of 43,000 MT. Moreover, the Exchange has seen improvement in cleaning/processing facility in Gondal after introduction of delivery center.

## PRECIOUS METALS

The share of participation by Hedgers in the Exchange's Gold contract increased from 2.16%, at its launch in June 2015, to 30.09% in February 2016. The share of participation by Hedgers in the Exchange's Gold Hedge contract increased from 6.73% in April 2015 to 30.11% in February 2016. 38 new members participated in the Gold Hedge contract and 48 new members participated in the Gold contract as compared to FY 2014-15. The NCDEX gold premium polled and displayed on website has gained popularity within the trade participants. Among others, suppliers of bullion to India and miners of gold dore in Africa and South America have been actively using the daily premiums to negotiate terms with Indian importers and buyers. Share of Open Interest (OI) of NCDEX gold contracts has increased substantially. The highest market share of OI recorded was that of 15.08% which maintained at above 10% in the second half of FY 2015-16. The OI has been seeing healthy rollovers as well across contract expiry. The highest OI rollover of 75% was recorded in January 2016 for Gold Hedge. Delivery in Gold contract was effected in three out of the five expiries till date totalling to 61 Kgs gold; starting with the first expiry in July 2015.

## FORWARDS

The Forwards segment was a strategic focus area for the Exchange in FY 2015-16. The Forwards segment was intended to be a bridge between the Exchange and the wider commodity eco-system, including FPOs, who are not yet onboard the futures platform. It was also the first segment to be launched in the commodity segment post the start of commodity futures in 2003.

After launching a pilot in FY 2014-15, the Exchange launched Forward trading across commodities in FY 2015-16. The Exchange had set a target of 50,000 MT for its first full year of operations and had achieved trade of 43,837 MT and 1100 bales of Cotton till January 15, 2016 when the segment was suspended.

There was a concentrated effort to onboard FPOs on the Forwards segment. To this end 20 FPOs had taken up membership and Jeevika from Bihar had participated on the platform in Maize. The segment was well appreciated by FPOs as it ensured better market access for the small farmer.

## SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI), THE NEW REGULATOR

The merger of erstwhile commodities regulator Forward Markets Commission (FMC) with the Securities and Exchange Board of India (SEBI) was a landmark change in the regulatory sphere during recent times which marked a beginning in the direction of forming a unified financial regulator. SEBI has set up an Advisory Committee for the commodity market. The role of the committee is to discuss issues relating to regulations and development of commodity markets and suggest required measures to the SEBI.

## SUSPENSION OF TRADING IN CASTOR SEED CONTRACTS

The Exchange decided to suspend futures trading in all running castor seed contracts at close of business on January 27, 2016 and to settle the outstanding positions at the daily settlement price as at the end of day January 27, 2016. The Exchange took this decision to maintain market equilibrium, safeguard market integrity and in the general interest of commodities market.

Consequent thereto, the Exchange received representations from various market participants on individual basis and also from the Commodity Participants Association of India (CPAI) to redress their grievances arising out of suspension of the futures contracts. SEBI advised the Exchange to take necessary steps in this regard so to redress the grievance on an immediate basis.

With a view to redress the grievances of market participants, the Exchange facilitated sale of stocks belonging to the shorts lying in the approved warehouses on the NCDEX e Markets Limited (NeML) platform and also constituted a Special Grievance Cell for attending to the grievances. Further, pursuant to the close-out announced inviting claims from market participants, the Exchange has, in an expedient manner, settled claims which were found admissible in accordance with the terms of the close-out.

## COMTRACK AND LOGISTICS

The Exchange had 417 approved warehouses as on March 31, 2016. These warehouses had 2.34 million metric tonnes capacity and stock valued at ₹1,369.01 crores. During the year, at peak levels, the Exchange warehouses had 18 commodities and 717,963 metric tons. All the approved warehouses of the Exchange have been mapped with GPS coordinates that can help to uniquely identify each

warehouse. To enhance the security of stock at warehouses, the Exchange had asked its WSPs to install CCTV camera in the warehouses owned by WSPs. Eight such warehouses already have such systems and another 10 are in the process of installation.

To monitor deposits, withdrawal and facilitate audit at the Exchange-approved warehouses, RFID technology was tested at three warehouses in Jaipur and Latur and will be further tested at two more locations before implementation at selected locations.

To enhance ease of doing business and to bring transparency in the process of deposits, the Exchange launched Warehouse Space Reservation System in 50 warehouses before March 31, 2016. To provide commodity finance, COMTRACK platform has now 7 banks such as Axis Bank, ICICI Bank, HDFC Bank and IndusInd Bank and 13 NBFCs. During the year, Pledges have financed 2,45,876 MT for ₹ 829.91 crore.

The Exchange has enhanced its Comtrack application and provided various features to end-users for better operations and value like extension of bulk upload facilities, margin call and loan top-up functionalities in pledge modules.

### **NEXTGEN**

The Exchange has made progress as per its project plan in implementing the MIT Trading and Surveillance platforms. The project also includes making changes to the relevant downstream systems in order to be compatible with the MIT systems. As per the current plan, the MIT systems are expected to go-live during the third quarter of the FY 2016-17.

### **NEXTRA**

The Exchange has launched a next generation trader workstation called NEXTRA, in association with Thomson Reuters International Systems Ltd. Nextra has been launched with the objective of providing advanced trading functionalities, real-time profit/loss and position updates, market wise graphs/charts and better risk management for its members. The Exchange is offering this front end to all the members with no additional charges.

### **NCDEX MARKETS MOBILE APPLICATION**

The Exchange has launched a new mobile application called "NCDEX Markets" for the benefit of value chain participants. This mobile app is the first app to be available in all three platforms, Apple iOS, Android and Windows. The mobile app is expected to increase the outreach of NCDEX to various market participants by giving the below features:

- ▶ **Market Watch:** An easy way to stay up to date with the real time prices of contracts tradable on NCDEX. Future & Spot Prices of all traded commodities is displayed.

- ▶ **Circulars:** Updated relevant news, regulatory updates, announcements and circulars by NCDEX.
- ▶ **Book My Warehouse:** The Book-My-Warehouse functionality aids customers in real-time warehouse bookings for space. A depositor can easily book space well in advance in the nearest warehouse available. The App also helps provide information on the space available in various warehouses, based on which the depositor can take an informed call. The Book-My-Warehouse is part of the Warehouse Reservation System introduced by the Exchange.

### **WAREHOUSE RESERVATION SYSTEM (WRS)**

The Exchange has launched online warehouse space reservation system for the client to book warehouse space in advance and plan their deliveries accordingly. This is also helping Warehouse Service Provider (WSP) for managing their operations by optimizing their resources based on the deposit schedules. This facility can be accessible to the client through web as well the NCDEX Markets mobile application.

### **REGULATORY CHANGES**

The Exchange has implemented various regulatory changes in the trading as well as risk management system during FY 2015-16. Some of critical ones are the introduction of risk reduction mode, removal of near month position netting, introduction of extreme loss margin etc.

### **MEMBERSHIP**

As on March 31, 2016, there were 585 members on the Exchange platform across the length and breadth of the country.

### **RISK MANAGEMENT**

The Exchange in the past few years has been taking steps to resolve large issues in a focussed approach viz., warehousing and logistics related and many other. It was felt necessary that a policy be prepared to look at enterprise risk. Towards this end, the Exchange during the year put in place an Enterprise Risk Management (ERM) and Operation Risk Management (ORM) policy. The Exchange also articulated its Risk Appetite formally. To monitor the enterprise risks, the Exchange prepared risk dashboards with risk scoring models.

To continue its pursuit of reducing the risks in warehousing related areas, the Exchange launched its new set of initiatives called as Logistics 3.0. This initiative focused on enhancing customer experience by issuance of Customer Service Guidelines (CSG) guidelines for Warehouse Service Providers (WSP), better compliance by WSPs by creating a Demerit points framework, awareness of Food Business Operator (FBO) - FSSAI requirement amongst WSPs, better risk management by framing a WSP and Warehousing

mechanism whereby 9 WSPs and 33 warehouse were rated on pilot basis and promotion of NCDEX grade through Grading & Standardization of commodities.

Given the merger of FMC with SEBI, the Exchange fully complied with the SEBI circular on Comprehensive Risk Management. In order to strengthen risk management at a clearing member and client level, the Exchange implemented concentration margin policy and other measures such as increase in initial margins for select commodities, stress testing, SGF modelling, position limits, default resolution mechanism, close out price policy etc. are under various stages of implementation.

To strengthen risk management at Value chain participants (VCP), the Exchange introduced an innovative idea called 'Hedge Passport' that would cover the level of risk and risk mitigation at client level. Various tools such as Hedge Calculator, Risk Surveys, Scoring models were developed. The Exchange also put in place a Client Risk Management Policy to understand and mitigate risks from clients by profiling their risks. In order to align the risk management practices with global standards, the Exchange is benchmarking its spot polling mechanism with IOSCO standards. Towards this end a Benchmark policy was put in place.

The Exchange continued its advocacy by creating awareness at major commodity events such as Globoil, IGIDR, SOPA, Commodity Conclave, CII and commodity specific Conferences. The Exchange in its endeavour to reduce risks in the system is working on Electronic Registry for warehouse receipts and further discussions with WDRA is presently underway. Further the MD and CEO of Exchange is a member of Commodity Derivatives Advisory Committee (CDAC) which is committee set up by SEBI for furthering the reforms agenda in commodity derivatives market.

### **DIVIDEND AND APPROPRIATIONS**

For the financial year ended March 31, 2016, your Directors have pleasure in recommending a dividend of 25 per cent on the equity shares (₹ 2.5 per equity share) issued by the Exchange. The Dividend on equity shares, when approved by the shareholders would amount to ₹ 1,267 lacs (exclusive of Corporate Dividend Tax).

### **INTERNAL FINANCIAL CONTROLS**

The Exchange has maintained adequate internal financial controls over financial reporting. These controls include i) recording of transactions in a manner that facilitates preparation of financial statements as per the Generally Accepted Accounting Practices, ii) maintaining records that in reasonable detail, fairly and accurately reflect the transactions of the Exchange, iii) ensuring that all expenditure and income are as per approval of the management, iv) providing reasonable assurance regarding prevention and timely

detection of unauthorized acquisition, use or disposition of company's assets that could have material impact on the financials statement of the Exchange. These financial controls were operating effectively as of March 31, 2016.

### **PUBLIC DEPOSIT**

The Exchange has not accepted any public deposits and, as such no amount towards repayment of principal or payment of interest was outstanding as on March 31, 2016.

### **DETAILS OF MEETING OF SHAREHOLDERS**

The Twelfth Annual General Meeting of the Exchange was held on September 11, 2015. It is proposed to hold the Thirteenth Annual General Meeting of the Exchange on September 23, 2016 in Mumbai.

### **STATUTORY AUDITORS**

M/s. K. S. Aiyar & Co, Chartered Accountants, are the Statutory Auditors of the Exchange for the FY 2015-16. They hold office until the conclusion of the ensuing Thirteenth Annual General Meeting and are eligible for reappointment.

The Exchange has received a Certificate from the Auditors to the effect that their appointment/ reappointment, if made, would be within the prescribed limit under Section 141 of the Companies Act, 2013 and that they are not disqualified for such appointment/reappointment.

There is no qualification, reservation or adverse remarks or disclaimer in the report given by M/s. K. S. Aiyar & Co., Statutory Auditors on the Standalone financial statements of the Exchange for the year ended March 31, 2016. However, the audit report on the consolidated financial statements for the year ended March 31, 2016 contain a qualification with respect to Internal Financial Controls. This qualification is based on the qualified report of the independent auditors of Rashtriya e Market Services Private Limited ('ReMSPL'), a joint venture of the Exchange's subsidiary NCDEX e Markets Limited.

### **SECRETARIAL AUDITOR**

In terms of section 204 (1) of Companies Act, 2013 and Rule 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Exchange appointed Dr. K. R. Chandratre, Practising Company Secretary, as Secretarial Auditor for the FY 2015-16. In terms of sub-section (3) of section 134, secretarial audit report given by Dr. K. R. Chandratre in Form MR-3 is attached as **Annexure 1**. The said report does not contain any qualifications.

### **INTERNAL AUDITOR**

In terms of section 138 of Companies Act, 2013 and pursuant to Rule 13 (1) (b) of The Companies (Accounts) Rules, 2014, the Exchange appointed M/s. Aneja & Associates as Internal Auditors of the Exchange for the FY 2015-16.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, & FOREIGN EXCHANGE EARNING AND OUTGO

As per The Companies (Accounts) Rules, 2014, the details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

### Conservation of energy

The Exchange has undertaken various measures for conserving energy such as optimising the power utilisation in data center etc. The number of racks in the data center are reduced through optimum utilisation. Also, several applications have been moved from physical servers to virtual environment. This has led to reduction in energy consumption. Further, several other energy saving measures were undertaken such as regular servicing, periodic maintenance of all electrical equipments, prompt switching off the equipments when not required etc.

### Technology absorption

Being the provider of on-line futures and derivatives markets, the Exchange has fully made use of the latest available technology in its trading and operations platform. A number of regulatory and business changes were made to existing systems of the Exchange which were put to use in FY 2015-16. The said changes were towards adhering to various market rules as directed by the regulator from time to time. It also included changes to support introduction of new contracts and corresponding changes in post-trade systems.

### Foreign exchange earnings and outgo

During the year under review, there was no foreign exchange inflow. There has been foreign exchange outgo to the extent of ₹ 1,421 lacs on account of Intangible assets under development, technology expenses, professional & consultation fees, travelling and other expenses.

## BOARD MEETINGS HELD DURING THE FY 2015-16

During the FY 2015-16, eight meetings of the Board were held on May 22, 2015, June 12, 2015, July 24, 2015, October 28, 2015, February 4, 2016, February 10, 2016, February 24, 2016 and March 30, 2016. The attendance of Directors at the Board Meeting is provided in the Corporate Governance Report.

## EXTRACT OF THE ANNUAL RETURN

The extract of annual return under sub section (3) of section 92 in Form MGT 9 as on the financial year ended March 31, 2016 is enclosed as **Annexure 2**.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the Financial Statements.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188 (1) OF COMPANIES ACT, 2013

All the transactions with related parties are in the ordinary course of business and on an arms' length basis. The Exchange has not entered into any material related party transactions. The details of the related party transactions as required under the Accounting Standard-18 are set out in Note no. 32 to the standalone financial statements.

## PARTICULARS OF EMPLOYEES UNDER THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014

The information pursuant to Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is set out hereto.

## DISCLOSURE UNDER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT, 2013

The Exchange has in place a "Policy against Sexual Harassment" in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal), Act, 2013. The disclosures required to be given under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 are as follows:-

1	Number of complaints of sexual harassment received in the year	Nil
2	Number of complaints disposed off during the year	Not applicable
3	Number of cases pending for more than 90 days	Not applicable
4	Whether workshops or awareness programs against sexual harassment were carried out	Yes. Awareness program was conducted for all employees.
5	Nature of action taken by the employer	Not applicable

## DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Mr. Ravi Narain and Mr Srinath Srinivasan, Directors, retired by rotation at the Twelfth Annual General Meeting held on September 11, 2015 and were re-appointed.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Rakesh Kapur and Mr. Samir Kumar Mitter will be retiring by rotation at the ensuing Annual General Meeting and have offered themselves for re-appointment as directors. The Board recommends the name of Mr. Rakesh Kapur and Mr. Samir Kumar Mitter for re-appointment as directors of the Exchange. Their appointment is subject to approval of SEBI.

The tenure of Mr. Prithvi Raj Bishnoi, Public Interest Director ended on March 31, 2016. However, as per Procedural norms on Recognitions, Ownership and Governance of Stock Exchanges and Clearing Corporations dated December 13, 2012 issued by SEBI, he continues to hold the post till a new Public Interest Director is appointed in his place. The Exchange has made an application to SEBI for its approval for appointing a Public Interest Director in place of Mr. Bishnoi.

Mr. M. K. Ananda Kumar is the Company Secretary and Ms. Komal Shahani is the Chief Financial Officer of the Exchange.

#### **STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS**

The Exchange has received declarations from all the Independent Directors confirming that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

#### **ANNUAL EVALUATION**

The formal annual evaluation of the performance of the Board, its Committees and individual directors was conducted in accordance with the provisions of the Companies Act, 2013. The evaluation was carried out on the basis of feedback obtained from the directors on pre-defined parameters. The performance of the Board, its Committees and individual directors was found satisfactory.

#### **AUDIT COMMITTEE**

The Exchange has constituted Audit Committee as per the provisions of the Companies Act, 2013. The composition and terms of reference of the Audit Committee is provided in the Corporate Governance Report which forms part of the Annual Report.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Exchange has constituted Nomination and Remuneration Committee as per the provisions of the Companies Act, 2013. The composition and terms of reference of the Nomination and Remuneration Committee is provided in the Corporate Governance Report which forms part of the Annual Report. The Exchange has in place Nomination and Remuneration Policy. The policy deals with matters like Directors' appointment and their remuneration, criteria for determining qualifications, positive attributes and independence of director, remuneration of Key Managerial Personnel, Senior Managerial Personnel and other employees.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management's Discussion and Analysis Report for the year under review is presented in a separate section forming part of the Annual Report.

#### **CORPORATE GOVERNANCE**

The Exchange is a public limited company, whose securities are not listed on any of the stock exchanges. As per Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, the disclosure requirements and corporate governance norms as specified for listed companies are mutatis mutandis applicable to a recognised stock exchange. Pursuant to Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on Corporate Governance for the FY 2015-16 is forming part of the Annual Report. Further, a Compliance Certificate from Dr. K. R. Chandratre, Practicing Company Secretary, confirming compliance with applicable conditions of Corporate Governance is forming part of the Corporate Governance report.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Exchange has framed a Corporate Social Responsibility Policy to implement its following CSR vision:

*"to actively contribute to the social and economic development of farmers by helping them gain better access to markets. In so doing build a better, sustainable way of life for rural communities and raise the country's human development index".*

The details as required under Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided in **Annexure 3**. During the FY 2015 - 16, the Exchange has made significant progress towards two social responsibility priorities in support of 'Public Health' and 'Farmer Education' programmes. In terms of 'Public Health', contribution of ₹ 50 lakh was made to the Prime Minister's 'Swachh Bharat Abhiyaan' campaign, continuing the Exchange's commitment to inspire happier, healthier lives. On the 'Farmer Education' front, 135 programmes were undertaken in association with National Skills Foundation of India (NSFI). The Exchange has trained 4242 small growers in Rajasthan and Madhya Pradesh on post-harvest crop management, storage techniques, and price risk mitigation through regulated market platforms, warehouse receipts and community-owned institutions. These programs were conducted in association with NGOs and farmer producer companies (FPC). Out of the CSR budget of ₹ 101 lakh for the FY 2015-16, the Exchange has spent an amount of ₹ 99 lakh. ₹ 2 lakh remained unspent due to reduction in expenditure.

## INFORMATION REQUIRED TO BE FURNISHED PURSUANT TO RULE 17 OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957

Detailed information pursuant to Rule 17 of the Securities Contracts (Regulation) Rules, 1957 is enclosed as **Annexure 4**.

## SUBSIDIARY COMPANIES

The Exchange has three subsidiary companies namely, NCDEX e Markets Limited, National Commodity Clearing Limited and NCDEX Institute of Commodity Markets & Research. In addition, the Exchange has an associate company namely, Power Exchange India Limited. NCDEX e Markets Limited, the subsidiary of the Exchange also has a Joint venture company: Rashtriya e Market Services Pvt. Ltd. The details in respect of these companies are given here under. A statement containing the salient features of the financial statement of the above companies is given in Form AOC- 1 which is enclosed as **Annexure 5**.

## NCDEX e Markets Limited {NeML} (Formerly NCDEX Spot Exchange Limited)

NeML continued its growth story in FY 2015-16. NeML positively impacted the lives of more than 15 million farmers in three states and more than 35 million consumers in various states under food security programs, thus, remaining committed to leveraging e-markets for farmers and below poverty line (BPL) consumers. It helped governments and government enterprises procure agri-commodities under food security schemes in a timely manner at most competitive prices. It invested significantly in building its capacity for future growth during the year. It retained its profitability for third successive year growing its gross revenue by almost 40% compared to previous year.

The year saw partnerships blossom with various Government and Government Enterprises, Corporate including Banks and Financial Services Institutions (BFSI) and Farmer Producers Organizations (FPOs). They leveraged NeML's unique e-market and services platform. Notable among them include agreements with the state Governments of Andhra Pradesh, Gujarat, Jharkhand, Odisha and Andaman and Nicobar Islands.

The agreement with the government of Andhra Pradesh and Rashtriya e-Market Services Private Limited (ReMS) is to provide Unified Market Platform (UMP) in the state of Andhra Pradesh covering all its 40 main market-yards. UMP trading platform was chosen by the state government of Gujarat for creating a State Agricultural Market (SAM). By March 31, 2016, NeML's presence in UMP crossed 130 markets in Karnataka and added 8 APMC markets in Andhra Pradesh including Guntur, India's largest Red Chillies market. NeML's pilot in Telangana is running successfully in 2 markets while 40 markets in Gujarat have been selected to be integrated

using UMP. Thus, NeML has been ably supporting e-NAM scheme of the Central government which draws heavily from ReMS work in Karnataka. In states like Odisha where there are no APMC markets, NeML helped the state government create new models with an aim to enhance farmers' income. NeML concluded a successful pilot at Nawarangpur district of Odisha for creating a direct market access to maize growers in the state under Odisha state Government Odisha Inclusive Growth Partnership (OIGP) Programme. This growth initiative will be scaled up to cover more commodities in future by the state government. In secondary markets, NeML continued to remain committed towards creating efficient marketplaces for helping below poverty line (BPL) families. NeML's platform was instrumental in successful procurement of commodities like Chana Dal, Ghee, Tur Dal, Jaggery, RBD Palmolein Oil for Chandranna Sankranthi Kanuka Scheme of Government of Andhra Pradesh with participation from across the country and distributed to 13 million below poverty line (BPL) families within the stipulated time period on a short notice.

## NCDEX Institute of Commodity Markets & Research (NICR)

The NICR Certification Course is a definitive training program that helps candidates develop a comprehensive and practical understanding about trading and hedging with commodity futures market. A total of 407 candidates registered for the course during FY 2015-16.

### New Logo

NICR has changed its logo during the FY 2015-16 to reflect the group's synergy with the group logo where the NCDEX logo serves as an umbrella for our Group and NICR logo has given a separate visual identity. This shows that core values and beliefs of the group remain common across the independent businesses that guide behaviour in all its entrepreneurial activities such as providing domain knowledge and research initiatives.

### New Text Books with Updated Study Material

Two text books of Commodity Certification Course viz., 'Introduction to Commodity Derivatives and 'Commodity Price Analysis & Exchange Trading Strategies' with revised study materials on recent developments in the Commodity Markets have been printed and are being sent to the registered candidates.

### Examination Centers for Commodity Certification Test

NICR has collaborated with Pearson VUE, global leader in computer based testing for high-stake certification and licensure exams, to develop, manage, deliver and grow test programmes of NICR. This has helped NICR exam patterns to become world class and highly credible. Pearson VUE is having more than 250 test centers in the country that gives candidates the ease of selecting test center near their preferred location.

## Accreditation from ASCI

NICR has received affiliation from Agriculture Skill Council of India (ASCI), a Section 8 Company registered under the Companies Act with Ministry of Corporate Affairs. The ASCI affiliation is given to training institutions set up by private companies to meet their skilled manpower requirement. The ASCI affiliation has given additional credibility to NICR.

## National Commodity Clearing Limited (NCCL)

NCCL is a wholly owned subsidiary of the Exchange providing IT and process support in respect of clearing and settlement of trades done in derivatives segment. The clearing and settlement covers products ranging from agricultural commodities to base metals, ferrous metal, energy, and precious metals. NCCL carries out funds settlement through 12 clearing banks. The summary of trading, settlement and collateral statistics for the FY 2015-16 is given as under:

### Trading

The summary statistics of market during the FY 2015-16 is given below:-

Particulars	2015-2016	2014-2015	2013-2014
Number of trades	1,70,46,285	1,58,51,885	2,24,46,414
Trading Quantity	21,42,80,389	19,45,41,823	27,13,63,841
Trading value (₹ In crores)	10,19,588.26	9,04,062.65	11,46,328.09

### Settlement

Particulars	2015-2016	2014-2015	2013-2014
MTM Settlement (₹ In crores)	7,490.6	6,988.72	6,953.84
Physical Settlement (₹ In crores)	3,794.44	3,667.65	2,269.04

### Collateral Processed

Instrument	2015-2016		2014-2015		2013-2014	
	Count	Amount (₹ In crores)	Count	Amount (₹ In crores)	Count	Amount (₹ In crores)
Bank Guarantee	1,261	1,250.07	1,203	1,168.78	1,179	1,125.57
Fixed Deposit	2,119	1,081.54	1,478	851.04	1,427	751.67

## Power Exchange India Limited (PXIL)

PXIL is one of the two power exchanges operating in the country, wherein buyers and sellers transact on the exchange for trading in electricity. In addition to trading of power, the power exchange platform is exclusively utilised for trading in Renewable Energy Certificates (RECs).

The trading in electricity on the power exchange happens under two categories of product, the first being the collective segment wherein buyers and sellers submit their bids on Day Ahead basis for meeting next day's power requirement. The second category of products is the Term Ahead segment, where electricity is traded bilaterally between buyer and seller for different delivery periods. The Term Ahead segment comprises of four Products, vis. Intra-Day, Day Ahead Contingency, Week Ahead and Any Day Products.

In FY 2015-16, the Power Exchange market size of 35.03 Billion Units increased by 19.14% when compared to market size of 29.41 Billion Units in FY 2014-15. PXIL saw a trading

volume of 0.72 Billion Units in FY 2015-16 representing a market share of nearly 2.05%.

In the REC segment, 49.55 lakh RECs were traded in FY 2015-16 as compared to 30.62 lakh RECs in FY 2014-15. PXIL's market share in this segment was 36.65%.

## Rashtriya e Market Services Private Limited (ReMS)

ReMS is a joint venture company established under Companies Act, 1956 on January 20, 2014, by Government of Karnataka and NCDEX e Markets Limited with the primary objective of providing an electronic platform for auctioning of farmer produce in the regulated markets in Karnataka, known as the Unified Market Platform (UMP), which handles all operations of the regulated market including, auctioning of the produce for efficient price discovery, material accounting, trade fulfilment and online funds settlement.

Unified Market Platform has been adopted by 105 markets spread across 25 districts. The traded quantity on Unified

Market Platform has shown a significant rise of 662% and stands at 170 Lakh MTs as on March 31, 2016 with 24 lakh lots having value of ₹ 13,276 crores being transacted on the platform during the FY 2015-16.

### OTHER DISCLOSURES

There was no change in the nature of the business of the Exchange during the FY 2015-16. No material changes and commitments affecting the financial position occurred subsequent to the close of the financial year ended March 31, 2016 and the date of the report. During the year, no significant and material order was passed by the regulators or courts or tribunals impacting the going concern status and the Exchange operations in future.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 of the Act with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i. that in the preparation of accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Exchange at the end of the financial year and of the profit of the Exchange for that period;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Exchange and for preventing and detecting fraud and other irregularities;

- iv. that the Directors have prepared the accounts for the financial year ended March 31, 2016 on a 'going concern' basis.
- v. that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### ACKNOWLEDGEMENTS

Your Directors express their gratitude for the support and advice received from Forward Markets Commission, Securities and Exchange Board of India, Ministry of Finance, Ministry of Consumer Affairs, Food and Public Distribution and other ministries of the Government of India and various state governments.

The Directors also acknowledge the immense contribution made by the employees of the Exchange for its continued growth and progress.

The Directors also acknowledge the service provided by software and hardware service providers, bankers to the Exchange, the clearing and settlement banks, warehouse service providers, depository participants, Members and Clients, grading and assaying agencies, the media, both print and visual, and all other service providers the Exchange has been working with.

**By order of the Board of Directors**

**Samir Shah**

Managing Director &  
Chief Executive Officer

**Rabi Narayan Das**

Chairman

Place: Mumbai DIN: 00912693

DIN: 03582925

Date : July 20, 2016

## FORM NO. MR.3

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To  
The Members  
**National Commodity and Derivatives Exchange Limited**  
1<sup>st</sup> Floor, Ackruti Corporate Park,  
Near G E Garden,  
L B S Road, Kanjurmarg (West),  
Mumbai - 400078

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **National Commodity and Derivatives Exchange Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 ('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 financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Applicable to the Company during the Period September 28, 2015 to March 31, 2016)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; **(Not applicable to the Company during the Audit Period)**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the

extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable to the Company during the Audit Period)**

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. **(Not applicable to the Company during the Audit Period)**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/2015. **(Not applicable to the Company during the Audit Period)**
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October 2014 and its amendments notified on 18th September, 2015. **(Not applicable to the Company during the Audit Period)**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. **(Not applicable to the Company during the Audit Period)**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client. **(Not applicable to the Company during the Audit Period)**

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period)**.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India **(Notified with effect from 1st July, 2015)**.
- (ii) The Listing Agreements entered into by the Company with stock exchanges and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent applicable as a recognised Stock Exchange pursuant to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 for the period September 28, 2015 to March 31, 2016).

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

**I further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check basis, the Company has complied with the following law applicable specifically to the Company:

- Forward Contracts (Regulation) Act, 1952 and rules made there under till 27th September, 2015 and
- Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 from 28th September, 2015 to 31st March, 2016.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All decisions at Board Meetings and Committee Meetings are carried out either unanimously or by Majority, as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**I 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.

**Dr. K R Chandratre**  
**FCS No. 1370**  
**C P No: 5144**

Place: Mumbai  
Date : July 20, 2016

## FORM NO. MGT.9

**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on March 31, 2016**

[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:**

i)	CIN	:	U51909MH2003PLC140116
ii)	Registration Date	:	23/04/2003
iii)	Name of the Company	:	National Commodity and Derivatives Exchange Limited
iv)	Category/Sub-Category of the Company:	:	Category: Public Company/ Sub Category: Limited by Shares
v)	Address of the registered office and contact details:		1 <sup>st</sup> Floor, Ackruti Corporate Park, L. B. S. Marg, Kanjurmarg (W). Mumbai- 400078. Tel : (+91-22) - 66406789 Fax : (+91-22) – 66406899, Toll Free Number: 1800 26 62339 E-mail: askus@ncdex.com
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:		3i Infotech Limited. Address: Tower No. 5, 3 <sup>rd</sup> to 6 <sup>th</sup> Floors, International Infotech Park, Vashi, Navi Mumbai, Mumbai- 400703. Contact details: 022 6792 8020

**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:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Commodity contracts exchanges	6611	64%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	NCDEX e Markets Limited  Add.: 1 <sup>st</sup> Floor, Ackruti Corporate Park, L.B.S. Marg, Kanjurmarg (W). Mumbai- 400078	U93090MH2006PLC165172	Subsidiary	99.99%	Section 2 sub section 87(ii)
2	National Commodity Clearing Limited  Add: 1 <sup>st</sup> Floor, Ackruti Corporate Park, L.B.S Marg, Kanjurmarg (W). Mumbai – 400078	U74992MH2006PLC163550	Subsidiary	100%	Section 2 sub section 87(ii)
3	NCDEX Institute of Commodity Markets and Research  Add: 1 <sup>st</sup> Floor, Ackruti Corporate Park, L. B.S. Marg, Kanjurmarg (W). Mumbai- 400078	U74900MH2007NPL174229	Subsidiary	100%	Section 2 sub section 87 (ii)
4	Power Exchange India Limited  Add: 5 <sup>th</sup> Floor, Tower No. 3, Equinox Business Park, Peninsula Techno Park, Off BKC, LBS Marg, Kurla (W). Mumbai- 400070	U74900MH2008PLC179152	Associate	Equity: 30.95%  Preference: 50%	Section 2 sub Section (6)

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

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF									
b) Central Govt									
c) State Govt									
d) Bodies Corp.	76,01,377		76,01,377	15.00	76,01,377		76,01,377	15.00	0.00
e) Banks/ FI	1,12,50,000		1,12,50,000	22.20	1,12,50,000		1,12,50,000	22.20	0.00
f) Any Other....									
<b>Sub-total (A) (1):-</b>	<b>1,88,51,377</b>		<b>1,88,51,377</b>	<b>37.20</b>	<b>1,88,51,377</b>		<b>1,88,51,377</b>	<b>37.20</b>	<b>0.00</b>
<b>(2) Foreign</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A) (2):-</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>1,88,51,377</b>		<b>1,88,51,377</b>	<b>37.20</b>	<b>1,88,51,377</b>		<b>1,88,51,377</b>	<b>37.20</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks/ FI	67,49,965		67,49,965	13.32	67,49,965		67,49,965	13.32	0.00
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds	76,01,400		76,01,400	15.00	76,01,400		76,01,400	15.00	0.00
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>1,43,51,365</b>		<b>1,43,51,365</b>	<b>28.32</b>	<b>1,43,51,365</b>		<b>1,43,51,365</b>	<b>28.32</b>	<b>0.00</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	1,44,73,236		1,44,73,236	28.56	1,44,73,236		1,44,73,236	28.56	0.00
ii) Overseas	30,00,000		30,00,000	5.92	30,00,000		30,00,000	5.92	0.00
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh		22		0.00		22		0.00	0.00
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
<b>Sub-total (B)(2):-</b>	<b>1,74,73,236</b>	<b>22</b>	<b>1,74,73,258</b>	<b>34.48</b>	<b>1,74,73,236</b>	<b>22</b>	<b>1,74,73,258</b>	<b>34.48</b>	<b>0.00</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>3,18,24,601</b>	<b>22</b>	<b>3,18,24,623</b>	<b>62.80</b>	<b>3,18,24,601</b>	<b>22</b>	<b>3,18,24,623</b>	<b>62.80</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>5,06,75,978</b>	<b>22</b>	<b>50,676,000</b>	<b>100%</b>	<b>5,06,75,978</b>	<b>22</b>	<b>50,676,000</b>	<b>100%</b>	<b>-</b>

**(ii) Shareholding of Promoters**

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Life Insurance Corporation of India	5,625,000	11.10	Nil	5,625,000	11.10	Nil	Nil
2	National Bank for Agriculture and Rural Development	5,625,000	11.10	Nil	5,625,000	11.10	Nil	Nil
3	National Stock Exchange of India Limited	7,601,377	15.00	Nil	7,601,377	15.00	Nil	Nil
	<b>Total</b>	<b>18,851,377</b>	<b>37.20</b>	<b>Nil</b>	<b>18,851,377</b>	<b>37.20</b>	<b>Nil</b>	<b>Nil</b>

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

SI No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year*	1,88,51,377	37.20	1,88,51,377	37.20
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year*	1,88,51,377	37.20	1,88,51,377	37.20

\* National Bank for Agriculture and Rural Development (NABARD), Life Insurance Corporation of India (LIC) and National Stock Exchange of India Limited (NSE).

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

	Name of the shareholder	At the beginning of the year		Increase/ Decrease	At the end of the year	
		No of shares	%		No of shares	%
1	Indian Farmers Fertiliser Co Operative Ltd.	5,068,000	10.00	-	5,068,000	10.00
2	Oman India Joint Investment Fund	5,067,600	10.00	-	5,067,600	10.00
3	Punjab National Bank	3,694,446	7.29	-	3,694,446	7.29
4	Build India Capital Advisors LLP	3,091,236	6.10	-	3,091,236	6.10
5	Canara Bank-Mumbai	3,055,519	6.03	-	3,055,519	6.03
6	IDFC Trustee Co. Ltd A/C IDFC Infrastructure Fund 3 A/C IDFC Private Equity Fund III	2,533,800	5.00	-	2,533,800	5.00
7	Shree Renuka Sugars Limited	2,533,700	5.00		2,533,700	5.00
8	CRISIL Limited	1,875,000	3.70	-	1,875,000	3.70
9	Goldman Sachs Investments (Mauritius) I Ltd	1,500,000	2.96	-	1,500,000	2.96
10	Intercontinental Exchange	1,500,000	2.96	-	1,500,000	2.96

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Mr. M. K. Ananda Kumar, Company Secretary	12	0.00	12	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year	12	0.00	12	0.00

## V. INDEBTEDNESS

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

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of Managing Director & Chief Executive Officer
		Mr. Samir Shah
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 2,53,78,721/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	₹ 39,600/-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission	Nil
	- as % of profit	
	- others, specify...	
5.	Others, please specify	Nil
	<b>Total (A)</b>	₹ 2,54,18,321/-
	Ceiling as per the Act	The Exchange has obtained approval from the shareholders for the payment of above remuneration.

**B. Remuneration to other directors:**

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount	
		Rabi Narayan Das	Prithvi Raj Bishnoi	Sidhartha Pradhan	Naina Krishna Murthy	Ashok Gulati	-	-
	<b>1. Independent Directors</b>							
	• Fee for attending board/ committee meetings	8,00,000	6,50,000	7,20,000	2,40,000	3,40,000	-	- 27,50,000
	• Commission	Nil	Nil	Nil	Nil	Nil		Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil		Nil
	<b>Total (1)</b>							<b>27,50,000</b>
	<b>2. Other Non-Executive Directors</b>							
	• Fee for attending board/ committee meetings	4,40,000	3,80,000	2,70,000	5,70,000	7,20,000	-	- 23,80,000
	• Commission	Nil	Nil	Nil	Nil	Nil		Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil		Nil
	<b>Total (2)</b>							<b>23,80,000</b>
	<b>Total (B) = (1 + 2)</b>							<b>51,30,000</b>
	<b>Total Managerial Remuneration</b>							<b>51,30,000</b>
	Overall Ceiling as per the Act							₹ 1,00,000 per member per meeting

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. M. K. Ananda Kumar - Company Secretary	Ms. Komal Shahani - CFO	Total
1.	Gross salary	₹ 6,227,451/-	₹ 3,502,955/-	₹ 9,730,406/-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil
	(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) of the Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil
	- as % of profit			
	- others, specify...			
5.	Others, please specify	Nil	Nil	Nil
	<b>Total</b>	<b>₹ 6,227,451/-</b>	<b>₹ 3,502,955/-</b>	<b>₹ 9,730,406/-</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment			None		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			None		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			None		
Compounding					

## Annual Report on CSR activities

1. A brief outline of the company's CSR policy, including overview of projects programs proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programs.

The CSR Policy of the Exchange is aimed at implementing welfare measures in the society by addressing the concerns of the marginalized section of the society as part of their core business areas and to encourage employees to give back to the society. The Exchange believes in connecting people to markets. The Exchange endeavours to reach out to underserved communities such as families of the farmers to help them gain appropriate skills to make them employable. All projects will be identified and prioritized in a participatory manner, in consultation with FPOs, local NGOs and other community influentials in each location. CSR Policy of the Exchange is available on the weblink: - [www.ncdex.com/AboutUs/Profile.aspx](http://www.ncdex.com/AboutUs/Profile.aspx)

2. The Composition of CSR Committee: Mr. Samir Shah, Mr. Rabi Narayan Das and Mr. Samir Kumar Mitter
3. Average net profit of the company for last three financial years: ₹ 5,055 lacs
4. Prescribed CSR Expenditure (two percent. of the amount as in item 3 above):- ₹ 101 lacs
5. Details of CSR spent during the financial year
  - a) Total amount to be spent for the financial year; ₹ 101 lacs
  - b) Amount unspent, if any; :- ₹ 2 lacs
  - c) Manner in which the amount spent during the financial year is detailed below.

1	2	3	4	5	6	7	8
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1)Direct expenditure on projects or programs. (2)Overhead:)	Cumulative expenditure up to the reporting period.	Amount spent: Direct or through implementing agency.
1	Training Programs for farmers' family members	Agriculture Education	Rajasthan and Madhya Pradesh.	₹ 51 lacs	(Payment made to National Skills Foundation) ₹ 49 lacs	₹ 49 lacs	Implementing agency
2	Swachh Bharat Abhiyan	Public Health	Contribution to the Swachh Bharat Abhiyan project initiated by the PM	₹ 50 lacs	₹ 50 lacs	₹ 99 lacs	Direct

6. Responsibility statement of the CSR Committee

We hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Exchange.

By order of the Board of Directors

**Samir Shah**  
Managing Director &  
Chief Executive Officer  
DIN: 00912693

**Rabi Narayan Das**  
Chairman  
DIN: 03582925

Place: Mumbai

Date : July 20, 2016

## INFORMATION REQUIRED TO BE FURNISHED PURSUANT TO RULE 17 OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957

### RULE 17 (a) CHANGES IN RULES AND BYE-LAWS

The gist of amendments carried out during the year 2015-16 are as under:

Pursuant to the Forward Markets Commission (“FMC”) approval No.F.No.2/3/2010-MD/I (PF) dated May 20, 2013 the Exchange has amended the Bye Law 6A (Part-A) as indicated in Table 1.1

Further, pursuant to the merger of FMC with Securities and Exchange Board of India (“SEBI”) under the Finance Act, 2015 and subsequent thereto as per the directions of SEBI vide its Timeline Letter No SEBI/HO/CDMRD/DEA/OW/P/2016/3579 dated February 9, 2016, the Exchange has initiated the process of amendments to its Bye Laws and Rules. The amendment to the Bye Laws and Rules were approved by the Board on March 30, 2016 and were subsequently submitted to SEBI for their approval. The summary of amendment proposed in the Bye Laws and Rules are as indicated in Table 1.2 and Table 1.3 accordingly.

Table 1.1

Sr. No.	Existing Clause	Amended Clause	Amendment Notification reference
1.	6A.3 (d)	6A.3 (d)	Amended vide notification of the Corrigendum in the official gazette in Part IV dated September 12 - September 18, 2015
2.	6A.5.2	6A.5.2	

Table 1.2

Sr. No.	Reference of SEBI Directives	Existing clauses to be amended	Bye Laws amended	Clause No. in amendment Notification
<b>PART- A</b>				
A.	Pursuant to SEBI Stock Broker and Sub Broker Regulation and SEBI Circular No. CIR/ MIRSD/4/2015 dated September 29, 2015	<b>1A. Definition</b>		
		Clearing Member	Amended clause 1A (7)	Clause 2 (1)
		Stock Broker Regulations	Newly inserted as 1A (34E)	Clause 2 (6)
		Self-Clearing Member	Newly inserted as 1A (37A)	Clause 2 (7)
		Stock Broker	Newly inserted as 1A (37B)	Clause 2 (7)
		Trading Member	Amended clause 1A (39)	Clause 2 (8)
B.	Pursuant to SEBI Act/ SCRA/SCRR/SECC/SEBI Timeline Circular/Directive	<b>5. Trading Member</b>		
		5.2 Conditions	New insertion Clause 5.2 (10)	Clause 5
		<b>1A. Definition</b>		
		Exchange	Amended clause 1A (18)	Clause 2 (5)
		Commodity Derivatives	New Insertion as Clause 1A (12A)	Clause 2 (3)
		Commodities	Amended clause 1A (12)	Clause 2 (2)
		Contract	Amended Clause 1A (13)	Clause 2 (4)
		SCRA	Newly inserted in Clause 1A as 34A	Clause 2 (6)
		SCRR	Newly inserted in Clause 1A as 34B	Clause 2 (6)
		SEBI	Newly inserted in Clause 1A as 34C	Clause 2 (6)
		SEBI Act	Newly inserted in Clause 1A as 34D	Clause 2 (6)
		SECC Regulation	Newly inserted in Clause 1A as 34F	Clause 2 (6)
		Security Laws	Newly inserted in Clause 1A as 34G	Clause 2 (6)
<b>8. Transactions</b>				
8.2 Trading System	Inserted clause 8.2.(1) and renumbered subsequent clauses	Clause 6		

Sr. No.	Reference of SEBI Directives	Existing clauses to be amended	Bye Laws amended	Clause No. in amendment Notification
C.	Arbitration Act and SEBI Directives on Arbitration and IGRC	<b>11. Arbitration</b>	Amended the title clause as under “ <b>11. Investor Grievance Redressal &amp; Arbitration.</b> ”	Clause 7
		11.1 Definition	New definitions inserted	
		11.1 A Reference to IGRC	New clause inserted 11.1 A	
		11.2 Reference to Arbitration	Amended	
		11.5 Power of the relevant authority to prescribe regulations	Amended clause 11.5	
		The term IGRC Member included in few clauses	Term IGRC included in Clause 11.6, 11.7,11.8,11.9,11.10 and 11.11, 11.15	
		11.21 Jurisdiction	Amended	
D.	N.A.	<b>12. Miscellaneous</b>	No change	N.A.
E.	Amendments based on needs of the Exchange	<b>13. Savings and Continuation</b>	Newly inserted Chapter for Saving	Clause 8
F.	Words and expression amended/replaced/ substituted.	Word/term FMC/Forward Market Commission/ Forward Markets Commission/Commission	Replaced with the word/term “SEBI”	Clause 3
G.	Words and expression amended/replaced/ substituted.	Word/term Forward Contracts (Regulation) Act, 1952/ Forward Contracts (Regulations) Act, 1952/ FCR Act.	Replaced with the word/term “Securities Laws”	Clause 4
<b>Part B</b>				
H.	SEBI Risk Management Circular Dated 01-10-15	<b>6. Rights and Liabilities of Clearing Members and Constituents</b>		
I.	SEBI IPF Circulars and Master Circular	6.1 Margin from Constituents	Amended	Clause 9
		<b>9. Investor(Client) Protection Fund</b>		
		9.3 Composition of Fund	Amended 9.3 (b)	Clause 10
		9.8 Threshold Limit	Amended	Clause 11
		9.10 Eligible claims under the Fund	Restructured earlier Clause 9.10 (a),(b),(c),(d) in to Clause (a),(b),(c).	Clause 12
J.	N.A.	9.11 Ineligible Claims	Amended	Clause 13
		<b>10. Miscellaneous</b>	New clause inserted	Clause 14
K.	N.A.	<b>11. Saving and Continuation</b>	New clause inserted	Clause 15
L.	Words and expression amended/replaced/ substituted.	Word/term FMC/Forward Market Commission/ Forward Markets Commission/Commission	Replaced with the word/term “SEBI”	Clause 3
M.	Words and expression amended/replaced/ substituted.	Word/term Forward Contracts (Regulation) Act, 1952/ Forward Contracts (Regulations) Act, 1952/ FCR Act.	Replaced with the word/term “Securities Laws”	Clause 4

Table 1.3

Sr. No.	Reference of SEBI Directives	Existing clauses to be amended	Rules amended	Clause No. in amendment Notification
A.	Pursuant to SEBI Stock Broker and Sub Broker Regulation and SEBI Circular No. CIR/MIRSD/4/2015 dated September 29, 2015  And  Pursuant to SEBI Act/ SCRA/SCRR/SECC/ SEBI Timeline Circular/ Directive		<b>1 Definition</b>	
		Self-Clearing Member	New clause inserted as 1 (10H.)	Clause 2 (7)
		Stock Broker	New clause inserted as 1 (10I.)	Clause 2 (7)
		Trading Member	Amended clause 1(8)	Clause 2 (6)
		Stock Broker Regulation	New clause inserted as 1 (10E.)	Clause 2 (7)
		Clearing Member	Amended clause 1(5)	Clause 2 (2)
		NCDEX	Amended clause 1 (3)	Clause 2 (1)
		Commodities	Amended clause 1 (7)	Clause 2 (3)
		Commodity Derivatives	New clause inserted as 1 (7A)	Clause 2 (4)
		Contract	New clause inserted as 1 (7B)	Clause 2 (5)
		SCRA	New clause inserted as 1 (10A.)	Clause 2 (7)
		SCRR	New clause inserted as 1 (10B.)	Clause 2 (7)
		SEBI	New clause inserted as 1 (10C.)	Clause 2 (7)
		SEBI Act	New clause inserted as 1 (10D.)	Clause 2 (7)
SECC Regulations	New clause inserted as 1 (10F.)	Clause 2 (7)		
Securities Laws	New clause inserted as 1 (10G.)	Clause 2 (7)		
B.	Amendments based on needs of the Exchange	<b>7. Savings and Continuation</b>	New Rule 7 inserted after Rule 6	Clause 5
C.	Words and expression amended/replaced/ substituted.	Word/term FMC/Forward Market Commission/ Forward Markets Commission/Commission	Replaced with the word/term "SEBI"	Clause 3
D.	Words and expression amended/replaced/ substituted.	Word/term Forward Contracts (Regulation) Act, 1952/ Forward Contracts (Regulations) Act, 1952/ FCR Act.	Replaced with the word/term "Securities Laws"	Clause 4

The aforesaid amendments have been published in the Gazette of India vide Gazette notification New Delhi, Saturday, May 21—May 27, 2016 (Vaisakha 31, 1938).

The approval of SEBI is awaited.

#### **RULE 17 (b) CHANGES IN THE COMPOSITION OF THE GOVERNING BODY**

During the financial year 2015-2016, there was no change in the composition of Board of Directors of the Exchange.

#### **RULE 17 (c) SUB-COMMITTEES SET UP, CHANGES IN THE COMPOSITION OF EXISTING ONES**

The following are the Committees of the Exchange:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Business Strategy Committee
4. Risk Management Committee
5. Members' Default Committee
6. Disciplinary Action Committee

7. Technology Standing Committee
8. Ethics Committee
9. Settlement Guarantee Fund Committee
10. Public Interest Directors' Committee
11. Corporate Social Responsibility Committee
12. Independent Oversight Committee for Member Regulation
13. Independent Oversight Committee for Product Design
14. Independent Oversight Committee for Trading and Surveillance Function
15. Share Transfer Committee

#### Changes in the composition of the Committee

##### 1. Risk Management Committee

Sl. No.	MEMBERS AS ON MARCH 31, 2015	MEMBERS AS ON MARCH 31, 2016
1	Mr. Ravi Narain - Chairman	Mr. Ravi Narain - Chairman
2	Mr. Samir Kumar Mitter	Mr. Samir Kumar Mitter
3	Mr. Rabi Narayan Das	Mr. Rabi Narayan Das
4	Mr. Srinath Srinivasan	Mr. Srinath Srinivasan
5	Mr. Samir Shah	Mr. Samir Shah
6	Mr. Rakesh Kapur	Mr. Rakesh Kapur
7	-----	Dr. Ashok Gulati

##### 2. Public Interest Directors' Committee

Sl. No.	MEMBERS AS ON MARCH 31, 2015	MEMBERS AS ON MARCH 31, 2016
1	Mr. Rabi Narayan Das	Mr. Rabi Narayan Das
2	Mr. Prithvi Raj Bishnoi	Mr. Prithvi Raj Bishnoi
3	Mr. Sidhartha Pradhan	Mr. Sidhartha Pradhan
4	Dr. Ashok Gulati	Dr. Ashok Gulati
5	Mrs. Naina Krishna Murthy	Mrs. Naina Krishna Murthy
6	Mr. V. C. Chaturvedi	-----

##### 3. Independent Oversight Committee for Member Regulation\*

Sl. No.	MEMBERS AS ON MARCH 31, 2015	MEMBERS AS ON MARCH 31, 2016
1	-----	Ms. Naina Krishna Murthy - Chairperson
2	-----	Mr. Rabi Narayan Das
3	-----	Mr. Sidhartha Pradhan
4	-----	Mr. Ravinder Sachdev
5	-----	Mr. Raj Kumar Nahata

\*Constituted during the year 2015-16

##### 6. Independent Oversight Committee for Product Design\*

Sl. No.	MEMBERS AS ON MARCH 31, 2015	MEMBERS AS ON MARCH 31, 2016
1	-----	Dr. Ashok Gulati - Chairman
2	-----	Mr. Rabi Narayan Das
3	-----	Mr. Sidhartha Pradhan
4	-----	Mr. D. P. Jhawar
5	-----	Ms. Susan Thomas

\*Constituted during the year 2015-16

## 7. Independent Oversight Committee for Trading and Surveillance Function\*

Sl. No.	MEMBERS AS ON MARCH 31, 2015	MEMBERS AS ON MARCH 31, 2016
1	-----	Mr. Sidhartha Pradhan - Chairman
2	-----	Mr. Prithvi Raj Bishnoi
3	-----	Ms. Naina Krishna Murthy
4	-----	Mr. Ravinder Sachdev
5	-----	Mr. J. Sampath

\*Constituted during the year 2015-16

### RULE 17 (d) ADMISSIONS, RE-ADMISSIONS, DEATHS OR RESIGNATIONS OF MEMBERS

Total number of members as on March 31, 2016 was 805 out of which 399\* were Trading cum Clearing Members (TCM), 176\* Trading Members (TM), 1 was Professional Clearing Member (PCM), 9 were Strategic Trading and Clearing Members (STCM) and 57 Commodity Participants Member (CPM).

The distribution of the Members as on March 31, 2016 as compared to the membership count as on March 31, 2015 is as given below –

	Total Members	TCM	TM	PCM	STCM	CPM
Members as on March 31, 2015	805	626**	143	2	8	26
Surrenders/Expelled during the year	259	137	64*	1	0	57
New members added	39	7	1	0	0	31
Members as on March 31, 2016	642	399**	176*	1	9*	57

**TCM:-** 1) 2 expelled cases (Royal International Commodity & Derivatives Pvt. Ltd., Orion Broking Services India Private Limited) 2) ITI Investor Services Limited transferred membership to Intime Multicommodity Company Limited 3) 72 members who cancelled due to non-submission of application for SEBI registration \*\* 96 converted into TCM to TM , 1 conversion case from TCM to STCM , 62 surrendered cases.

**PCM:** - Fedbk cancelled

**TM:** - \*58 cancelled

\*6 surrendered

\*96 conversion from TCM to TM

**STCM:** - PHILLIP COMMODITIES INDIA PVT LTD converted from TCM to STCM

**CPM:** - 7 CPMs cases are cancelled

### RULE 17 (e) DETAILS OF DISCIPLINARY ACTION TAKEN AGAINST MEMBERS

The Exchange imposed fines/penalties on members or disabled the trading terminals of the members for violation of Rules, Bye-Laws, Regulations and circulars issued by the Exchange or pursuant to FMC directives.

\* The member M/s. Royal International Commodity & Derivatives Pvt. Ltd has been expelled by the Exchange in terms of regulatory directives in view of allegations of misappropriation of clients' funds.

The member M/s. Orion Broking Services India Private Limited has been expelled by the Exchange (since the member was expelled by other national commodity exchange) in compliance with FMC directives dated June 24, 2014.

**RULE 17 (f) ARBITRATION OF DISPUTES (NATURE AND NUMBER) BETWEEN MEMBERS AND NON-MEMBERS****Status of Arbitration of cases for the year 2015–16**

1	Type of cases –	
	1) Nonpayment of dues by clients	
	2) Non refund of money by Member	
2	Number of cases referred for arbitration	31
3	Number - Cases of Nonpayment of dues by clients	29
4	Number – Cases of Non refund of money by Member	02
5	Number of Cases in which Award is passed	14
6	Number of Cases in which case is withdrawn before Award	0
7	Number of Cases in progress as on March 31, 2016	17

**RULE 17 (g) DEFAULTS COMMITTED BY MEMBERS**

With regard to non-payment of differences, there were no payment defaults by any member during the FY 2015-16. Whereas with regard to failure to tender, the following are the instances of delivery default during the FY 2015-16:

**Delivery defaults**

Expiry Month	Symbol	Shortages	UNIT
Apr-15	CHARJDDEL	410	MT
Apr-15	DHANIYA	1180	MT
Apr-15	RMSEED	380	MT
Apr-15	TMCFGRNZM	35	MT
May-15	COCUDAKL	130	MT
May-15	DHANIYA	550	MT
May-15	GUARSEED10	20	MT
Jun-15	SUGARS	70	MT
Jun-15	COCUDAKL	50	MT
Jun-15	GUARSEED10	10	MT
Jul-15	DHANIYA	10	MT
Jul-15	GUARSEED10	80	MT
Jul-15	JEERAUNJHA	3	MT
Jul-15	RMSEED	10	MT
Jul-15	WHEAT	30	MT
Aug-15	WHEAT	120	MT
Sep-15	CHILLI	10	MT
Sep-15	COCUDAKL	710	MT
Oct-15	SUGARM	630	MT
Oct-15	CASTORSEED	20	MT
Oct-15	CHILLI	5	MT
Nov-15	CHARJDDEL	100	MT
Nov-15	BARLEYJPR	80	MT
Nov-15	TMCFGRNZM	5	MT
Dec-15	SUGARM	6180	MT
Dec-15	CHARJDDEL	4740	MT
Dec-15	BARLEYJPR	60	MT
Dec-15	DHANIYA	280	MT
Dec-15	MAIZEKHRF	140	MT
Feb-16	COCUDAKL	10	MT
Mar-16	GUARSEED10	10	MT

**RULE 17(h) ACTION TAKEN TO COMBAT ANY EMERGENCY IN TRADE**

There was no emergency in trade.

**RULE 17 (i) SECURITIES BROUGHT ON OR REMOVED FROM THE FORWARD LIST**

Not applicable

## Form AOC-I

(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 statement of subsidiaries/associate companies/joint ventures

## Part "A": Subsidiaries

(Amounts in ₹)

Name of the subsidiary	National Commodity Clearing Limited	NCDEX Institute of Commodity Markets & Research	NCDEX e Markets Limited (Consolidated)
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.
Share capital	47,500,000	500,000	355,000,000
Reserves & surplus	75,920,701	(14,480,772)	(170,044,968)
Total assets	129,409,232	175,300	1,128,395,565
Total Liabilities	129,409,232	175,300	1,128,395,565
Investments	46,299,999	NIL	1
Turnover	41,790,000	478,450	335,382,645
Profit before taxation	12,027,196	(1,496,552)	66,211,815
Provision for taxation	3,125,364	NIL	19,441,567
Profit after taxation	8,901,832	(1,496,552)	46,770,248
Proposed Dividend	Nil	Nil	Nil
% of shareholding	100%	100%	99.99%

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations : None
- Names of subsidiaries which have been liquidated or sold during the year : None

### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	Power Exchange India Limited
<b>1. Latest audited Balance Sheet Date</b>	<b>March 31, 2016</b>
<b>2. Shares of Associate/Joint Ventures held by the company on the year end</b>	
No.	Equity shares -15,000,000 Preference shares – 50,00,000
Amount of Investment in Associates/Joint Venture	Equity shares -150,000,000 Preference shares – 50,000,000
Extent of Holding %	Equity shareholding -30.95 Preference shareholding- 50
<b>3. Description of how there is significant influence</b>	Significant influence is due to equity and preference shareholding which is more than 20% of the total paid up share capital.
<b>4. Reason why the associate/joint venture is not consolidated</b>	Not applicable Consolidation as per Equity method as prescribed under Accounting Standard (AS) 23
<b>5. Networth attributable to Shareholding as per latest audited Balance Sheet</b>	(11,776,421) (Unaudited figure as on March 31, 2016)
<b>6. Profit / Loss for the year</b>	Unaudited figure as on March 31, 2016 Loss for the year is ₹ 31,220,713.
i. Considered in Consolidation	NIL
i. Not Considered in Consolidation	Nil

1. Names of associates or joint ventures which are yet to commence operations : None

2. Names of associates or joint ventures which have been liquidated or sold during the year : None

Note : This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

**Samir Shah**  
Managing Director &  
Chief Executive Officer  
DIN: 00912693

**Rabi Narayan Das**  
Chairman  
DIN: 03582925

**M. K. Ananda Kumar**  
Company Secretary  
FCS- 6819

**Komal Shahani**  
Chief Financial Officer

Place: Mumbai

Date : July 20, 2016

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# Management Discussion and Analysis

## INDUSTRY STRUCTURE AND DEVELOPMENTS

### India - the fastest growing economy in the world

The Indian economy remained on a high growth trajectory owing to the proactive measures taken by the current government. India remained a relatively bright spot in FY 2015-16 with its growth story continuing to bloom, thanks to a sharp reduction in crude oil prices, of which India is a major importer, as well as the resilient domestic consumption. In addition, the Indian economy's domestic economic parameters like inflation, fiscal and current account deficits continued to be moderate. Improved economic growth in FY2015-16 is due to the enhanced performance in the manufacturing and services sector. According to advanced estimates, Indian economy grew at a pace of 7.6 per cent in FY2015-16 as compared to 7.2 per cent in FY2014-15. Indian Rupee depreciated against the rising U.S. Dollar. The major reasons for depreciation in the value of the Indian Rupee against the U.S. Dollar included the slowdown in China and interest rates hike by the U.S.

### Agriculture remains the area of concern

Agriculture continues to be a major area of concern. The agricultural sector's growth rate during FY 2015-16 remained at 1.2 per cent. Last two years have not been good for Indian agriculture owing to successive years of poor monsoon that hampered the agricultural growth. Monsoon was 12 per cent below normal in 2014 and in 2015 it was 14 per cent below normal, resulting in lower agriculture production.

As per the final estimate of Agriculture Ministry, food grains production during crop year (July-June) 2014-15 fell to 252 million tonnes from 265 million tonnes in 2013-14. The production is estimated at 253 million tonnes for 2015-16 crop year.

### RBI asked banks to play advisory role

Last year, the RBI issued a circular asking banks to educate and encourage large agricultural borrowers to hedge their commodity risks using domestic commodity derivatives market. Banks are indirectly exposed to commodity price volatility for their priority sector lending to agriculture and allied activities and non-food credit to industries engaged in food processing and textiles. The latest stand from the apex bank could be considered as initial step towards much

broader reforms such as allowing different sets of market participants in domestic commodity markets.

### SEBI, the new regulator

The merger of erstwhile commodities regulator Forward Markets Commission (FMC) with the Securities and Exchange Board of India (SEBI) was a landmark change in the regulatory sphere during recent times which marked a beginning in the direction of forming a unified financial regulator. SEBI has set up an Advisory Committee for the commodity market. The role of the committee is to discuss issues relating to regulations and development of commodity markets and suggest required measures to the SEBI.

### Strengthening physical delivery ecosystem

NCDEX has started accepting wheat deposits in silo bulk storage facility. Agricultural produce is stored loosely in silos unlike in dry warehouses and hence it is most conducive for bulk storage. Farmers and traders can directly bring their loose produce to NCDEX approved silos and save on bagging and handling costs. Silo storage results in lesser spillage at the time of deposit and no weight loss at the time of withdrawal. Also, bulk buyers have an advantage to take delivery of loose material thereby saving both time and labour. NCDEX is the only exchange in India to offer deposits in silo storage systems.

Additionally, to bring more transparency in booking warehouse space, NCDEX has developed and implemented an online Warehouse Space Reservation (WSR) system, which allows registered clients participating on the Exchange platform to view and book warehouse space online. A first-of-its-kind initiative in the country, this real time service is helping in bringing increased transparency and efficiency to the warehousing system.

### Union Budget – clear focus on rural and agricultural economy

The Union Budget 2016-17 depicted the government's priority on agriculture and rural sector. The bulk of government's spending was directed towards the upliftment of the rural and agricultural economy while aiming to double income of farmers by 2022. Focused on assuring income security to farmers, the budget has rolled out a series of measures that



could reduce the cost of cultivation, increase productivity and improve connectivity of farmers to markets.

Buffer Stocks for pulses has been introduced to deal with price inflation as well as food security and to enhance nutritional requirements of population. Apart from that, government has allocated ₹ 500 crore under National Food Security Mission for enhancement of pulses production. Online procurement of pulses will also help in giving farmers fair prices and stabilizing volatile market.

An all-time high agricultural credit of ₹ 9 lakh crore as well as provision of ₹ 15,000 crore towards interest subvention to reduce burden of loan repayment was announced in the budget which is likely to augment resources for agriculture and is aimed at enhancing growth. Interest subvention will reward timely repayment of crop loans.

Government has enhanced the investment limit for foreign entities in domestic exchanges from 5% to 15% on par with domestic institutions that will enhance global competitiveness of Indian stock exchanges and accelerate adoption of best-in-class technology and global market. The Security Transaction Tax (STT) on Options has been increased from 0.017% to 0.05%.

### **National Agriculture Market**

Integration of agri-markets across the country through the e-platform is seen as an important measure for overcoming the challenges posed by the present agri-marketing system. The need to unify the markets both at state and national level is, therefore, clearly the requirement of time, in order to provide better price to farmers, improve supply chain and reduce wastages. After having studied the e-auction platform of Karnataka, which has taken a lead in this regard, the government introduced National Agriculture Market (e-NAM) on April 14, 2016. On implementation front, Small Farmers Agribusiness Consortium (SFAC) will act as the lead agency where Department of Agriculture, Cooperation & Farmers Welfare (DAC&FW) will meet the cost on software and its customization for the states.

### **OPPORTUNITIES AND THREATS**

The finance minister during his Budget speech for FY 2016-17 announced that new derivative products will be developed by SEBI in the commodity derivatives market. This

opens up new opportunities, subject to regulatory approval, for launching new types of products, such as options and indices, new products to complement existing product portfolio and relaunch black pepper and castor which was used very actively by market participants.

SEBI in its listing guidelines published in September 2015 under Corporate Governance Report has mandated disclosure on commodity price risk or foreign exchange risk and hedging activities by the listed companies. Exchange has an opportunity to take advantage of this mandated guidelines to promote Hedging by end-users and the hedging tools developed specifically to target commodity and agri-businesses across the country through various marketing and educational initiatives.

The third important development is on Unified Agriculture Marketing Scheme which envisages a common e-market platform and was dedicated to the Nation on the birthday of Dr. Baba Saheb Ambedkar on 14th April this year. This will ensure price transparency and reduces information asymmetry and can lead to an efficient physical market for agriculture produce which is a precursor to a robust future market. Implementation of National Agriculture Market will also encourage participation from hedging community on exchange platform. This opportunity will gain impetus if implemented with common Goods & Services Tax Act, which is still pending at Parliament.

Given the fact that the physical markets or APMCs are a state subject and not regulated by SEBI, any adverse activity in these markets may pose a challenge from a surveillance perspective for the derivative contracts traded on the Exchange platform.

### **SEGEMENT – WISE OR PRODUCT WISE PERFORMANCE**

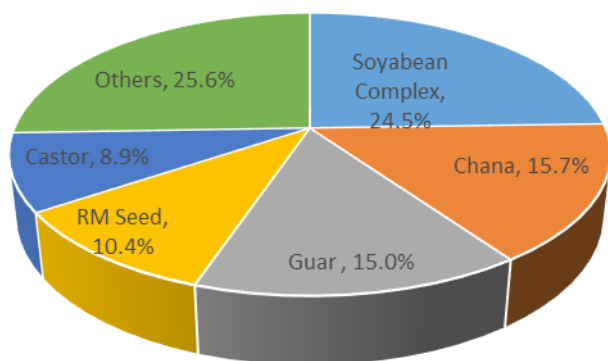
During commodities bull cycle that started from year 2000, prices increased due to demand growing faster than supply and concerns about the security of supply. This had also resulted in a boom in commodities exploration, investment, and production, especially in mining and energy. During this period, many resource-rich countries benefitted from surging exploration, investment and production activities which transformed their growth prospects. These patterns have been reversed in 2015-16 amid a trend of declining prices

for most of the commodities caused by a number of factors such as strong United States dollar; growth deceleration in China and emerging economies, oversupply of commodities; slowing demand especially for minerals and metals and slow economic recovery in advanced economies such as Japan and the European Union. Metal and energy prices fell by 50-70 percent below their early-2011 peaks. Contrary to commodity-exporting countries who are adversely affected by this situation, our country has benefited from the same being major commodity importing country. This is evident from country's import bill of crude oil getting halved this year as compared to previous year. India imported 202.1 million tonnes of crude oil in this fiscal year for \$64.4 billion as compared to import of 189.4 million tonnes of crude oil for \$112.7 billion in the 2014-2015 fiscal.

Among agricultural commodities, poor monsoon for two consecutive years led to a pressure on supply side and subsequent price rise in most of farm commodities in physical markets. The Exchange, despite all apprehensions, has witnessed improved participation this year. During FY 2015-16, the total turnover increased by 14.7% in agricultural commodities and by 12.8% for all commodities as compared to previous financial year.

#### Turnover of top 5 commodities during FY 2015-16

Commoditywise performance (w.r.t. turnover value)



The Exchange witnessed an average daily turnover of around ₹ 3,967.2 crore during FY 2015-16 in which soyabean complex held the highest share of 24.5% followed by chana with a share of 15.7%. Other major contributors to the turnover were guar seed, mustard and castor seed.

The segment-wise performance of commodities traded at the exchange remained as follows:

#### Grain and pulses

Despite the government actions of imposition of stock limits, the chana contract has seen rise of around 55.8% in turnover value in FY2015-16 as compared to last year. This increase in

the turnover was backed by bullish fundamentals due to poor monsoon for two consecutive years resulting in shortage of supply in physical markets.

The turnover of wheat and barley contracts increased by 14.5% and 73.7%, respectively in FY2015-16. In order to align the contract specifications of maize with physical market practices, it has been demarcated in two separate contracts in terms of geography of their arrivals viz., maize kharif and maize rabi catering to southern and northern parts of the country. Further, increased focus in cotton resulted into significant gain in the turnover during FY 2015-16.

#### Oil & oilseeds complex

Oil complex has seen a mixed performance during this year. Mustard seed contract witnessed a 100% growth in turnover value as compared to previous year. Contract specifications of soyabean were changed to cater to the market needs and to give a push to participation that resulted in increased turnover and deposits during FY2015-16.

#### Guar complex

Guar complex has shown a growth of 68.7% in turnover value over last year where turnover of guar seed and guar gum grew by around 95% and 20%, respectively. Increased validity and modification of quality specifications of guar seed contract to cater to changed market dynamics has resulted in physical deposits reaching the highest levels after re-launch.

#### Sugar and spices

Sugar futures contract gained considerable depth this year with 132.9% increase in turnover value and 137.8% growth in average open interest as compared to previous year. A life time high open interest of 190,120 tonnes was observed in sugar on 8 March 2016.

In spices, turmeric has witnessed a growth of 39.9% and 54.2% in open interest and turnover value, respectively. Slight changes in the parameters in turmeric futures contract resulted into life high deposits of 20,903 tonnes. Gondal was introduced as additional delivery center for dhaniya contract that resulted in increased deliveries of the commodity at the exchange. This has also triggered improvement in cleaning/processing facilities at this delivery center.

#### Forwards

The exchange traded forwards remained a strategic focus area for the exchange in FY 2015-16. With its concentrated efforts towards promoting farmer's inclusion, the exchange has roped in 20 Farmer Producers Organisations (FPOs) in its forwards segment. The forwards segment was well appreciated by FPOs as it ensured better market access for small farmers. A total of 1100 bales of Cotton and 43,837 tonnes of other commodities had been traded till January 15, 2016 when the segment was suspended by the regulator.

## OUTLOOK

Indian Meteorological Department's forecast of monsoon to be 106% of normal came as big relief for our agrarian economy after two successive years of poor monsoon and resulting lower agricultural output. Niti Aayog expects agriculture growth to jump sharply to 6 per cent in year 2016-17 from 1.2 per cent during last year, if monsoon turns out to be normal.

Also, the economic survey of FY2015-16 highlights the possibility of more than 8 per cent growth in the coming years, owing to a stable macroeconomic situation and the reforms agenda adopted by the government. It expects that India is poised for a long-term growth trajectory, if measures, such as increased spending on infrastructure development, providing a thrust to exports, revamping the banking sector, boosting rural economy and regulatory reforms, are adopted.

Futures market may see many changes in effort to make it more competent under the guidance of SEBI, which may help improve the liquidity on the commodity exchanges. Expectation of introduction of more trading instruments is an encouraging sign for various commodity stakeholders and market participants, which will positively impact the markets.

Going forward, the reforms initiated by the government such as reforms in Agriculture Produce Marketing Committees (APMCs), restructuring Food Corporation of India, soil health cards, new crop insurance, proposal for national irrigation scheme, easing supply side bottle necks, etc. could help agricultural ecosystem to improve the transparency, efficiency and revenue to farmers that in turn could increase the overall liquidity in the markets.

## RISK AND CONCERNS

The regulatory and political risks in the short term remain as can be witnessed by suspension of Forward contracts and withdrawal of Essential Commodities Act exemption to goods stored in Exchange WDRS accredited warehouses. Further, agricultural commodities remain politically sensitive and actions such as stock limits hamper efficient market functioning and in price discovery. Emerging new risks as seen from the castor incident and need to strengthen the oversight over activities of physical market participants would be a challenge in the short term. However, with new regulatory regime under SEBI and expectations of key policy changes in the commodity derivatives market, the risks over a period of time is expected to be mitigated.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Exchange has maintained adequate internal financial controls over financial reporting. These controls include

i) recording of transactions in a manner that facilitates preparation of financial statements as per the Generally Accepted Accounting Practices, ii) maintaining records that in reasonable detail, fairly and accurately reflect the transactions of the Exchange, iii) ensuring that all expenditure and income are as per approval of the management, iv) providing reasonable assurance regarding prevention and timely detection of unauthorized acquisition, use or disposition of company's assets that could have material impact on the financials statement of the Exchange. These financial controls were operating effectively as of March 31, 2016.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the FY 2015-16, the Exchange registered Average Daily Traded Value (ADTV) of ₹ 3,967 crore, with agri commodities contributing bulk of the volumes at ₹ 3,886 crore and non-agri commodities contributing ₹ 81 crore. The top 5 performing commodities in financial year 2015-16 were Chana, Soyaoil, Guar seed, Soyabean and Rape Mustard seed.

The Exchange has ended the year 2015-2016 with Profit After Tax of ₹ 68.81 crore. Out of this, ₹ 40.18 crore is Profit After Tax excluding exceptional items, which is almost 50% higher than the Profit After Tax of ₹ 26.79 crore in the previous year. The total income for the year was ₹ 173.74 crore, which is 19% higher than the income of ₹ 145.50 crore in the FY 2014-15. The total expenditure was ₹ 98.49 crore, which is 4.55 % higher than the expenditure of ₹ 94.20 crore in the FY 2014-15.

### Income :

- The income from transaction charges for FY 2015-16 from the futures and forwards segment was ₹ 64.68 crore at an average realization of approx. ₹ 3.15 per lakh of future's segment trade, which is 41% higher than the transaction charges income of ₹ 45.78 crore at an average realization of ₹ 2.53 per lakh of trade in the previous year. The reasons for increase in transaction charges income are increase of 12% in ADTV during the year and increase in the average realization per lakh of trade.
- The income from investments for FY 2015-16 was ₹ 52.12 crore, which is marginally higher by 1% as compared to the income from investment of ₹ 51.45 crore in the previous year.
- The income from membership was ₹ 4.17 crore, which is 13% lower than the previous year on account of decrease in the number of members

- The other operating income for FY 2015-16 was ₹ 42.81 crore, which is 21% higher than the previous year. The increase is largely due to the increase in risk management fees and COMTRACK income on a year on year basis.

#### Expenditure:

The total personnel expense for the year was ₹ 38.40 crore, which is almost 10.83% higher than expense of ₹ 34.64 crore in the previous year. The operating expense for the year was ₹ 60.09 crore, which is marginally higher by 1% as compared to previous year operating expense of ₹ 59.56 crores.

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES INCLUDING NUMBER OF PEOPLE EMPLOYED

Details of Human Resource activities during the FY 2015-16 are as follows –

#### Recruitment

The Exchange recruits employees keeping in mind the skill requirements of the organisation, its high technology orientation, the diverse product domain expertise needed, the strong process and operational control requirements. Employees recruited laterally came from various segments of the financial sector, with requisite or analogous work background.

The Exchange has outsourced all routine jobs, retaining all strategic and critical jobs. To the extent feasible, routine tasks are being continuously automated. Technology is one area where there is a mix of insourcing and outsourcing. The challenge has been in arriving at an optimal insource/outsource balance; the Exchange constantly fine tunes this mix to improve organisational efficiency.

The number of employees (including all categories, namely, regular, contractual and outsourced) has increased from 289 as on March 31, 2015 to 308 as on March 31, 2016. There was increase in the number of male employees (from 174 to 204) and female employees number increased from 56 to 57. The breakup of employees in the Exchange is as under.

Function	Number of Regular Employees		Number of Outsourced Employees	
	As on March 31, 2016	As on March 31, 2015	As on March 31, 2016	As on March 31, 2015
Business	83	75	4	5
Technology	52	49	11	20
Compliance & Operation	72	58	6	5
Corporate Services	34	27	10	13
Marketing	10	10	1	0
Risk Management	7	8	0	0
*Others	3	3	0	0
**Total	261	230	32	43

\*Others- Includes employees from Corporate Office.

\*\* Total - Does not include contractual employees.

However, the above does not include 106 deployed in technology department by TCS, NSE (IT) and other technology firms, who work full time in the Exchange.

The average age of regular employee works out to 34 years.

#### Employee Attrition Levels

A major challenge for the Exchange has been managing attrition levels. During the period under review, 75 persons (51 regular employees and 24 outsourced persons) left the Exchange. The attrition rate works out to 19% for on roll employees.

As revealed by exit interviews, while male employees left the Exchange for better career prospects and higher studies, while most female employees had cited personal reasons for leaving the Exchange.

### DISLCOSURE OF ACCOUNTING TREATMENT

The Exchange has followed accounting standards in the preparation of Financial statements for the FY 2015-16. There is no deviation from accounting standards.

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# Report on Corporate Governance

## CORPORATE GOVERNANCE – EXCHANGE'S PHILOSOPHY

### Introduction

The Exchange is owned by national level financial institutions, exchanges, banks, private sector companies, private equity funds and foreign institutional investors.

### Exchange philosophy on Corporate Governance

The Exchange's corporate governance philosophy is based on transparency and disclosures, integrity and accountability. The Corporate Governance structure of the Exchange is based on an effective independent board, separation of the Board's supervisory role from that of executive management and constitution of Board committees. The Exchange has constituted various committees namely Audit Committee, Nomination and Remuneration Committee, Business Strategy Committee, Risk Management Committee, Members' Default Committee, Disciplinary Action Committee, Share Transfer Committee, Technology Standing Committee, Ethics Committee, Settlement Guarantee Fund Committee, Public Interest Directors' Committee, Corporate Social Responsibility Committee, Independent Oversight Committee for Member Regulation, Independent Oversight Committee for Trading & Surveillance function and Independent Oversight Committee for Product Design.

As per Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, the disclosure requirements and corporate governance norms as specified for listed company are mutatis mutandis applicable to the Exchange. The Exchange is also committed to adopting best and transparent practices in letter and in spirit, in the interest of all its stakeholders. Towards this end, the information given in this section constitutes the report on Corporate Governance for the financial year 2015-2016.

The details of composition and attendance of the Directors/Members of the Board, Board Committees are as given below.

## BOARD OF DIRECTORS

### Composition

The Board comprises of eleven directors, of whom five Directors are representing Shareholders, five are Public Interest Directors and one is Managing Director & CEO.

### Board Meetings held during the FY 2015-16 and attendance record

During the FY 2015-16, eight meetings of the Board were held on May 22, 2015, June 12, 2015, July 24, 2015, October 28, 2015, February 04, 2016, February 10, 2016, February 24, 2016 and March 30, 2016. Apart from these meetings, the Board of Directors also considered and approved certain matters by way of circular resolutions. The following table gives the composition of the Board, the category of the Directors and the meetings attended by them.

Name of Director	Number of Board Meetings held	Number of Board Meetings Attended	Whether attended last AGM	Number of Memberships in Board Committees of the Exchange*	Number of Directorships in other Indian public Companies as on 31 <sup>st</sup> March, 2016	Number of shares held as on 31 <sup>st</sup> March, 2016	Number of Committee positions held in other Public Companies**	
							Chairman	Member
<b>Non-executive, Public Interest Directors</b>								
Rabi Narayan Das, Chairman	8	8	No	8	1	NIL	1	1
Prithvi Raj Bishnoi#	8	7	Yes	6	NIL	NIL	NIL	NIL
Sidhartha Pradhan	8	8	Yes	5	NIL	NIL	NIL	NIL
Ashok Gulati	8	6	No	3	1	NIL	NIL	NIL
Naina Krishna Murthy	8	6	No	1	NIL	NIL	NIL	NIL



Name of Director	Number of Board Meetings held	Number of Board Meetings Attended	Whether attended last AGM	Number of Memberships in Board Committees of the Exchange*	Number of Directorships in other Indian public Companies as on 31 <sup>st</sup> March, 2016	Number of shares held as on 31 <sup>st</sup> March, 2016	Number of Committee positions held in other Public Companies**	
							Chairman	Member
<b>Non-executive, Shareholder Directors</b>								
Ravi Narain (represents National Stock Exchange of India Limited)	8	7	No	4	9	NIL	1	9
Rakesh Kapur (represents Indian Farmers Fertiliser Co Operative Ltd.)	8	8	No	5	7	NIL	1	3
Samir Kumar Mitter (represents Life Insurance Corporation of India)	8	8	Yes	3	1	NIL	NIL	1
Srinath Srinivasan (represents Oman India Joint Investment Fund)	8	6	Yes	2	3	NIL	NIL	NIL
R. M. Kummur (represents National Bank for Agriculture and Rural Development)	8	5	Yes	2	NIL	NIL	NIL	NIL
<b>Executive Director</b>								
Samir Shah, Managing Director & CEO	8	8	Yes	5	4	NIL	0	1

\* Only Board Committee member's details are provided

\*\* Membership/Chairmanships of only Audit Committee and Stakeholders' Relationship Committee of all Public Companies have been considered.

# The tenure of Mr. Prithvi Raj Bishnoi, Public Interest Director ended on March 31, 2016. However, as per Procedural norms on Recognitions, Ownership and Governance of Stock Exchanges and Clearing Corporations dated December 13, 2012 issued by SEBI, he continues to hold the post till a new Public Interest Director is appointed in his place. The Exchange has made an application to SEBI for its approval for appointing a Public Interest Director in place of Mr. Bishnoi.

#### Other disclosures

- ▶ There is no relationship between the Directors of the Exchange inter-se.
- ▶ Web link for details of Familiarization programs imparted to Independent Directors:  
<http://www.ncdex.com/AboutUs/Disclosures>

## COMMITTEES OF THE BOARD

The Board Committees focus on specific areas as per their terms of reference and take informed decisions. Each Committee functions within the given scope and powers as per the delegation of powers by the Board of Directors, applicable provisions of Companies Act, 2013, Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from time to time. The information with respect to Committees is as follows:

### I. AUDIT COMMITTEE

The Committee consists of five Directors which include three Public Interest Directors and two Shareholder Directors. The Statutory Auditors and Internal Auditors are invited to attend the meetings of the Committee from time to time and the Company Secretary acts as the Secretary to Audit Committee. The terms of reference of the Audit Committee, inter alia, are as under:

- ▶ Recommendation for appointment, remuneration and terms of appointment of auditors (both Internal & Statutory Auditors) of the company;
- ▶ Review and monitor the auditors' independence and performance, and effectiveness of audit process;
- ▶ Examination of the annual financial statements and Auditors' Report thereon;
- ▶ Approval or any subsequent modification of transactions of the company with related parties;
- ▶ Scrutiny of inter-corporate loans and investments;
- ▶ Valuation of undertakings or assets of the company, wherever it is necessary;
- ▶ Evaluation of internal financial controls and risk management systems;
- ▶ Monitoring the end use of funds raised through public offers (if any) and related matters;
- ▶ Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
- ▶ Carrying out any other function as may be referred to it by the Board of Directors.

During the FY 2015-16, five meetings of the Committee were held on May 22, 2015, July 24, 2015, October

28, 2015, February 04, 2016 and March 30, 2016. The composition and attendance of the Members is given below –

Name of the Committee Member	Number of meetings held during the relevant period	Number of meetings attended
Prithvi Raj Bishnoi, Chairman	5	5
Rabi Narayan Das	5	5
Rakesh Kapur	5	5
Samir Kumar Mitter	5	5
Sidhartha Pradhan	5	5

### II. NOMINATION AND REMUNERATION COMMITTEE

The Committee consists of five Directors which include three Public Interest Directors and two Shareholder Directors. During the FY 2015-16, four meetings of the Committee were held on May 22, 2015, June 12, 2015, October 28, 2015 and February 04, 2016. The terms of reference of the Nomination & Remuneration Committee, inter alia, are as under:

- ▶ The amount of commission and fees payable to the Directors within the applicable provisions of the Companies Act, 2013 and other applicable statutes, if any, and;
- ▶ The amount of remuneration, increments, performance or achievement bonus and perquisites payable to the whole-time Directors.
- ▶ The broad compensation policy for the staff will be proposed to and agreed with the Committee from time to time;
- ▶ Eligibility criteria for payment of performance bonus, the aggregate quantum of such bonus for the staff members;
- ▶ Determine the compensation of key management personnel in terms of a compensation policy.
- ▶ Determine the tenure of key management personnel, other than a director.
- ▶ Framing the guidelines and management of the employee stock option scheme to the staff and whole-time Directors of the Company;
- ▶ Evaluate the performance of the Managing Director and Chief Executive Officer;
- ▶ Prescribe management development measures;

- ▶ Develop and approve key policies in respect of human resources, administration, financial and organizational matters;
- ▶ Ensure high-level quality of statutory and management reporting;
- ▶ To approve transfer, transmission, dematerialization, rematerialisation, splitting and/or consolidation of share certificates, issue of duplicates etc. of shares and debentures;
- ▶ Develop criteria for selection of Directors for appointment on the Board;
- ▶ Shortlist and recommend names for filling vacancies on the Board that might occur from time to time and appointment of additional non whole-time Directors. In making these recommendations, the Committee shall take into account the provisions of Companies Act, 2013 and the special professional skills required for efficient discharge of the Board's functions;
- ▶ Recommend appointment of whole-time Directors;
- ▶ Finalise and recommend contractual matters for engagement of Directors;
- ▶ Determine Directors liable to retire by rotation;
- ▶ Succession planning for the Managing Director and Chief Executive Officer.
- ▶ Formulate a policy relating to the remuneration for the Directors, Key Managerial Personnel ('KMP') and other employees;
- ▶ Identify persons who are qualified to become Directors and who may be appointed in Senior management in accordance with the laid down criteria;
- ▶ Define criteria for determining qualifications, positive attributes and independence of a Director
- ▶ Any other role as may be prescribed by the Board or Forward Markets Commission from time to time.

The Committee also formulates criteria for evaluation for individual Directors, Board of Directors and its Committees. The criteria for evaluation of performance of Public Interest directors include engagement, leadership, analysis, Quality of decision-making, Interaction, Governance etc.

The composition and attendance of the Members is given below –

Name of the Committee Member	Number of meetings held during the relevant period	Number of meetings attended
Sidhartha Pradhan, Chairman	4	4
Rabi Narayan Das	4	4
Ravi Narain	4	3
Rakesh Kapur	4	4
Prithvi Raj Bishnoi	4	3

### III. RISK MANAGEMENT COMMITTEE

The Committee, inter alia, carries out the identification, measurement and monitoring of the risk profile of the Exchange, oversees risk and control measures on an ongoing basis etc. The Committee consists of Mr. Ravi Narain, Chairman, Mr. Rabi Narayan Das, Mr. S. K. Mitter, Mr. Srinath Srinivasan, Mr. Samir Shah, Mr. Rakesh Kapur, and Dr. Ashok Gulati. During the year, four meetings were held on July 24, 2015, October 27, 2015, February 3, 2016 and March 30, 2016.

### IV. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee, inter alia, formulates and recommend to the Board, a Corporate Social Responsibility Policy, the amount of expenditure to be incurred on the activities and monitors the implementation of Corporate Social Responsibility Policy of the company from time to time. The Committee consists of Mr. Rabi Narayan Das, Mr. Samir Kumar Mitter and Mr. Samir Shah. The Committee met once during the year i.e. on May 21, 2015.

In addition to above Committees, the Exchange has constituted various Committees, namely:

1. Members' Default Committee
2. Disciplinary Action Committee
3. Technology Standing Committee
4. Ethics Committee
5. Independent Oversight Committee for Member Regulation
6. Independent Oversight Committee for Product Design
7. Independent Oversight Committee for Trading and Surveillance Function
8. Public Interest Directors' Committee
9. Business Strategy Committee
10. Settlement Guarantee Fund Committee
11. Share Transfer Committee

## REMUNERATION OF DIRECTORS

The non-executive Directors are paid sitting fees of ₹ 30,000 for attending each meeting of the Board and ₹ 20,000 for attending each meeting of the Committee. Non-Executive Directors are also reimbursed expenses incurred by them for attending meetings of the Board and its Committees at actuals.

The sitting fees paid to the Non-Executive Directors for attending the meetings of the Board and Committees during the FY 2015-16 is as follows:

Name of the Director	Sitting Fees	
	Board Meetings	Committee Meetings
Rakesh Kapur	2,40,000	4,80,000
Rabi Narayan Das	2,40,000	5,60,000
Ravi Narain	2,10,000	3,60,000
Ashok Gulati	1,80,000	1,60,000
Naina Krishna Murthy	1,80,000	60,000
Samir Kumar Mitter	2,40,000	2,00,000
Sidhartha Pradhan	2,40,000	4,80,000
Prithvi Raj Bishnoi	2,10,000	4,40,000
R M Kummur	1,50,000	1,20,000
Srinath Srinivasan	1,80,000	2,00,000

The details of remuneration paid to Managing Director & CEO during the FY 2015-16 is given below:

Sl. no.	Particulars of Remuneration	Name of Managing Director & Chief Executive Officer
		Mr. Samir Shah
1.	Gross salary	₹ 2,53,78,721/-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 39,600/-
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Nil
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission - as % of profit - others, specify...	Nil
5.	Others, please specify	Nil
	<b>Total</b>	<b>₹ 2,54,18,321/-</b>

### Other Disclosures

- ▶ None of the Non- Executive Directors of the Exchange are paid any performance linked incentive. The salary structure of Managing Director & CEO includes performance based variable pay.
- ▶ The Exchange has not issued any stock options.
- ▶ None of the non-executive Directors have any pecuniary relationship or transactions with the Company.
- ▶ None of the non-executive Directors have entered into any service contract with the Company.

## DETAILS OF GENERAL MEETINGS

The particulars of last 3 annual general meetings of the Exchange are as follows –

Financial Year	Date of AGMs	Time	Venue	Special resolutions adopted
2012-2013	August 20, 2013	02:30 p.m.	Board Room, First Floor, Gayathri Towers, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	<ul style="list-style-type: none"> <li>Appointment of Statutory Auditors</li> <li>Alteration of Articles of Association</li> </ul>
2013-2014	September 11, 2014	11.30 a.m.	Board Room, First Floor, Gayathri Towers, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	Alteration of Articles of Association
2014-2015	September 11, 2015	11.00 a.m.	Board Room, First Floor, Gayathri Towers, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	NIL

- The provisions relating to postal ballot are not applicable to the Exchange .

## MEANS OF COMMUNICATION

The Financials Statement are displayed on the website of the Exchange – [www.ncdex.com](http://www.ncdex.com). Other disclosures and announcements are also displayed on the website of the Exchange.

## GENERAL INFORMATION FOR SHAREHOLDERS

### (i) Annual General Meeting

The Thirteenth Annual General Meeting is convened on Friday, September 23, 2016 at Mumbai at 1<sup>st</sup> Floor, Ackruti Corporate Park, L. B. S. Marg, Kanjurmarg (W). Mumbai- 400078 at 11.30 a.m.

### (ii) Financial Year : April 1, 2015 to March 31, 2016

(iii) Dividend Payment Date: The Board has recommended, subject to the approval of members at the Annual General Meeting, a dividend of ₹ 2.50 per share. The dividend will be paid within the statutory time limit as prescribed in the Companies Act, 2013.

(iv) The equity shares of the Exchange are not listed on any stock exchange.

(v) Registrar to issue and Share Transfer Agents – 3i Infotech Limited, Tower#5, 3<sup>rd</sup> to 6<sup>th</sup> Floors, International Infotech Park, Vashi, Navi Mumbai 400 703.

(vi) Share transfer system – The transfer of equity shares of the Exchange is as per the provisions of the Companies Act, 2013, the provisions of the Articles of Association of the Exchange and the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations, 2012.

### (VI) Distribution of shareholding:

CATEGORIES	Shareholding	Percentage
Individuals	22	-
Corporates	170,06,613	33.56
Financial Institutions	112,50,000	22.20
Banks	67,49,965	13.32
Foreign Holding (FII)	30,00,000	5.92
Venture Capital	76,01,400	15.00
Any Other (specify) - (Co-Operative Society)	50,68,000	10.00
<b>Total</b>	<b>506,76,000</b>	<b>100.00</b>

- None of the Shareholder holds more than 25% of the total paid up Share Capital.

(vii) Dematerialization of shares and liquidity: All the shares of the Exchange are in demat form, except 22 shares which are held by individual shareholders, as on March 31, 2016.

(viii) Outstanding global depository receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity : NIL

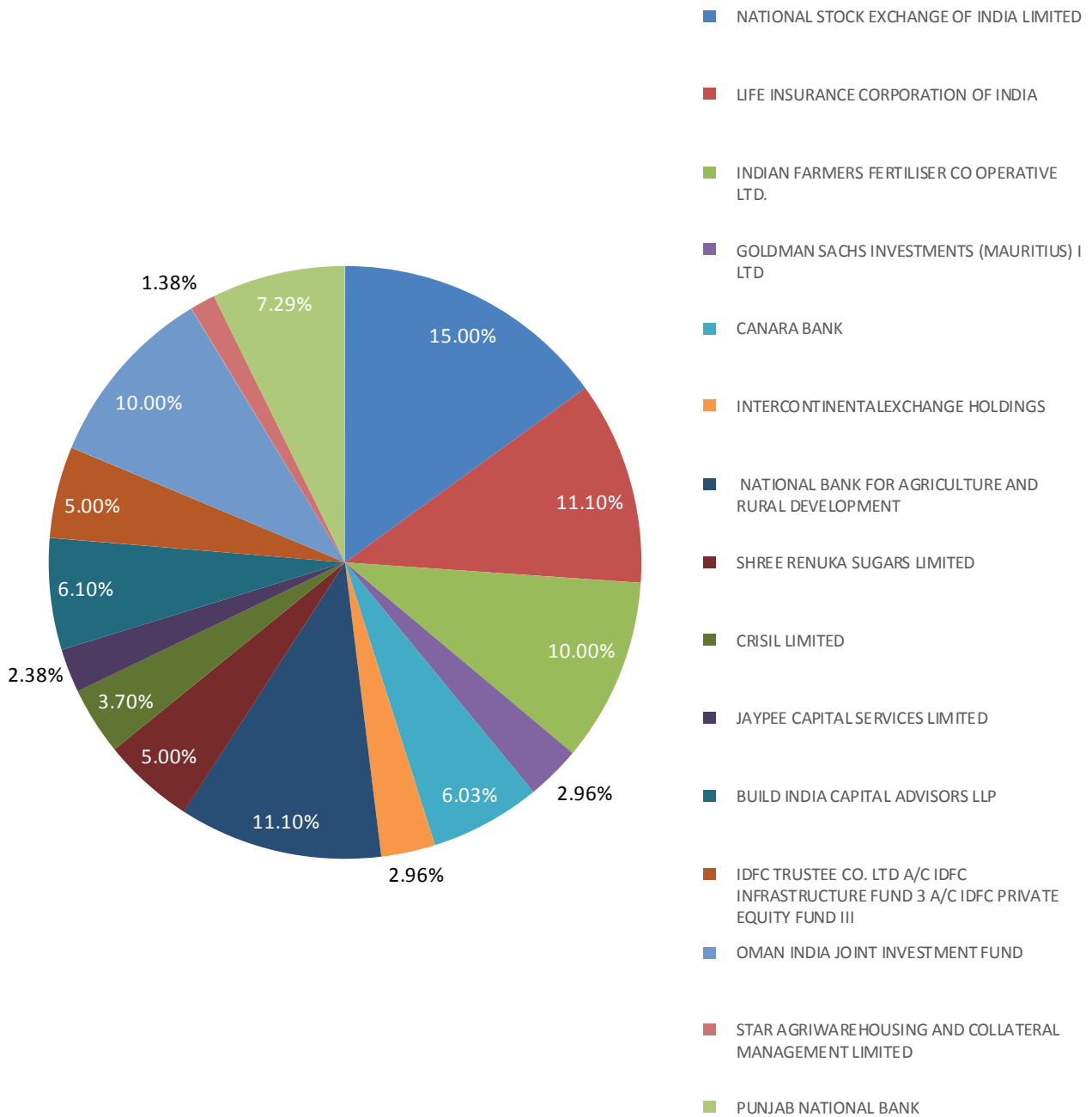
(ix) Commodity price risk or foreign exchange risk and hedging activities – Not Applicable

(x) Plant locations: Nil

(xi) Address for correspondence: First Floor, Ackruti Corporate Park, Near G. E. Garden, L.B.S. Road, Kanjurmarg West, Mumbai 400 078

## DISCLOSURES

- a) There were no significant related party transactions of material nature that may have potential conflict with the interest of the Exchange.
- b) Details of non-compliance, penalties, strictures imposed by SEBI or any statutory authority, on any matter related to capital markets, during the last three years: None.
- c) Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee: The Exchange promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Exchange has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to the top management which in turn is notified to the workgroups. The identity of the persons reporting violations is protected. It is affirmed that no personnel of the Exchange has been denied access to the Audit Committee.
- d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements: The Exchange has complied with all the applicable mandatory requirements. Further, the Exchange has adopted non-mandatory requirements with respect to shareholders rights, unmodified audit opinion, separate posts of Chairman and Chief Executive Officer and reporting of internal auditor.
- e) Web link where policy for determining 'material' subsidiaries is disclosed: <http://www.ncdex.com/AboutUs/Disclosures>
- f) Web link where policy on dealing with related party transactions: <http://www.ncdex.com/AboutUs/Disclosures>
- g) Disclosure of commodity price risks and commodity hedging activities: Not Applicable
- h) Non-compliance of any requirement of corporate governance report: The Exchange has complied with the applicable provisions relating to Corporate Governance Report.
- i) Code of Conduct: The Exchange has framed and adopted a Code of Conduct Policy, which is approved by the Board. Affirmation of compliance with the Code of Conduct/Ethics is attached to this report as **Annexure 1**.
- j) Compliance certificate from practicing company secretary is attached as **Annexure 2**.
- k) Disclosure with respect to demat suspense account/unclaimed suspense account: Nil





## Annexure 1

### **Compliance with the Code of Conduct by the Directors & Members of the Senior Management of the Exchange for the Financial Year 2015-16**

I confirm that for the year under review all Directors and Members of the Senior Management have affirmed compliance with the Code of Conduct of the Exchange.

**Samir Shah**

Managing Director & CEO

July 20, 2016

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To,

The Members,  
National Commodity & Derivatives Exchange Limited,  
First Floor, Ackruti Corporate Park,  
L. B. S. Marg, Near G. E. Garden,  
Kanjur Marg (West), Mumbai 400078.

I have examined all relevant records of National Commodity & Derivatives Exchange Limited (the Company) for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the Listed Companies for the financial year ended 31<sup>st</sup> March 2016. In terms of Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, the disclosure requirements and corporate governance norms as specified for listed companies have become *mutatis mutandis* applicable to a recognised Stock Exchange. We have obtained all the information and explanations to the best of our knowledge and belief, which were necessary for the purpose of this certification.

The compliance with the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This certificate 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.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the applicable disclosure requirements and corporate governance norms as specified for Listed Companies.

**K. R. CHANDRATRE**

Practising Company Secretary  
C. P. No. 51444

Date: 20 July 2016  
Place: Pune

# Independent Auditor's Report

To  
**The Members of National Commodity & Derivatives Exchange Limited**

## **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **National Commodity & Derivatives Exchange Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## **Management's Responsibility for the Standalone Financial Statements**

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

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

## **Emphasis of Matter**

We draw attention to:

1. Note 12 to the standalone financial statements in respect of investments of ₹ 3550 lakhs in NCDEX e Markets Limited, a wholly owned subsidiary company. Having regard to the factors considered by the Management, discussed in the aforesaid note, the Management is of the view that there is no permanent diminution to the carrying value of these investments and hence no adjustments has been made in this regard in the accompanying standalone financial statements.

2. Note 29 to the standalone financial statements. In respect of the matters relating to the future contracts of pepper, 'advances recoverable in cash or in kind' as on March 31, 2016, includes various costs amounting to ₹ 1291 lakhs towards cleaning of the pepper stock in warehouses. Management has estimated that a further ₹ 442 lakhs will be incurred towards such pepper-cleaning costs which will also be accounted for as recoverable from constituents in due course. The order of Hon'ble High Court of Kerala dated August 28, 2014 has allowed the Company to clean the pepper stock in warehouses with a right to recover the aforesaid estimated pepper-cleaning costs of approximately ₹ 1733 lakhs and applicable taxes, associated with the same.

In terms of the legal opinion obtained by the Company, it therefore has a fair chance of recovery of the costs incurred by them since the Company is backed by orders of court which provides a constructive lien on the goods lying with the physical control of the Company through its approved warehouses. The Management has considered the receivable as good and recoverable, apart from a provision of ₹ 260 lakhs which was made in earlier years towards such pepper-cleaning costs.

3. Note 41 to the standalone financial statements regarding suspension of futures trading of castor seed contracts. The monies payable to investors are in the process of being settled as per the prescribed close out mechanism and in the opinion of the Management there will be no liability on account of claims in this matter.

Our opinion is not qualified in respect of these matters.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Government of India – Ministry of Corporate Affairs, in terms of sub-section (11) of section 143 of the Act, we enclose in annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) 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 statements – refer note 28 and 29;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For K. S. Aiyar & Co.**  
**Chartered Accountants**  
ICAI Firm Registration No: 100186W

**Sachin A. Negandhi**  
**Partner**  
Membership No.: 112888

Place: Mumbai  
Date : June 28, 2016

## Annexure 'A' to the Auditor's Report

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the standalone financial statements for the year ended on March 31, 2016, of National Commodity & Derivatives Exchange Limited)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) All fixed assets were physically verified by the management during the year, in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were identified on such verification.
  - (c) The Company does not hold any immovable properties. Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company is a commodity exchange and does not maintain any inventory. Therefore, the provisions of clause 3 (ii) of the Order are not applicable to the Company.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, provisions of clauses 3 (iii) (a), 3 (iii) (b) and 3 (iii) (c) of the Order are not applicable.
- (iv) As informed, the Company has not advanced any loans, made any investments or given any guarantees and securities. Accordingly clause 3 (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposit from the public and consequently the directives issued by the Reserve Bank of India, provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, with regard to the deposits accepted from the public are not applicable to the Company. No order has been passed by the Company Law Board, National Law Tribunal or Reserve Bank of India or any other court or any other tribunal.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Act for the products of the Company.
- (vii) (a) According to the records of the Company, it is generally regular in depositing with the appropriate authorities undisputed statutory dues applicable to it, including provident fund, income tax, sales tax, service tax, duty of customs, duty of excise, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of above which were outstanding, as at March 31, 2016 for a period of more than six months from the date on which they became payable.

  - (b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not taken any money from any financial institution, bank, Government or debenture holder, and accordingly clause 3 (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly clause 3 (ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds by the Company or on the Company by any of its employees or officers noticed or reported during the course of our audit.
- (xi) In our opinion, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V to the Act.

- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For K. S. Aiyar & Co.**  
**Chartered Accountants**  
ICAI Firm Registration No: 100186W

**Sachin A. Negandhi**  
**Partner**  
Membership No.: 112888

Place: Mumbai  
Date : June 28, 2016

# Annexure 'B' to the Independent Auditor's Report

## **Annexure - B to the Independent Auditor's Report of even date on the Financial Statements of National Commodity & Derivatives Exchange Limited**

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

We have audited the internal financial controls over financial reporting of **National Commodity & Derivatives Exchange Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or

disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For K. S. Aiyar & Co.**  
**Chartered Accountants**  
ICAI Firm Registration No: 100186W

**Sachin A. Negandhi**  
**Partner**  
Membership No.: 112888

Place: Mumbai  
Date : June 28, 2016

# Balance Sheet

as at March 31, 2016

(₹ in Lakhs)

	Notes	As at March 31, 2016	As at March 31, 2015
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	5,068	5,068
Reserves and surplus	4	39,358	34,002
		44,426	39,070
<b>Non - current liabilities</b>			
Deferred tax liabilities (net)	13	4	-
Other Non - current liabilities	5	7,099	8,582
Long - term provisions	6	90	80
		7,193	8,662
<b>Current liabilities</b>			
Trade payables	7	1,689	1,732
Other current liabilities	8	16,371	11,683
Short - term provisions	9	1,629	955
		19,689	14,370
<b>Total</b>		<b>71,308</b>	<b>62,102</b>
<b>Assets</b>			
<b>Non - current assets</b>			
Fixed assets			
Tangible assets	10	1,921	1,575
Intangible assets	11	861	1,279
Intangible assets under development		1,812	54
Non - current investments	12	6,352	5,465
Long - term loans and advances	14	3,482	3,304
Other non - current assets	15	1,873	1,204
		16,301	12,881
<b>Current assets</b>			
Current investments	16	25,489	15,132
Trade receivables	17	855	1,212
Cash and bank balances	18	25,938	30,937
Short - term loans and advances	19	1,721	911
Other current assets	15	1,004	1,029
		55,007	49,221
<b>Total</b>		<b>71,308</b>	<b>62,102</b>

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

As per our report of even date

For K.S. AIYAR & Co.

Chartered Accountants

ICAI Firm Registration No : 100186W

For and on behalf of the Board of Directors

National Commodity & Derivatives Exchange Limited

Sachin A. Negandhi

Partner

Membership No.112888

Samir Shah

Managing Director & Chief Executive Officer

DIN - 00912693

Rabi Narayan Das

Director

DIN - 03582925

Place: Mumbai

Date : June 28, 2016

M. K. Ananda Kumar

Company Secretary

FCS - 6819

Komal Shahani

Chief Financial Officer

## Statement of Profit and Loss for the year ended March 31, 2016

(₹ in Lakhs)

	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Income</b>			
Revenue from operations	20	11,166	8,609
Other income	21	6,208	5,941
<b>Total revenue (I)</b>		<b>17,374</b>	<b>14,550</b>
<b>Expenditure</b>			
Employee benefits expense	22	3,840	3,464
Other expenses	23	6,009	5,956
Depreciation and Amortization expenses	24	1,172	1,258
<b>Total expenses (II)</b>		<b>11,021</b>	<b>10,678</b>
<b>Profit / (Loss) before exceptional item and tax III ( I-II )</b>		<b>6,353</b>	<b>3,872</b>
<b>Total Exceptional item (IV)</b>	39	<b>3,635</b>	<b>-</b>
<b>Profit / (Loss) before tax V (III+IV)</b>		<b>9,988</b>	<b>3,872</b>
<b>Tax expense</b>			
Current tax		3,103	1,177
MAT credit entitlement		-	16
Deferred tax	13	4	-
<b>Total tax expense (IV)</b>		<b>3,107</b>	<b>1,193</b>
<b>Profit after tax (III - IV)</b>		<b>6,881</b>	<b>2,679</b>
<b>Earnings per share</b>	33		
Basic		<b>13.58</b>	<b>5.29</b>
Diluted		<b>13.58</b>	<b>5.29</b>
	2.1		

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

As per our report of even date

For K.S. AIYAR & Co.

Chartered Accountants

ICAI Firm Registration No : 100186W

For and on behalf of the Board of Directors

National Commodity & Derivatives Exchange Limited

Sachin A. Negandhi

Partner

Membership No.112888

Samir Shah

Managing Director & Chief Executive Officer

DIN - 00912693

Rabi Narayan Das

Director

DIN - 03582925

Place: Mumbai

Date : June 28, 2016

M. K. Ananda Kumar

Company Secretary

FCS - 6819

Komal Shahani

Chief Financial Officer

# Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakhs)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. Cash flow from operating activities</b>		
Profit before tax	9,988	3,872
Adjustments for:		
Depreciation & amortisation	1,172	1,258
Dividend income	-	(289)
Provision for leave encashment	71	37
Provision for gratuity	60	8
Provision no longer required	(1,508)	-
Provision for doubtful debts and advances	3	26
Loss/(Profit) on sale of fixed asset	(3)	(8)
(Profit) / Loss on sale of investments	(6,109)	(2,284)
Interest income	(2,140)	(1,875)
Provision for diminution in value of investment	2,000	
<b>Operating profit before working capital changes</b>	<b>3,534</b>	<b>745</b>
<b>Movements in working capital:</b>		
Decrease / (Increase) in trade receivables	354	(91)
Decrease / (Increase) Current loans and advances	(809)	(615)
Decrease / (Increase) non - current loans and advances	187	(305)
Decrease / (Increase) in inter corporate loans	(153)	(144)
Decrease / (Increase) other non current assets	28	(63)
Decrease / (Increase) other current assets	(17)	10
Increase / (Decrease) in non - current liabilities	(1,483)	(1,341)
Increase / (Decrease) in long term provision	10	9
Increase / (Decrease) in trade payables	(43)	73
Increase / (Decrease) in Short term provision	(67)	(119)
Increase / (Decrease) in current liabilities	4,688	(3,051)
<b>Cash generated/(used) from operations</b>	<b>6,229</b>	<b>(4,892)</b>
Direct taxes paid (net of refunds)	3,306	929
<b>Net cash generated/(used) in operating activities (A)</b>	<b>2,922</b>	<b>(5,821)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets and CWIP	(2,864)	(250)
Proceeds from sale / disposal of fixed assets	9	9
Proceeds from sale of shares of National Collateral Management Services Limited	4,332	-
Purchase of current investments	(657,826)	(534,256)
Proceeds from sale of current investments	647,857	542,948
Dividend Income	-	289
Interest received	2,182	2,104
Purchase of shares in subsidiaries	-	(200)
Investment in fixed deposits (original maturity of more than three months)	(26,351)	(31,596)
Redemption/Maturity of fixed deposits (original maturity of more than three months)	30,501	26,397
<b>Net cash generated/(used) in investing activities (B)</b>	<b>(2,160)</b>	<b>5,445</b>

# Cash Flow Statement

for the year ended March 31, 2016

(₹ in Lakhs)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>C. Cash Flows from financing activities</b>		
Dividend paid	(760)	(760)
Dividend tax paid	(155)	(129)
<b>Net cash generated/(used) from financing activities (C)</b>	<b>(915)</b>	<b>(889)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(152)</b>	<b>(1,266)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>436</b>	<b>1,701</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>284</b>	<b>436</b>
<b>Components of cash and cash equivalents (Refer note 18)</b>		
Cash and cheques on hand	0	0
With Banks		
- on current accounts *	284	436
- on fixed deposits (Original maturity being three months or less)	-	-
<b>Total</b>	<b>284</b>	<b>436</b>

\* Includes

- NCDEX Joint Price Dissemination fund of ₹ 3 lakhs (March 31, 2015 : ₹ 48 lakhs) which can be utilized only for Joint Price Dissemination project along with FMC
- Settlement Guarantee Fund of ₹ 39 lakhs (March 31, 2015 : ₹ 19 lakhs) which can be utilized for completion of settlement, in case of member default

As per our report of even date

For K.S. AIYAR & Co.

Chartered Accountants

ICAI Firm Registration No : 100186W

For and on behalf of the Board of Directors

National Commodity & Derivatives Exchange Limited

Sachin A. Negandhi

Partner

Membership No.112888

Samir Shah

Managing Director & Chief Executive Officer

DIN - 00912693

Rabi Narayan Das

Director

DIN - 03582925

Place: Mumbai

Date : June 28, 2016

M. K. Ananda Kumar

Company Secretary

FCS - 6819

Komal Shahani

Chief Financial Officer

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 1 Nature of Operations

National Commodity & Derivatives Exchange Limited ('the Company') is a demutualised national level commodity exchange focusing on capitalizing the opportunities of the offering commodity exchange through a robust technology platform. The Company was incorporated on April 23, 2003, under the provisions of the Companies Act, 1956.

## 2 Basis of preparation

The financial statements have been prepared and prescribed in accordance with the generally accepted accounting principles in India (Indian GAAP) under historical cost convention on an accrual basis. The financial statements of the company comply in all material respects with Accounting Standards notified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of Companies Act 2013 ('the Act').

### 2.1 Summary of significant accounting policies

#### a Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosures of contingent liabilities at the end of the reporting period. Although these estimates are based on management best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustments to the carrying amounts of assets or liabilities in future periods.

#### b Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and any other cost attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

#### c Depreciation and amortisation

Depreciation is provided on straight line method over the useful life of the assets as prescribed in Schedule II of the Companies Act 2013

Fixed assets having an original cost less than or equal to ₹ 5,000 individually and Electrical Tickers are fully depreciated in the year of purchase or installation.

The residual value of all assets is taken to be ₹ NIL

Leasehold improvement is amortized over the renewable period of lease subject to a maximum of 60 months.

#### d Intangible assets

Costs relating to acquisition and development of computer software are capitalized in accordance with Accounting Standard (AS) - 26 'Intangible Assets' and are amortized on a straight-line basis for a period of five years, which is management's estimate of its useful life.

The carrying value of computer software costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## **e Impairments**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

## **f Operating Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## **g Investments**

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the long term investments.

## **h Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### *Transaction charges*

Transaction charges are recognized as income on trade date basis.

### *Annual subscription charges*

Annual subscription charges are recognized as income on a time proportion basis beginning from the month it is received.

### *Admission fees*

Admission fees are recognized as income at the time an applicant is converted as member and provisional member.

### *Delivery Charges*

Delivery charges are recognised as income on delivery of commodities.

### *Interest Income*

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

### *Dividends*

Dividend income is recognized when the Company's right to receive payment is established by the reporting date.

### *Risk Management Fees*

Risk Management Fees is recognized when open interest is increased as compared to previous day

### *Comtrack Charges*

Comtrack charges are recognized when a transaction for Fresh deposit, Ownership transfer, Client negotiated Trade (Off market transaction), Pledge creation/closure/invocation is entered by client

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## *Warehouse Charges*

Warehouse charges are recognized when a new location is accredited by a warehouse service provider(WSP) and when WSP information is processed

## **i Foreign currency transactions**

### *Initial Recognition*

Transactions in foreign currency entered during the year are recorded at the exchange rates prevailing on the date of the transaction.

### *Conversion*

Monetary assets and liabilities denominated in foreign currency are translated in to rupees at exchange rate prevailing on the date of reporting.

### *Exchange Differences*

Exchange differences arising on the settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or as expense in the year in which they arise.

## **j Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date the Company reassesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note issued by the Institute of Chartered Accountant of India (ICAI), on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the " MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## **k Retirement and other employee benefits**

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation and is provided for on the basis of the actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/losses are immediately taken to Statement of Profit and Loss and are not deferred.

## **l Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## **m Provisions**

A provision is recognized when the Company has present obligation as a result of past event. It is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## **n Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprises cash in hand and cash at bank and short term investments with an original maturity of three months or less.

## **o Employee stock compensation cost**

Measurement and disclosure of the employee share based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

## **p Settlement Guarantee Fund (SGF)**

Initial / Annual Contribution by the Exchange to SGF is an appropriation from retained earnings.

Income on SGF Investment and settlement penalties is credited to Statement of Profit and Loss and the amount required to be transferred to SGF is shown as appropriation from profits and credited to SGF

Contribution from members by way of refundable deposit is classified as current or non current liability as per provisions of Schedule III of Companies Act, 2013

When SGF is utilized the amount paid is charged to Statement of Profit and Loss and corresponding amount may be reduced from the SGF reserves by transferring the same to retained earnings

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 3. Share Capital

Share Capital	As at March 31, 2016	As at March 31, 2015
<b>Authorised</b>		
60,000,000 (March 31, 2015:60,000,000) Equity shares of ₹ 10/- each	6,000	6,000
10,000,000 (March 31, 2015:10,000,000) 5% Cumulative Redeemable Preference Shares of ₹ 10/- each	1,000	1,000
	7,000	7,000
<b>Issued, subscribed and fully paid up shares</b>		
50,676,000 (March 31, 2015: 50,676,000) Equity shares of ₹ 10/- each fully paid up	5,068	5,068
<b>Total</b>	<b>5,068</b>	<b>5,068</b>

### a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

Equity Shares of ₹ 10 each fully paid	March 31, 2016		March 31, 2015	
	No. of Shares	₹ In lakhs	No. of Shares	₹ In lakhs
At the beginning of the year	50,676,000	5,068	50,676,000	5,068
Issued during the year	-	-	-	-
Outstanding at the end of the year	50,676,000	5,068	50,676,000	5,068

### b. Terms/Rights attached to equity share

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016, the amount of dividend per share recognized as distributions to equity shareholders was ₹ 2.50 (March 31, 2015: ₹ 1.50)

In the event of liquidation of the Company, the holder of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all the preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholder.

### c. Details of shareholders holding more than 5% share in the Company

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% holding	No. of Shares	% holding
Equity Shares of ₹ 10 each fully paid				
National Stock Exchange of India Limited	7,601,377	15.00%	7,601,377	15.00%
Life Insurance Corporation of India	5,625,000	11.10%	5,625,000	11.10%
National Bank for Agriculture and Rural Development	5,625,000	11.10%	5,625,000	11.10%
Indian Farmers Fertiliser Cooperative Limited	5,068,000	10.00%	5,068,000	10.00%
Oman India Joint Investment Fund	5,067,600	10.00%	5,067,600	10.00%
Punjab National Bank	3,694,446	7.29%	3,694,446	7.29%
Build India Capital Advisors LLP	3,091,236	6.10%	3,091,236	6.10%
Canara Bank	3,055,519	6.03%	3,055,519	6.03%
IDFC Private Equity Fund II	2,533,800	5.00%	2,533,800	5.00%
Shree Renuka Sugars Limited	2,533,700	5.00%	2,533,700	5.00%

## Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

### d. Shares reserved for issue under options

For details of shares issued under the employee stock option (ESOP) plan of the Company, please refer note 34

## 4 Reserves and Surplus

	As at March 31, 2016	As at March 31, 2015
<b>General Reserve</b>		
Balance as per last financial statements	1,110	1,110
Closing balance	1,110	1,110
<b>Settlement Guarantee Fund</b>		
Balance as per last financial statements	4,867	3,905
Add : Net Additions during the year	1,008	962
Closing balance	5,875	4,867
<b>Securities Premium Account</b>		
Balance as per last financial statements	13,956	13,956
Closing balance	13,956	13,956
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last financial statements	14,069	13,379
Profit for the year	6,881	2,679
Less : Appropriations		
Proposed Dividend	1,267	760
Dividend distribution tax	258	155
Transfer to Settlement Guarantee Fund	1,008	962
Depreciation for earlier years due to change in estimate net of deferred tax of ₹ 58 lakhs	-	112
Total appropriations	2,533	1,989
<b>Net surplus in the Statement of Profit and Loss</b>	18,417	14,069
<b>Total reserves and surplus</b>	<b>39,358</b>	<b>34,002</b>

## 5 Other Non current liabilities

	As at March 31, 2016	As at March 31, 2015
Deposits from members	5,363	6,662
<b>Settlement Guarantee Fund</b>		
- Base Minimum Capital	1,736	1,920
	7,099	8,582

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 6 Long - term provisions

	As at March 31, 2016	As at March 31, 2015
Provision for leave encashment	90	80
<b>Total</b>	<b>90</b>	<b>80</b>

## 7 Trade payables

	As at March 31, 2016	As at March 31, 2015
a) Total outstanding due of Micro and Small Enterprises (refer note 26)	-	-
b) Total outstanding dues of creditors other than Micro and Small Enterprises	1,689	1,732
<b>Total</b>	<b>1,689</b>	<b>1,732</b>

## 8 Other current liabilities

	As at March 31, 2016	As at March 31, 2015
<b>Settlement Guarantee Fund</b>		
- Base Minimum Capital	938	1,018
	938	1,018
Deposit from members	9,314	5,177
Deposits from clearing banks	3,300	3,300
Deposits from depository participants	495	465
Deposits from warehouse service providers	641	526
Income received in advance	116	99
Dues to members	792	189
Investor Protection Fund**	126	248
Payable towards purchase of fixed assets / intangibles	75	346
SEBI Turnover Fees	177	-
Other Liabilities	397	315
<b>Total</b>	<b>16,371</b>	<b>11,683</b>

\*\* Includes ₹ 19 lakhs payable to Investor Protection Fund Trust, in view of the freeze order on the security deposit of the member Bhavishya Advisory and Comtrade (India) Pvt. Ltd. However, Forward Market Commission(FMC) has directed that NCDEX shall get the freeze order lifted by the police authorities and reimburse the amount to the Trust towards settlement of award and arbitration cost which the Trust has paid.

## 9 Short term provisions

	As at March 31, 2016	As at March 31, 2015
Provision for leave encashment	104	40
Proposed dividend	1,267	760
Dividend distribution tax	258	155
<b>Total</b>	<b>1,629</b>	<b>955</b>

## 10. Fixed Assets

	Gross Block			Depreciation			Net Block				
	Opening as on April 1, 2015	Additions during the year	Deletions during the year	Adjustments	As at Mar 31, 2016	Opening as on April 1, 2015	During the year	Deletions during the year	Adjustments (Debit to Reserves)	As at Mar 31, 2016	As at March 31, 2015
Computer Hardware	3,091	125	59	-	3,157	2,073	331	57	-	2,347	1,018
Improvement to Lease hold Property	1,603	230	250	-	1,583	1,603	44	250	-	1,397	-
Telecommunication Equipments	834	420	4	-	1,250	538	105	4	-	639	296
Office Equipments (Refer Note below)	530	35	4	-	561	482	24	4	-	502	48
Electrical Installations	534	61	-	-	595	377	54	-	-	431	157
Furniture & Fixtures	184	25	21	-	188	130	16	16	-	130	54
Motor Car	22	34	22	-	34	20	3	22	-	1	2
<b>Total</b>	<b>6,798</b>	<b>930</b>	<b>359</b>	<b>-</b>	<b>7,368</b>	<b>5,223</b>	<b>578</b>	<b>353</b>	<b>-</b>	<b>5,447</b>	<b>1,575</b>
Previous Year	7,535	239	976	-	6,798	5,392	635	975	170	5,222	2,143

Note : Gross Block of Office Equipment includes assets carried net of grants received from Forward Market Commission, aggregating to ₹ 164 lakhs (March 31, 2015 : ₹ 164 lakhs)

## 11. Intangible Assets

	Gross Block			Depreciation			Net Block				
	Opening as on April 1, 2015	Additions during the year	Deletions during the year	Adjustments	As at Mar 31, 2016	Opening as on April 1, 2015	During the year	Deletions during the year	Adjustments (Debit to Reserves)	As at Mar 31, 2016	As at March 31, 2015
Computer Software	6,809	177	-	-	6,986	5,530	595	-	-	6,125	1,279
<b>Total</b>	<b>6,809</b>	<b>177</b>	<b>-</b>	<b>-</b>	<b>6,986</b>	<b>5,530</b>	<b>595</b>	<b>-</b>	<b>-</b>	<b>6,125</b>	<b>1,279</b>
Previous Year	6,766	43	-	-	6,809	4,908	605	-	17	5,530	1,858

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 12 Non current investments

	As at March 31, 2016		As at March 31, 2015	
	Quantity	Amount	Quantity	Amount
<b>Trade (Valued at cost unless stated otherwise)</b>				
<b>Unquoted Shares</b>				
<b>In Subsidiary Companies</b>				
Equity shares of ₹10/- each fully paid up in NCDEX e Markets Limited *	23,499,400	2,350	8,499,400	850
5% Cumulative Redeemable Preference Shares of ₹10/- each fully paid up in NCDEX e Markets Limited *	12,000,000	1,200	12,000,000	1,200
Equity Shares of ₹10/- each fully paid up in NCDEX Institute of Commodity Markets & Research	50,000	5	50,000	5
Equity shares of ₹10/- each fully paid up in National Commodity Clearing Limited	4,750,000	810	4,750,000	810
<b>In Associates</b>				
Equity Shares of ₹10/- each fully paid up in Power Exchange India Limited	15,000,000	1,500	15,000,000	1,500
Less: Provision for diminution in value of Investment		(1,500)		
10% Optionally Convertible Cumulative Preference Shares of ₹10/- each fully paid up in Power Exchange India Limited.	5,000,000	500	5,000,000	500
Less: Provision for diminution in value of Investment		(500)		
<b>In Others</b>				
Equity shares of ₹10/- each fully paid up in National Collateral Management Services Limited	-	-	5,052,631	600
		4,365		5,465
<b>Non Trade (At lower of cost and fair value)</b>				
<b>Mutual Funds (Unquoted)</b>				
NTPC Bonds 2015 Series 1 A for 10 years @ 7.11% p.a.	12,491	125		
PFC Tax Free Bonds Series 1 A for 10 years @ 7.11% p.a.	12,835	128		
IRFC LTD Tax Free Bonds Tranche I Series II A for 15 years @ 7.28%	60,400	604		
NHAI Bonds 2015 Tax Free Bonds Tranche I Series II A for 15 years @ 7.35% p.a.	57,140	572	-	-
NHAI Bonds 2015 Tax Free Bonds Tranche II Series II A for 15 years @ 7.39% p.a.	23,128	231	-	-
NABARD Bonds Tax Free Bonds Series IIA for 15 years @ 7.35% p.a.	15,030	150	-	-
IRFC Tax Free Bonds Tranche II Issue Series IIA for 15 years @ 7.35% p.a.	17,635	177	-	-
		1,987		-
<b>Total</b>		6,352		5,465
Aggregate amount of unquoted investments		6,352		5,465
Aggregate provision for diminution in value of unquoted investments		2,000		-

## Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

\* The Company has investments of ₹ 2350 lakhs (March 31, 2015: ₹ 850 lakhs) in equity shares of ₹10 each and ₹ 1200 lakhs (March 31, 2015: ₹ 1,200 lakhs) in 5% cumulative convertible preference shares of ₹10 each, in NCDEX e Markets Ltd (NeML)(erstwhile NCDEX Spot Exchange Limited), a wholly owned subsidiary company. The Company believes that business segment in which NeML operates is a new concept across the globe and the market is still in a nascent stage. The management considers these investments as strategic in nature and considering the nature of the industry it will have longer gestation period. In view of the foregoing and based on the improvements in the business in terms of growth in revenue, profitability and future projections of the subsidiary's business, the Management is of the opinion that the decline in value is temporary and hence no provision is considered necessary for diminution in value of investments.

### 13 Deferred tax

	As at March 31, 2016	As at March 31, 2015
<b>Deferred tax assets components</b>		
Employee benefits	55	41
Unabsorbed Capital Loss	-	156
Other items	44	42
<b>Gross deferred tax asset</b>	<b>99</b>	<b>238</b>
<b>Deferred tax liabilities components</b>		
Depreciation and amortisation	103	168
<b>Gross deferred tax liabilities</b>	<b>103</b>	<b>168</b>
<b>Net deferred tax asset/(liability) *</b>	<b>(4)</b>	<b>70</b>

\*Considering the principle of virtual certainty, deferred tax asset to the extent of deferred tax liability has been recognized and no net deferred tax asset has been created during the financial year 2014-15.

### 14 Long term loans and advances

	As at March 31, 2016	As at March 31, 2015
<b>Loans and advances to subsidiaries</b>		
Unsecured, considered good	305	144
Unsecured, considered doubtful	111	1,619
Less: Provision for doubtful advances	(111)	(1,619)
	305	144
<b>Unsecured, Considered Good</b>		
Capital Advances	3	276
Advance income tax paid including tax deducted at source receivable (net of provision)	2,708	2,503
Advance fringe benefit tax paid (net of provision for fringe benefit tax)	21	21
Security deposits	405	340
Prepaid Expenses	40	20
<b>Total</b>	<b>3,482</b>	<b>3,304</b>

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 15 Other assets

	Non Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Deposits with bank - original maturity more than 12 months	1,838	1,141	-	-
Interest accrued on fixed deposits	-	-	987	1,029
Others receivables considered doubtful	32	32	17	-
Less: Provision for doubtful receivables	32	32	-	-
	-	-	-	-
Other assets	35	63	-	-
<b>Total</b>	<b>1,873</b>	<b>1,204</b>	<b>1,004</b>	<b>1,029</b>

## 16 Current Investments

	As at March 31, 2016		As at March 31, 2015	
	Units	Amount	Units	Amount
Current Investment (At lower of cost and fair value)				
Mutual Funds (Unquoted)				
Birla Sunlife Savings Fund-Direct Plan-GROWTH OPTION **	17,927	50	-	-
Birla Sunlife Cash Plus Growth Direct Plan **	54,492	130	-	-
Birla Sunlife Savings Fund-Direct Plan-GROWTH OPTION	683,094	2,000	-	-
Birla Sunlife Short Term Fund-Direct Plan-Growth	878,218	500	-	-
DSP Blackrock Liquidity Fund DIRECT PLAN GROWTH OPTION	41,570	900	-	-
ICICI Prudential Ultra Short Term - Direct Plan Growth	12,858,677	2,000	-	-
ICICI Prudential Flexible Income - Direct Plan Growth	349,603	1,000	-	-
IDFC Ultra Short Term Fund Direct Plan Growth	4,706,170	1,000	-	-
IDFC SSIF-ST Direct Plan Growth	1,589,744	500	-	-
Franklin India Ultra Short Bond Direct plan Growth Option	-	-	10,837,725	2,000
HDFC -Short Term Opportunities fund-Direct Plan-Growth Option	3,018,522	500	1,963,222	300
HDFC Floating Rate Income Fund-Short Term Plan-Direct Plan-Wholesale Option-Growth Option	7,691,065	2,000	4,183,225	1,000
ICICI Prudential FMP Series 73 - 378 Days Plan O- Direct Plan-Growth Option	-	-	5,000,000	500
JPMorgan INDIA LIQUID FUND -DIRECT PLAN -DAILY DIV**	-	-	295,185	30

## Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

	As at March 31, 2016		As at March 31, 2015	
	Units	Amount	Units	Amount
Kotak Floater ST Direct Plan Growth Option BMC	5,929	146	1,084	25
Kotak Treasury Advantage Fund Direct Plan Growth Option	-	-	4,486,146	1,000
RELAINCE LIQUID FUND TREASURY PLAN- DIRECT PLAN GROWTH OPTION	-	-	43,266	1,475
Reliance Medium Term Fund-Direct Plan-Growth Option	6,325,546	2,000	3,966,507	1,150
Reliance Money Manager Fund-Direct Plan-Growth Option	-	-	25,976	500
Religare Invesco Short Term Fund Direct Plan Growth Option	-	-	26,475	500
SBI Ultra Short Term Debt Fund-Direct Plan-Growth Option	51,401	1,000	55,853	1,000
SBI Magnum Insta Cash Direct Plan Growth Option	-	-	32,364	1,000
SBI Short Term Debt Fund-Direct Plan-Growth Option	2,858,956	500	3,096,781	500
Principal Cash Mgmt Fund Direct Growth Option	37,334	550	147,286	2,000
TATA Liquid Fund Direct Plan-Growth Option **	-	-	100	3
UTI Treasury Advantage Fund Institutional Plan Direct Plan Growth	48,218	1,000	115,589	2,150
Kotak Floater ST Direct Plan Growth Option	60,385	1,500	-	-
Kotak Treasury Advantage Fund - Direct Plan - Growth Option **	1,396,660	319	-	-
LIC Nomura MF Liquid-Direct Plan-Growth Option	54,651	1,500	-	-
RELIANCE FIX HORIZON FUND-XXX-SERIES 4- DIRECT PLAN GROWTH OPTION	5,000,000	500	-	-
Religare Invesco Liquid Fund Direct Plan GROWTH OPTION	2,443,433	1,000	-	-
Religare Invesco Credit Opportunites Fund Direct Plan GROWTH OPTION	57,394	1,000	-	-
Sundaram Ultra Short Term Fund Direct plan Growth	524,329	110	-	-
TATA Liquid Fund Direct Plan - Growth Option	53,689	1,500	-	-
TATA Floater Fund Direct Plan-Growth Option **	13,031	284	-	-
UTI FRF STP DIRECT PLAN GROWTH	80,608	2,000	-	-
<b>Total - Current Investments</b>		<b>25,489</b>		<b>15,132</b>
Aggregate amount of unquoted investments		25,489		15,132
Aggregate provision for diminution in value of unquoted investments		-		-

\*\* Represents investment earmarked for Settlement Guarantee Fund

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 17 Trade Receivables

Trade Receivables	As at March 31, 2016	As at March 31, 2015
<b>Receivables outstanding for a period exceeding six months</b>		
Secured, considered good *	69	229
Unsecured, considered good	4	21
Unsecured, considered doubtful	32	29
Less: Provision for doubtful debts	(32)	(29)
	73	250
<b>Other Receivables</b>		
Secured, considered good *	712	892
Unsecured, considered good	70	70
	782	962
<b>Total</b>	<b>855</b>	<b>1,212</b>

\* Securities includes cash margins/Bank guarantees/ Fixed deposit receipts and hypothecation of movables such as commodities securities etc from members

## 18 Cash and Bank Balances

	Non Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>Cash and cash equivalents</b>				
Cash in hand	-	-	0	0
Balances with bank				
On current accounts *	-	-	284	436
Deposits with original maturity of three months or less	-	-	-	-
	-	-	284	436
<b>Other bank balances</b>				
Deposits with original maturity more than 12 months **	1,838	1,141	13,538	15,268
Deposits with original maturity for more than 3 months but less than 12 months ***	-	-	12,116	15,233
	1,838	1,141	25,654	30,501
Amounts disclosed under Non - Current assets (Note 14)	(1,838)	(1,141)		
<b>Total</b>	<b>-</b>	<b>-</b>	<b>25,938</b>	<b>30,937</b>

\* Includes ₹ 3 lakhs (March 31,2015 : ₹ 48 lakhs) in Escrow account " NCDEX Joint Price Dissemination Account" and Settlement Guarantee Fund of ₹ 39 lakhs (March 31, 2015 : ₹ 19 lakhs)

\*\* Current Fixed Deposit Includes Fixed Deposit earmarked for Settlement Guarantee Fund of ₹ 4,673 lakhs (March 31,2015 : ₹ 2,491 lakhs)

\*\*\* Includes Fixed Deposits of ₹ 8,691 lakhs (March 31,2015 : ₹ 1,912 lakhs) pledged with Banks for Overdraft facilities and includes Fixed Deposit earmarked for Settlement Guarantee Fund of ₹ 2,874 lakhs (March 31,2015 : ₹ 5,042 lakhs)

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 19 Short term loans and advances

	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, Considered Good</b>		
Advances recoverable in cash or in kind or for value to be received	1,721	911
MAT Credit Entitlement	-	-
<b>Total</b>	<b>1,721</b>	<b>911</b>

## 20 Revenue from operations

	For the year ended March 31, 2016	For the year ended March 31, 2015
Sale of services		
Transaction charges	6,468	4,578
Annual subscription fees	377	438
Admission fees	40	41
Risk Management Fees	1,305	655
Delivery Charges	1,255	1,274
Comtrack charges	850	768
Warehouse charges	466	416
Data info feed charges	194	205
	10,956	8,375
Charges for Technology Services		
Computer to computer link charges	31	43
Internet trading fees	79	92
Port charges	101	99
	211	234
<b>Total</b>	<b>11,166</b>	<b>8,609</b>

## 21. Other income

	For the year ended March 31, 2016	For the year ended March 31, 2015
Investment income	4,517	4,444
Investment income on SGF	695	701
Exchange charges	80	87
Interest on advance given to subsidiaries	49	162
Recovery of administrative cost	108	132
Settlement Penalties SGF	132	159
Recovery of charges from subsidiaries	468	207
Profit on sale/scrap of fixed assets (net)	3	8
Provision no longer required	7	4
Miscellaneous income	149	37
<b>Total</b>	<b>6,208</b>	<b>5,941</b>

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 22 Employee benefits expense

	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries, allowances and bonus	3,350	3,074
Contribution to Provident and other funds	251	166
Staff welfare expenses	239	224
<b>Total</b>	<b>3,840</b>	<b>3,464</b>

## 23 Other expenses

	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent	662	531
Rates and taxes	7	27
Technology expenses	1,887	1,866
Clearing and settlement charges	418	424
Repair and maintenance:		
- Leasehold improvements	91	126
- Plant and Machinery	203	278
- Others	205	233
Insurance	90	67
Communication expenses	110	73
Advertisement and publicity	253	329
Printing and stationery	52	65
Legal and professional fees	708	696
Travelling and conveyance expenses	246	306
Payment to Auditors		
- As Auditors	15	15
- For other services	6	2
- For reimbursement of expenses	0	0
Electricity charges	343	344
Directors' sitting fees and expenses	54	48
Committee member sitting fees and expenses	34	27
Warehousing charges	4	2
Polling expenses	148	146
Research and Testing	58	87
Provision for doubtful debts and advances	3	26
Sebi Regulatory Fees	50	-
Contribution to Investor Protection Fund	25	25
Corporate Social Responsibility	99	-
Books Periodicals & Subscription	42	42
Other expenses	196	171
<b>Total</b>	<b>6,009</b>	<b>5,956</b>

## 24 Depreciation and Amortisation

	For the year ended March 31, 2016	For the year ended March 31, 2015
Depreciation of tangible assets	578	636
Amortisation of intangible assets	595	622
	<b>1,172</b>	<b>1,258</b>

## Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

- 25 The total deposits from members including margin money with the Company as on March 31, 2016 is ₹ 146,009 lakhs (March 31, 2015: ₹ 141,634 lakhs) which consists of cash, bank guarantees, securities and fixed deposit receipts.
- 26 There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 30 days as at the Balance Sheet date. Further, the Company has neither paid nor has any amount payable towards interest to any Micro, Small and Medium Enterprises on the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors. The disclosure required as per sec 22 of MSMED Act 2006 is as follows:

Particulars	March 31, 2016	March 31, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, 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 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

### 27 Operating lease

The Company has taken premises, office equipments, computers, servers and furniture on lease. Certain lease arrangements provide for cancellation by either party and contains clauses for escalation of lease rentals and for renewal of lease agreements.

Lease payments on cancelable and non-cancelable operating lease arrangements are charged to the Statement of Profit and Loss and the future minimum lease payments in respect of non-cancelable operating lease as at the Balance Sheet date are summarized below:

Lease obligations	March 31, 2016	March 31, 2015
Minimum Lease Payments :		
Not later than one year	860	538
Later than one year but not later than five years	2,093	1,640
Later than five years	968	20

Total lease payments recognised in Statement of Profit and Loss is ₹ 662 lakhs included in Rent in Note 23 (March 31, 2015: ₹ 512 lakhs)

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 28 Contingent Liabilities

Particulars	March 31, 2016	March 31, 2015
On account of Income taxes (Refer Note 1 below)	1069	723
On account of Legal claim (Refer Note 2 below)	185	185
On account of payment of Bonus for the F.Y. 2014-15 (Refer Note 3 below)	11	-

1	Particulars	Assessment Year	Amount of Tax	Forum before which case is pending
	Disallowance u/s 14A	AY 07-08	53	ITAT
	Investor Protection Fund	AY 07-08	171	
	Investor Protection Fund	AY 08-09	113	ITAT
	Investor Protection Fund	AY 09-10	61	ITAT
	Investor Protection Fund	AY 10-11	162	ITAT
	Investor Protection Fund	AY 11-12	123	CIT
	Investor Protection Fund	AY 12-13	224	CIT
	Investor Protection Fund	AY 13-14	162	CIT
	<b>Total</b>		<b>1,069</b>	

The Company had received an assessment order in respect of A.Y. 2007-08 making disallowance under section 14A of Income Tax Act, 1961. The Company has filed an appeal against the order with Commissioner of Income Tax (Appeals) on February 2, 2010. The Company received CIT(Appeals) order, in which the partial relief of ₹ 79 lakhs has been granted by CIT(appeals) and the amount of disallowance has been reduced from ₹ 159 lakhs to ₹ 79 lakhs. The Company has filed appeal against this order with Income Tax Appellate Tribunal (ITAT) on March 21, 2011. There has been no outcome of the appeal till date.

The Company had received an assessment order in respect of A.Y. 2007-08, A.Y. 2008-09, A.Y. 2009-10, A.Y. 2010-11, A.Y. 2011-12, A.Y. 2012-13 and A.Y. 2013-14 wherein the Assessing officer has made an addition in taxable income of the Company the penalty collected on behalf of Investor Protection Fund (IPF). The Company has filed an appeal with CIT(Appeals) for all these years. The CIT(Appeals) has given order for all the years in favour of the Company. However the Income Tax Department has filed an appeal against the CIT(Appeals) order with ITAT.

The above contingent liability represents the additional tax liability for Sec 14A disallowance for A.Y. 2007-08 and for IPF addition for A.Y. 2007-08, A.Y. 2008-09, A.Y. 2009-10, A.Y. 2010-11, A.Y. 2011-12, A.Y. 2012-13 and A.Y. 2013-14.

- 2 A legal suit was been filed jointly against the Company and National Collateral Management Services Limited by a party claiming a sum of ₹ 185 lakhs for loss on sale of goods, loss of profit, interest etc. The Company is of the view that since the matter is sub-judice, a reliable estimate of the amount of liability cannot be made.

The management believes that the outcome of any pending litigations will not have a material adverse effect on the Company's financials position and the results of operations.

- 3 Due to the retrospectively amendment in "The Payment of Bonus Act, 1965" which is deemed to have come into force from 1st April, 2014. Kerala and Karnataka High Court have passed stay on the implementation and the matter is pending in Court of Law for the hearing. Considering the other facts that books of FY 2014-15 has been closed and return of bonus already filed for said period. As the matter is under litigation it is considered as contingent.

## Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

**29** Pepper futures contract was traded on the Exchange till May 2013. However, based on complaints of presence of 'Mineral Oil' in some of the stocks, the warehouses having pepper stock were sealed by Food Safety and Standard Authority of India (FSSAI) and deliveries were stopped from these warehouses till further notice. The presence of mineral oil is not a part of the Exchange specifications and therefore any liability arising on account of the same cannot be under the settlement process of the Exchange. However, in order to retain market integrity, the Exchange has offered to facilitate improvement of pepper stock, which is approximately 6,400 MT, subject to recovering the costs of improvement and accordingly requested the Hon. Kerala High Court to allow the same. Based on this, the Hon. Kerala High Court vide its order dated August 28, 2014, allowed the Exchange to clean the pepper stock lying in the warehouse with a right to recover the costs associated with the same. Subsequently, some of the holders of the stocks had requested FSSAI to permit the reference of a second sample to the referral laboratory viz. The Central Food Laboratory, Kolkata. Based on the test results of 4,344 MT sent to the referral laboratory, 3,777 MT has been tested as free of mineral oil. Further, Hon. High Court of Kerala, vide its order dated May 12, 2015 has directed release of such quantity of pepper which is found free from impurities and contamination. Accordingly, 3,005 MT of pepper which was found free of mineral oil on testing by Central Food Laboratory, Kolkata, has been released to the holders. As the percentage of stock tested free of mineral oil is substantially high, it is estimated that the total costs required to be incurred will be approximately ₹ 1733 lakhs plus applicable taxes, as compared to the earlier estimate of ₹ 4300 lakhs. Out of the same, ₹ 1200 lakhs plus taxes is towards cleaning costs. Till March 31, 2016, the Exchange has paid ₹ 900 lakhs plus taxes towards cleaning costs and the balance ₹ 300 lakhs plus taxes is payable by June 30, 2016. The total amount paid till March 31, 2016 is ₹ 1291 lakhs which includes cleaning and other related costs. These payments are included in advances recoverable in cash or kind in note no 19. In order to recover the costs for cleaning and other related expenses, the Exchange is in discussions with the local trade association, concerned members and other counterparties. The Management is of the opinion that there is no further exposure to the Exchange and therefore, there is no requirement to make any further provision with respect to these costs in the Company's accounts in addition to the provision made in earlier year of ₹ 260 lakhs.

With respect to the quality issue (presence of "Mineral Oil") of pepper stock, Kalimirch Vyapari Association (KVA) had filed writ petition (No. 321 of 2014) against the Exchange with Hon. High Court of Bombay. The KVA has withdrawn the said writ petition vide court order dated July 29, 2015 which reads as: "Allowed to be withdrawn with liberty to adopt appropriate proceedings".

### **30 Capital Commitments**

Estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 8,592 lakhs (March 31, 2015: ₹ 10,873 lakhs).

#### **Other Commitments**

Cost of cleaning of pepper ₹ 300 lakhs plus taxes (refer note 29)

**31** In the opinion of the management, as the Company's operations comprise of only facilitating trading in commodities and the activities incidental thereto within India, the disclosures required in terms of Accounting Standard 17 - "Segment Reporting" are not applicable.

### **32 Related Party Disclosures**

<b>Subsidiaries</b>	NCDEX e Markets Ltd (NeML)(erstwhile NCDEX Spot Exchange Limited) NCDEX Institute of Commodity Markets and Research (NICR) National Commodity Clearing Limited (NCCL)
<b>Associates</b>	Power Exchange India Limited (PXIL)
<b>Key Managerial Personnel</b>	Samir Shah -Managing Director & Chief Executive Officer
<b>Trust for Protection, Awareness and Education of Investors of the Exchange</b>	NCDEX Investor (Client) Protection Fund Trust (NICPFT)

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

Particulars	NeML		Subsidiaries		Associates		Key Managerial Personnel #		Total		
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	
Remuneration	-	-	-	-	-	-	285	250	-	285	250
Fees Paid	9	14	-	-	-	-	-	-	-	427	438
Recovery of expenses	323	73	-	-	418	424	-	-	-	468	219
Expenses paid on behalf of Subsidiaries/Associates	1	1	3	0	-	32	-	-	0	3	37
Amount received for Expenses incurred	-	-	-	-	-	-	-	-	-	-	-
Conversion of Loan in to Equity	1,500	-	1	3	0	32	1	31	0	3	4
Provision no longer required	1,508	-	-	-	-	-	-	-	-	1,500	-
Transfer to IPF	-	-	-	-	-	-	-	-	924	726	924
Interest on advance	37	151	11	11	-	-	-	-	-	49	162
Advance/Loan given	-	-	6	-	-	-	-	-	-	6	-
Repayment on Interest on advance	45	-	-	-	-	-	-	-	-	45	-
Repayment of Loan amount	8	-	-	-	-	-	-	-	-	8	-
Amount received for deposit paid in earlier year	66	10	-	-	-	-	-	-	-	66	10
<b>Balance outstanding at the year end</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>	<b>31-Mar-16</b>
Investments in Equity Shares (Note 12)	2,350	850	5	5	810	810	1,500	1,500	-	4,665	3,165
Investments in Preference Shares (Note 12)	1,200	1,200	-	-	-	-	500	500	-	1,700	1,700
Provision for diminution in the value of Investment	-	-	-	-	-	-	2,000	-	-	2,000	-
Loans and Advances (Note 14)	279	1,643	137	121	-	-	-	-	-	416	1,764
Provision for Advances	-	1,508	111	111	-	-	-	-	-	111	1,619
Security Deposit (paid on behalf of Subsidiary) (Note 14)	131	35	-	-	-	-	-	-	-	131	35
Other Receivables (Note 15)	-	-	-	-	-	-	17	-	-	17	-
Trade Payables (Note 7)	-	1	-	-	25	23	-	-	-	121	96
Other current liabilities (Note 8)	-	-	-	-	-	-	-	-	127	248	127

## Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

### 33 Earnings per share (EPS)

Particulars	March 31, 2016	March 31, 2015
Net Profit/(Loss) after tax as per Statement of Profit and Loss	6,881	2,679
Less: Preference dividend and tax thereon	-	-
Net Profit for calculation of EPS (A)	6,881	2,679
Weighted average no. of equity shares for calculating EPS (B)	50,676,000	50,676,000
Basic/Diluted earnings per equity share(in Rupees)(Face value of ₹ 10/- per share) (A)/(B)	13.58	5.29

Particulars	March 31, 2016	March 31, 2015
Weighted average number of equity shares for calculating EPS	50,676,000	50,676,000
Add: Equity shares for no consideration arising on grant of stock options under ESOP	Nil	Nil
Weighted average number of equity shares in calculation diluted EPS	50,676,000	50,676,000

### 34 Employee Stock Option Plans ('ESOP')

Particulars	Series I	Series II
Date of grant	July 1, 2006	July 1, 2007
Date of Board /Compensation Committee approval	May 6, 2006	June 15, 2007
Date of Shareholder's approval	May 26, 2006	May 26, 2006
Number of options granted	225,000	230,500
Method of Settlement	Equity	Equity
Graded Vesting Period		
After 1 year of grant date	20 % of the options granted	
After 2 years of grant date	30 % of the options granted	
After 3 years of grant date	50 % of the options granted	
Exercisable period	5 years from the date of vesting of options	
Vesting Conditions	None	

The details of Series I have been summarized below:

Particulars	March 31, 2016	March 31, 2015
Number of stock options		
Outstanding at the beginning of the year	Nil	17,000
Add: Granted during the year	Nil	Nil
Less: Forfeited during the year	Nil	2,000
Less: Lapsed during the year	Nil	15,000
Less: Expired during the year	Nil	Nil
Outstanding at the end of the year	Nil	Nil
Exercisable at the end of the year	Nil	Nil
Weighted average remaining contractual life (in years)	-	-
Weighted average exercise price (₹ per share)	192	192
Weighted average fair value of options granted	53.58	53.58

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

The details of Series II have been summarized below

Particulars	March 31, 2016	March 31, 2015
Number of stock options		
Outstanding at the beginning of the year	29,000	47,800
Add: Granted during the year	Nil	Nil
Less: Forfeited during the year	2,000	4,400
Less: Lapsed during the year	27,000	14,400
Less: Expired during the year	Nil	Nil
Outstanding at the end of the year	Nil	29,000
Exercisable at the end of the year	Nil	29,000
Weighted average remaining contractual life (in years)	-	-
Weighted average exercise price (₹ per share)	203	203
Weighted average fair value of options granted	56.71	56.71

There were no stock options exercised during the period ended March 31, 2016 (March 31, 2015: Nil) The details of exercise price for stock options outstanding at the end of the year are

## March 31, 2016

Series	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
Series I	₹ 192	-	-	₹ 192
Series II	₹ 203	-	-	₹ 203

## March 31, 2015

Series	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
Series I	₹ 192	-	-	₹ 192
Series II	₹ 203	29,000	-	₹ 203

## Stock Options granted

### Series I

The weighted average fair value of stock options granted was ₹ 53.58. The binomial valuation model has been used for computing the weighted average fair value of options considering the following inputs

Particulars	Yr 1	Yr 2	Yr 3
Exercise Price (₹)	192	192	192
Expected Volatility (%)	30%	30%	30%
Historical Volatility	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	6 years	7 years	8 years
Expected dividends per annum (₹)	Nil	Nil	Nil
Average risk free interest rate (%)	7.89%	8.05%	8.15%
Expected dividend rate (%)	Nil	Nil	Nil

## Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

### Series II:

The weighted average fair value of stock options granted was ₹ 56.71. The binomial valuation model has been used for computing the weighted average fair value of options considering the following inputs:

Particulars	Yr 1	Yr 2	Yr 3
Exercise Price (₹)	203	203	203
Expected Volatility (%)	30%	30%	30%
Historical Volatility	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	6 years	7 years	8 years
Expected dividends per annum (₹)	Nil	Nil	Nil
Average risk free interest rate (%)	8.08%	8.16%	8.19%
Expected dividend rate (%)	Nil	Nil	Nil

Since the company used the intrinsic value method and the exercise price being the same as fair value of the shares of the Company, there is no compensation cost recognized in the Statement of Profit and Loss during the year ended March 31, 2016. (March 31, 2015: ₹ Nil)

In March 2005, The Institute of Chartered Accountants of India has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

Particulars	March 31, 2016	March 31, 2015
Profit/(Loss) as reported (net of preference dividend and tax thereon)	6,881	2,679
Add: Employee stock compensation under intrinsic value method	Nil	Nil
Less: Employee stock compensation under fair value method	Nil	Nil
Pro forma profit (net of preference dividend and tax thereon)	6,881	2,679
<b>Earnings per share</b>		
<b>Basic</b>		
- As reported	13.58	5.29
- Pro forma	13.58	5.29
<b>Diluted</b>		
- As reported	13.58	5.29
- Proforma	13.58	5.29

### 35 Employment Benefit Plans

- Defined Contribution Plans-Amount recognised and included in Note 22 "Contribution to Provident and other funds" of Statement of Profit and Loss ₹ 122 lakhs (March 31, 2015 : ₹ 103 lakhs)
- The Company has a defined benefit gratuity plan. Every employee who has completed five years or more and less than or equal to nine years of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. Every employee who has completed more than ten years of service gets a gratuity on departure at 26 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet for the respective plans.

# Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost)

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Current service cost	38	36
Interest cost on benefit obligation	18	17
Expected return on plan assets	(23)	(14)
Net actuarial (gain) / loss recognized in the year	27	5
Past service cost	Nil	Nil
<b>Net benefit expense</b>	<b>60</b>	<b>44</b>
Actual return on plan assets	Nil	Nil

## Balance Sheet

### Details of Provision for Gratuity

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Defined benefit obligation	262	224
Fair value of plan assets	297	287
	35	63
Less: Unrecognized past service cost	Nil	Nil
Plan asset / (liability)	35	63

### Changes in the present value of the defined benefit obligation are as follows

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Opening defined benefit obligation	224	188
Interest cost	18	17
Current service cost	38	36
Liabilities transferred in/Aquisitions/(out/Divestments)	4	(8)
Benefits paid	(39)	(14)
Actuarial (gains) / losses on obligation	17	5
<b>Closing defined benefit obligation</b>	<b>262</b>	<b>224</b>

### Changes in the fair value of plan assets are as follows

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Opening Fair Value of Plan Assets	287	156
Expected return	23	13
Contributions by employer	32	139
Assets transferred in/Acquisitions(out/Divestments)	4	(7)
Benefits paid	(39)	(14)
Actuarial gains / (losses)	(10)	-
<b>Closing fair value of plan assets</b>	<b>297</b>	<b>287</b>

## Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity	
	March 31, 2016 %	March 31, 2015 %
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Discount Rate	7.54%	7.79%
Expected rate of return on assets	7.54%	7.90%
Increase in compensation cost	10% for first 5 years, 7% for next 5 years and 5% thereafter	10% for first 5 years, 7% for next 5 years and 5% thereafter
Employee Turnover	20.00%	20.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current period are as follows

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	262	224	188	162	102
Plan assets	297	287	156	171	91
Surplus /(deficit)	35	63	(32)	9	(11)
Experience adjustments on plan liabilities	13	(3)	22	39	(6)
Experience adjustments on plan assets	(10)	-	(1)	-	1

### 36 Expenditure in foreign currency

Particulars	March 31, 2016	March 31, 2015
Intangible assets under development	1243	-
Technology expenses	49	-
Travelling	55	31
Professional & consultation fees	62	94
Others	11	46
<b>Total</b>	<b>1,421</b>	<b>171</b>

### 37 Net Dividend remitted in foreign exchange

Particulars	March 31, 2016	March 31, 2015
Period for which it relates	2014-15	2013-14
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	1,500,000	1,500,000
Amount remitted	22.5	22.5

## Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

- 38 Settlement Guarantee Fund (SGF) as constituted by the Company, is the amount earmarked for completion of the settlement, in case of a default by a member. The Forward Markets Commission has issued Guidelines dated March 14, 2014 ( in revision to the Guidelines dated August 23, 2013) in respect of Settlement Guarantee Fund (SGF). The Company has worked out the Corpus of SGF as on March 31, 2016 at ₹ 12,675 lakhs as disclosed below:

Particulars		March 31,2016	March 31,2015
<b>Settlement Guarantee Fund (A)</b>	Balance as per last financial statements	4,867	3,905
	Add: Additions during the period (Appropriation net of Tax)	86	105
	Add: Contribution @ 5% of gross revenue of 2014-15 (Appropriation net of Tax)	469	388
	Add: Income on SGF Investment (Appropriation net of Tax)	453	469
	<b>Total (A) (refer note 4)</b>	<b>5,875</b>	<b>4,867</b>
<b>Non current liabilities (B)</b>	- Base Minimum Capital	1,736	1,920
	<b>Total (B)(refer note 5)</b>	<b>1,736</b>	<b>1,920</b>
<b>Other current liabilities ('C)</b>	- Base Minimum Capital	938	1,018
	<b>Total (C)(refer note 8)</b>	<b>938</b>	<b>1,018</b>
<b>Total Cash (A) + (B) + ('C)</b>		<b>8,549</b>	<b>7,805</b>
<b>Total Non Cash *</b>		<b>4,126</b>	<b>4,657</b>
<b>Total SGF</b>		<b>12,675</b>	<b>12,462</b>

\* Non Cash includes Bank guarantees/ Fixed deposit receipts and hypothecation of movables such as commodities securities etc from members

As per the revised guidelines dated March 14 , 2014, the Company is required to determine the adequacy of SGF based on stress test computation on quaterly basis. If there is a shortfall, the Company has to make additional contribution, not exceeding 5% of the gross revenues of the previous year. The SGF corpus as per the stress test prescribed in the said guidelines works out to ₹ 13,665 lakhs as on June 30, 2015. Since the SGF Corpus was lower than the required level of ₹ 13,665 lakhs, the Company has contributed 5% of gross revenue of the 2014-15 (net of tax) to SGF amounting to ₹ 469 lakhs. The SGF as per the stress test prescribed in the said guidelines as on March 31, 2016 is ₹ 8,458 lakhs (March 31, 2015 : ₹ 10,652 lakhs) and SGF corpus with exchange is ₹ 12,675 lakhs (March 31, 2015 : ₹ 12,462 lakhs).

- 39 Details of Exceptional items are as follows:

Particulars	March 31,2016	March 31,2015
Profit on sale of shares of non current investments *	3,732	-
Provision no longer required **	1,508	-
Liquidated Damages ***	395	-
Provision for dimunition in value of Investment ****	(2,000)	-
<b>Total</b>	<b>3,635</b>	<b>-</b>

## Notes to the financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

\* During the year the company has sold its investment in 50,52,631 equity shares of National Collateral Management Services Ltd at a consideration of ₹ 4332 lakhs realising the profit of ₹ 3,732 lakhs.

\*\* The Company has given corporate loan to NCDEX e Markets Ltd (NeML) amounting to ₹ 1,508 lakhs. This outstanding loan amount has been provided in books as doubtful of recovery. Based on the approval of the Board and Forward Market Commission, ₹ 1,500 lakhs of loan given was converted to equity capital in NeML and balance ₹ 8 lakhs was repaid by NeML to the Exchange. As the loan given to NeML no longer exist, the provision for doubtful recovery of loan of ₹ 1,508 lakhs has been written back.

\*\*\* As per the terms stated in the Share Purchase Agreement with an investor, the Company has to receive ₹ 7,592 lakhs as Liquidated Damages (LD) for non achievement of business milestones. During the year ₹ 395 lakhs (₹ 5,810 lakhs received in year 2013 - 14) has been received as per the said agreement.

\*\*\*\* The Company has invested ₹ 1,500 lakhs (March 31, 2015: ₹ 1,500 lakhs) in equity shares of ₹ 10 each and ₹ 500 lakhs (March 31, 2015: ₹ 500 lakhs) in 10% optional convertible cumulative preference shares of ₹ 10 each in an associate viz. Power Exchange India Limited (PXIL). Based on the financial condition of PXIL, the Company has provided for diminution in value of investments.

### 40 Corporate Social Responsibility (CSR)

Gross amount required to be spent by the Company on Corporate Social Responsibility activities during the financial year 2015-16 is ₹ 101 lakhs

Details of amount spent during the year are as follows:

CSR project or activity identified	Projects or programs	Sector in which the project is covered	Amount spent
Training Programs for farmers' family members	The project is planned to be implemented in the states of Rajasthan and Madhya Pradesh.	Agriculture Education	₹ 49 lakhs
Swachh Bharat Abhiyan	Contribution to the Swachh Bharat Abhiyan project initiated by the PM	Public Health	₹ 50 lakhs

41 The Exchange suspended futures trading in all running castor seed contracts on January 27, 2016 and settled the outstanding positions at the daily settlement price as of January 27, 2016. This was done in order to maintain market equilibrium, safeguard market integrity and in the general interest of commodities market. The Exchange has received representations from various market participants regarding their grievances related to the suspension of the Castor seed contracts by the Exchange. In accordance with the power vested with the Board and the Relevant Authority, vide Bye-Laws of the Exchange, a mechanism for stipulating norms and procedures in respect of, incidental or consequential to closing out of contracts, deals or transactions has been prescribed. As per this close out mechanism, the monies payable to the non-defaulting members will be to the extent of the collateral available with the Exchange of the defaulting members and in a pro-rata basis. Based on the prescribed mechanism, a 'close out price' has been determined for the suspended castor contracts at ₹ 120 per quintal. It is proposed that the market participants who had Short position in the suspended contracts and were simultaneously holding stocks in Exchange approved warehouses may be considered eligible for adjudication of claims. Accordingly, the total money payable to the participants who are on short side is ₹ 1,264 lakhs. The Exchange has appropriated the collaterals from the defaulting members to the extent of the money payable and is in the process of settling the claims. As the total collaterals available with the Exchange is more than sufficient to meet the claims of the investors, as per the close out mechanism prescribed, there will be no further liability on account of claims in this matter.

# Notes to the financial statements for the year ended March 31, 2016

*(Amount in ₹ Lakhs unless otherwise stated)*

- 42** In the opinion of the Management, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess of what is required.
- 43** Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary.

For K.S. AIYAR & Co.  
Chartered Accountants  
ICAI Firm Registration No : 100186W

For and on behalf of the Board of Directors  
National Commodity & Derivatives Exchange Limited

Sachin A. Negandhi  
Partner  
Membership No.112888

Samir Shah  
Managing Director & Chief Executive Officer  
DIN - 00912693

Rabi Narayan Das  
Director  
DIN - 03582925

Place: Mumbai  
Date : June 28, 2016

M. K. Ananda Kumar  
Company Secretary  
FCS - 6819

Komal Shahani  
Chief Financial Officer

# Independent Auditor's Report

**To**  
**The Members of National Commodity & Derivatives Exchange Limited**

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of National Commodity & Derivatives Exchange Limited (hereinafter referred to as 'the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the NCDEX Group'), its associates and jointly controlled entities, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

## **Management's Responsibility for the Consolidated Financial Statements**

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

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to:

1. Note 30 to the consolidated financial statements. In respect of the matters relating to the future contracts of pepper, 'advances recoverable in cash or in kind' as on March 31, 2016, includes various costs amounting to ₹ 1291 lakhs towards cleaning of the pepper stock in warehouses. Management has estimated that a further ₹ 442 lakhs will be incurred towards such pepper-cleaning costs which will also be accounted for as recoverable from constituents in due course. The order of Hon'ble High Court of Kerala dated August 28, 2014 has allowed the Company to clean the pepper stock in warehouses with a right to recover the aforesaid estimated pepper-cleaning costs of approximately ₹ 1733 lakhs and applicable taxes, associated with the same.

In terms of the legal opinion obtained by the Company, it therefore has a fair chance of recovery of the costs incurred by them since the Company is backed by orders of court which provides a constructive lien on the goods lying with the physical control of the Company through its approved warehouses. The Management has considered the receivable as good and recoverable, apart from a provision of ₹ 260 lakhs which was made in earlier years towards such pepper-cleaning costs.

2. Note 45 to the consolidated financial statements regarding suspension of futures trading of castor seed contracts. The monies payable to investors are in the process of being settled as per the prescribed close out mechanism and in the opinion of the Management there will be no liability on account of claims in this matter.
3. The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the year ended March 31, 2016, have drawn attention to the matter stated in note 29 (c) wherein in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), in the opinion of the joint venture's management, service tax is not applicable on the transaction charges billed by ReMSPL. Hence the provision for service tax has not been made in the books of accounts for the same. The financial impact, if any due to applicability of service tax on the consolidated financial statement of the Group is ₹ 180.00 lakhs exclusive of interest and other imposition.
4. The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the year ended March 31, 2016, have drawn attention to the matter stated in note 49 (b) to the consolidated financial statements wherein in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), a joint venture of NeML, balances under sundry Debtors have not been confirmed by few parties and we are unable to comment on the adjustments, if any, arising out of reconciliation / confirmation of such balances on the consolidated financial statements.

Our opinion is not qualified in respect of these matters.

## Other Matters

- (a) We did not audit the financial statements of two subsidiary companies and a jointly controlled company whose financial statements reflect total assets of ₹ 12578.05 lakhs as at March 31, 2016, total revenues of ₹ 4449.54 lakhs and net cash outflows amounting to ₹ 923.70 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.
- (b) The consolidated financial statements do not include the Group's share of net loss of ₹ 96.62 lakhs for the year ended March 31, 2016 in respect of an associate company. This has not been considered in the consolidated financial statements, in respect of this associate, whose financial statements have not been audited by us, as the equity investment in this associate has been eroded on consolidation. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements.

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

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiaries and jointly controlled entities, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) 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 and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, 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 the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies, is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act. The financial statements of an associate are unaudited as referred to in sub-paragraph (b) of the Other Matters paragraph above and hence disqualification under Section 164 (2) of the Act for those entities is not commented upon.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities – Refer Note 29 and 30 to the consolidated financial statements.
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

**For K. S. Aiyar & Co.**  
**Chartered Accountants**  
ICAI Firm Registration No: 100186W

**Sachin A. Negandhi**  
**Partner**  
Membership No.: 112888

Place: Mumbai  
Date : June 28, 2016

# Annexure 'A' to the Independent Auditor's Report

## **Annexure 'A' to the Independent Auditor's Report of even date on the consolidated financial statements of National Commodity & Derivatives Exchange Limited**

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

In conjunction with our audit of the consolidated financial statements of **National Commodity & Derivatives Exchange Limited** (hereinafter referred to as 'the Holding Company') and its subsidiaries, its associate company and jointly controlled company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of the Holding Company its subsidiary company, associate and jointly controlled entity which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiary companies, its associate company and jointly controlled company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

#### **Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Qualified Opinion**

The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their report on the Internal Financial Controls of NeML for the year ended March 31, 2016, have referred to the report of the independent auditors of Rashtriya e Market Services Private Limited ('ReMSPL'), a joint venture of NeML, on the following material weakness in respect of ReMSPL.

The joint venture company's internal financial controls over recording and recognition of revenue in certain cases were not operating effectively which could potentially result in the joint venture company recognizing revenue without establishing reasonable certainty of ultimate collection.

A material weakness is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the joint venture company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of material weakness described above in the joint venture company on the achievement of the objective of the control criteria, the Group, its associates and jointly controlled entity has maintained, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Group, its associates and jointly controlled entities, 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Company for the year ended on March 31, 2016, and the material weakness does not affect our opinion on the consolidated financial statements of the Company.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies and one jointly controlled company, which are companies incorporated in India, is based on the corresponding report of the auditors of such companies incorporated in India. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to an associate company does not cover this associate company as the financial statements for the year ended March 31, 2016 of this associate is unaudited and the corresponding auditors' report is unavailable.

**For K. S. Aiyar & Co.**  
**Chartered Accountants**  
ICAI Firm Registration No: 100186W

**Sachin A. Negandhi**  
**Partner**  
Membership No.: 112888

Place: Mumbai  
Date : June 28, 2016

# Consolidated Balance Sheet as at March 31, 2016

(₹ in Lakhs)

Particulars	Note no.	As at March 31, 2016	As at March 31, 2015
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2	5,068	5,068
Reserves and surplus	3	38,083	32,221
		<b>43,150</b>	<b>37,289</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	4	46	64
Other long term liabilities	5	7,773	9,839
Long-term provisions	6	116	98
		<b>7,935</b>	<b>10,001</b>
<b>Current liabilities</b>			
Trade payables	7	1,940	1,805
Other current liabilities	8	24,421	17,620
Short-term provisions	9	1,775	1,114
		<b>28,136</b>	<b>20,539</b>
<b>TOTAL</b>		<b>79,221</b>	<b>67,829</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	2,217	1,705
Intangible assets	11	1,795	2,185
Intangible assets under development		1,954	121
Non-current investments	12	1,992	1,115
Long-term loans and advances	13	3,330	3,295
Other non current assets	14	2,022	1,499
		<b>13,310</b>	<b>9,920</b>
<b>Current assets</b>			
Current investments	15	25,952	15,454
Trade receivable	16	1,796	1,632
Cash and bank balances	17	34,787	38,373
Short-term loans and advances	18	2,210	1,263
Other assets	19	1,166	1,187
		<b>65,911</b>	<b>57,909</b>
<b>TOTAL</b>		<b>79,221</b>	<b>67,829</b>
Summary of significant accounting policies	1		

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

As per our report of even date

**For K.S. AIYAR & Co.**

Chartered Accountants

ICAI Firm Registration No : 100186W

For and on behalf of the Board of Directors

**National Commodity & Derivatives Exchange Limited**

**Sachin A. Negandhi**

Partner

Membership No.112888

**Samir Shah**

Managing Director & Chief Executive Officer

DIN - 00912693

**Rabi Narayan Das**

Director

DIN - 03582925

Place: Mumbai

Date : June 28, 2016

**M. K. Ananda Kumar**

Company Secretary

FCS - 6819

**Komal Shahani**

Chief Financial Officer

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	Note no.	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Income</b>			
Revenue from operations	20	14,511	10,233
Other income	21	6,396	6,225
<b>Total revenue</b>		<b>20,907</b>	<b>16,458</b>
<b>Expenditure</b>			
Employee benefits expense	22	4,742	4,073
Finance costs	23	-	1
Depreciation and amortization expense	24	1,531	1,523
Other expenses	25	7,499	6,503
<b>Total expenses</b>		<b>13,772</b>	<b>12,100</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>7,135</b>	<b>4,358</b>
Exceptional Items		3,627	-
<b>Profit before tax</b>		<b>10,762</b>	<b>4,358</b>
<b>Tax expenses</b>			
Current tax		3,350	1,276
MAT credit entitlement		-	2
Deferred tax		(18)	19
<b>Total tax expense</b>		<b>3,332</b>	<b>1,297</b>
<b>Profit/(loss) for the year ended</b>		<b>7,430</b>	<b>3,061</b>
Profit/(loss) of Associate		-	(60)
<b>Profit/(loss) for the year carried to Balance sheet</b>		<b>7,430</b>	<b>3,001</b>
Earnings per equity share of ₹ 10 each	36		
Basic		14.66	5.92
Diluted		14.66	5.92
Summary of significant accounting policies	1		

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

As per our report of even date

**For K.S. AIYAR & Co.**

Chartered Accountants

ICAI Firm Registration No : 100186W

For and on behalf of the Board of Directors

**National Commodity & Derivatives Exchange Limited**

**Sachin A. Negandhi**

Partner

Membership No.112888

**Samir Shah**

Managing Director & Chief Executive Officer

DIN - 00912693

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Director

DIN - 03582925

Place: Mumbai

Date : June 28, 2016

**M. K. Ananda Kumar**

Company Secretary

FCS - 6819

**Komal Shahani**

Chief Financial Officer

# Consolidated Cash Flow Statement

for the year ended March 31, 2016

(₹ in Lakhs)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. Cash flow from operating activities</b>		
Profit before exceptional item & tax	10,762	4,358
Adjustments for:		
Depreciation & amortisation	1,531	1,523
Dividend income	-	(293)
Provision for leave encashment	71	37
Provision for gratuity	60	8
Provision for interest on income tax	(1,508)	2
Provision for doubtful debts and advances	3	26
Loss/(Profit) on sale of fixed asset	(3)	(6)
(Profit) / Loss on sale of investments	(6,156)	(2,302)
Interest income	(2,758)	(2,477)
Provision for diminution in value of investment	2,010	-
<b>Operating profit before working capital changes</b>	<b>4,012</b>	<b>876</b>
<b>Movements in working capital:</b>		
Decrease / (Increase) in trade receivables	(147)	(347)
Decrease / (Increase) Current loans and advances	(857)	(630)
Decrease / (Increase) non - current loans and advances	191	(317)
Decrease / (Increase) in inter corporate loans	126	(9)
Decrease / (Increase) other non current assets	178	(65)
Decrease / (Increase) other current assets	(30)	(60)
Increase / (Decrease) in non - current liabilities	(1,465)	(856)
Increase / (Decrease) in long term provision	18	19
Increase / (Decrease) in trade payables	106	(55)
Increase / (Decrease) in Short term provision	(99)	(59)
Increase / (Decrease) in current liabilities	6,059	(88)
<b>Cash generated/(used) from operations</b>	<b>8,092</b>	<b>(1,590)</b>
Direct taxes paid (net of refunds)	3,647	1,098
<b>Net cash generated/(used) in operating activities (A)</b>	<b>4,445</b>	<b>(2,688)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets and CWIP	(3,494)	(822)
Proceeds from sale / disposal of fixed assets	9	9
Proceeds from sale of shares of National Collateral Management Services Limited	4,332	-
Purchase of current investments	(657,826)	(534,256)
Proceeds from sale of current investments	647,762	543,065
Dividend Income	10	293
Interest received	2,796	2,651
Purchase of shares in associates	-	(200)
Investment in fixed deposits (original maturity of more than three months)	(26,840)	(32,430)
Redemption/Maturity of fixed deposits (original maturity of more than three months)	30,501	26,644

# Consolidated Cash Flow Statement

for the year ended March 31, 2016

(₹ in Lakhs)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Net cash generated/(used) in investing activities (B)</b>	<b>(2,750)</b>	<b>4,955</b>
<b>C. Cash Flows from financing activities</b>		
Proceeds from issuance of equity share capital	-	250
Repayment of long-term borrowings	(8)	-
Loan from National Commodity & Derivatives Exchange Ltd (Holding Company)	-	-
Dividend paid	(760)	(760)
Dividend tax paid	(155)	(129)
<b>Net cash generated/(used) from financing activities (C)</b>	<b>(923)</b>	<b>(639)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>772</b>	<b>1,628</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,812</b>	<b>3,184</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5,584</b>	<b>4,812</b>
<b>Components of cash and cash equivalents</b>		
Cash and cheques on hand	0	0
With Banks		
- on current accounts *	5,284	3,946
- on fixed deposits (Original maturity being three months or less)	300	865
<b>Total</b>	<b>5,584</b>	<b>4,812</b>

\* Includes

- NCDEX Joint Price Dissemination fund of ₹ 3 lakhs (March 31, 2015 : ₹ 48 lakhs) which can be utilized only for Joint Price Dissemination project along with FMC
- Settlement Guarantee Fund of ₹ 39 lakhs (March 31, 2015 : ₹ 19 lakhs) which can be utilized for completion of settlement, in case of member default

As per our report of even date

**For K.S. AIYAR & Co.**

Chartered Accountants

ICAI Firm Registration No : 100186W

For and on behalf of the Board of Directors

**National Commodity & Derivatives Exchange Limited**

**Sachin A. Negandhi**

Partner

Membership No.112888

**Samir Shah**

Managing Director & Chief Executive Officer

DIN - 00912693

**Rabi Narayan Das**

Director

DIN - 03582925

Place: Mumbai

Date : June 28, 2016

**M. K. Ananda Kumar**

Company Secretary

FCS - 6819

**Komal Shahani**

Chief Financial Officer

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 1 Summary of significant accounting policies to the consolidated financial statements (CFS)

### Basis of consolidation

The Consolidated Financial Statements (CFS) relates to National Commodity & Derivatives Exchange Limited (“the Company” or “the Parent Company”), its subsidiary companies, associate and its Joint Venture collectively referred to as “the Group”.

### Basis of Accounting

The consolidated financial statements of the Company, its subsidiaries and associate prepared and prescribed in accordance with the generally accepted accounting principles in India (Indian GAAP) under historical cost convention on an accrual basis. The financial statements of the Group comply in all material respects with Accounting Standards notified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, other relevant provisions of Companies Act 2013, Accounting Standard 21 “Consolidated Financial Statements”, Accounting Standard 23 “Accounting for Investments in Associates in Consolidated Financial Statements” and Accounting Standard (AS) 27 “Financial Reporting of Interests in Joint Ventures”.

### Principles of Consolidation

The Consolidated Financial Statements have been prepared on the following basis:

The financial statements of the Parent Company, its subsidiaries and jointly controlled entity have been consolidated / proportionately consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and transactions resulting in unrealized profits or losses on intra-group transactions and are presented to the extent possible, in the same manner as the Company’s independent financial statements except in respect of accounting policy for depreciation on fixed assets.

Interest in jointly controlled entities (incorporated Joint Ventures) is accounted using proportionate consolidation method.

The excess of the cost to the Company of its investment in subsidiary / jointly controlled entity over the Company’s portion of equity of the subsidiary / jointly controlled entity as at the date on which investment in subsidiary / jointly controlled entity is made, is recognized in the financial statement as Goodwill. The excess of Company’s share of equity and reserve of the subsidiary / joint venture Company over the cost of acquisition is treated as Capital Reserve.

Investment in Associate Companies have been accounted for, by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition change in Company’s share of net assets of the Associate. The carrying amount of investment in Associate Companies is reduced to recognize any decline which is other than temporary in nature and such determination of decline in value, if any, is made for investment individually.

The financials statements of subsidiary companies, joint ventures and associate companies used in consolidation are drawn upto the same reporting date as that of the Company i.e. year ended March 31, 2016.

The particulars of subsidiaries and associate which are considered for consolidation and the percentage of voting power therein of the Company are as under:

Name of Company	w. e. f.	Country of Incorporation	Percentage of voting power as at 31st March 2016	Percentage of voting power as at 31st March 2015
<b>Subsidiaries</b>				
NCDEX e Markets Limited (NeML)	13-Nov-06	India	100%	100%
National Commodity Clearing Limited (NCCL)	22-Jul-13	India	100%	100%
<b>Associates</b>				
Power Exchange India Limited (PXIL)	20-Feb-08	India	30.95%	30.95%

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

The Holding Company has made an Investment in NCDEX Institute of Commodity Markets & Research, a section 25 company under the Companies Act, 1956, wherein the profits will be applied for promoting its objects. Accordingly, the Financial Statements of NCDEX Institute of Commodity Markets & Research are not consolidated in these financial statements, since the Holding Company will not derive any economic benefits from its investments in NCDEX Institute of Commodity Markets & Research.

The subsidiary company, NCDEX e Markets Limited, has an interest as a co-venturer in Rashtriya e Market Services Private Limited (% of holding - 50%) with the Karnataka State Government. The financial statement of the NeML and its Joint Venture are accounted for by using the proportionate consolidation method laid down in Accounting standard (AS) – 27 on “Financial Reporting of Interests in Joint Ventures”. The financial statements are consolidated on a line-by-line basis in accordance with the principles laid down in Accounting Standard (AS) – 21 on “Consolidated Financial Statements”. Inter-company transactions and balances are eliminated to the extent of the Company’s interest in the Joint Venture.

## Summary of significant accounting policies

### a Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosures of contingent liabilities at the end of the reporting period. Although these estimates are based on management best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustments to the carrying amounts of assets or liabilities in future periods.

### b Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and any other cost attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Consolidated Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Consolidated Profit and Loss when the asset is derecognized.

### c Depreciation and amortisation

Depreciation is provided as straight line method over the useful life of the assets as prescribed in schedule II of the companies act 2013

Fixed assets having an original cost less than or equal to ₹ 5,000 individually are fully depreciated in the year of purchase.

In case of Rashtriya e Market Services Private Limited, individual assets costing less than ₹10,000/- are depreciated in full in the year of purchase

The residual value of all assets is taken to be ₹ NIL

Leasehold improvement is amortized over the renewable period of lease subject to a maximum of 60 months.

In case of the Holding Company National Commodity & Derivatives Exchange Limited, Electrical Tickers are fully depreciated in the year of purchase or installation.

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

In case of Subsidiary NCDEX e Markets Limited, Vehicles are depreciated on the basis of useful life of 8 years, which is management's estimate of its useful life.

## **d Intangible assets**

Costs relating to acquisition and development of computer software are capitalized in accordance with Accounting Standard (AS) - 26 'Intangible Assets' and are amortized on a straight-line basis for a period of five years, which is management's estimate of its useful life.

In case of Subsidiary National Commodity Clearing Limited, computer software are amortized on a straight - line basis for a period of four years, which is management's estimate of its useful life.

The carrying value of computer software costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

## **e Impairments**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

## **f Operating Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Consolidated Profit and Loss on a straight-line basis over the lease term.

## **g Investments**

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the long term investments.

In case of Subsidiary National Commodity Clearing Limited, premium / discount at the time of acquisition of Government / Debt securities is amortised / recognised over the residual period of its maturity.

## **h Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### *Transaction charges*

Transaction charges are recognized as income on trade date basis.

### *Annual subscription charges*

Annual subscription charges are recognized as income on a time proportion basis beginning from the month it is received.

### *Clearing & Settlement Charges*

Revenue from clearing & settlement charges are recognised on accrual basis when services are rendered and there is reasonable certainty of ultimate realization.

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## Admission fees

Admission fees are recognized as income at the time an applicant is converted as member and provisional member.

## Delivery Charges

Delivery charges are recognised as income on delivery of commodities.

## Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

## Dividends

Dividend income is recognized when the Company's right to receive payment is established by the reporting date

## Risk Management Fees

Risk Management Fees is recognized when open interest is increased as compared to previous day

## Comtrack Charges

Comtrack charges are recognized when a transaction for Fresh deposit, Ownership transfer, Client negotiated Trade (Off market transaction), Pledge creation/closure/invocation is entered by client

## Warehouse Charges

Warehouse charges are recognized when a new location is accredited by a warehouse service provider(WSP) and when WSP information is processed

## Annual Membership Fees/Lot creation charges/Penalty /E-Pledge Fees/Tricker Board Charges/Other charges

Annual subscription charges are recognized as income when there is reasonable certainty of ultimate realization.

## Registration Fees

Registration fee is recognized as one time income for the financial year.

## **i Foreign currency transactions**

### *Initial Recognition*

Transactions in foreign currency entered during the year are recorded at the exchange rates prevailing on the date of the transaction.

### *Conversion*

Monetary assets and liabilities denominated in foreign currency are translated in to rupees at exchange rate prevailing on the date of reporting.

### *Exchange Differences*

Exchange differences arising on the settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or as expense in the year in which they arise.

## **j Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the consolidated balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date the Company reassesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of consolidated profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Consolidated Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

## **k Retirement and other employee benefits**

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Statement of Consolidated Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation and is provided for on the basis of the actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/losses are immediately taken to Statement of Consolidated Profit and Loss and are not deferred.

## **l Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## m Provisions, Contingent Liabilities & Contingent Assets

A provision is recognized when the Company has present obligation as a result of past event. It is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognised but are disclosed while, contingent assets are neither recognised nor disclosed in financial statements.

## n Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprises cash in hand and cash at bank and short term investments with an original maturity of three months or less.

## o Employee stock compensation cost

Measurement and disclosure of the employee share based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

## p Settlement Guarantee Fund (SGF)

Initial / Annual Contribution by the Exchange to SGF is an appropriation from retained earnings and shown as Reserves & Surplus

Income on SGF Investment and settlement penalties is credited to Statement of Profit and Loss and the amount required to be transferred to SGF is shown as appropriation from profits and credited to SGF

Contribution from members by way of refundable deposit is classified as current or non current liability as per provisions of Schedule III of Companies Act, 2013

When SGF is utilized the amount paid is charged to Statement of Profit and Loss and corresponding amount may be reduced from the SGF reserves by transferring the same to retained earnings

## 2. Share Capital

	As at March 31, 2016	As at March 31, 2015
<b>Authorized shares [Shares are in numbers (Nos.)]</b>		
60,000,000 (March 31, 2015:60,000,000) Equity shares of ₹ 10/- each	6,000	6,000
10,000,000 (March 31, 2015:10,000,000) 5% Cumulative Redeemable Preference Shares of ₹ 10/- each	1,000	1,000
	<b>7,000</b>	<b>7,000</b>
<b>Issued, subscribed and fully paid-up shares</b>		
50,676,000 equity shares of ₹ 10/-	5,068	5,068
<b>Total fully paid-up share capital</b>	<b>5,068</b>	<b>5,068</b>

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

### Equity shares

Particulars	As at March 31, 2016		As at March 31, 2015	
	Nos	(₹ in lakhs)	Nos	(₹ in lakhs)
At the beginning of the quarter	50,676,000	5,068	50,676,000	5,068
Issued during the year	-	-	-	-
Outstanding at the end of the quarter	50,676,000	5,068	50,676,000	5,068

## (b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

During the year ended 31 March 2016, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.50 (31 March 2015: ₹ 1.50).

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.

## (c) Details of shareholders holding more than 5% shares in the company

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% holding	No. of Shares	% holding
Equity Shares of ₹ 10 each fully paid				
Shree Renuka Sugars Limited	2,533,700	5.00%	2,533,700	5.00%
Life Insurance Corporation of India	5,625,000	11.10%	5,625,000	11.10%
National Bank for Agriculture and Rural Development	5,625,000	11.10%	5,625,000	11.10%
National Stock Exchange of India Limited	7,601,377	15.00%	7,601,377	15.00%
Oman India Joint Investment Fund	5,067,600	10.00%	5,067,600	10.00%
Indian Farmers Fertiliser Cooperative Limited	5,068,000	10.00%	5,068,000	10.00%
Punjab National Bank	3,694,446	7.29%	3,694,446	7.29%
Build India Capital Advisors LLP	3,091,236	6.10%	3,091,236	6.10%
Canara Bank	3,055,519	6.03%	3,055,519	6.03%
IDFC Private Equity Fund II	2,533,800	5.00%	2,533,800	5.00%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## (d) Shares reserved for issue under options

For details of shares issued under the employee stock option (ESOP) plan of the Company, please refer note 36

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 3. Reserves and surplus

	As at March 31, 2016	As at March 31, 2015
<b>General Reserve</b>		
Opening balance	1,110	1,110
Add : during the year	-	-
<b>Closing Balance</b>	<b>1,110</b>	<b>1,110</b>
<b>Settlement Guarantee Fund</b>		
Opening balance	4,867	3,905
Add : during the year	1,008	962
<b>Closing Balance</b>	<b>5,875</b>	<b>4,867</b>
<b>Risk Management Fund</b>		
Opening balance	7	7
Add : during the year	(2)	-
<b>Closing Balance</b>	<b>5</b>	<b>7</b>
<b>Securities / Share Premium account</b>		
Opening balance	13,956	13,956
Add : Premium on issue of shares	-	-
<b>Closing Balance</b>	<b>13,956</b>	<b>13,956</b>
<b>Transaction Charges Special Reserve</b>		
Opening balance	-	-
Add : during the year	64	-
<b>Closing Balance</b>	<b>64</b>	<b>-</b>
<b>Surplus/ (deficit) in the statement of profit and loss</b>		
Opening balance	12,281	11,269
Profit/ (Loss) for the year	7,430	3,001
Less : Appropriations		
Transfer to Settlement Guarantee Fund	1,008	962
Depreciation for previous year due to change in estimate	-	112
Transfer to Transaction Charges Special Reserve	64	-
Proposed dividend of step down entity	35	-
Distributiion tax on dividend of step down entity	7	-
Proposed Dividend	1,267	760
Distributiion tax on dividend	258	155
<b>Net surplus / (deficit)</b>	<b>17,072</b>	<b>12,281</b>
<b>Total reserves and surplus</b>	<b>38,083</b>	<b>32,221</b>

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 4. Deferred Tax

	As at March 31, 2016	As at March 31, 2015
<b>Deferred tax assets components</b>		
Employee benefits	55	-
Unabsorbed loss including unabsorbed depreciation	-	12
Other items	44	-
<b>Gross deferred tax asset</b>	<b>99</b>	<b>12</b>
<b>Deferred tax liabilities components</b>		
Depreciation and amortisation	145	76
Other items	-	-
<b>Gross deferred tax liabilities</b>	<b>145</b>	<b>76</b>
<b>Net deferred tax asset/(liability)</b>	<b>(46)</b>	<b>(64)</b>

## 5. Other Long-term Liabilities

	As at March 31, 2016	As at March 31, 2015
Deposits from members	6,037	7,319
Base Minimum Capital	1,736	1,920
Interest free deposit from Clearing Banks	-	600
	<b>7,773</b>	<b>9,839</b>

## 6. Long Term Provisions

	As at March 31, 2016	As at March 31, 2015
Provision for Leave encashment	116	98
	<b>116</b>	<b>98</b>

## 7. Trade payable

	As at March 31, 2016	As at March 31, 2015
Trade payables	1,940	1,805
	<b>1,940</b>	<b>1,805</b>

## Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

### 8. Other current liabilities

	As at March 31, 2016	As at March 31, 2015
Base Minimum Capital	938	1,018
Deposit from members	15,735	9,912
Deposits from clearing banks	4,600	4,000
Deposits from depository participants	495	465
Deposits from warehouse service providers	666	556
Income received in advance	118	126
Dues to members	792	189
Bank overdraft	-	-
Investor Protection Fund	126	248
Payable towards purchase of fixed assets / intangibles assets	191	475
SEBI Turnover Fees	177	-
Others	583	631
	<b>24,421</b>	<b>17,620</b>

### 9. Short Term Provisions

	As at March 31, 2016	As at March 31, 2015
Provision for leave benefits	110	43
Other provisions	72	156
Provisions for tax	38	-
Proposed dividend	1,292	760
Dividend distribution tax	263	155
	<b>1,775</b>	<b>1,114</b>

# Notes to the Consolidated financial statements for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 10 Fixed Assets

	Gross Block				Depreciation			Net Block			
	Opening as on April 1, 2015	Additions during the year	Deletions during the year	Adjustments	As at March 31, 2016	Opening as on April 1, 2015	During the year	Deletions during the year	Adjustments (Debit to Reserves)	As at March 31, 2016	As at March 31, 2015
Computer Hardware	3,457	292	67	-	3,682	2,321	381	65	-	2,637	1,136
Improvement to Lease hold Property	1,603	251	250	-	1,604	1,603	46	250	-	1,399	(1)
Telecommunication Equipments	839	420	9	-	1,250	543	105	9	-	639	296
Office Equipments (Refer Note below)	532	37	4	-	565	482	25	4	-	503	49
Electrical Installations	534	61	-	-	595	377	54	-	-	431	157
Furniture & Fixtures	192	32	21	-	203	137	16	16	-	137	55
Motor Car	31	59	22	-	68	20	5	22	-	3	11
<b>Total</b>	<b>7,188</b>	<b>1,152</b>	<b>373</b>	<b>-</b>	<b>7,967</b>	<b>5,483</b>	<b>632</b>	<b>366</b>	<b>-</b>	<b>5,749</b>	<b>1,703</b>

Note : Gross Block of Office Equipment includes assets carried net of grants received from Forward Market Commission, aggregating to ₹ 164 lacs (March 31, 2014 : ₹ 164 lacs)

## 11 Intangible Assets

	Gross Block				Depreciation			Net Block			
	Opening as on April 1, 2015	Additions during the year	Deletions during the year	Adjustments	As at March 31, 2016	Opening as on April 1, 2015	During the year	Deletions during the year	Adjustments (Debit to Reserves)	As at March 31, 2016	As at March 31, 2015
Computer Software	8,286	509	-	-	8,795	6,101	899	-	-	7,000	2,185
<b>Total</b>	<b>8,286</b>	<b>509</b>	<b>-</b>	<b>-</b>	<b>8,795</b>	<b>6,101</b>	<b>899</b>	<b>-</b>	<b>-</b>	<b>7,000</b>	<b>2,185</b>

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 12. Non-current investments

	As at March 31, 2016	As at March 31, 2015
<b>In Subsidiaries</b>		
Equity Shares of ₹10/- each fully paid up in NCDEX Institute of Commodity Markets & Research	5	5
<b>In Associates</b>		
Equity Shares of ₹10/- each fully paid up in Power Exchange India Limited *	-	1,500
Less : Share of Loss till March 31, 2014	-	(1,440)
Less : Share of Loss for the year ended on March 31, 2015	-	(60)
	-	-
10% Optionally Convertible Cumulative Preference Shares of ₹10/- each fully paid up in Power Exchange India Limited. *	500	500
Less: Provision for diminution in value of Investment	(500)	-
	-	500
<b>In Others</b>		
Equity shares of ₹ 10/- each fully paid up in National Collateral Management Services Limited	-	600
National Warehousing Corporation Pvt. Ltd.	10	10
Less: Provision for diminution in value of Investment	(10)	-
	-	10
<b>Non Trade (At lower of cost and fair value)</b>		
<b>Mutual Funds (Unquoted)</b>		
NTPC Bonds 2015 Series 1 A for 10 years @ 7.11% p.a.	125	-
PFC Tax Free Bonds Series 1 A for 10 years @ 7.11% p.a.	128	-
IRFC LTD Tax Free Bonds Tranche I Series II A for 15 years @ 7.28%	604	-
NHAI Bonds 2015 Tax Free Bonds Tranche I Series II A for 15 years @ 7.35% p.a.	572	-
NHAI Bonds 2015 Tax Free Bonds Tranche II Series II A for 15 years @ 7.39% p.a.	231	-
NABARD Bonds Tax Free Bonds Series IIA for 15 years @ 7.35% p.a.	150	-
IRFC Tax Free Bonds Tranche II Issue Series IIA for 15 years @ 7.35% p.a	177	-
	<b>1,992</b>	<b>1,115</b>

\* In the first time consolidated financials as on March 31, 2015, the carrying value of equity investment in PXIL was nil. This was on account of adjustment of Exchange' s share of losses in PXIL, which included goodwill of ₹ 1,004 lakhs. During the year, PXIL has incurred a loss of ₹ 312 lakhs. The Company's share of loss of ₹ 97 lakhs is not factored as the investment value is already wiped out.

\* The Company has invested ₹ 1,500 lakhs (March 31, 2015: ₹ 1,500 lakhs) in equity shares of ₹ 10 each and ₹ 500 lakhs (March 31, 2015: ₹ 500 lakhs) in 10% optional convertible cumulative preference shares of ₹10 each in an associate viz. Power Exchange India Limited (PXIL). Based on the financial condition of PXIL, the Company has provided for diminution in value of investments.

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 13. Long term loans and advances

	As at March 31, 2016	As at March 31, 2015
<b>Loans and advances to subsidiaries</b>		
Unsecured, considered good	26	9
Unsecured, considered doubtful	111	111
Less: Provision for doubtful advances	(111)	(111)
	26	9
Advance income-tax (net of provision for taxation)	2,808	2,583
Advance fringe benefit tax paid (net of provision for fringe benefit tax)	21	21
Prepaid expenses	49	32
Capital Advances	3	276
MAT Credit Entitlement	18	34
Security deposits	405	340
	<b>3,330</b>	<b>3,295</b>

## 14. Other non current assets

	As at March 31, 2016	As at March 31, 2015
Deposits with bank - original maturity more than 12 months	1,978	1,431
Others receivables	32	32
Less: Provision for doubtful receivables	(32)	(32)
	-	-
Other assets	44	68
	<b>2,022</b>	<b>1,499</b>

## 15. Current investments

	As at March 31, 2016	As at March 31, 2015
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Birla Sunlife Savings Fund-Direct Plan-GROWTH OPTION **	50	-
Birla Sunlife Cash Plus Growth Direct Plan **	130	-
Birla Sunlife Savings Fund-Direct Plan-GROWTH OPTION	2,000	-
Birla Sunlife Short Term Fund-Direct Plan-Growth	500	-
DSP Blackrock Liquidity Fund DIRECT PLAN GROWTH OPTION	900	-
ICICI Prudential Ultra Short Term - Direct Plan Growth	2,000	-
ICICI Prudential Flexible Income - Direct Plan Growth	1,000	-
IDFC Ultra Short Term Fund Direct Plan Growth	1,000	-
IDFC SSIF-ST Direct Plan Growth	500	-
Franklin India Ultra Short Bond Direct plan Growth Option	-	2,000
HDFC -Short Term Opportunities fund-Direct Plan-Growth Option	500	300
HDFC Floating Rate Income Fund-Short Term Plan-Direct Plan-Wholesale Option-Growth Option	2,000	1,000

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
ICICI Prudential FMP Series 73 - 378 Days Plan O- Direct Plan-Growth Option	-	500
JPMorgan INDIA LIQUID FUND -DIRECT PLAN -DAILY DIV**	-	30
Kotak Floater ST Direct Plan Growth Option BMC	146	25
Kotak Treasury Advantage Fund Direct Plan Growth Option	-	1,000
RELAINCE LIQUID FUND TREASURY PLAN- DIRECT PLAN GROWTH OPTION	-	1,475
Reliance Medium Term Fund-Direct Plan-Growth Option	2,000	1,150
Reliance Money Manager Fund-Direct Plan-Growth Option	-	500
Religare Invesco Short Term Fund Direct Plan Growth Option	-	500
SBI Ultra Short Term Debt Fund-Direct Plan-Growth Option	1,000	1,000
SBI Magnum Insta Cash Direct Plan Growth Option	-	1,000
SBI Short Term Debt Fund-Direct Plan-Growth Option	500	500
Principal Cash Mgmt Fund Direct Growth Option	550	2,000
TATA Liquid Fund Direct Plan-Growth Option **	-	3
UTI Treasury Advantage Fund Institutional Plan Direct Plan Growth	1,000	2,150
Kotak Floater ST Direct Plan Growth Option	1,500	-
Kotak Treasury Advantage Fund - Direct Plan - Growth Option **	319	-
LIC Nomura MF Liquid-Direct Plan-Growth Option	1,500	-
RELIANCE FIX HORIZON FUND-XXX-SERIES 4- DIRECT PLAN GROWTH OPTION	500	-
Religare Invesco Liquid Fund Direct Plan GROWTH OPTION	1,000	-
Religare Invesco Credit Opportunites Fund Direct Plan GROWTH OPTION	1,000	-
Sundaram Ultra Short Term Fund Direct plan Growth	110	-
TATA Liquid Fund Direct Plan - Growth Option	1,500	-
TATA Floater Fund Direct Plan-Growth Option **	284	-
UTI FRF STP DIRECT PLAN GROWTH	2,000	-
Sundaram Fixed Term Plan-FI-383 days - Direct Plan-Growth Option	-	45
Reliance Fixed Horizon Fund -XXV -Series 33-Direct Plan-Growth	-	60
Axis Treasury Advantage Fund - Growth - Direct Plan	-	30
Kotak Treasury Advantage Fund - Direct Growth	40.50	18
SBI MAGNUM INSTA CASH - DIRECT - GROWTH	5.00	29.50
Sundaram Ultra Short Term - Direct Plan - Growth	-	60
RELIANCE MONEY MANAGER FUND - DIRECT - GROWTH	25.00	25
FRANKLIN INDIA ULTRA SHORT-BOND-DIRECT GROWTH	-	54
RELIANCE MEDIUM TERM FUND-DIRECT-GROWTH	64.00	-
BIRLA SL SAVING FUND -DIRECT-GROWTH	99.50	-
IDFC ULTRA SHORT TERM-DIRECT-GROWTH	65.00	-
ICICI PUR ULTRA SHORT TERM PLAN-DIRECT PLAN-GROWTH	35.00	-
UTI FRF- STP- DIRECT PLAN- GROWTH	49.00	-
HDFC FRIF Short Term Plan-Direct-Growth	80.00	-
	<b>25,952</b>	<b>15,454</b>
Market Value of quoted investments	-	-
Aggregate amount of unquoted investments	25,952	15,454
Aggregate provision made for diminution in value of investments	-	-
** Represents investment earmarked for Settlement Guarantee Fund		

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 16. Trade receivables

	As at March 31, 2016	As at March 31, 2015
<b>Receivables outstanding for a period exceeding six months</b>		
Secured, considered good *	69	229
Unsecured, considered good	158	25
Unsecured, considered doubtful	37	29
Less: Provision for doubtful debts	(37)	(29)
	227	254
<b>Other Receivables</b>		
Secured, considered good *	712	892
Unsecured, considered good	857	486
	1,569	1,378
	<b>1,796</b>	<b>1,632</b>

## 17. Cash and bank balances

	As at March 31, 2016	As at March 31, 2015
<b>Cash and cash equivalents</b>		
Balances with banks	5,284	3,946
Cash on hand	0	-
Deposits with original maturity for less than 3 months	300	618
	5,584	4,564
<b>Other bank balances</b>		
Deposits with original maturity for more than 3 months but less than 12 months	14,925	17,026
Deposits with original maturity for more than 12 months	14,278	16,783
Margin money deposit with Banks	-	-
	29,203	33,809
	<b>34,787</b>	<b>38,373</b>

## 18. Short term Loans and advances

	As at March 31, 2016	As at March 31, 2015
Other loans and advances	2,210	1,263
	<b>2,210</b>	<b>1,263</b>

## 19. Other current assets

	As at March 31, 2016	As at March 31, 2015
Interest accrued on fixed deposits	1,132	1,184
Others Assets	34	3
	<b>1,166</b>	<b>1,187</b>

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 20. Revenue from operations

	For the year ended March 31, 2016	For the year ended March 31, 2015
Revenue from operations		
Transaction charges	9,007	5,840
Annual subscription fees	412	473
Admission fees	130	84
Risk Management Fees	1,305	655
Delivery Charges	1,255	1,274
Comtrack charges	850	768
Warehouse charges	466	416
Data info feed charges	194	205
Pledge Finance Charges	299	112
Other service	593	406
	<b>14,511</b>	<b>10,233</b>

## 21. Other income

	For the year ended March 31, 2016	For the year ended March 31, 2015
Investment Income	5,177	5,067
Investment income on SGF	695	701
Exchange charges	80	87
Interest on advance given to subsidiaries	11	11
Recovery of administrative cost	108	132
Settlement Penalties SGF	132	159
Recovery of charges from subsidiaries	16	19
Profit on sale/scrap of fixed assets (net)	3	8
Miscellaneous income	167	37
Provision no longer required	7	4
	<b>6,396</b>	<b>6,225</b>

## 22. Employee benefits expense

	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries, wages and bonus	4,127	3,600
Contribution to provident and other funds	305	195
Staff welfare expenses	310	278
	<b>4,742</b>	<b>4,073</b>

## 23. Finance costs

	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest expenses	-	1
	-	1

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 24. Depreciation and amortization expense

	For the year ended March 31, 2016	For the year ended March 31, 2015
Depreciation of tangible assets	632	721
Amortisation of Intangible assets	899	802
	<b>1,531</b>	<b>1,523</b>

## 25. Other expenses

	For the year ended March 31, 2016	For the year ended March 31, 2015
Technology expenses	2,346	2,114
Legal, Professional & Consultancy Fees	1,399	1,023
Travelling & Conveyance	376	404
Advertisement expenses	595	361
Communication Expenses	155	106
Insurance Charges	90	67
Printing & Stationery	58	69
Rates & Taxes	8	27
Payment to Auditors		
- As Auditors	21	19
- For other services	6	2
Repair and Maintenance - Leasehold Premises	91	134
Repair and Maintenance - Others	409	506
Electricity Charges	343	356
Rent	679	596
Directors' sitting fees and expenses	63	53
Committee member sitting fees and expenses	34	27
Warehousing charges	4	2
Polling expenses	148	146
Research and Testing	65	87
Loss on sale/scrap of fixed assets (net)	-	2
Provision for doubtful debts and advances	8	26
Contribution to Investor Protection Fund	25	25
Books Periodicals & Subscription	42	42
Other expenses	249	220
Licence Fees	126	89
Provison for Diminution	10	-
Sebi Regulatory Fees	50	-
Corporate Social Responsibility	99	-
	<b>7,499</b>	<b>6,503</b>

- 26 The total deposits from members including margin money with the Company as on March 31, 2016 is ₹ 146,009 lakhs (March 31, 2015: ₹ 141,634 lakhs) which consists of cash, bank guarantees, securities and fixed deposit receipts.

## Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

**27** There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 30 days as at the Balance Sheet date. Further, the Company has neither paid nor has any amount payable towards interest to any Micro, Small and Medium Enterprises on the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors. The disclosure required as per sec 22 of MSMED Act 2006 is as follows:

Particulars	March 31, 2016	March 31, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, 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 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

### 28 Operating lease

The Company has taken premises, office equipments, computers, servers and furniture on lease. Certain lease arrangements provide for cancellation by either party and contains clauses for escalation of lease rentals and for renewal of lease agreements.

Lease payments on cancelable and non-cancelable operating lease arrangements are charged to the Statement of Profit and Loss and the future minimum lease payments in respect of non-cancelable operating lease as at the Balance Sheet date are summarized below:

Lease obligations	March 31, 2016	March 31, 2015
Minimum Lease Payments :		
Not later than one year	1,081	601
Later than one year but not later than five years	2,166	1,640
Later than five years	968	20

Total lease payments recognised in Statement of Profit and Loss is ₹ 660 lakhs included in Rent in Note 25 (March 31, 2015: ₹ 575 Lakhs)

### 29 Contingent Liabilities

Particulars	March 31, 2016	March 31, 2015
On account of Income taxes (Refer Note 1 below)	1069	907
On account of Legal claim (Refer Note 2 below)	185	185
On account of payment of Bonus for the F.Y. 2014-15 (Refer Note 3 below)	16	-

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

1	Particulars	Assessment Year	Amount of Tax	Forum before which case is pending
	Disallowance u/s 14A	AY 07-08	53	ITAT
	Investor Protection Fund	AY 07-08	171	
	Investor Protection Fund	AY 08-09	113	ITAT
	Investor Protection Fund	AY 09-10	61	ITAT
	Investor Protection Fund	AY 10-11	162	ITAT
	Investor Protection Fund	AY 11-12	123	CIT
	Investor Protection Fund	AY 12-13	224	CIT
	Investor Protection Fund	AY 13-14	162	CIT
	<b>Total</b>		<b>1,069</b>	

- 1 The Company had received an assessment order in respect of A.Y. 2007-08 making disallowance under section 14A of Income Tax Act, 1961. The Company has filed an appeal against the order with Commissioner of Income Tax (Appeals) on February 2, 2010. The Company received CIT(Appeals) order, in which the partial relief of ₹ 79 lakhs has been granted by CIT(appeals) and the amount of disallowance has been reduced from ₹ 159 lakhs to ₹ 79 lakhs. The Company has filed appeal against this order with Income Tax Appellate Tribunal (ITAT) on March 21, 2011. There has been no outcome of the appeal till date.

The Company had received an assessment order in respect of A.Y. 2007-08, A.Y. 2008-09, A.Y. 2009-10, A.Y. 2010-11, A.Y. 2011-12, A.Y. 2012-13 and A.Y. 2013-14 wherein the Assessing officer has made an addition in taxable income of the Company the penalty collected on behalf of Investor Protection Fund (IPF). The Company has filed an appeal with CIT(Appeals) for all these years. The CIT(Appeals) has given order for all the years in favour of the Company. However the Income Tax Department has filed an appeal against the CIT(Appeals) order with ITAT.

The above contingent liability represents the additional tax liability for Sec 14A disallowance for A.Y. 2007-08 and for IPF addition for A.Y. 2007-08, A.Y. 2008-09, A.Y. 2009-10, A.Y. 2010-11, A.Y. 2011-12, A.Y. 2012-13 and A.Y. 2013-14.

- 2 A legal suit was been filed jointly against the Company and National Collateral Management Services Limited by a party claiming a sum of ₹ 185 lakhs for loss on sale of goods, loss of profit, interest etc. The Company is of the view that since the matter is sub-judice, a reliable estimate of the amount of liability cannot be made.

The management believes that the outcome of any pending litigations will not have a material adverse effect on the Company's financials position and the results of operations.

- 3 Due to the retrospectively amendment in "The Payment of Bonus Act, 1965" which is deemed to have come into force from 1st April, 2014. Kerala and Karnataka High Court have passed stay on the implementation and the matter is pending in Court of Law for the hearing. Considering the other facts that books of FY 2014-15 has been closed and return of bonus already filed for said period. As the matter is under litigation it is considered as contingent.

In case of the subsidiary company NeML, Due to the retrospectively amendment in "The Payment of Bonus Act, 1965" which is deemed to have come into force from 1st April, 2014. Kerala and Karnataka High Court have passed stay on the implementation and the matter is pending in Court of Law for the hearing. Considering the other facts that books of FY 2014-15 has been closed and return of bonus already filed for said period. The Company has not provided liability of bonus of ₹ 5 lakhs for the FY 2014-15.

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

In case of ReMS, Joint venture of subsidiary company NeML, c) Based on legal Opinion, Joint venture Company not levied Service tax on Transaction charges. In lieu of above, the Provision for Service tax has not been made in the books of accounts for the same. The financial impact of the same on the Consolidated Financial statement of the Company is ₹180 lakhs (Being 50% of ₹ 360) exclusive of Interest and other imposition if applicable.

- 30.** Pepper futures contract was traded on the Exchange till May 2013. However, based on complaints of presence of 'Mineral Oil' in some of the stocks, the warehouses having pepper stock were sealed by Food Safety and Standard Authority of India (FSSAI) and deliveries were stopped from these warehouses till further notice. The presence of mineral oil is not a part of the Exchange specifications and therefore any liability arising on account of the same cannot be under the settlement process of the Exchange. However, in order to retain market integrity, the Exchange has offered to facilitate improvement of pepper stock, which is approximately 6,400 MT, subject to recovering the costs of improvement and accordingly requested the Hon. Kerala High Court to allow the same. Based on this, the Hon. Kerala High Court vide its order dated August 28, 2014, allowed the Exchange to clean the pepper stock lying in the warehouse with a right to recover the costs associated with the same. Subsequently, some of the holders of the stocks had requested FSSAI to permit the reference of a second sample to the referral laboratory viz. The Central Food Laboratory, Kolkata. Based on the test results of 4,344 MT sent to the referral laboratory, 3,777 MT has been tested as free of mineral oil. Further, Hon. High Court of Kerala, vide its order dated May 12, 2015 has directed release of such quantity of pepper which is found free from impurities and contamination. Accordingly, 3,005 MT of pepper which was found free of mineral oil on testing by Central Food Laboratory, Kolkata, has been released to the holders. As the percentage of stock tested free of mineral oil is substantially high, It is estimated that the total costs required to be incurred will be approximately ₹ 1733 lakhs plus applicable taxes, as compared to the earlier estimate of ₹ 4300 lakhs. Out of the same, ₹ 1200 lakhs plus taxes is towards cleaning costs. Till March 31, 2016, the Exchange has paid ₹ 900 lakhs plus taxes towards cleaning costs and the balance ₹ 300 lakhs plus taxes is payable by June 30, 2016. The total amount paid till March 31, 2016 is ₹ 1291 lakhs which includes cleaning and other related costs. These payments are included in advances recoverable in cash or kind in note no 18. In order to recover the costs for cleaning and other related expenses, the Exchange is in discussions with the local trade association, concerned members and other counterparties. The Management is of the opinion that there is no further exposure to the Exchange and therefore, there is no requirement to make any further provision with respect to these costs in the Company's accounts in addition to the provision made in earlier year of ₹ 260 lakhs.

With respect to the quality issue (presence of "Mineral Oil") of pepper stock, Kalimirch Vyapari Association (KVA) had filed writ petition (No. 321 of 2014) against the Exchange with Hon. High Court of Bombay. The KVA has withdrawn the said writ petition vide court order dated July 29, 2015 which reads as: "Allowed to be withdrawn with liberty to adopt appropriate proceedings".

## **31 Capital Commitments**

Estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 8,592 lakhs (March 31, 2015: ₹ 10,873 lakhs).

### **Other Commitments**

Cost of cleaning of pepper ₹ 300 lakhs plus taxes (refer note 29)

- 32** In case of the subsidiary company NeML, members holding membership of the subsidiary company for more than three years can terminate their membership and withdraw deposit. The subsidiary company does not foresee possibility of termination of such membership and therefore membership deposit of such members is classified as non-current liability.

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

33 The disclosure in respect of Segment information as per Accounting Standard - 17 on "Segment Reporting" notified under the Companies (Accounting Standards) Rules, 2006 for the period ended 31st March, 2016 is given as follows:

Particulars	Trading Services related to Commodity		Clearing Services related to Commodity		Trading & Clearing Services related to Spot Exchange		Elimination		Total	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
<b>REVENUE :</b>										
External Revenue	16,884	14,192	89	45	3,934	2,201	-	-	20,907	16,438
Inter-segment Revenue	489	151	418	424	9	1	(916)	(576)	-	-
<b>Total Revenue</b>	<b>17,374</b>	<b>14,343</b>	<b>506</b>	<b>469</b>	<b>3,943</b>	<b>2,202</b>	<b>(916)</b>	<b>(576)</b>	<b>20,907</b>	<b>16,438</b>
<b>RESULT</b>										
Segment Result	9,979	3,872	120	78	662	409	-	-	10,762	4,359
Less: Finance Charge									-	1
<b>Profit before tax</b>									10,762	4,358
Less: Provision for current tax									(3,350)	(1,276)
Less: Deferred tax									18	(19)
Less: MAT Credit Entitlement									-	(2)
<b>Profit after tax and before minority interest and share of loss of associate</b>									<b>7,429</b>	<b>3,061</b>
Less: Minority Interest									-	-
Add / (Less): Share of profit (net) of associate(s)									-	(60)
<b>Profit after tax</b>									<b>7,429</b>	<b>3,001</b>
<b>OTHER INFORMATION</b>										
Segment Assets	66,668	57,543	1,269	1,189	11,284	9,033			79,221	67,765
Unallocable Assets									0	64
<b>Total Assets</b>									<b>79,221</b>	<b>67,829</b>
Segment Liabilities	26,856	22,093	60	27	9,155	7,440			36,071	29,560
Unallocable Liabilities									0	980
<b>Total Liabilities</b>									<b>36,071</b>	<b>30,540</b>
<b>Capital Expenditure</b>										
Segment Capital Expenditure	1,107	282	-	-	554	786			1,661	1,068
Unallocable Capital Expenditure									0	-
<b>Total Capital Expenditure</b>									<b>1,661</b>	<b>1,068</b>
<b>Depreciation/Amortisation</b>										
Segment Depreciation / Amortisation	1,172	1,258	110	109	249	156			1,531	1,523
Unallocable Depreciation / Amortisation									(0)	0
<b>Total Depreciation / Amortisation</b>									<b>1,531</b>	<b>1,523</b>

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 34 Related Party Disclosures

Subsidiaries  
 Associates  
 Key Managerial Personnel  
 Trust for Protection, Awareness and Education of Investors of the Exchange  
 Joint Venture of NeML

NCDEX Institute of Commodity Markets and Research (NICR)  
 Power Exchange India Limited (PXIL)  
 Samir Shah -Managing Director & Chief Executive Officer  
 NCDEX Investor (Client) Protection Fund Trust (NICPFT)  
 Rashtriya e Market Services Private Limited (ReMS)

Particulars	Subsidiaries			Associates			Key Managerial Personnel #			Total		
	NICR			Power Exchange			Samir Shah					
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-16	31-Mar-15	31-Mar-16		31-Mar-15	
Remuneration	-	-	-	-	-	-	285	250	-	-	285	250
Fees Paid	-	-	-	-	-	-	-	-	-	-	-	-
Recovery of expenses	-	-	16	16	21	-	-	-	-	-	16	21
Expenses paid on behalf of Subsidiaries/ Associates	3	0	-	-	-	0	-	-	0	3	3	4
Amount received for Expenses incurred	3	0	1	31	31	-	-	-	0	3	4	35
Conversion of Loan in to Equity	-	-	-	-	-	-	-	-	-	-	-	-
Provision no longer required	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to IPF	-	-	-	-	-	924	-	-	924	726	924	726
Interest on advance	11	11	-	-	-	-	-	-	-	-	11	11
Advance/Loan given	6	-	-	-	-	-	-	-	-	-	6	-
Services Rendered	-	-	-	-	-	-	-	-	114	-	114	-
Dividend Received	-	-	-	-	-	-	-	-	10	-	10	-
Investment in Joint Venture	-	-	-	-	-	-	-	-	-	-	500	500
<b>Balance outstanding at the year end</b>	5	5	1,500	1,500	1,500	-	31	31	500	500	2,005	2,005
Investments in Equity Shares (Note 12)	-	-	500	500	500	-	-	-	-	-	500	500
Investments in Preference Shares (Note 12)	-	-	2,000	-	-	-	-	-	-	-	-	-
Provision for diminution in the value of Investment	137	121	-	-	-	-	-	-	-	-	137	121
Loans and Advances (Note 13)	111	111	-	-	-	-	-	-	-	-	111	111
Provision for Advances	-	-	-	-	-	-	-	-	-	-	-	-
Advance received	-	-	17	-	-	-	-	-	-	-	17	-
Other Receivables (Note 14)	-	-	-	-	-	-	-	-	-	-	-	-
Trade Payables (Note 7)	-	-	-	-	-	121	-	96	-	-	121	96
Other current liabilities (Note 8)	-	-	-	-	-	-	-	-	127	248	-	248

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 35 Earnings per share (EPS)

Particulars	March 31, 2016	March 31, 2015
Net Profit/(Loss) after tax as per Statement of Profit and Loss	7,430	3,001
Less: Preference dividend and tax thereon	-	-
Net Profit for calculation of EPS (A)	7,430	3,001
Weighted average no. of equity shares for calculating EPS (B)	50,676,000	50,676,000
Basic/Diluted earnings per equity share(in Rupees)(Face value of ₹ 10/- per share) (A)/(B)	14.66	5.92

Particulars	March 31, 2016	March 31, 2015
Weighted average number of equity shares for calculating EPS	50,676,000	50,676,000
Add: Equity shares for no consideration arising on grant of stock options under ESOP	Nil	Nil
Weighted average number of equity shares in calculation diluted EPS	50,676,000	50,676,000

## 36 Employee Stock Option Plans ('ESOP')

Particulars	Series I	Series II
Date of grant	July 1, 2006	July 1, 2007
Date of Board /Compensation Committee approval	May 6, 2006	June 15, 2007
Date of Shareholder's approval	May 26, 2006	May 26, 2006
Number of options granted	225,000	230,500
Method of Settlement	Equity	Equity
<b>Graded Vesting Period</b>		
After 1 year of grant date	20 % of the options granted	
After 2 years of grant date	30 % of the options granted	
After 3 years of grant date	50 % of the options granted	
Exercisable period	5 years from the date of vesting of options	
Vesting Conditions	None	

The details of Series I have been summarized below:

Particulars	March 31, 2016	March 31, 2015
Number of stock options		
Outstanding at the beginning of the year	Nil	17,000
Add: Granted during the year	Nil	Nil
Less: Forfeited during the year	Nil	2,000
Less: Lapsed during the year	Nil	15,000
Less: Expired during the year	Nil	Nil
Outstanding at the end of the year	Nil	Nil
Exercisable at the end of the year	Nil	Nil
Weighted average remaining contractual life (in years)	-	-
Weighted average exercise price (₹ per share)	192	192
Weighted average fair value of options granted	53.58	53.58

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

The details of Series II have been summarized below

Particulars	March 31, 2016	March 31, 2015
Number of stock options		
Outstanding at the beginning of the year	29,000	47,800
Add: Granted during the year	Nil	Nil
Less: Forfeited during the year	2,000	4,400
Less: Lapsed during the year	27,000	14,400
Less: Expired during the year	Nil	Nil
Outstanding at the end of the year	Nil	29,000
Exercisable at the end of the year	Nil	29,000
Weighted average remaining contractual life (in years)	-	-
Weighted average exercise price (₹ per share)	203	203
Weighted average fair value of options granted	56.71	56.71

There were no stock options exercised during the period ended March 31, 2016 (March 31, 2015: Nil)

The details of exercise price for stock options outstanding at the end of the year are

## March 31, 2016

Series	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
Series I	₹ 192	-	-	₹ 192
Series II	₹ 203	-	-	₹ 203

## March 31, 2015

Series	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
Series I	₹ 192	-	-	₹ 192
Series II	₹ 203	29,000	-	₹ 203

Stock Options granted

Series I

The weighted average fair value of stock options granted was ₹ 53.58. The binomial valuation model has been used for computing the weighted average fair value of options considering the following inputs

Particulars	Yr 1	Yr 2	Yr 3
Exercise Price (₹)	192	192	192
Expected Volatility (%)	30%	30%	30%
Historical Volatility	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	6 years	7 years	8 years
Expected dividends per annum (₹)	Nil	Nil	Nil
Average risk free interest rate (%)	7.89%	8.05%	8.15%
Expected dividend rate (%)	Nil	Nil	Nil

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

Series II:

The weighted average fair value of stock options granted was ₹ 56.71. The binomial valuation model has been used for computing the weighted average fair value of options considering the following inputs:

Particulars	Yr 1	Yr 2	Yr 3
Exercise Price (₹)	203	203	203
Expected Volatility (%)	30%	30%	30%
Historical Volatility	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	6 years	7 years	8 years
Expected dividends per annum (₹)	Nil	Nil	Nil
Average risk free interest rate (%)	8.08%	8.16%	8.19%
Expected dividend rate (%)	Nil	Nil	Nil

Since the company used the intrinsic value method and the exercise price being the same as fair value of the shares of the Company, there is no compensation cost recognized in the Statement of Profit and Loss during the year ended March 31, 2016. (March 31, 2015: ₹ Nil)

In March 2005, The Institute of Chartered Accountants of India has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

Particulars	March 31, 2016	March 31, 2015
Profit/(Loss) as reported (net of preference dividend and tax thereon)	6,881	2,679
Add: Employee stock compensation under intrinsic value method	Nil	Nil
Less: Employee stock compensation under fair value method	Nil	Nil
Pro forma profit (net of preference dividend and tax thereon)	6,881	2,679
<b>Earnings per share</b>		
<b>Basic</b>		
- As reported	13.58	5.29
- Pro forma	13.58	5.29
<b>Diluted</b>		
- As reported	13.58	5.29
- Proforma	13.58	5.29

## 37 Employment Benefit Plans

- Defined Contribution Plans-Amount recognised and included in Note 22 "Contribution to Provident and other funds" of Statement of Profit and Loss ₹ 156 lakhs (March 31, 2015 : ₹ 124 lakhs)
- The Company has a defined benefit gratuity plan. Every employee who has completed five years or more and less than or equal to nine years of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. Every employee who has completed more than ten years of service gets a gratuity on departure at 26 days salary (last drawn salary) for each completed year of service.

In case of the subsidiary company NeML, every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of ₹ 10,00,000

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet for the respective plans.

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost)

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Current service cost	47	40
Interest cost on benefit obligation	20	18
Expected return on plan assets	(27)	(15)
Net actuarial (gain) / loss recognized in the year	26	13
Past service cost	Nil	Nil
<b>Net benefit expense</b>	<b>66</b>	<b>56</b>
Actual return on plan assets	4	Nil

## Balance Sheet

### Details of Provision for Gratuity

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Defined benefit obligation	304	253
Fair value of plan assets	364	334
	60	81
Less: Unrecognized past service cost	Nil	Nil
Plan asset / (liability)	60	81

Changes in the present value of the defined benefit obligation are as follows

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Opening defined benefit obligation	253	197
Interest cost	20	18
Current service cost	47	40
Liabilities transferred in/Aquisitions/(out/Divestments)	8	(1)
Benefits paid	(40)	(14)
Actuarial (gains) / losses on obligation	16	13
<b>Closing defined benefit obligation</b>	<b>304</b>	<b>253</b>

Changes in the fair value of plan assets are as follows

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Opening Fair Value of Plan Assets	334	174
Expected return	27	15
Contributions by employer	45	159
Assets transferred in/Acquisitions(out/Divestments)	8	0
Benefits paid	(40)	(14)
Actuarial gains / (losses)	(10)	-
<b>Closing fair value of plan assets</b>	<b>364</b>	<b>334</b>

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity	
	March 31, 2016 %	March 31, 2015 %
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Discount Rate	7.54%	7.79%
Expected rate of return on assets	7.54%	7.90%
Increase in compensation cost	10% for first 5 years, 7% for next 5 years and 5% thereafter	10% for first 5 years, 7% for next 5 years and 5% thereafter
Employee Turnover	20.00%	20.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current period are as follows

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	304	253	179	167	105
Plan assets	364	334	174	179	97
Surplus /(deficit)	60	81	(23)	12	(8)
Experience adjustments on plan liabilities	12	1	22	56	(6)
Experience adjustments on plan assets	(10)	-	(1)	-	1

## 38 Expenditure in foreign currency

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Intangible assets under development	1243	-
Technology expenses	49	-
Travelling	55	31
Professional & consultation fees	62	94
Others	11	46
<b>Total</b>	<b>1,421</b>	<b>171</b>

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

## 39 Net Dividend remitted in foreign exchange

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Period for which it relates	2014-15	2013-14
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	1,500,000	1,500,000
<b>Amount remitted</b>	<b>22.5</b>	<b>22.5</b>

40 Settlement Guarantee Fund (SGF) as constituted by the Company, is the amount earmarked for completion of the settlement, in case of a default by a member. The Forward Markets Commission has issued Guidelines dated March 14, 2014 (in revision to the Guidelines dated August 23, 2013) in respect of Settlement Guarantee Fund (SGF). The Company has worked out the Corpus of SGF as on March 31, 2016 at ₹ 12,675 lakhs as disclosed below:

Particulars		March 31, 2016	March 31, 2015
Settlement Guarantee Fund (A)	Balance as per last financial statements	4,867	3,905
	Add: Additions during the period (Appropriation net of Tax)	86	105
	Add: Contribution @ 5% of gross revenue of 2014-15 (Appropriation net of Tax)	469	388
	Add: Income on SGF Investment (Appropriation net of Tax)	453	469
	<b>Total (A) (refer note 4)</b>	<b>5,875</b>	<b>4,867</b>
Non current liabilities (B)	- Base Minimum Capital	1,736	1,920
	<b>Total (B)(refer note 5)</b>	<b>1,736</b>	<b>1,920</b>
Other current liabilities ('C)	- Base Minimum Capital	938	1,018
	<b>Total (C)(refer note 8)</b>	<b>938</b>	<b>1,018</b>
	<b>Total Cash (A) + (B) + ('C)</b>	<b>8,549</b>	<b>7,805</b>
	<b>Total Non Cash *</b>	<b>4,126</b>	<b>4,657</b>
	<b>Total SGF</b>	<b>12,675</b>	<b>12,462</b>

\* Non Cash includes Bank guarantees/ Fixed deposit receipts and hypothecation of movables such as commodities securities etc from members

As per the revised guidelines dated March 14, 2014, the Company is required to determine the adequacy of SGF based on stress test computation on quarterly basis. If there is a shortfall, the Company has to make additional contribution, not exceeding 5% of the gross revenues of the previous year. The SGF corpus as per the stress test prescribed in the said guidelines works out to ₹ 13,665 lakhs as on June 30, 2015. Since the SGF Corpus was lower than the required level of ₹ 13,665 lakhs, the Company has contributed 5% of gross revenue of the 2014-15 (net of tax) to SGF amounting to ₹ 469 lakhs. The SGF as per the stress test prescribed in the said guidelines as on March 31, 2016 is ₹ 8,458 lakhs (March 31, 2015 : ₹ 10652 lakhs) and SGF corpus with exchange is ₹ 12,675 lakhs (March 31, 2015 : ₹ 12462 lakhs).

41 In case of the subsidiary company NeML, Risk Management Fund as constituted by it is the amount earmarked for completion of the settlement, in case of a default by a member. NeML has policy to transfer 40% of penalty received to Risk Management Fund. During the year, amount of ₹ 1.81 lakhs utilized directly from the said fund

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

**42** In case of ReMS, Joint venture of subsidiary company NeML, Transaction Charges Special Reserve, as constituted by the ReMS, is the amount earmarked for fluctuations in completion of post tender activities. ReMS has a policy of transferring 5% of the Transaction charges billed during the year. The ReMS has transferred ₹ 128 lakhs (50% is ₹ 64 lakhs) accordingly for the financial year 2015-16

**43** Details of Exceptional items are as follows:

Particulars	March 31, 2016	March 31, 2015
Profit on sale of shares of non current investments *	3,732	-
Liquidated Damages ***	395	-
Provision for diminution in value of Investment ****	(500)	-
<b>Total</b>	<b>3,627</b>	<b>-</b>

\* During the year the company has sold its investment in 50,52,631 equity shares of National Collateral Management Services Ltd at a consideration of ₹ 4332 lakhs realising the profit of ₹ 3,732 lakhs.

\*\*\* As per the terms stated in the Share Purchase Agreement with an investor, the Company has to receive ₹ 7,592 lakhs as Liquidated Damages (LD) for non achievement of business milestones. During the year ₹ 395 lakhs (₹ 5,810 lakhs received in year 2013 - 14) has been received as per the said agreement.

\*\*\*\* The Company has invested ₹ 500 lakhs (March 31, 2015: ₹ 500 lakhs) in 10% optional convertible cumulative preference shares of ₹ 10 each in an associate viz. Power Exchange India Limited (PXIL). Based on the financial condition of PXIL, the Company has provided for diminution in value of investments.

## **44 Corporate Social Responsibility (CSR)**

Gross amount required to be spent by the Company on Corporate Social Responsibility activities during the financial year 2015-16 is ₹ 101 lakhs

Details of amount spent during the year are as follows:

CSR project or activity identified	Projects or programs	Sector in which the project is covered	Amount spent
Training Programs for farmers' family members	The project is planned to be implemented in the states of Rajasthan and Madhya Pradesh.	Agriculture Education	₹ 49 lakhs
Swachh Bharat Abhiyan	Contribution to the Swachh Bharat Abhiyan project initiated by the PM	Public Health	₹ 50 lakhs

In case of the subsidiary company NeML, the Company has not contributed any amount towards Corporate Social Responsibility (CSR) in term of section 135 as there are no profits attributable to CSR.

**45** The Exchange suspended futures trading in all running castor seed contracts on January 27, 2016 and settled the outstanding positions at the daily settlement price as of January 27, 2016. This was done in order to maintain market equilibrium, safeguard market integrity and in the general interest of commodities market. The Exchange has received representations from various market participants regarding their grievances related to the suspension of the Castor seed contracts by the Exchange. In accordance with the power vested with the Board and the Relevant Authority, vide Bye-Laws of the Exchange, a mechanism for stipulating norms and procedures in respect of, incidental or consequential to closing out of contracts, deals or transactions has been prescribed. As per this close out mechanism, the monies payable to the non-defaulting members will be to the extent of the collateral available with the Exchange of the defaulting members and in a pro-rata basis. Based on the prescribed mechanism, a 'close out price' has been determined for the suspended castor contracts at ₹ 120 per quintal. It is proposed that the market participants who had Short position in the suspended contracts and were simultaneously holding stocks in Exchange approved warehouses may be considered

# Notes to the Consolidated financial statements

for the year ended March 31, 2016

(Amount in ₹ Lakhs unless otherwise stated)

eligible for adjudication of claims. Accordingly, the total money payable to the participants who are on short side is ₹ 1264 lakhs. The Exchange has appropriated the collaterals from the defaulting members to the extent of the money payable and is in the process of settling the claims. As the total collaterals available with the Exchange is more than sufficient to meet the claims of the investors, as per the close out mechanism prescribed, there will be no further liability on account of claims in this matter.

**46** In case of the subsidiary company NeML:

- a) The Company has written off certain amounts towards old outstanding totaling to ₹ 1 lakhs which were due but not received. Further, the Company has provided an amount of ₹ 6 lakhs towards Doubtful Debts, it has been done in line with policy as approved by the Board of Directors.
- b) The Company has also written back certain payables for which no claim was received amounting to ₹ 6 lakhs

**47** In case of the subsidiary company NeML, The Company has made Investment of ₹ 10 lakhs on November 2, 2007 in a National Warehousing Corporation Private Limited (NWCPL). The accumulated losses of NWCPL have exceeded its net worth as per its audited consolidated financial statements as at March 31, 2015, hence the Company has made a provision for diminution in the value of investments.

**48** In case of the subsidiary company NeML, due to the causal vacancy, the Company is in process to appoint full time Company Secretary.

- 49**
- a) In the opinion of the Management, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess of what is required.
  - b) In case of the subsidiary company NeML, the account of Trade receivables, Trade payables, Loans and Advances are subject to confirmation / reconciliation and adjustments, if any. The management does not expect any material differences affecting the current year consolidated financial statements.

**50** Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary.

**For K.S. AIYAR & Co.**

Chartered Accountants

ICAI Firm Registration No : 100186W

**Sachin A. Negandhi**

Partner

Membership No.112888

Place: Mumbai

Date : June 28, 2016

For and on behalf of the Board of Directors

**National Commodity & Derivatives Exchange Limited**

**Samir Shah**

Managing Director & Chief Executive Officer

DIN - 00912693

**M. K. Ananda Kumar**

Company Secretary

FCS - 6819

**Rabi Narayan Das**

Director

DIN - 03582925

**Komal Shahani**

Chief Financial Officer

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