



## NATIONAL COMMODITY CLEARING LIMITED

CIN: U74992MH2006PLC163550

### Company Information

<b>Board of Directors</b>	<p>Mr. R. Ramaseshan : Chairman and Public Interest Director (DIN: 00200373)</p> <p>Mr. R. Venkatraman : Public Interest Director (DIN: 07119686)</p> <p>Mr. Siddhartha Roy : Public Interest Director (DIN: 07637472)</p> <p>Mrs. Shanthi Srikant : Public Interest Director (DIN: 08100689)</p> <p>Mr. Atul Roongta : Shareholder Director (DIN: 07878061)</p> <p>Mr. Rajiv Relhan : Managing Director &amp; Chief Executive Officer (DIN: 07214524)</p>
<b>Chief Financial Officer</b>	Ms. Komal Shahani
<b>Chief Legal &amp; Compliance Officer</b>	Ms. Hemalatha S
<b>Chief Operating Officer</b>	Mr. Hemant Singhvi
<b>Head Risk</b>	Mr. Ruchit Chaturvedi
<b>Company Secretary</b>	Mr. Rahul Poojari
<b>Registered Office</b>	<p>1<sup>st</sup> Floor, Ackruti Corporate Park, L. B. S. Road Kanjurmarg West, Mumbai 400 078.</p> <p>Email Id: <a href="mailto:rahul.poojari@nccl.co.in">rahul.poojari@nccl.co.in</a></p> <p>Website: <a href="http://www.nccl.co.in">www.nccl.co.in</a></p> <p>Tel: +91 22 62804900</p> <p>Fax: + 91 22 66406713</p> <p>CIN: U74992MH2006PLC163550</p>

<b>Statutory Auditors</b>	M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W)
<b>Internal Auditors</b>	M/s. Mahajan & Aibara Chartered Accountants LLP (Firm Registration No. 105742W)
<b>Secretarial Auditors</b>	M/s. Ragini Chokshi & Co., Company Secretaries
<b>Bankers</b>	Axis Bank Limited Bank of India Canara Bank DCB Bank Ltd. HDFC Bank Ltd. ICICI Bank Ltd. IndusInd Bank Ltd. Kotak Mahindra Bank Ltd. Punjab National Bank Tamilnad Mercantile Bank Ltd. Union Bank of India Yes Bank Ltd.
<b>Registrar and Share Transfer Agents</b>	Link Intime India Private Limited C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai – 400083

## DIRECTORS' REPORT

The Directors are pleased to present the 14th Annual Report of National Commodity Clearing Limited ("Company" / "NCCL" / "Clearing Corporation"), together with the Audited Financial statements of the Company, for the financial year ended March 31, 2020.

### Financial Performance

The financial performance of the Company for the financial year ended March 31, 2020 along with previous year figures is summarized as under:

Particulars	(Rs. in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Total Income	3,305	2,160
Total Expenditure	2,439	1,580
Profit before tax and Exceptional item	866	580
Exceptional items	668	-
Profit before tax	198	580
Profit after tax (A)	123	416
Other comprehensive income, net of tax (B)	(14)	(12)
Total comprehensive income (A+B)	109	404

### Review of Operations / State of Company affairs

National Commodity & Derivatives Exchange Limited ('NCDEX' / 'the Exchange'), the holding and promoter company of NCCL, is a commodity derivatives exchange.

Your Company was granted recognition by SEBI to act as a Clearing Corporation on September 10, 2018 for a period of one year subject to certain conditions prescribed therein. During the year under review, SEBI has granted renewal of recognition to act as a Clearing Corporation to NCCL for a further period of three years commencing on September 10, 2019 and ending on September 9, 2022 subject to certain conditions prescribed therein.

Your Company has entered into a clearing and settlement agreement with NCDEX to provide, inter alia, clearing and settlement services along with all associated and related functions, including managing instruments offered as collaterals and risk management functions for all trades in securities executed on NCDEX platform.

The Company has not undergone any change in the nature of its business during the financial year 2019-20.

In the month of September 2019, there was a substantial build-up of Open Interest ('OI') in the castor seed contract to an extent of approximately 30% of the overall expected production of castor seed during the year. Subsequently, the castor seed contract hit the lower circuit of 4% for five consecutive days from September 25, 2019 to October 3, 2019. In order to regain a match book, the Company resorted to the regulatory provisions for regaining a matched book, which included liquidation, auction, voluntary and partial tear up of open positions of the members. The process was successfully completed and the contract was restored for trading.

As a consequence of the above, four members failed to honour their pay in obligations. After appropriation of the respective collaterals of these members against their pay in obligations, two members continued to be in default. The Company initiated disciplinary action against the members who defaulted in pay in obligations, wherein the two members whose pay in obligations could be met out of their collaterals were placed under suspension. The other members who continued to be in default were declared as defaulters. The action taken against the members has been notified to market participants.

The Company has also initiated legal proceedings against members who have been declared as defaulters for recovery of outstanding dues. It has also lodged a claim with the insurance company, in accordance with the policy.

### Settlement

NCCL successfully continued its track record of completing all settlements in a timely manner.

The summary statistics of trading, settlement and collateral processed during the financial year 2019-20 is given below:

<b>Trades</b>		
<b>Particulars</b>	<b>2019-2020</b>	<b>2018-2019</b>
Number of trades	79,85,297	91,57,453
Trading Quantity	9,44,84,391	11,85,20,660
Trading value (Rs. in crores)	4,41,967.35	5,31,417.71

<b>Settlement</b>		
<b>Particulars</b>	<b>2019-2020</b>	<b>2018-2019</b>
MTM Settlement (Rs. in crores)	4,135.48	4,387.40
Physical Settlement (Rs. in crores)	1,836.96	2,072.71

### Management of collateral instruments

<b>Instrument Processed</b>	<b>2019-2020</b>		<b>2018-2019</b>	
	<b>Count</b>	<b>Amount (Rs. In crores)</b>	<b>Count</b>	<b>Amount (Rs. In crores)</b>
Bank Guarantee	720	979.99	879	1,034.10
Fixed Deposit Receipts	2069	1,993.83	1993	1,759.65

**Note** – NCCL commenced its operations as an independent clearing corporation from September 27, 2018 providing clearing and settlement services to NCDEX. Prior to said date NCCL was functioning as a clearing house of NCDEX.

## **New Initiatives and Developments:**

### **1. Complete transition towards Exchange specific e-NWR for settlement of delivery obligations:**

NCCL has transitioned in to an exchange specific e-NWR system for settlement of delivery obligations arising out of a trade/ deal in commodity derivatives contracts on the exchange platform. As on March 31, 2020, all commodities traded on NCDEX platform are settled through the exchange specific e-NWR system.

Some of the benefits of such settlement are highlighted below:

- It supplements our effort in ensuring good delivery as the warehouses are registered with WDRA which adopts measures like Security Deposits, Inspection, Insurance monitoring & grievance redressal mechanism for the benefit of depositors.
- An e-NWR is a title document under which the goods represented therein are deliverable to the depositor or order.

### **2. Acceptance of Collateral at Delhi Office:**

Currently, members providing collaterals in the form of Bank Guarantees and Fixed Deposit Receipts need to submit the physical documents to our registered office at Mumbai. Post verification of the documents the benefit on such collaterals are extended to members. NCCL has now started accepting the physical documents at our Delhi office.

### **3. New banks empaneled for Issuance of Fixed Deposits Receipts in Electronic form (EFDRs):**

During the year, NCCL has entered into agreements with following three banks and added them to the list of approved banks for the purpose of issuance of Fixed Deposit Receipts in electronic form.

<b>Sr. No.</b>	<b>Bank Name</b>
1	AU Small Finance Bank Limited
2	ICICI Bank Limited
3	Indusind Bank Limited

In addition to the above, NCCL has an existing agreement with HDFC Bank Limited for the said purpose.

### **4. Reduction of minimum validity period from 3 months to 7 days in case of EFDRs:**

With the introduction of EFDRs, the conditions for minimum validity period of EFDRs provided by members towards margin deposit has been reduced to 7 days from the existing period of 3 months while the minimum period in case of security deposits continues to be 12 months.

## **5. Interactive training session for Members**

During the year, various interactive training sessions were organized covering areas such as Clearing & Settlement, Warehousing, Risk, Billing, Membership and Compliance. The sessions were targeted to interact with members, understand their concern areas and address them.

Throughout the year, NCCL conducted an interactive training session for members at Mumbai, Delhi and Jaipur which saw an overwhelming response from the participants.

### **Risk Management**

NCCL has formulated its risk management framework based on the Comprehensive Risk Management Framework and other directives and guidelines issued by SEBI. The Risk Management Committee of the Governing Board oversees and monitors the risk management of NCCL and implementation of the risk related policies. The risk management policies of NCCL are approved by the Risk Management Committee and reviewed and tested regularly for assessing effectiveness. The Risk Management Committee has delegated certain functions and authority to the Internal Risk Committee of NCCL, regularly reviews and monitors the risk management function at NCCL.

NCCL has a Risk Management System ('RMS') for real time computation of Value at Risk ('VaR') and portfolio based margin. Intra-day volatility is refreshed every two hours, seven times a day and the initial margin changes whenever volatility is refreshed. Also the Mark to Market ('MTM') obligation is recomputed for every last traded price change.

Risk is managed through measures like eligibility criteria and capital requirements of members, margin requirements, positions limits for member and clients, real time monitoring and alerts for increase in risk exposures and limit breaches etc.

### **Warehousing / Logistics**

NCCL provides warehousing services to clients for physical settlement of the trades executed in NCDEX, through nine empanelled Warehouse Service Providers ('WSP'). As on March 31, 2020, NCCL has 201 WDRA approved warehouses across the country for fresh deposit and withdrawal of commodities being traded in the exchange. The total capacity of these warehouses is 0.76 million metric tons, out of which 0.13 million metric tons of stock is available in the warehouses, worth Rs. 4.4 billion.

These warehouses are inspected by NCCL and independent inspection agencies on regular basis for its operations and infrastructure as per the standard guidelines set by SEBI. The quality of the stock deposited is also regulated as per preset product specifications through laboratory testing of the samples drawn at the time of deposit and withdrawal. This assures quality delivery of the commodity to the client. To ensure the security of the stock, WSPs have installed CCTV cameras in their owned warehouses and all warehouses have appointed security personnel. Warehouse supervisors monitor deposits, withdrawal and facilitate audits of the warehouses.

NCCL logistics has provided quality delivery and physical settlement services effectively and efficiently to its clients.

**Information Technology**

A number of technical migration projects were initiated and put to use in FY 2019-20. The migration projects were carried out as steps towards moving from legacy and proprietary hardware/software to open source. This initiative helped NCCL not only mitigate the risk of unsupported hardware and software but also helped save on the capital expenditure which would have been otherwise incurred towards hardware upgrade. Further steps have been taken to optimize the servers and the database licensing costs by consolidating servers and licenses which has helped optimize the operational cost for the FY 2020-21. With these migrations, NCCL systems are now capable of leveraging the cloud setup for development and testing environments.

In addition to this, application changes were carried out to systems towards meeting various market requirements, regulatory requirements, operational requirements and process optimizations.

**Human Resources**

NCCL organized various employee engagement initiatives, which have resulted in a vibrant, productive and enjoyable work environment. A company offsite was organized for employees across all levels and locations to promote team bonding. Policies were reviewed and updated as per the requirements of the organization. The training needs identification process was completed for all employees to drive the skill enhancement interventions in sync with the business strategy, NCCL continued to focus on people development initiatives. The employee relations scenario has been harmonious throughout the period under consideration. The numbers of employees as on March 31, 2020 were 64.

The disclosure pertaining to resources committed towards strengthening regulatory functions and towards ensuring compliance with regulatory requirements applicable to the Company, backed by an activity based accounting is given below:

Sr. No.	Regulatory Functions	No. of Resources	Function Description
1	Risk Management	7	A sound risk management system is integral to an efficient clearing and settlement system. NCCL shall provide adequate and effective risk management mechanism for creating a proper risk management framework and for enforcing the requirements uniformly, as provided in the relevant regulations from time to time, to ensure market safety and security and to ensure smooth and orderly completion of settlement of transactions. NCCL shall implement risk containment measures that are recommended internationally and are considered vital in the derivatives market. The most critical component of the risk containment mechanism for

			NCCL is the online position monitoring and margining system. The actual margining and position monitoring is done on-line, on an intra-day basis. NCCL collects initial margin for all the open positions of a member based on the margins computed by the Risk Management System (RMS). Initial margin requirements are based on 99% Value at Risk over the margin period of risk (MPOR), subject to minimum two days and are margined at portfolio level. The methodology for computation of Value at Risk is as per the recommendations of SEBI from time to time.
2	Membership	2	The Membership Department handles the admission, registration, supervision, compliance monitoring of members. The department also handles the work related to action against the members for regulatory violations.
3	Membership Inspection	1	The Member Inspection Department is responsible for carrying out inspection of activities relating to the clearing and settlement operations of members. The department also handles the work related to action against members for regulatory violations and conditions for continued membership.
4	Compliance	2	The Compliance Department monitors compliance of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the Securities and Exchange Board of India Act, 1992, rules, regulations, and directions issued thereunder.
5	Enforcement & Default	1	A Member may be declared a defaulter by direction of the Relevant Authority, if he is unable to fulfill its obligations, commits violations of the Rules, Byelaws and Regulations or the conditions of membership or admits or discloses his inability to fulfill or discharge its duties, obligations and liabilities, as laid down under the Bye Laws, Rules and Regulations. The Enforcement & Default Division is responsible for all matters pertaining to enforcement and dealing with default by a member.
6	Investor Services & Protection	2	NCCL shall primarily have two categories of members – members exclusively carrying out clearing & settlement activities and members who additionally may be Trading Members on an exchange. For matters pertaining to disputes or claims between members inter se and between a member and his clients, NCCL through its Investor Services Department, facilitates resolution of disputes and settlement of claims through the arbitration mechanism of the concerned exchange.
7	Chief Compliance Officer	1	Oversees all regulatory functions barring risk.

**Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:**

The Company is committed to providing a work environment that ensures that every employee is treated with dignity and respect. The Company has in place a Policy on Prevention of Sexual Harassment of Women in line with requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Further, the Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An 'Internal Committee' has been set up to redress complaints received regarding sexual harassment.

The disclosures required to be given under Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 are given in the following table:

1	Number of complaints of sexual harassment received in the year	NIL
2	Number of complaints disposed off during the year	NIL
3	Number of workshops or awareness programs against sexual harassment carried out	An Awareness program for all employees was conducted.

**Dividend & Reserves**

As per the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, a recognised Clearing Corporation should have a minimum net worth of Rs 100 crore. As on March 31, 2020, the liquid net worth of the Company was Rs. 133 crore.

In the view of the above and in order to conserve the resources for future business growth, your directors do not recommend any dividend for the financial year 2019-20.

The Company has carried forward a total of Rs. 9,200 lakhs as its Reserves (including the Settlement Guarantee Fund).

**Compliance with externally imposed capital requirements:**

The capital requirement of the Company is regulated by Securities and Exchange Board of India ('SEBI'). As per SEBI Regulations 2018, a risk-based approach is prescribed towards computation of capital and net worth requirement for Clearing Corporations to adequately cover counterparty credit risk, business risk, orderly wind-down and operational & legal risk. As per Regulation 14(3) (c) of SECC Regulations 2018 every Clearing Corporation shall have a minimum net worth of Rs.100 crores or networth computed as per the risk-based approach as may specified by SEBI from time to time, whichever is higher. Accordingly, SEBI vide circular Ref No: SEBI/HO/MRD/DRMP/CIR/P/2019/55 dated April 10, 2019 issued granular norms related to computation of risk based capital and net worth requirements for Clearing Corporations effective from FY 2019-20. The networth requirement for the Company calculated as prescribed by SEBI in the above circular works out to around Rs.133 crore.

## Regulatory Landscape / Developments

Pursuant to SEBI mandate, NCCL has been granted renewal of recognition as a “Clearing Corporation” for a period of 3 years and a publication to that effect has been carried out in the gazette of India vide notification dated September 5, 2019. NCCL is therefore subject to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (‘SECC Regulations, 2018’) as amended from time to time. During the period from April 2019 to March 2020, SEBI has issued various circulars/notifications, the implementation and compliance of which is required to be ensured by NCCL. The important circulars / notification are highlighted herein below:

- a) SEBI has issued granular norms related to computation of risk-based capital and net worth requirements for Clearing Corporations under SECC Regulations, 2018.
- b) SEBI has clarified that all penalties levied on short collection / non-collection of margins as prescribed by SEBI circular dated September 7, 2016 shall be credited to the core SGF only. Further, SEBI has also directed that penalties, if any, on short collection / non-collection of margins levied by Clearing Corporations / Exchanges that have already been transferred to IPF trust, shall be transferred to the core SGF, effective from the day on which Clearing Corporations started clearing functions for commodity derivatives segment.
- c) SEBI has issued broad guidelines for handling of clients’ securities by trading members / clearing members.
- d) SEBI has revised norms for staggered delivery period. As per the revised norms, the minimum duration of staggered delivery period shall be at least five working days.
- e) SEBI has issued guidelines for rationalization of imposition of fines for false / incorrect reporting of margins or non-reporting of margins by Trading Member / Clearing Member in all segments in order to rationalize and bring uniformity in the manner of imposition of fine for false / incorrect reporting vis a vis non-reporting of margin.
- f) SEBI has permitted Clearing Corporations to make investment in overnight funds; however, the combined investments made by Clearing Corporations in liquid funds and overnight funds shall not exceed a limit of ten percent of the total investible resources.
- g) SEBI has issued guidelines for cut off time for determining the minimum threshold of margins to be collected from clients.
- h) SEBI has modified the following provisions of SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014 wherein guidelines pertaining to Core Settlement Guarantee Fund and Default Waterfall for Clearing Corporations had been specified.
  - i. Clause 14 – Further Contribution to / Recoupment of Core SGF.
  - ii. Clause 16 – Layer VII “Capped additional contribution by non-defaulting members of the segment” of the default waterfall.

- i) SEBI has revised the framework for Annual System Audit in order to keep pace with technological advancements in the securities market.
- j) SEBI has revised norms regarding minimum initial margin and minimum margin period of risk for commodities derivatives segment.
- k) SEBI has issued broad guidelines for margin obligations to be given by way of pledge re-pledge in the Depository System.
- l) SEBI has revised the norms pertaining to regaining a matched book. Alternative 3 and 4 of the existing norms in terms of compensation and penalty applicable on tear up of positions have been revised.

### **Settlement Guarantee Fund**

The details of Settlement Guarantee Fund ('SGF') as on March 31, 2020 is as below:

(Rs. in crore)

<b>NCCL Contribution</b>	<b>NCDEX Contribution</b>	<b>Settlement Penalties</b>	<b>Funding from SGF</b>	<b>Total</b>
125.44	33.39	46.61	(13.35)	192.09

### **Capital & Shares**

During the year under review, the Authorised Share Capital of the Company was increased from existing Rs. 1,200,000,000 (Rupees One Hundred and Twenty crore) divided into 120,000,000 (Twelve crore) equity shares of Rs. 10/- each to Rs. 1,400,000,000 (Rupees One Hundred and Forty crore) divided into 140,000,000 (Fourteen crore) equity shares of Rs. 10/- each by creation of additional 20,000,000 (Two crore) equity shares of Rs. 10/- each ranking pari passu in all respects with the existing equity shares of the Company. The members of the Company approved the aforesaid increase in the Authorised Share Capital of the Company at their 13<sup>th</sup> Annual General Meeting held on August 6, 2019. As on March 31, 2020, the Authorised Share Capital of the Company is Rs 140 crore divided into 140,000,000 equity shares of Rs 10 each.

Further, in order to meet the criteria of making contribution to the core Settlement Guarantee Fund, the paid-up equity share capital was increased from Rs 105.75 crore to Rs 115.50 crore by allotting 97,50,000 equity shares of Rs 10 each at a price of Rs. 10 per equity share, by way of rights issue, ranking pari passu in all respects with the existing equity shares of the Company, to National Commodity & Derivatives Exchange Limited ('NCDEX'), the holding company, on September 30, 2019. As on March 31, 2020, the paid-up equity share capital of the Company is Rs 115.50 crore divided into 115,500,000 equity shares of Rs 10 each.

Your Company has, in FY 2019–20, neither issued any equity shares with differential voting rights nor any shares (including sweat equity shares) to its employees under any Employee Stock Option Scheme.

Your Company is a wholly owned subsidiary of NCDEX. NCDEX holds 115,500,000 equity shares of Rs 10 each i.e. 100% of the paid up equity share capital of your Company which includes 6 individuals holding 1 equity share each (jointly with NCDEX, NCDEX being the first holder) of Rs 10 each.

### **Alteration of Memorandum of Association & Articles of Association of the Company**

During the year under review, your Company altered the Capital Clause in its Memorandum of Association by increasing its Authorised Share Capital from existing Rs. 1,200,000,000 (Rupees One Hundred and Twenty crore) divided into 120,000,000 (Twelve crore) equity shares of Rs. 10/- each to Rs. 1,400,000,000 (Rupees One Hundred and Forty crore) divided into 140,000,000 (Fourteen crore) equity shares of Rs. 10/- each pursuant to the approval of the members of the Company at their 13<sup>th</sup> Annual General Meeting held on August 6, 2019.

Further, the Board of Directors of the Company at their meeting held on February 5, 2020 approved alterations to the Articles of Association of the Company subject to the approval of the members of the Company and Securities and Exchange Board of India ('SEBI') to inter alia conform with the requirements of notified provisions of the Companies (Amendment) Act, 2017, the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, as amended and the relevant circulars issued by SEBI. The Company is in the process of obtaining the approval of members of the Company and SEBI.

### **Management Discussion and Analysis Report**

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report is annexed hereto as **Annexure 1**, and forms part of this report.

### **Corporate Governance Report**

The Company is a public limited company, whose securities are not listed on any of the stock exchanges. As per Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies are mutatis mutandis applicable to a recognised Clearing Corporation.

A report on the Corporate Governance framework within the Company, with certification as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed hereto as **Annexure 2**, and forms part of this report.

## Corporate Social Responsibility

Pursuant to the provisions of Section 135 of the Companies Act, 2013, every company having net worth of Rs. 500 crores or more, or a turnover of Rs. 1000 crores or more or a net profit of Rs 5 crores or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an Independent Director and shall also comply with other provisions of Section 135 of the Companies Act, 2013 and rules made thereunder.

Since the net profits of the Company for the financial year ended March 31, 2019 was Rs 5.80 crore, the provisions of Section 135 became applicable and the Board of Directors constituted the Corporate Social Responsibility Committee comprising of the following members viz:

1. Mrs. Shanthi Srikant, Public Interest Director – Chairperson
2. Mr. Rajiv Relhan, Managing Director
3. Mr. Atul Roongta, Shareholder Director

The terms of reference of the Corporate Social Responsibility Committee is provided in the Corporate Governance Report which forms part of this Report.

Further, the Corporate Social Responsibility ('CSR') Policy of the Company, as approved by the Board of Directors at its meeting held on August 7, 2019, is available on the website of the Company at the web link <https://nccl.co.in/disclosures/csr>. No changes were made to the CSR Policy during the FY 2019-20 since its formulation.

The Company's CSR activities largely cover social and development sectors and with focus on Education, Healthcare, Gender Equality & Empowerment of Women, Environment Sustainability. During the FY 2019-20, your Company focused its CSR initiatives in the area of healthcare of women by undertaking 'The Dignity Project', an initiative of 'Indian Development Foundation', one of the leading NGOs in India working in Education, Healthcare & Women Empowerment sectors for the last 34 years. The said project aims at creating awareness on the personal & menstrual hygiene and distribution of "Dignity kits" to the underprivileged girls & women.

The annual report on the CSR activities containing the details of the CSR projects undertaken, their monitoring, details on the implementing agencies, amounts spent etc. is annexed as **Annexure 3** and forms part of this report.

## Annual Return

The annual return of the Company as required under the Companies Act, 2013 is available on the website of the Company at the web link <https://nccl.co.in/disclosures/annual-reports>. As per the requirements of Section 92 (3) of the Companies Act, 2013 and Rules framed thereunder, the extract of the annual return for FY 2019-20 is annexed as **Annexure 4** in the prescribed Form No. MGT-9, which forms part of this report.

## Secretarial Audit Report

The Secretarial Audit as required under the Companies Act, 2013 was undertaken by M/s Ragini Chokshi & Co., Practicing Company Secretary. The Secretarial Auditor has not made any qualification, reservation or adverse remark or disclaimer in his Report for the financial year ended March 31, 2020. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed as **Annexure 5**, and forms part of this Report.

Further, the Annual Secretarial Compliance Report as mandated under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed hereto as **Annexure 6**, and forms part of this report.

## Business Responsibility Report

The provisions of Regulation 34 (2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year), shall attach to its Director Report a Business Responsibility Report describing the initiatives taken by them from an environmental, social and governance perspective in the prescribed format. Your Company does not fall under the purview of Regulation 34 (2) (f) and hence the Business Responsibility Report is not applicable to the Company.

## Deposits

During the year under review, the Company has not accepted and/or renewed any public deposits in terms of the provisions of Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

## Board Meetings held during the Financial Year 2019-20

During the financial year 2019-20, six meetings of the Board were held on May 14, 2019, August 7, 2019, October 9, 2019, October 25, 2019, November 12, 2019 and February 5, 2020.

## Directors

The Company's Board comprises of 6 Directors comprising four Public Interest Directors / Independent Directors, one Shareholder Director (Non-Executive) and one Managing Director & CEO, the details of which are given in the below table. The Company's Board has one women Public Interest Director / Independent Director.

Sr. No.	Name of the Director	Designation	Date of appointment
1	Mr. R. Ramaseshan	Chairman & Public Interest Director	May 10, 2018
2	Mr. R. Venkatraman	Public Interest Director	May 10, 2018
3	Mr. Siddhartha Roy	Public Interest Director	May 10, 2018
4	Mrs. Shanthi Srikant	Public Interest Director	May 10, 2018
5	Mr. Atul Roongta*	Shareholder Director	May 10, 2018

6	Mr. Rajiv Relhan	Managing Director & Chief Executive Officer	September 27, 2018
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\* Mr. Atul Roongta was appointed as additional director on the Board of the Company w.e.f. January 16, 2018.

During the year under review, no new director was appointed on the Board of the Company and no existing director resigned from the directorship of the Company.

### **Independent Directors / Public Interest Directors**

The Company has four Independent Directors / Public Interest Directors on the Board namely Mr. R. Ramaseshan, Mr. R. Venkatraman, Mr. Siddhartha Roy and Mrs. Shanthi Srikant. In accordance with the provisions of the Companies Act, 2013 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the Independent Directors / Public Interest Directors are not liable to retire by rotation, and have been appointed by SEBI for a term of 3 years.

### **Declaration by Independent Directors / Public Interest Directors**

All Independent Directors / Public Interest Directors have given declarations that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said declarations were noted by the Board of Directors at its meeting held on June 5, 2020. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of finance, risk management, public administration, corporate management, information technology, business strategy; and they hold highest standards of integrity. Regarding proficiency, the Company has adopted requisite steps towards the inclusion of the names of all Independent Directors in the data bank maintained with the Indian Institute of Corporate Affairs ('IICA'). Accordingly, the Independent Directors of the Company have registered themselves with the IICA for the said purpose. In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake online proficiency self-assessment test conducted by the IICA within a period of one year from the date of inclusion of their names in the data bank. The said online proficiency self-assessment test will be undertaken by the Independent Directors of the Company within the prescribed timelines.

### **Directors retiring by rotation (being Directors other than Independent Directors)**

In accordance with the provisions of the Companies Act, 2013, Mr. Atul Roongta, being Non-Independent Director, is liable to retire by rotation at the ensuing 14th Annual General Meeting of the Company. He is eligible for re-appointment. Resolutions for the purpose of his re-appointment is being proposed at the 14th Annual General Meeting. Profile of Mr. Atul Roongta is included in the Notice of the 14th Annual General Meeting.

### **'Fit and Proper Person' criteria**

In accordance with the provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the Directors of the recognised Clearing

Corporation have to meet the 'Fit and Proper Person' criteria. Accordingly, all the Directors of the Company have confirmed compliance with the 'Fit and Proper Person' criteria, prescribed under the aforesaid Regulation.

The Directors of the Company have also confirmed that they are not associated with any trading member or clearing member of any recognized stock exchange or recognized clearing corporation or any associates and agents of any trading member or clearing member.

The Company has also received declarations from all its Directors as per Section 164 of the Companies Act, 2013, confirming they are not disqualified from being appointed as Directors of the Company.

## **Evaluation of performance of the Board**

SEBI had issued a guidance note on board evaluation to be carried by listed companies, which inter alia contains the process of evaluation, including the criteria to be adopted for evaluation. The Company has adopted the criteria laid in the said guidance note to assess the methodology and criteria to evaluate the performance of the Board as a whole and its Committees as well as the performance of each Director individually, including the Chairman. The said criteria inter alia includes various parameters like involvement, quest for improvement, teamwork, governance, knowledge & competency, understanding & fulfilment of functions, initiatives, availability & attendance, commitment, contribution in board meetings and integrity.

Further, pursuant to the SEBI circular dated February 5, 2019 on 'Performance review of Public Interest Directors', the Company has put in place a Policy for 'Performance review of Public Interest Directors' and has aligned the criteria for evaluation of Public Interest Directors / Independent Directors in line with the said Policy.

The performance evaluation criteria for Public Interest Directors as required to be disclosed under the provisions of aforesaid SEBI circular dated February 5, 2019 is given below:

1. Qualifications:

Possesses professional qualification in the area of law, finance, accounting, economics, management, risk management, administration or any other area relevant to the financial markets.

2. Experience:

Possesses prior experience in the area of law, finance, accounting, economics, management, administration, risk management or any other area relevant to the financial markets.

3. Knowledge and Competence:

Sufficient understanding and knowledge of the Company and the sector in which it operates and sufficient understanding of the role, responsibilities and obligations as Public Interest Director under the applicable regulatory norms and the risk associated with the business structure.

4. Integrity:

Demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.). Strictly adheres to the provisions of SEBI SECC Regulations, 2018 and any other regulatory provision, as applicable, along with the code of conduct and code of ethics prescribed. Discloses dealing in securities and other regulatory disclosures on timely basis. Confirms Fit & Proper Person confirmation and non-disclosure of confidential information, unless such disclosure is expressly approved by the Board or required under the law.
5. Leadership:

Displays efficient leadership, is open-minded, courteous, displays professionalism, decisive etc.
6. Governance:

Exercises and encourages independent judgement, ensures implementation of good governance practices and compliance, assures appropriate board size, composition, independence, structure.
7. Contribution:

Contributes effectively to the Company and its Board meetings. Participates in meetings keeping in mind the interests of various stakeholders and actively deliberates on proposed businesses propositions taking into consideration pros and cons of such proportions, long term outlook, cost-benefit analysis etc.
8. Independence:

Fulfils the independence criteria as specified under Companies Act, 2013 and SEBI Listing Regulations and is independent from the Company & Management and the other directors and there is no conflict of interest. Confirms his / her non-association with the Company and its member. Also keeps regulators informed of material developments in the Company's functioning.
9. Analysis:

Deliberates in detail and seeks clarifications on or amplification of information as required. Monitors corporate results, significant corporate risks; reviews strategic plans, objectives and budgets. Monitors activities of Board Committees.
10. Quality of decision-making:

Probes effectively and constructively to test the assumptions and validate the information for quality decision-making, actively supports worthwhile ideas and proposals.
11. Independent views and judgement:

Exercises his/ her own judgement and voices opinion freely. Participates in the decisions taken during the meetings in an unbiased manner, based on ethical judgement and in strict conformity to the applicable regulatory norms. Raises concerns

if anything observed contrary to regulatory norms and ethical conduct. Ensures fairness and integrity in Company's system, in letter as well as in spirit.

12. Availability / Engagement:

Available for meetings of the Board and attends the meeting of Board and Committees regularly and timely. Ensures that he / she hasn't remained absent for three consecutive meetings of the Board and has attended seventy five percent of the total meetings of the Board in each calendar year. Diligently prepares and remains well-informed.

13. Commitment:

Sufficiently committed to the Board and the Company.

14. Functions as a Team:

Functions as an effective team member, listens attentively to the contributions of others and gives adequate weightage to the views and perception of other Board members. Shares good interpersonal relationship with other directors.

15. Interaction:

Communicates meaningfully in an open, constructive manner, gives a fair chance to others for expressing their views.

16. Corporate Objectives and Goals:

Contributes to define corporate objectives and goals.

17. Fulfilment of Functions:

Understands and fulfils the functions as assigned by the Board and the regulatory norms. Provides views and opinion on various regulatory matters when comments are invited by SEBI.

18. Initiative:

Actively takes initiative with respect to various areas. Insists on information necessary for effective decision making, keeps himself / herself well informed about the functioning of the Company and its external environment and developments taking place in regulatory areas. Identifies any important issues which may involve conflict of interest for the Company or may have significant impact on its functioning or may not be in the interest of securities market and reports the same to SEBI. Deals with critical matters in an appropriate manner.

19. Succession Plan:

Reviews KMPs succession plan.

## 20. Stakeholders:

Takes informed and balanced decisions particularly in case of conflicting interests and is able to keep minority shareholders' interest and other non-shareholding stakeholders' interest in mind during discussions and decisions.

Pursuant to and in line with the requirements prescribed under the Companies Act, 2013 and the Policy for 'Performance review of Public Interest Directors', the annual evaluation of Board's performance, and that of its Committees and Individual Directors were carried for FY 2019-20. Further, the Independent Directors / Public Interest Directors met separately, without the attendance of Non-Independent Directors and members of the Management, and inter alia reviewed the performance of Non-Independent Directors, and Board as a whole; and performance of the Chairman. They further assessed the quality, quantity and timelines of flow of information between the Company Management and the Board. Overall, the Independent Directors /Public Interest Directors expressed their satisfaction on the performance and effectiveness of the Board, Individual Non-Independent Board Members, and the Chairman, and on the quality, quantity and timeliness of flow of information between the Company Management and the Board.

The Nomination & Remuneration Committee and the Board also undertook an evaluation of the Board's performance, and that of its Committees and Individual Directors and expressed its satisfaction on the performance and effectiveness of the Board, the Committees and individual Board Members.

## **Key Managerial Personnel**

The following officials of the Company have been identified as Key Managerial Personnel under the provisions of the Companies Act, 2013, namely:

1. Mr. Rajiv Relhan, Managing Director & Chief Executive Officer;
2. Ms. Komal Shahani, Chief Financial Officer; and
3. Mr. Rahul Poojari Company Secretary

During the year under review, no new Key Managerial Personnel was appointed and no existing Key Managerial Personnel resigned from the Company.

## **Board Committees**

The Board has constituted the following Committees pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

### **Audit Committee**

The Board has constituted an Audit Committee as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition and terms of reference of the Audit Committee is provided in the Corporate Governance Report which forms part of this Report. During the FY 2019-20 there were no instance, where the Board did not accept any recommendations of the Audit Committee.

## **Nomination & Remuneration Committee**

The Board has constituted a Nomination & Remuneration Committee as per the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ['SECC Regulations, 2018']. The composition and terms of reference of the Nomination & Remuneration Committee is provided in the Corporate Governance Report which forms part of this Report. The Company has in place Nomination & Remuneration Policy. The policy deals with matters which includes 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.

The Nomination & Remuneration Policy was amended by the Nomination & Remuneration Committee and the Board at its meetings held on May 14, 2019 pursuant to the notification of SECC Regulations, 2018. The amendments to the Nomination & Remuneration Policy include (1) change in the definition of 'Key Management Personnel' and 'Senior Management'; (2) the composition requirements of Nomination & Remuneration Committee mentioned in the said Policy has been aligned with SECC Regulations, 2018 and circulars issued thereon; (3) the maximum age limit for Managing Director & CEO and the Public Interest Director has been prescribed; (4) the term of the Managing Director & CEO and the Public Interest Director has been aligned with SECC Regulations, 2018; (5) the performance review of Public Interest Director to be governed by the criterias mentioned in the "Policy on Performance Review of Public Interest Directors"; and (6) the remuneration criteria pertaining to other employees of the Company has been included in the said Policy.

The Nomination & Remuneration Policy is available on Company's website at the web link <https://nccl.co.in/disclosures/other-disclosures>.

The relevant extracts of the Nomination & Remuneration Policy is given below:

### **Criteria for determining qualifications, positive attributes and independence of a director:**

#### Public Interest Director:

The Company shall ensure that Public Interest Directors are selected from diverse field of work. While deciding to propose a particular person as a Public Interest Director, the Company shall also take into account the following factors:

- a) Qualification in the area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets.
- b) Atleast one person may be inducted having experience and background in finance / accounts who may preferably be inducted in the audit committee.
- c) Persons currently holding positions of trust and responsibility in reputed organisations or person who have retired from such positions.
- d) Persons who are likely to have interested positions in commercial contracts and financial affairs of Company, may be excluded. Also, persons who are regular traders/ speculators in the market or are director in the board of the promoter entity of the Company, shall be excluded.

#### Shareholder Director:

- Degree holder in relevant disciplines;
- Experience of management in a diverse organization;
- Excellent interpersonal, communication and representational skills;
- Demonstrable leadership skills;
- Commitment to high standards of ethics and personal integrity;
- Demonstrable ability to work effectively with a Board of Directors
- Extensive team building and management skills
- Strong influencing and negotiating skills

#### Managing Director / CEO:

The Managing Director / Chief Executive of the Company should be a person of high calibre, integrity and expertise and should have sufficient authority to manage the affairs of the Company.

#### Independence of Directors:

The independence of a director shall be determined based on the criteria defined from time to time in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SECC Regulations, 2018.

#### **Directors' Remuneration:**

##### Public Interest Director / Non Independent Director:

Public Interest Directors of the Company shall be paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees within the permissible limit prescribed under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the SECC Regulations, 2018, as amended from time to time. The sitting fees paid to them for attending meetings of Board of Directors or any other Committee(s) of Board of Directors shall be determined by the Board from time to time. Beside the sitting fees they are also entitled to reimbursement of expenses for attending such meeting(s). The Public Interest Directors of the Company shall not be paid any other remuneration or commission. They shall not be entitled to any stock option or any profit related commission.

The Non-executive Directors (other than Nominee Directors) of the Company shall be paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees within the permissible limit prescribed under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the SECC Regulations, 2018, as amended from time to time. The sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors and its Committee of Board of Directors shall be determined by the Board from time to time. Beside the sitting fees they are also entitled to reimbursement of expenses. The Non-executive Directors of the Company shall not be paid any other remuneration or commission.

### Managing Director & CEO:

The Company shall follow the following norms in regard to compensation of the Managing Director:

- a. The variable pay component will not exceed one-third of total pay.
- b. 50% of the variable pay will be paid on a deferred basis after three years.
- c. ESOPs and other equity linked instruments in the Company will not form part of the compensation for the Managing Director.
- d. The compensation policy will have malus and clawback arrangements.
- e. Apart from the above, the following shall also be taken into consideration:
  - financial condition / health of the Company,
  - average levels of compensation payable to employees in similar ranks,
  - should not contain any provisions regarding incentives to take excessive risks over the short term,
  - revenues, net profit of the Company,
  - comparable to the industry standards,
  - role and responsibilities of the Managing Director,
  - periodic review

### **Stakeholders' Relationship Committee**

The Board has constituted a Stakeholders' Relationship Committee as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition and terms of reference of the Stakeholders' Relationship Committee is provided in the Corporate Governance Report which forms part of this Report.

### **Subsidiaries, Associates and Joint Ventures**

As on March 31, 2020, your Company does not have any subsidiaries, joint ventures, or associates. In FY 2019–20, no company has become or has ceased to be a subsidiary, joint venture or associate company of your Company.

### **Whistle Blower Policy / Vigil Mechanism**

Your Company believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, integrity and ethical behaviour. Pursuant to Section 177(9) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have implemented a vigil mechanism through the adoption of Whistle Blower Policy. For further details, please refer to the report on Corporate Governance which forms part of this report.

### **Particulars of Contracts or Arrangements with Related Parties**

All the transactions with related parties are in the ordinary course of business and on an arms' length basis. There are material contracts or arrangements or transactions on arms' length basis. The particulars of contracts or arrangements with related parties are given in Form AOC-2 and is attached as **Annexure 7** to this report.

The Company has adopted a Policy on Related Party Transactions, as approved by the Board of Directors, which is uploaded on the Company's website at the web link <https://nccl.co.in/disclosures/other-disclosures>.

### **Particulars of Loans, Guarantees or Investments**

During the year under review, the Company has not given any loans and guarantees which attract the provisions of Section 186 of the Companies Act, 2013. The particulars of Investments made during the year under review are stated in the Notes to Accounts which forms part of this Annual Report.

### **Particulars of Remuneration**

The statement containing particulars of employees as required under Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **Annexure 8** to this report. The information pursuant to Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is set out in **Annexure 9** to this report.

Under the provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the following officials of the Company have been identified as Key Management Personnel namely:

Mrs. Hemalatha S – Chief Legal & Compliance Officer  
Mr. Hemant Singhvi – Chief Operating Officer  
Ms. Komal Shahani – Chief Financial Officer  
Mr. Ruchit Chaturvedi – Head Risk

The details of compensation paid to the Key Management Personnel pursuant to the provisions of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 along with the ratio of compensation paid to each Key Management Personnel vis-à-vis median of compensation paid to all employees of the Company is set out in **Annexure 10** to this report.

### **Information required to be furnished pursuant to Rule 17 & Rule 17A of the Securities Contracts (Regulation) Rules, 1957**

Detailed information pursuant to Rule 17 and Rule 17A of the Securities Contracts (Regulation) Rules, 1957 is set out in **Annexure 11** to this report.

### **Legal Update**

During the FY 2019-20, no significant and material orders were passed by the regulators, courts or tribunals, that impacted the going concern status of the Company, or which can potentially impact the Company's future operations.

## **Secretarial Standards**

During the FY 2019-20, the Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India with respect to board and general meetings.

## **Implementation of Corporate Action**

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

## **Internal Audit and Internal Financial Controls**

### **Internal Audit**

In terms of Section 138 of Companies Act, 2013, the Company appointed M/s. Mahajan & Aibara, Chartered Accountants LLP as the Internal Auditors of the Company. The scope of the Internal Audit is defined and approved by the Audit Committee. The audit process also factors in verifying compliance with process, systems, regulatory guidelines and controls.

### **Internal Financial Controls**

The Clearing Corporation 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 Clearing Corporation, 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 company. These financial controls were operating effectively as of March 31, 2020.

## **Cost Records and Cost Audit**

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

## **Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings 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:**

NCCL has taken various steps to reduce energy consumption such as:

- Use of energy-efficient computer systems and equipment.

- Use of LED lights to reduce power consumption and save energy.
- Strict implementation and monitoring of equipment on/off schedule
- Preventive maintenance of air conditioning system, UPS, DG set etc. on scheduled basis

There is no alternative source of energy utilized by NCCL.

During the financial year 2019-20, there has been no capital investment on energy conservation equipment.

**Technology absorption:**

1. efforts made towards technology absorption – Not Applicable
2. the benefits derived like product improvement, cost reduction, product development or import substitution – Not Applicable
3. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable
  - the details of technology imported – Not Applicable
  - the year of import – Not Applicable
  - whether the technology been fully absorbed – Not Applicable
  - if not fully absorbed, areas where absorption has not taken place, and the reasons thereof – Not Applicable
4. the expenditure incurred on Research and Development – Not Applicable

**Foreign exchange earnings and outgo:**

The details of foreign exchange earnings and outgo during the FY 2019-20 are as follows:

Earnings: Rs. Nil

Outgo: Rs. 10.17 lakh

**Statutory Auditors**

M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Reg. No. 105049W) has been appointed as the Statutory Auditors of the Company for a period of five years from the conclusion of 12<sup>th</sup> Annual General Meeting held on September 24, 2018 till the conclusion of 17<sup>th</sup> Annual General Meeting pursuant to the provisions of Section 139(1) of the Companies Act, 2013, read with relevant Rules made thereunder.

There is no qualification, reservation or adverse remark or disclaimer in the report given by M/s. Khandelwal Jain & Co., Statutory Auditors on the financial statements of the Company for the year ended March 31, 2020. Further, during the FY 2019-20, the Statutory Auditors have not come across any reportable incident of fraud to the Audit Committee or the Board of Directors.

## **Material changes and Comments affecting the financial position**

There are no material changes that have occurred or commitments given between the end of the financial year of the Company to which the Balance Sheet relates and the date of this report, affecting the financial position of the Company.

## **Directors' Responsibility Statement**

In accordance with the requirements of Section 134 of the Companies Act, 2013, the Board of Directors state that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures (if any);
2. Such accounting policies have been selected and applied consistently, and judgments and estimates made that are reasonable and prudent, so as to give a true and fair view of the Company's state of affairs, as on March 31, 2020, and of the Company's profit for the year ended on that date;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis;
5. Internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and operating effectively; and
6. Proper systems have been devised to ensure compliance with the provisions of all applicable laws, and such systems were adequate and operating effectively.

## **Acknowledgements**

Your Directors express their sincere thanks to National Commodity & Derivatives Exchange Limited for its invaluable and continued support and guidance. The Directors also acknowledge the immense contribution made by the employees of the Company for its continued growth and progress.

The Directors also acknowledge the support extended by the bankers to the Company, Auditors, warehouse service providers, Members and Clients, grading and assaying agencies, the Company has been working with.

The Directors also thank the Securities and Exchange Board of India, Ministry of Corporate Affairs, and other governmental bodies and other authorities for their support, advice and direction provided from time to time.

**For and on behalf of the Board of Directors**

**sd/-**

**R. Ramaseshan**

**Chairman**

**DIN: 00200373**

Place: Mumbai

Date: June 5, 2020

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Developments

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by 3 percent in 2020, much worse than during the 2008–09 financial crisis. There is extreme uncertainty around the global growth forecast. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioral changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices.

The immediate priority is to contain the fallout from the COVID-19 outbreak, especially by increasing health care expenditure to strengthen the capacity and resources of the health care sector while adopting measures that reduce contagion.

In spite of all the measures and in view of continuing restrictions on movement of people and vehicular traffic, concerns have been raised regarding negative implications of COVID19 pandemic on the farm economy. This being the peak of *rabi* season in India and crops like wheat, gram, lentil, mustard, etc. (including paddy in irrigated tracts) are at harvestable stage or almost reaching maturity. This is also the time when the farm harvests reach the *mandis* (market yards) for assured procurement operations by designated government agencies. The migration of workers from few parts to their native places has also triggered panic buttons, as they are crucial for both harvesting operations and post-harvest handling of produce in storage and marketing centers. The Union Home Ministry, in a very significant move, has notified to exclude movement of farmers, farm laborers and harvesting and sowing-related machines from the purview of lockdown. Smooth functioning of the supply chain, with adequate safety measures for the people involved, is of paramount importance.

In terms of development, the year 2019-20 saw steady slew of developmental initiatives that shall help deepen the participation and broaden the basket of instruments available in the commodities ecosystem. A few of the measures are given below:

- Participation of Mutual Funds in Commodity Derivatives Market in India;
- Participation of Portfolio Managers in Commodity Derivatives Market in India;
- Permission for launch on Futures on Commodity Indices;
- Approval for Custodian Participant in the Commodities ecosystem which is a pre-requisite for institutional participation;

- Waiver of Regulatory Fee and utilization of the same to encourage the participation by Farmers / Farmer Producer Organizations ('FPOs') in agricultural commodity derivatives markets;
- Another important announcement made by the Ministry of Consumer Affairs, GOI was the decision to exempt commodities kept in WDRA approved warehouses for delivery on exchange platforms from stock limits. This is a significant step as it establishes the importance of the exchange ecosystem, eNWR and also brings more comfort among trade participants while using the futures platform for delivery transactions.

## Opportunities and Threats

Various reforms have been facilitated by SEBI after the merger of Forward Markets Commission ('FMC') with the autonomous securities market regulator, Securities and Exchange Board of India ('SEBI') which has created a number of opportunities for National Commodity & Derivatives Exchange Limited ('NCDEX' / 'Exchange') and NCCL. However, a large number of primary producers, processors, industrial consumers, exporters and importers of commodities are still not on the exchange platform. In other words, such entities are still exposed to risks that arise out of price volatility.

Apart from this, the development and regulation of warehouses through a separate regulator, introduction of options contracts in select commodities and recognition of all exchanges as stock exchanges are some of the advances.

There are multiple exchanges in the marketplace offering similar services including NSE & BSE, and competition among them will be beneficial to the market participants giving them various options to choose from.

During the year 2019-20, NCDEX added various commodities to the basket of offerings that include BAJRA, MOONG & PADDY. Pursuant to the SEBI circular on introduction of derivatives on commodity indices, NCDEX has been working on Futures on INDEX (AGRIDEX was launched on May 26, 2020). Various recent reforms of SEBI have paved ways for broadening the line of offerings of NCDEX and the Exchange has been working on it. NCCL will be benefitted with launch of all these products as it being the Clearing Corporation for NCDEX.

The decision of SEBI to allow mutual funds to participate in commodity futures along with PMS will create new opportunities in coming times. SEBI (Mutual Funds) (Amendment) Regulations, 2019 and SEBI (Portfolio Managers) (Amendment) Regulations, 2019 has enabled mutual funds and portfolio managers to participate in the agri and non-agri commodity derivatives segments ('CDS'). Latest SEBI moves are expected to gradually increase retail participation and volumes in commodities, considering the sensitivity of commodities and high levels of government interventions. SEBI allowed Category - III alternative investment funds to also trade in

commodities. Also, foreign companies with exposure to Indian commodities not having presence in India have been allowed to trade.

Recently, the Government of India, as a part of its “Mission Self-Reliant India” has announced the long awaited path breaking reforms related to agricultural sector that can potentially change the landscape of the sector in India. A few key reforms include:

1. Agricultural Marketing Reform - to provide adequate choices to the farmer to sell their produce at remunerative price, barrier free Inter-State Trade and a framework for e-trading of agriculture produce.
2. Amendment to Essential Commodities Act – to enable better price realization for farmers.

Also, allocation of Rs. 2.83 lakh crore by the Union Finance Ministry to the agricultural sector in February 2020 will surely strengthen and deepen the agricultural market and create more opportunities in times to come.

## Segment-wise or product-wise performance

NCCL has started its operation as Clearing Corporation from September 27, 2018. The major revenue streams of NCCL are Risk Management fee, Physical Delivery charges, and Warehouse Service Provider charges. NCCL operates in a single segment viz. Clearing & Settlement service for Commodity to the Exchange. Financial performance during the year 2019-20 is as below:

Particulars	(Rs. in lakhs)
	For the year ended March 31, 2020
Total Income	3,305
Total Expenditure	2,439
Profit before tax and Exceptional item	866
Exceptional items	668
Profit before tax	198
Profit after tax (A)	123
Other comprehensive income, net of tax (B)	(14)
Total comprehensive income (A+B)	109

## Outlook

The agrarian economy is at a crucial juncture on account of the current lockdown. The duration of the lockdown, time taken for operations to normalize and management of supply chain would be crucial in the near future for both farmers as well as consumers. At times like this, it is imperative to have an efficient derivatives exchange to facilitate orderly price discovery and help stakeholders manage their risks. The Exchange has been in the forefront of facilitating farmer participation and shall continue to make inroads in this initiative. The Company interacts with various Government agencies and with other companies in the group, namely, NCDEX e Markets Limited ('NEML') and National E-Repository Limited ('NERL') to facilitate alternates to the *mandi* based procurement models. The need for social distancing would give a boost to increased mechanisation of operations post-harvest with direct warehouse sales as well as migration towards mechanised silos being some of the key developments. The strong connect that the Exchange has with the value chain and increasing traction with the farmer will stand well to help further the changes required to ensure smoother operations and also deepen the participation levels on the Exchange.

## Risks and concerns

NCCL clears the trades done on NCDEX platform that in turn is largely dependent on strong fundamentals in the economy particularly in the agro sector. Adverse economic conditions including market trends and other factors beyond the control of the Company could have an adverse impact on the business, financial condition and results of operations. The operations are pre-dominantly technology driven and the systems require continuous upgradation and technology costs, which form a significant portion of the total costs.

NCCL operates in a highly regulated environment and increase in compliance and regulatory costs are outside its control. Further, as it operates predominantly in the agri space which is a politically sensitive area, it is vulnerable to changes in Government policies that could significantly affect trading volumes. However, the Company is actively working with Government agencies to bring about policy reforms for development of commodity markets in general which in turn would have a favorable impact on its business.

## Internal Controls and their adequacy

The Board has put in place various internal controls to be followed by your Company to ensure that the internal control mechanisms are adequate and effective. The design, implementation and maintenance of adequate internal financial controls are such that it operates effectively and ensures the accuracy and completeness of the accounting records and their presentation gives a true and fair view of the state of affairs of the Company and are free from material misstatements, whether due to error or fraud.

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 Company;
- 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 Company.

The Audit Committee, through a qualified internal audit function outsourced to a reputed audit firm, reviews the adequacy and adherence of the controls to ensure any material mis-statement or error is avoided.

## **Discussion on Financial Performance with respect to Operational Performance**

The Average Daily Open Interest ('ADOI') during the financial year 2019-20 was Rs. 4,618 crore. The value of total physical deliveries handled by the Clearing Corporation during the year was Rs. 2,684 crore. The total income for the year ended March 31, 2020 was Rs. 33.05 crore and total expenditure (before Exceptional items) was Rs. 24.39 crore. The Profit after Tax and Exceptional items is Rs. 1.23 crore and the Total Comprehensive Income (after adjusting for Other Comprehensive Income) is Rs. 1.09 crore.

## **Material Developments in Human Resources including number of people employed**

Details of Human Resource activities during the FY 2019-20 were as follows:

NCCL organized various employee engagement initiatives that have resulted in a vibrant, productive and enjoyable work environment. A company offsite was organized for employees across all levels and locations to promote team bonding. Policies were reviewed and updated as per the requirements of the organization. The training needs identification process was completed for all employees to drive the skill enhancement interventions in sync with the business strategy, NCCL continued to focus on people development initiatives. The employee relations scenario has been harmonious throughout the period under consideration. The numbers of employees as on March 31, 2020 were 64.

## **Disclosure on Accounting Treatment**

NCCL has followed Indian Accounting Standards ('IND AS') issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 to the extent applicable have been considered in the preparation of Financial statements for the FY 2019-20. There is no deviation from Indian Accounting Standards.

## **Significant Changes in Ratios, Return on Net worth**

NCCL commenced operations as a Clearing Corporation from September 27, 2018. Therefore, the income and expenditure profile and financial ratios (as stated in the above section relating to Discussion on Financial Performance with respect to Operational Performance) are not comparable with previous year figures.

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## CORPORATE GOVERNANCE REPORT

### Report on Corporate Governance for the financial year ended March 31, 2020

#### Corporate Governance at National Commodity Clearing Limited

Your Company believes that highest standards of Corporate Governance are essential to enhance long term value of the Company for its stakeholders and practises the same at all levels of the organization. Ethical business conduct, integrity and commitment to values, which enhance and retain stakeholders' trust are the traits of good Corporate Governance. Good Governance practices stem from the culture and mind-set of the organization. An active, well-informed and independent board is necessary to ensure the highest standards of corporate governance. The Corporate Governance structure of the Company is based on an effective independent board, separation of the Board's supervisory role from that of the executive management and constitution of Board committees. The Company is also committed to adopting best and transparent practices in letter and in spirit, in the interest of all its stakeholders.

Your Company was granted recognition by SEBI to act as a Clearing Corporation on September 10, 2018 for a period of one year subject to certain conditions prescribed therein. Further, SEBI has granted renewal of recognition to act as a Clearing Corporation to your Company for a further period of three years commencing on September 10, 2019 and ending on September 9, 2022 subject to certain conditions prescribed therein. As per Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed company is mutatis mutandis applicable to the Company.

The various elements of the Corporate Governance framework, along with relevant details are described below:

#### Board of Directors

##### (A) Size of Board

The Company's Board has an appropriate mix of Independent and Non-Independent Directors, as well as Non-Executive and Executive Directors. The structure of the Board of Directors as on March 31, 2020 is as follows:

- Four Public Interest Director (Independent Directors);
- One Shareholder Director (Non-Executive Director); and
- One Managing Director & Chief Executive Officer.

The composition of the Board is in conformity with the provisions of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Companies Act, 2013. There was no change in the board composition during the year ended March 31, 2020.

**(B) Number of Board Meetings**

During the financial year 2019-20, six meetings of the Board were held on May 14, 2019, August 7, 2019, October 9, 2019, October 25, 2019, November 12, 2019 and February 5, 2020. The maximum gap between any two meetings was less than one hundred and twenty days.

**(C) Composition of the Board as at March 31, 2020 along with attendance details**

Sr. No.	Name of the Director	Category	Attendance Particulars		
			Number of Board Meetings during the year		Last AGM (06.08.2019)
			Held	*Attended	
1	Mr. R Ramaseshan	Chairman & Public Interest Director (Independent Director)	6	6	Yes
2	Mr. R Venkatraman	Public Interest Director (Independent Director)	6	5	Yes
3	Mr. Siddhartha Roy	Public Interest Director (Independent Director)	6	6	Yes
4	Mrs. Shanthi Srikant	Public Interest Director (Independent Director)	6	6	Yes
5	Mr. Atul Roongta	Shareholder Director (Non-Executive Director)	6	6	Yes
6	Mr. Rajiv Relhan	Managing Director & Chief Executive Officer	6	6	Yes

\* Includes attendance through Video-conferencing

**(D) Details of other Directorship / Committee positions held as at March 31, 2020**

Sr. No.	Name of the Director	#No of Other Directorship held	Chairmanship held in other Companies	Directorship held in Listed Entities		^No of Committees positions held in other Companies	
				Name of the Listed Entity	Category	As Member	As Chairman
1	Mr. R Ramaseshan	2	*1	-	-	-	1
2	Mr. R Venkatraman	4	-	Sundaram Finance Holdings Limited	Independent Director	1	4
				Goodricke Group Limited	Independent Director		
3	Mr. Siddhartha Roy	-	-	-	-	-	-
4	Mrs. Shanthi Srikant	-	-	-	-	-	-
5	Mr. Atul Roongta	3	-	-	-	1	-
6	Mr. Rajiv Relhan	-	-	-	-	-	-

\*as Vice Chairman

# Number of other Directorship includes Directorships held in Public Limited Companies, Private Limited Companies, Section 8 Companies, but excluding foreign companies.

^ For the purpose of considering the Committee Memberships and Chairmanships for a Director, the Audit Committee, and the Stakeholders' Relationship Committee of Public Limited Companies alone have been considered.

**(E) Familiarisation Programme**

The details of familiarisation program imparted to Directors for the FY 2019-20 have been hosted in the website of the Company under the web link: <https://nccl.co.in/disclosures/announcements>

**(F) Details of Shareholding of Directors in the Company as on March 31, 2020**

Sr. No.	Name of the Director	No. of Equity shares held in the Company
1	Mr. R Ramaseshan	-
2	Mr. R Venkatraman	-
3	Mr. Siddhartha Roy	-
4	Mrs. Shanthi Srikant	-
5	Mr. Atul Roongta	*1
6	Mr. Rajiv Relhan	-

*\*holding jointly with National Commodity & Derivatives Exchange Limited ('NCDEX'), NCDEX being the first holder.*

**(G) Disclosure of relationship between Directors inter-se**

None of the Directors of the Company are related to each other.

**(H) Independence of Directors:**

The Independent Directors / Public Interest Directors have confirmed that they satisfy the criteria prescribed for an Independent Director as stipulated in Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013.

**(I) Resignation of Independent Director:**

No Independent Director / Public Interest Director resigned during the Financial Year 2019-20.

**(J) Brief Profile of Directors**

As per the provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, Public Interest Directors shall be selected from diverse field of work and shall possess qualification in the area of law, finance, accounting, economics, management, administration or any other area relevant to financial markets. Further, the Managing Director & CEO of the Clearing Corporation shall be qualified in the fields of capital market/ finance/ management and possessing sufficient experience.

Accordingly, the members of the Board of the Company were selected from diverse field of work and possessing requisite qualification pertaining to the nature of the industry.

<b>Name of the Director</b>	<b>Qualification</b>	<b>Field of Specialisation</b>
Mr. R Ramaseshan	B.E. in Electronics Engineering Master's degree in Business Administration with specialisation in Finance. Fellow member of the Institute of Cost and Management Accountants of India	Wide experience, both in public administration and corporate management.
Mr. R Venkatraman	BE, Mechanical - Birla Institute of Technology, Gold Medallist MBA / PGDM – IIM Bangalore, Merit Scholar	Information Technology deployment, Performance Improvement and Business Strategy.
Mr. Siddhartha Roy	MBA (Financial Management), FRM (GARP) CA (Intermediate), BSc (Honours in Mathematics), Certified Treasury Manager	Clearing and Settlement of Trades including in OTC Derivatives and trades concluded in exchanges and CCP risk management, Business Continuity Planning. Also fully conversant with all aspects of Banking, Treasury & Risk Management functions.
Mrs. Shanthi Srikant	B.Com, University of Madras. University first, Gold medalist ICWA (Inter) Institute of Cost & Works Accountants of India (ICWAI) M.B.A. in Finance & Marketing Faculty of Management Studies, Delhi. University first, Gold medalist.	Experience in Project Appraisal, Monitoring, Rehabilitation, Sick Units Monitoring, Accounts, Merchant Banking & Treasury. Currently working as a visiting faculty covering the domain of Finance for their various Post Graduate Executive Business Management Programs.
Mr. Atul Roongta	Chartered Accountant	Finance professional with strong qualifications as a key advisor and decision maker, driven by solid analytical skills and has demonstrated ability to set up new businesses, drive growth strategies and streamline business operations to increase efficiency, reduce costs and improve P&L scenario.
Mr. Rajiv Relhan	B Com (Honors), MMS Finance	Leadership experience in Banking & Financial Services industry spanning across Corporate Banking, Equities, Wealth and Financial Markets Operations with strong credentials in the Capital Markets Domain.

## **Board Committees**

The Board of Directors have constituted various committees in line with governance needs, and considering the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

The details of the various Board Committees are given below:

### **(A) Audit Committee:**

The Audit Committee has been constituted in line with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Composition:**

The Audit Committee comprises the following members as on March 31, 2020:

1. Mr. Siddhartha Roy – Chairman, Public Interest Director
2. Mr. R. Ramaseshan - Public Interest Director
3. Mr. R Venkatraman - Public Interest Director
4. Mrs. Shanthi Srikant - Public Interest Director
5. Mr. Atul Roongta – Shareholder Director

There was no change in the composition of Audit Committee during the year ended March 31, 2020.

### **Terms of Reference:**

The terms of reference of the Audit Committee include:

- 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 (provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed).
- 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.
- Oversight of the entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

- a) changes, if any, in accounting policies and practices and reasons for the same;
  - b) major accounting entries involving estimates based on the exercise of judgment by management;
  - c) significant adjustments made in the financial statements arising out of audit findings;
  - d) compliance with listing and other legal requirements relating to financial statements;
  - e) disclosure of any related party transactions;
  - f) modified opinion(s) in the draft audit report;
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  - Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.
  - Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - Discussion with internal auditors of any significant findings and follow up there on.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - To review the functioning of the whistle blower mechanism.
  - Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
  - Carrying out any other function as is mentioned in the terms of reference of the audit committee.
  - Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
  - The audit committee shall mandatorily review the following information:
    - management discussion and analysis of financial condition and results of operations;
    - statement of significant related party transactions (as defined by the audit committee), submitted by management;
    - management letters / letters of internal control weaknesses issued by the statutory auditors;
    - internal audit reports relating to internal control weaknesses;
    - the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee
    - statement of deviations:
    - quarterly statement of deviation(s) including report of monitoring agency, if applicable,
    - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice.
  - Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority.

**Number of Meetings Held:**

During FY 2019-20, the Audit Committee of the Board of Directors met four times, as follows:

- May 14, 2019
- August 7, 2019
- November 12, 2019
- February 5, 2020

**Attendance of Members:**

Name of the Committee members	Number of meetings
	Held: 4
	#Attended
Mr. Siddhartha Roy	4
Mr. R. Ramaseshan	4
Mr. R Venkatraman	4
Mrs. Shanthi Srikant	4
Mr. Atul Roongta	4

*# includes attendance through Video Conferencing.*

**(B) Nomination & Remuneration Committee:**

The Nomination & Remuneration Committee has been constituted in line with the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Composition:**

The Nomination & Remuneration Committee comprises the following members as on March 31, 2020:

1. Mr. R Venkatraman– Chairman, Public Interest Director
2. Mr. R. Ramaseshan - Public Interest Director
3. Mr. Siddhartha Roy - Public Interest Director

There was no change in the composition of Nomination & Remuneration Committee during the year ended March 31, 2020.

**Terms of Reference:**

The terms of reference of the Nomination & Remuneration Committee include:

- Identifying a Key management personnel, other than personnel as specifically provided in its definition under SECC Regulations, 2018.
- Lay down the policy for compensation of key management personnel in terms of the compensation norms prescribed by SEBI.
- Determining the compensation of KMPs in terms of the compensation policy.

- Determining the tenure of a key management personnel, other than a director, to be posted in a regulatory department.
- Selecting the Managing Director.
- Framing & reviewing the performance review policy to carry out evaluation of every director's performance, including that of Public Interest Director (PID).
- Recommending whether to extend the term of appointment of the Public Interest Director.
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of performance of independent directors and the board of directors.
- Devising a policy on diversity of board of directors.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors
- Recommend to the board, all remuneration, in whatever form, payable to senior management.
- Specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- Framing the guidelines and management of the employee stock option scheme to the staff and whole-time Directors of the Company.
- Develop and approve key policies in respect of human resources, organizational matters etc.
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority.

#### **Number of Meetings Held:**

During FY 2019-20, the Nomination & Remuneration Committee of the Board of Directors met once on May 14, 2019.

#### **Attendance of Members:**

Name of the Committee members	Number of meetings
	Held: 1
	Attended
Mr. R Venkatraman	1
Mr. R. Ramaseshan	1
Mr. Siddhartha Roy	1

#### **Performance evaluation criteria for Independent Directors for FY 2019-20**

The evaluation criteria for Independent Directors / Public Interest Directors for FY 2019-20 was based on identified parameters, viz., involvement, contribution, qualification, experience, knowledge, leadership, competency, governance, initiative taken, commitment, integrity, independence, quality of decision-making, engagement, commitment etc. For further details, please refer to the Directors' Report.

### **(C) Corporate Social Responsibility Committee:**

The Corporate Social Responsibility Committee has been constituted in line with the Companies Act, 2013.

#### **Composition:**

The Corporate Social Responsibility Committee comprises the following members as on March 31, 2020:

1. Mrs. Shanthi Srikant – Chairperson, Public Interest Director
2. Mr. Rajiv Relhan – Managing Director & CEO
3. Mr. Atul Roongta - Shareholder Director

The Corporate Social Responsibility Committee was constituted by the Board at its meeting held on May 14, 2019. There was no change in the composition of Corporate Social Responsibility Committee during the year ended March 31, 2020.

#### **Terms of Reference:**

The terms of reference of the Corporate Social Responsibility Committee include:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- To recommend the amount of expenditure to be incurred on the permitted or required activities referred;
- To monitor the Corporate Social Responsibility Policy of the Company from time to time.
- To institute a transparent monitoring mechanism for implementation of the Corporate Social Responsibility projects or programs or activities undertaken by the Company.

#### **Number of Meetings Held:**

During FY 2019-20, the Corporate Social Responsibility Committee of the Board of Directors met twice, as follows.

- August 7, 2019
- February 4, 2020

#### **Attendance of Members:**

Name of the Committee members	Number of meetings
	Held: 2
	Attended
Mrs. Shanthi Srikant	2
Mr. Rajiv Relhan	2
Mr. Atul Roongta	2

#### **(D) Stakeholders' Relationship Committee:**

The Stakeholders' Relationship Committee has been constituted in line with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Composition:**

The Stakeholders' Relationship Committee comprises the following members as on March 31, 2020:

1. Mr. R Venkatraman– Chairman, Public Interest Director
2. Mr. Rajiv Relhan – Managing Director & CEO
3. Mr. Atul Roongta – Shareholder Director

There was no change in the composition of Stakeholders' Relationship Committee during the year ended March 31, 2020.

#### **Terms of Reference:**

The terms of reference of the Stakeholders' Relationship Committee include:

- To approve transfer, transmission, dematerialization, rematerialisation, splitting and/or consolidation of share certificates, issue of duplicates etc. of shares and debentures in accordance with the Articles of Association of the Company.
- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

#### **Number of Meetings Held:**

During FY 2019-20, the Stakeholders' Relationship Committee of the Board of Directors met once on May 14, 2019.

#### **Attendance of Members:**

Name of the Committee members	Number of meetings
	Held: 1
	Attended
Mr. R Venkatraman	1
Mr. Rajiv Relhan	1
Mr. Atul Roongta	1

**Details of Investor Complaints:**

During the FY 2019-20, no complaints were received from the investors.

Besides the above, the Company also has constituted the following SEBI mandated Board Committees namely:

**(A) Member and Core Settlement Guarantee Fund Committee (formerly known as Membership Selection Committee):****Composition:**

The Member and Core Settlement Guarantee Fund Committee comprises the following members as on March 31, 2020:

1. Mrs. Shanthi Srikant, Public Interest Director – Chairperson
2. Mr. R Ramaseshan, Public Interest Director
3. Mr. R Venkatraman, Public Interest Director
4. Mr. Rajiv Relhan, Managing Director & CEO

The Board at its meeting held on October 25, 2019 re-constituted the Member and Core Settlement Guarantee Fund Committee by withdrawing the name of Mrs. Hemalatha S, Chief Compliance Officer from the membership of the Member and Core Settlement Guarantee Fund Committee to avoid conflict of interest, if any.

**Terms of Reference:**

The terms of reference of the Member and Core Settlement Guarantee Fund Committee include:

- To scrutinize, evaluate, accept or reject applications for admission of members and transfer of membership and approve voluntary withdrawal of membership;
- Approving enplanement & cancellation of Warehouse Service Providers / Vault Service Providers / Assayers, accreditation of warehouse, etc.;
- Review and monitoring of Policy for Accreditation of the Warehouse Service Provider (WSP) and Assayers;
- Reviewing the continuous functioning, monitoring, and compliance of norms by Warehouse Service Providers, Vault Service Providers and assayers;
- Formulate policy for regulatory actions, including warning, monetary fine, suspension, deactivation of terminal, declaring a member as defaulter, expulsion, to be taken for various violations by the members of the Clearing Corporation;
- Based on the laid down Policy, the Committee shall consider the cases of violations observed during inspection, etc. and impose appropriate regulatory measure on the members of the Clearing Corporation;
- While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice';
- Realize the assets / deposits of defaulter/expelled member and appropriate amongst various dues and claims against the defaulter/ expelled member in accordance with the Rules, Byelaws and Regulations of the Clearing corporation;

- Admission /rejection of claims against such members over the assets of the defaulter/expelled member;
- To manage the Core Settlement Guarantee Fund (Core SGF) of the Clearing Corporation, including its investments as per norms laid down and ensure proper utilization of Core SGF;
- Such other functions as may be specified under by SEBI or any other Statutory or Regulatory Authority.

**(B) Advisory Committee:**

**Composition:**

The Advisory Committee comprises the following members as on March 31, 2020:

1. Mr. R Ramaseshan, Public Interest Director – Chairman
2. Mrs. Shanthi Srikant, Public Interest Director
3. Mr. Ashok Joshi (Nominee of Globe Commodities Limited)
4. Mr. Shripal Shah (Nominee of Kotak Securities Limited)

Mr Rajiv Relhan, MD & CEO shall be the permanent invitee to every meeting of the Advisory Committee.

There was no change in the composition of Advisory Committee during the year ended March 31, 2020.

**Terms of Reference:**

The terms of reference of the Advisory Committee include:

- To advise the governing board on non-regulatory and operational matters including product design, technology, charges and levies.
- Such other functions as may be specified by SEBI or any other Statutory or Regulatory Authority.

**(C) Risk Management Committee:**

**Composition:**

The Risk Management Committee comprises the following members as on March 31, 2020:

1. Mr. Siddhartha Roy, Public Interest Director - Chairman
2. Mr. R. Ramaseshan, Public Interest Director
3. Mr R Venkatraman, Public Interest Director
4. Mrs. Shanthi Srikant, Public Interest Director
5. Mr. Sankarsan Basu, Independent External Person
6. Mr Harshavardhan Raghunath, Independent External Person

There was no change in the composition of Risk Management Committee during the year ended March 31, 2020.

**Terms of Reference:**

The terms of reference of the Risk Management Committee include:

- The Risk Management Committee shall formulate a detailed risk management policy which shall be approved by the Board of Directors;
- The Risk Management Committee will review the Risk Management Framework & risk mitigation measures from time to time;
- The Risk Management Committee will monitor and review enterprise-wide risk management plan and lay down procedures to inform Board members about the risk assessment and minimisation procedures;
- The head of the risk management department shall be responsible for implementation of the Risk Management Policy and he shall report to the Risk Management Committee and to the Managing Director of the Clearing Corporation;
- The Risk Management Committee shall monitor implementation of the Risk Management Policy and keep SEBI and the Board of Directors informed about its implementation and deviation, if any;
- The Risk Management Committee will oversee the process of identification, measurement and monitoring of the risk profile of the Clearing Corporation (including business risk, default risk, settlement risk, market risk, legal risk, operational risk, technological risk and delivery risk);
- Overseeing Clearing Corporation's integrated risk measurement system and review the risk models as developments take place in the markets;
- Overseeing of Risk and Control measures that are needed to be built into the system of the Clearing Corporation and at periodic intervals, monitoring their compliance and suggestions for improvement;
- Periodically reviewing of Clearing Corporation's financial and risk management policies;
- Review of framework to limit exposures of the Clearing Corporation to members, commodities and geographies; action taken against defaulting members etc.;
- Review the effectiveness of Business Continuity Plan and Disaster Recovery Plan;
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authorities.

**(D) Standing Committee on Technology:**

**Composition:**

The Standing Committee on Technology comprises the following members as on March 31, 2020:

1. Mr. R Venkatraman, Public Interest Director - Chairman
2. Mr. Siddhartha Roy, Public Interest Director
3. Mrs. Shanthi Srikant, Public Interest Director
4. Mr. Sudarshan Singh, Independent External Person
5. Mr. Ramanan R V, Independent External Person

There was no change in the composition of Standing Committee on Technology during the year ended March 31, 2020.

**Terms of Reference:**

The terms of reference of the Standing Committee on Technology include:

- To monitor whether the technology used by the Clearing Corporation remains upto date and meets the growing demands of the markets;
- To monitor the adequacy of systems capacity and efficiency;
- To look into the changes being suggested by the Clearing Corporation to the existing software/hardware;
- To investigate into problems of computerised Risk Management/ Clearing and Settlement System, such as hanging/ slowdown/ breakdown;
- To ensure that transparency is maintained in disseminating information regarding slowdown/ breakdown in Risk Management/ Clearing and Settlement System;
- The Committee shall submit a report to the Governing Board of the Clearing Corporation. The Board will deliberate on the report and suitable action/ remedial measure will be taken;
- Any stoppage beyond five minutes will be explained and reported to the Board. The Clearing Corporation shall issue a press release specifying the reasons for the breakdown;
- Review the implementation of board approved Cyber Security and Resilience Policy and its framework.
- Such other matters in the scope as may be referred by the Governing Board of the Clearing Corporation and/or SEBI;
- Review technology strategy, review key technology projects in alignment with regulatory guidelines on terms of reference as may be applicable;
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority.

**(E) Regulatory Oversight Committee:**

**Composition:**

The Regulatory Oversight Committee comprises the following members as on March 31, 2020:

1. Mr R Ramaseshan, Public Interest Director - Chairman
2. Mr Siddhartha Roy, Public Interest Director
3. Dr. V R Narasimhan, Independent External Person

There was no change in the composition of Regulatory Oversight Committee during the year ended March 31, 2020.

**Terms of Reference:**

The terms of reference of the Regulatory Oversight Committee include:

- The Committee shall oversee matters related to member regulation such as admission of members, inspection, disciplinary action, etc.
- The head(s) of department(s) handling the above matters shall report directly to the Committee and also to the Managing Director.
- Any action of a recognized clearing corporation against the aforesaid head(s) shall be subject to an appeal to the Committee, within such period as may be determined by the Board of Directors.
- The Committee shall oversee SEBI inspection observations on membership related issues.
- To estimate the adequacy of resources dedicated to member regulation.
- Monitor the disclosures made by the Clearing Corporation in accordance with Regulation 35 of SCR(SECC) Regulations, 2018
- Review the actions taken to implement the suggestions of SEBI's Inspection Reports and place it before the Board of Clearing Corporation.
- To follow up and ensure compliance/ implementation of the inspection observations.
- Supervising the functioning of Investors' Services Cell of the Clearing Corporation which includes review of complaint resolution process, review of complaints unresolved over long period of time, estimate the adequacy of resources dedicated to investor services, etc.
- Lay down procedures for the implementation of the Code
- Prescribe reporting formats for the disclosures required under the Code.
- Oversee the implementation of the code of ethics.
- To periodically monitor the dealings in securities of the Key Management Personnel.
- To periodically monitor the trading conducted by firms/corporate entities in which the directors hold twenty percent or more beneficial interest or hold a controlling interest.
- Reviewing the fees and charges levied by a Clearing Corporation.
- Monitoring implementation of SECC Regulations and other applicable rules and regulations along-with SEBI Circulars and other directions issued thereunder.

#### **REMUNERATION OF DIRECTORS:**

Independent Directors / Public Interest Directors are only paid sitting fees of Rs. 40,000 for attending each meeting of the Board and Audit Committee and Rs. 30,000 for attending each meeting of the other Committees. Independent Directors / Public Interest 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 2019-20 is as follows:

<b>Name of the Non-Executive Director</b>	<b>Sitting fees for attending the meetings of the Board and Committees (in Rs)</b>
Mr. R Ramaseshan	10,60,000
Mr. R Venkatraman	9,90,000
Mr. Siddhartha Roy	7,30,000
Mrs. Shanthi Srikant	10,30,000
Mr. Atul Roongta	NIL

Further, a few of the Board Committees have co-opted independent external persons as mandatorily prescribed by the Regulator. The independent external persons were entitled to sitting fees of Rs. 30,000/- per meeting for attending the Committee Meetings.

The criteria of making payments to Non-executive Directors is uploaded on the Company's website <https://nccl.co.in/disclosures/other-disclosures>

The details of remuneration paid to Managing Director & CEO during the FY 2019-20 is given below:

(Amount in Rs.)

Sl. no.	Particulars of Remuneration	Mr. Rajiv Relhan Managing Director & Chief Executive Officer
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (includes Provident Fund Contribution)	1,04,84,489
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,41,596
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, specify	-
5.	*Others, please specify	11,61,387
	<b>Total</b>	<b>1,18,87,472</b>
	Ceiling as per the Companies Act, 2013	The Company has obtained the approval of the shareholders for the payment of above remuneration pursuant to the provisions of Schedule V of the Companies Act, 2013

\*The above-mentioned remuneration includes company contribution towards PF, Variable Pay and excludes gratuity. The above remuneration excludes 50% of total variable pay for FY 2018-19 to be paid on deferred basis after 3 years and includes remaining 50% of the variable pay for FY 2018-19 which has been paid during FY 2019-20 as per the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

#### Other Disclosures:

- None of the Non-Executive Directors of the Company are paid any performance linked incentive.
- The salary structure of the Managing Director & CEO includes Performance Based Incentive. The performance of the Managing Director & CEO is assessed on pre-defined strategic, operational and people development goals approved by the Board. Variable pay for performance is directly linked to the organisation performance. The role of the Managing Director & CEO is defined as a Key Managerial Person and will have Malus and Clawback arrangements. The Managing Director & CEO has been appointed for a period of three years w.e.f. September 27, 2018. The notice period for Managing Director & CEO is three months. The Nomination & Remuneration Committee or the Board may, at its discretion decide if an amount is to be paid, in case of resignation /end of contract.
- The Company has not issued any stock options.

## DETAILS OF GENERAL MEETINGS:

The particulars of last 3 Annual General Meetings of the Company are as follows –

Financial Year	Date of AGM	Time	Venue	Special Resolutions passed
2018-19	August 6, 2019	2.00 p.m.	NCCL Board Room, 1 <sup>st</sup> Floor, Ackruti Corporate Park, L.B.S. Road, Kanjurmarg West, Mumbai - 400078	Increase in Authorised Share Capital of the Company and consequent amendment to the Memorandum of Association of the Company
2017-18	September 24, 2018	11.00 a.m.	NCCL Board Room, 1 <sup>st</sup> Floor, Ackruti Corporate Park, L.B.S. Road, Kanjurmarg West, Mumbai - 400078	NIL
2016-17	August 23, 2017	4.00 p.m.	Board Room, Windsor, 503, 5 <sup>th</sup> Floor, Off. CST Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai – 400098.	NIL

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

## MEANS OF COMMUNICATION:

The financial statements are displayed on the website of the Company – [www.nccl.co.in](http://www.nccl.co.in). Other disclosures and announcements are also displayed on the website of the Company.

## GENERAL INFORMATION FOR SHAREHOLDERS:

### 1. Annual General Meeting:

The 14th Annual General Meeting will be held on Thursday, August 6, 2020 at 10.00 a.m. through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM').

### 2. Financial Year:

April 1, 2019 to March 31, 2020

### 3. Dividend Payment Date: Not Applicable

### 4. The equity shares of the Company are not listed on any Stock Exchange. Hence, the information pertaining to stock code, payment of annual fee to Stock Exchange, Market Price data, performance in comparison to broad-based indices, reasons for securities being suspended from trading are not applicable.

5. **Registrar to an issue and Share Transfer Agents** – Link Intime India Private Limited, C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083.
6. **Share Transfer System** – The transfer of equity shares of the Company is as per the provisions of the Companies Act, 2013 and the provisions of the Articles of Association of the Company and the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations 2018.
7. **Distribution of Shareholding:** Not applicable since the Company is a wholly-owned subsidiary of National Commodity & Derivatives Exchange Limited ('NCDEX').
8. **Dematerialization of shares & liquidity:** All the shares of the Company are in demat form. Further, since the shares of the Company are not listed, the liquidity in respect of the issued shares are not applicable.
9. **Outstanding global depository receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity:** Nil
10. **Commodity price risk or foreign exchange risk and hedging activities** – Not Applicable
11. **Plant locations:** Nil
12. **Address for correspondence:** First Floor, Ackruti Corporate Park, L.B.S. Road, Kanjurmarg West, Mumbai 400 078.
13. **List of all credit ratings obtained by the entity:** Not Applicable

**Other disclosures:**

1. There were no significant related party transactions of material nature that may have potential conflict with the interest of the Company.
2. Details of non-compliance, penalties, strictures imposed by SEBI or any statutory authority, on any matter related to capital markets: None.
3. Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the Audit Committee: The Company promotes ethical behaviour in all its business activities. The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct. The identity of the persons reporting violations is protected. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The Policy is displayed on the website of the Company at <https://nccl.co.in/disclosures/other-disclosures>
4. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements: The Company has complied with all the applicable mandatory requirements. Further, the Company has adopted non-mandatory requirements with respect to unmodified audit opinion, separate posts of Chairman and Chief Executive Officer and reporting of internal auditor.

5. Web link where policy for determining 'material' subsidiaries is disclosed: Not Applicable
6. Web link where policy on dealing with related party transactions is disclosed: <https://nccl.co.in/disclosures/other-disclosures>
7. Disclosure of commodity price risks and commodity hedging activities: Not Applicable
8. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) – Not Applicable
9. A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority – The said certificate is attached as **Annexure – I**
10. There were no such instances where the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, during the financial year under review.
11. The total fees for all services paid / payable by the Company, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part – Rs 11,70,000/-
12. The disclosures required to be given under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 are given in the following table:

1	Number of complaints of sexual harassment received in the year	NIL
2	Number of complaints disposed off during the year	NIL
3	Number of workshops or awareness programs against sexual harassment carried out	Awareness program for all employees was conducted

13. Non-compliance of any requirement of corporate governance report: The Company has complied with the applicable provisions relating to Corporate Governance Report.
14. Code of Conduct: The Company has framed and adopted a Code of Conduct / Ethics Policy, which is approved by the Board. Affirmation of compliance with the Code of Conduct/Ethics is attached to this report as **Annexure - II**.
15. Compliance certificate from practicing company secretary regarding compliance of conditions of Corporate Governance is attached as **Annexure - III**.
16. Disclosure with respect to demat suspense account/ unclaimed suspense account: Nil



# Ragini Chokshi & Co.

Tel. : 022-2283 1120  
022-2283 1134

## Company Secretaries

34, Kamer Building, 5th Floor, 38 Cawasji Patel Street, Fort, Mumbai - 400 001.  
E-mail : ragini.c@rediffmail.com / mail@csraginichokshi.com  
web: csraginichokshi.com

Date : \_\_\_\_\_

To,  
The Members of **National Commodity Clearing Limited**  
1st Floor, Ackruti Corporate Park,  
L B S Marg , Kanjurmarg (West), Mumbai 400078

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **National Commodity Clearing Limited** having (CIN U74992MH2006PLC163550) and having registered office at 1st Floor, Ackruti Corporate Park, Near G E Garden, L B S Road, Kanjurmarg (West), Mumbai 400078 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from to time).

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

Sr. No.	Name of the Director	Designation	DIN
1.	Mr. R. Ramaseshan	Chairman & Public Interest Director	00200373
2.	Mr. R.Venkatraman	Public Interest Director	07119686
3.	Mr. Siddhartha Roy	Public Interest Director	07637472
4.	Mrs. Shanti Srikant	Public Interest Director	08100689
5.	Mr. Atul Roongta	Shareholder Director	07878061
6.	Mr. Rajiv Relhan	Managing Director & CEO	07214524

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

Place: Mumbai  
Date: May 20 , 2020



For Ragini Chokshi & Co

*Umashankar K. Hegde*

Umashankar K. Hegde  
Partner

M.No- ACS 22133 # C.P. No-11161

UDIN: A022133B000263473

**Compliance with the Code of Conduct and Ethics by the Directors &  
Senior Management Personnel of the Company for the Financial Year 2019-2020**

We declare that all Board members and senior management personnel of National Commodity Clearing Limited have affirmed compliance with the Code of Conduct and Ethics for Directors and Senior Management Personnel for the financial year 2019-20.

**For National Commodity Clearing Limited**

**Sd/-**

**Rajiv Relhan  
Managing Director & CEO**

Date: May 20, 2020

Place: Mumbai



# Ragini Chokshi & Co.

Company Secretaries

34, Kamer Building, 5th Floor, 38 Cawasji Patel Street, Fort, Mumbai - 400 001.  
E-mail : ragini.c@rediffmail.com / mail@csraginichokshi.com  
web: csraginichokshi.com

**Annexure - III**  
Tel. : 022-2283 1120  
022-2283 1134

Date : \_\_\_\_\_

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,  
**The Members,**  
**National Commodity Clearing Limited**  
First Floor, Ackruti Corporate Park,  
L. B. S. Marg, Kanjurmarg West, Mumbai - 400078


We have examined all relevant records of National Commodity Clearing 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 31st March 2020. In terms of Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies have become mutatis mutandis applicable to the Company as it is a recognized Clearing Corporation. 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 of the conditions of Corporate Governance is the responsibility of the Management. Our 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 our opinion and to the best of our information and according to the explanations given to us, I certify that the Company has complied with the applicable disclosure requirements and corporate governance norms as specified for Listed Companies.

**FOR RAGINI CHOKSHI & CO, COMPANY SECRETARIES**

Date: 20/05/2020  
Place: Mumbai

  
**UMASHANKAR K HEGDE**  
PARTNER  
M. No- A22133 # C.P NO- 11161  
UDIN: A022133B000263462



**Annual Report on Corporate Social Responsibility Activities for the Financial Year 2019-20**

**Outline of the Company's Corporate Social Responsibility ("CSR") Policy**

National Commodity Clearing Limited ('NCCL' / 'Company') has framed a Corporate Social Responsibility ('CSR') policy in compliance with the provisions of the Companies Act, 2013, which outlines its CSR objectives and the manner in which it will be implemented. The Company's CSR activities largely cover social and development sectors and with focus on Education, Healthcare, Gender Equality & Empowerment of Women and Environment Sustainability.

During the FY 2019-20, NCCL implemented its CSR initiatives through the Indian Development Foundation ('IDF'), which is a registered charitable public trust and one of the leading NGOs in India working in Education, Healthcare & Women Empowerment sectors for the last 34 years. IDF has received recognition as an organization with Special Consultative Status from the United Nations Social Economic Council in the year 2012. Dr. A.R.K. Pillai, aged 90 years, is a Social Scientist and Founder President of IDF. Dr. Pillai has dedicated his life for the cause of leprosy eradication among other such service areas and has been involved in humanitarian work for over 50 years. Headquartered in Mumbai, IDF has a team of more than 5000 social ambassadors spread across India & abroad. IDF also has branches in US, UK, UAE, Australia, Malaysia, Singapore.

NCCL focused its CSR initiatives during the FY 2019-20 in the area of healthcare of women by undertaking 'The Dignity Project', an initiative of IDF. The objective of Dignity Project is to educate young girls by creating awareness about menstrual health and well-being and by making hygiene products like sanitary napkins more accessible to them. This would help in reducing hygiene and health related problems among the women population.

Menstruation and menstrual hygiene are taboo subject in India. Even with phenomenal improvement in literacy level in the country, the awareness is still minuscule. Statistics reveal that a significant number of educated women in the country do not still completely understand menstrual hygiene and partly on account of this, many girls do not understand the science behind it. Also, many women in India still do not have access to basic sanitary products like sanitary napkins and are still using home-grown alternatives such as old fabric, rags, sand, ash, wood shavings, newspapers, dried leaves, hay and plastic. Lack of awareness therefore could lead to many diseases including UTI/RTI, bacterial infection, Hepatitis B Virus (HBV), which causes serious liver disease & Human Immune Deficiency Virus (HIV), which causes AIDS. Also lack of knowledge and resources for sanitary napkins do have a negative impact on the education and life of female children. Providing sanitary pads and creating necessary awareness would certainly bring about a positive change.

In this initiative by the Company, school girls from 7th to 9th grade and community center women were covered. An awareness program and distribution of Dignity Kits was conducted in different locations across Mumbai. Around 1209 girl students / women were benefited from the awareness sessions. Further, each session was conducted by qualified doctors, medical students and NSS volunteers of Swami Vivekananda College. These sessions were also attended by some NCCL employees.

The CSR policy including overview of projects or program proposed to be undertaken is available on the website of the Company at the web link <https://nccl.co.in/disclosures/csr>

### **Composition of the CSR Committee**

The CSR Committee has been constituted which has an oversight on the overall implementation of the CSR Policy / framework. The Committee comprises of the following members:

1. Mrs. Shanthi Srikant, Public Interest Director, Chairperson
2. Mr. Rajiv Relhan, Managing Director & CEO
3. Mr. Atul Roongta, Shareholder Director

### **Average net profits of the Company for last three financial years**

<b>Financial year</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
<b>Rs in lakhs</b>	<b>131.34</b>	<b>147.85</b>	<b>579.80</b>

Average of 3 Years' Net Profits: Rs 286.33 lakhs

*Note: Net Profits are computed in accordance with the provisions prescribed under Section 135 of the Companies Act, 2013 and Rules made thereunder, for the purpose of determining limits of CSR expenditure.*

### **Prescribed CSR Expenditure (two percent of the amount as given above)**

The CSR expenditure for FY 2019-20 required to be made was Rs 5.73 lakhs

### **Details of CSR spent during the FY 2019-20**

Total CSR expenditure to be made for the financial year 2019-20: Rs 5.73 lakhs

Total amount spent in the financial year 2019-20: Rs 5.80 lakhs

Expenditure not made, if any: Rs 0.00

Manner in which the amount spent during the financial year 2019-20 is detailed below:

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 taken	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 upto the reporting period	Amount spent: Direct or through implementing agency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Awareness about menstrual health and distribution of dignity kits through 'Dignity Project'	Healthcare and Sanitation	Mumbai, Maharashtra	5,80,000	5,80,000	5,80,000	Through Indian Development Foundation
<b>TOTAL</b>				<b>5,80,000</b>	<b>5,80,000</b>	<b>5,80,000</b>	

\* Give details of implementing agency: The details of the implementing agency viz. Indian Development Foundation is given in the first section of this report.

**In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report**

The amount spent in the financial year 2019-20 exceeds two percent of the average net profit of the last three financial years.

**A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company**

The CSR Committee hereby declares that the implementation and monitoring of CSR Policy of the Company is in compliance with the CSR objectives and Policy of the Company.

**For National Commodity Clearing Limited**

sd/-  
**Rajiv Relhan**  
**Managing Director & CEO**  
DIN: 07214524

sd/-  
**Shanthi Srikant**  
**Chairperson of the CSR Committee**  
DIN: 08100689

Mumbai  
June 5, 2020

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
as on the Financial Year ended on March 31, 2020  
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

1.	CIN	U74992MH2006PLC163550
2.	Registration Date	04/08/2006
3.	Name of the Company	National Commodity Clearing Limited ("NCCL")
4.	Category / Sub-Category of the Company	Category: Public Company Sub Category: Limited by Shares
5.	Address of the Registered Office and contact details	1 <sup>st</sup> Floor, Ackruti Corporate Park, L. B. S. Road, Kanjur Marg (W) Mumbai - 400078. Tel: (+91-22) – 62804900 Fax: (+91-22) – 66406713 Email: <a href="mailto:rahul.poojari@nccl.co.in">rahul.poojari@nccl.co.in</a>
6.	Whether listed company: Yes / No	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited, C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083. Contact details: 022 49186000

**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	Clearing and Settlement	6619	56%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

SI. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	National Commodity & Derivatives Exchange Limited ('NCDEX')  Add.: 1 <sup>st</sup> Floor, Ackruti Corporate Park, L.B.S. Road, Kanjur Marg (West). Mumbai- 400078.	U51909MH2003PLC140116	Holding	100%	Section 2 (46) read with Section 2 (87) (ii) of the Companies Act, 2013

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt	-	-	-	-	-	-	-	-	-
d) Bodies Corp	10,57,49,994	6	10,57,50,000	100	11,55,00,000	-	11,55,00,000	100	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	<b>10,57,49,994</b>	<b>6</b>	<b>10,57,50,000</b>	<b>100</b>	<b>11,55,00,000</b>	<b>-</b>	<b>11,55,00,000</b>	<b>100</b>	<b>-</b>
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)( 2)</b>	<b>10,57,49,994</b>	<b>6</b>	<b>10,57,50,000</b>	<b>100</b>	<b>11,55,00,000</b>	<b>-</b>	<b>11,55,00,000</b>	<b>100</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII's	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>2) Non-Institutions</b>										
a) Bodies Corp	-	-	-	-	-	-	-	-	-	-
- Indian	-	-	-	-	-	-	-	-	-	-
- Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-	-
- Individual shareholders holding nominal share capital upto Rs 1 lakh	-	-	-	-	-	-	-	-	-	-
- Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-	-
c) Others (Specify)	-	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (2)</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Public (B) = (B) (1) + (B) (2)</b>	-	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>10,57,49,994</b>	<b>6</b>	<b>10,57,50,000</b>	<b>100</b>	<b>11,55,00,000</b>	<b>-</b>	<b>11,55,00,000</b>	<b>100</b>	<b>-</b>	<b>-</b>

(ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	National Commodity & Derivatives Exchange Limited (NCDEX)	10,57,50,000 (including 6 equity shares held jointly with 6 individuals)	100%	Nil	11,55,00,000 (including 6 equity shares held jointly with 6 individuals)	100%	Nil	Nil
	<b>Total</b>	<b>10,57,50,000</b>	<b>100%</b>	<b>Nil</b>	<b>11,55,00,000</b>	<b>100%</b>	<b>Nil</b>	<b>Nil</b>

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

Sl. No.	Particulars	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.	<b>National Commodity &amp; Derivatives Exchange Limited ('NCDEX')</b>				
	At the beginning of the year	10,57,49,994	99.999994	10,57,49,994	99.999994
	Increase due to allotment of 97,50,000 Equity Shares vide Rights Issue to NCDEX on September 30, 2019	97,50,000		11,54,99,994	99.999994
	At the end of the year	-	-	11,54,99,994	99.999994
2.	<b>NCDEX j/w. Atul Roongta</b>				
	At the beginning of the year	1	0.000001	1	0.000001
	Increase/ Decrease during the year	-	-	1	0.000001
	At the end of the year	-	-	1	0.000001
3.	<b>NCDEX j/w. Komal Sunil Shahani</b>				
	At the beginning of the year	1	0.000001	1	0.000001
	Increase/ Decrease during the year	-	-	1	0.000001
	At the end of the year	-	-	1	0.000001
4.	<b>NCDEX j/w. Seema Pramod Nayak</b>				
	At the beginning of the year	1	0.000001	1	0.000001
	Increase/ Decrease during the year	-	-	1	0.000001
	At the end of the year	-	-	1	0.000001
5.	<b>NCDEX j/w. Kapil Dev</b>				
	At the beginning of the year	1	0.000001	1	0.000001
	Increase/ Decrease during the year	-	-	1	0.000001
	At the end of the year	-	-	1	0.000001
6.	<b>NCDEX j/w. Poornima Santosh Shetty</b>				
	At the beginning of the year	1	0.000001	1	0.000001
	Increase/ Decrease during the year	-	-	1	0.000001
	At the end of the year	-	-	1	0.000001
7.	<b>NCDEX j/w. Suresh R Nair</b>				
	At the beginning of the year	1	0.000001	1	0.000001
	Decrease due to transfer of share from NCDEX j/w. Suresh Nair to NCDEX j/w. Hitesh Vallabhaji Savla on May 14, 2019	(1)	(0.000001)	NIL	NIL
	At the end of the year	-	-	NIL	NIL
8.	<b>NCDEX j/w. Hitesh Vallabhaji Savla</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Increase due to transfer of share from NCDEX j/w. Suresh Nair to NCDEX j/w. Hitesh Vallabhaji Savla on May 14, 2019	1	0.000001	1	0.000001
	At the end of the year	-	-	1	0.000001

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

NCCL is the wholly-owned Subsidiary of NCDEX

SI. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	Nil	Nil	Nil	Nil
2.	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	Nil	Nil	Nil	Nil
3.	At the End of the year (or on the date of separation, if separated during the year)	Nil	Nil	Nil	Nil

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

SI. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Mr. R Ramaseshan</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	-	-	NIL	NIL
2.	<b>Mr. R Venkatraman</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	-	-	NIL	NIL
3.	<b>Mr. Siddhartha Roy</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	-	-	NIL	NIL
4.	<b>Mrs. Shanthi Srikant</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	-	-	NIL	NIL
5.	<b>Mr. Rajiv Relhan</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	-	-	NIL	NIL
6.	<b>Mr. Atul Roongta: 1 equity share along with NCDEX</b>				
	At the beginning of the year	1	0.00	1	0.00
	At the end of the year	-	-	1	0.00
7.	<b>Ms. Komal Shahani: 1 equity share along with NCDEX</b>				
	At the beginning of the year	1	0.00	1	0.00
	At the end of the year	-	-	1	0.00

8.	<b>Mr. Rahul Poojari</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	-	-	NIL	NIL

## V. INDEBTEDNESS

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

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs.)

Sl. no.	Particulars of Remuneration	Mr. Rajiv Relhan Managing Director & Chief Executive Officer
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (includes Provident Fund Contribution)	1,04,84,489
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,41,596
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, specify	-
5.	*Others, please specify	11,61,387
	<b>Total</b>	<b>1,18,87,472</b>
	Ceiling as per the Companies Act, 2013	The Company has obtained the approval of the shareholders for the payment of above remuneration pursuant to the provisions of Schedule V of the Companies Act, 2013

\*The above-mentioned remuneration includes company contribution towards PF, Variable Pay and excludes gratuity. The above remuneration excludes 50% of total variable pay for FY 2018-19 to be paid on deferred basis after 3 years and includes remaining 50% of the variable pay for FY 2018-19 which has been paid during FY 2019-20 as per the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

**B. Remuneration to other Directors:**

(Amount in Rs.)

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. R Ramaseshan	Mr. R Venkatraman	Mr. Siddhartha Roy	Mrs. Shanthi Srikant	
<b>1.</b>	<b>Independent Directors</b>					
	Fee for attending board committee meetings	10,60,000	9,90,000	7,30,000	10,30,000	38,10,000
	Commission	--	--	--	--	--
	Others, please specify	--	--	--	--	--
	Total (1)	10,60,000	9,90,000	7,30,000	10,30,000	38,10,000
<b>2.</b>	<b>Other Non-Executive Director(s)</b>	Mr. Atul Roongta				
	Fee for attending board committee meetings	--	--	--	--	--
	Commission	--	--	--	--	--
	Others, please specify	--	--	--	--	--
	Total (2)	--	--	--	--	--
	Total Managerial Remuneration (1) + (2)	10,60,000	9,90,000	7,30,000	10,30,000	38,10,000
	Overall Ceiling as per the Companies Act, 2013	Rs. 1,00,000 per member per meeting				

**C. Remuneration to Key Managerial Personnel (other than MD/Manager/WTD):**

(Amount in Rs.)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Mr. Rahul Poojari Company Secretary	**Ms. Komal Shahani Chief Financial Officer	Total
1.	Gross salary	--			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. (includes Provident Fund Contribution)	--	15,26,040	45,97,722	61,23,762
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	-	2,24,400	2,24,400
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	-	-	-
2.	Stock Option	--	-	-	-
3.	Sweat Equity	--	-	-	-
4.	Commission	--			
	- as % of profit	--	-	-	-
	- others, specify	--	-	-	-
5.	*Others, please specify	--	2,06,965	5,98,324	8,05,289
	<b>Total</b>	--	<b>17,33,005</b>	<b>54,20,446</b>	<b>71,53,451</b>

\*The above-mentioned remuneration includes company contribution towards PF, Variable Pay and excludes gratuity. Variable pay for FY 2018-19 has been paid in June 2019.

\*\*For the Chief Financial Officer, the above remuneration excludes 50% of total variable pay for FY 2018-19 to be paid on deferred basis after 3 years and includes remaining 50% of the variable pay for FY 2018-19 which has been paid during FY 2019-20 as per the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

**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			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

**For and on behalf of the Board of Directors**

sd/-  
**R. Ramaseshan**  
 Chairman  
 DIN: 00200373

**Place:** Mumbai  
**Date:** June 5, 2020



# Ragini Chokshi & Co.

Company Secretaries

34, Kamer Building, 5th Floor, 38 Cawasji Patel Street, Fort, Mumbai - 400 001.  
E-mail : ragini.c@rediffmail.com / mail@csraginichokshi.com  
web: csraginichokshi.com

Annexure - 5  
Tel. : 022-2283 1120  
022-2283 1134

Date : \_\_\_\_\_

## FORM NO MR-3

### SECRETARIAL AUDIT REPORT

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

#### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

To,  
The Members,  
**NATIONAL COMMODITY CLEARING LIMITED**  
First Floor, Ackruti Corporate Park,  
L. B. S. Marg, Kanjurmarg West, Mumbai - 400078.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NATIONAL COMMODITY CLEARING LIMITED** (hereinafter called the 'Company') having CIN- U74992MH2006PLC163550. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended March 31, 2020 (hereinafter called as the '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:





# Ragini Chokshi & Co.

Tel. : 022-2283 1120  
022-2283 1134

## Company Secretaries

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E-mail : ragini.c@rediffmail.com / mail@csraginichokshi.com  
web: csraginichokshi.com

Date : \_\_\_\_\_

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2020 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 thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed thereunder
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings; **(Not Applicable to the Company for the Audit Period as there is no FDI or ODI or ECB 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 for the Audit Period)**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not Applicable to the Company for the Audit Period)**
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company for the Audit Period)**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company for the Audit Period)**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable as the Company has not issued any debt securities 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 as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the Audit Period)**





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- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;**(Not applicable as the Company has not delisted its equity shares from any stock exchange during the Audit Period)**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;**(Not applicable as the Company has not bought back any of its securities during the Audit Period)**

**We have also examined** compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015[to the extent applicable as a Recognized Clearing Corporation pursuant to Securities Contracts (Regulation) (Stock Exchange and Clearing Corporation) Regulations, 2018].

**We 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 laws applicable specifically to the Company:

- Securities Contracts (Regulation) (Stock Exchange and Clearing Corporations) Regulations, 2018.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes took place in the composition of the Board of Directors during the Audit Period.

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 where the same were given at shorter notice than seven days, the Company has taken shorter notice consent from the Members of the Board 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 were carried through either unanimously or on the basis of majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.





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Date : \_\_\_\_\_

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

**We further report that** during the audit period, there were following specific events or actions which have a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

1. SEBI has granted renewal of recognition to the Company to act as a Clearing Corporation for a further period of three years commencing on September 10, 2019 and ending on September 09, 2022.
2. Increase in Authorised Capital from Rs. 120 Crores to Rs. 140 Crores
3. Allotment of 97,50,000 equity shares of Rs 10/- each on rights basis to its holding company viz. National Commodity & Derivatives Exchange Limited ('NCDEX').
4. Four clearing members of the Clearing Corporation had failed to meet their settlement obligations as laid down under the Bye Laws, Rules, Regulations of the Clearing Corporation

In the event of the said default, show cause notice was issued to the said Members and disciplinary proceedings were initiated before the Member and Core Settlement Guarantee Fund Committee ('the Committee'). After giving several opportunities of personal hearings and based on the facts of the case and submissions placed on record by the members, the Committee passed the orders against the members on February 12, 2020.

As per the said orders, out of the 4 defaulting Members, 2 members were placed under suspension and 2 members were declared as defaulters. The same has been notified to market participants vide circular.

Date: 20/05/2020

Place: Mumbai



FOR RAGINI CHOKSHI & CO

*UMASHANKAR HEGDE*

UMASHANKAR HEGDE  
(PARTNER)

M.No: A22133 #CP No: 11161

UDIN : A022133B000263440



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022-2283 1134

Date : \_\_\_\_\_

## Secretarial Compliance Report

[Under Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We have examined:

- all the documents and records made available to us and explanation provided by NATIONAL COMMODITY CLEARING LIMITED("the Company")
- the filings/ submissions made by the Company to the stock exchanges(Not Applicable)
- website of the Company,
- any other document/ filing, as may be relevant, which has been relied upon to make this certification,

For the year ended March 31, 2020 ("Review Period") in respect of compliance with the provisions of:

- The Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; ( to the extent applicable to a recognised Clearing Corporation as prescribed under Securities Contract (Regulations) (Stock Exchange and Clearing Corporation) Regulations, 2018 ( SECC Regulations,2018)
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not Applicable to the Company during the Review Period)





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- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the Review Period)**
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company during the Review Period)**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Review Period)**
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Review Period)**
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **(Not Applicable to the Company during the Review Period)**
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not Applicable to the Company during the Review Period)**
- (i) The Securities Contract (Regulations) (Stock Exchange and Clearing Corporation) Regulations, 2018 and circulars/ guidelines issued thereunder. (SECC Regulations)

and based on the above examination, We hereby report that, during the Review Period:

- (a) The Company has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr.No	Compliance Requirement (Regulations/circulars/guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
There are no such matters observed during the Review Period			

- (b) The Company has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my/our examination of those records.
- (c) The following are the details of actions taken against the Company/its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under





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Date : \_\_\_\_\_

the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/guidelines issued thereunder:

Sr.No	Action taken by	Details of violation	of	Details of actions taken E.g. fines, warning letter, debarment, etc	Observations/ remarks of the Practicing Company Secretary
None					

(d) The Company has taken the following actions to comply with the observations made in previous reports:

Sr.No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended... (The years are to be mentioned)	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
Not Applicable, since there were no observations in the previous report for the financial year ended 31-03-2019				

Date: 20/05/2020  
Place: Mumbai



FOR RAGINI CHOKSHI & CO

UMASHANKAR HEGDE  
(PARTNER)

M.No: A22133 # CP No- 11161  
UDIN: A022133B000263451

**FORM NO. AOC - 2**

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

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

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

- (a) Name(s) of the related party and nature of relationship: **N.A.**
- (b) Nature of contracts/arrangements/transactions: **N.A.**
- (c) Duration of the contracts/arrangements/transactions: **N.A.**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **N.A.**
- (e) Justification for entering into such contracts or arrangements or transactions: **N.A.**
- (f) Date of approval by the Board: **N.A.**
- (g) Amount paid as advances, if any: **N.A.**
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: **N.A.**

**2. Details of material contracts or arrangement or transactions at arm's length basis**

- (a) Name(s) of the related party and nature of relationship: **Please see Annexure to AOC -2**
- (b) Nature of contracts/arrangements/transactions: **Please see Annexure to AOC -2**
- (c) Duration of the contracts/arrangements/transactions: **Please see Annexure to AOC -2**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **Please see Annexure to AOC -2**
- (e) Date(s) of approval by the Board, if any: **Transactions were in the ordinary business and at arm's length, and hence the approval of the Board was not applicable under Section 188 of the Companies Act, 2013. However, the approval of the Board was obtained for related party transactions for FY 2019-20 on April 4, 2019.**
- (f) Amount paid as advances, if any: **Nil**

## Annexure to FORM NO. AOC -2

The details of material contracts or arrangements or transactions at arm's length basis (excluding GST wherever levied) for the year ended March 31, 2020 are as follows:

Name of Related Party & nature of relationship	Nature of Transaction	Year Ended March 31, 2020 (Rs in Lakhs)	Duration of transactions	Salient terms of transactions
National Commodity & Derivatives Exchange Limited  (Holding Company)	<ul style="list-style-type: none"><li>Reimbursement paid for Administration, Shared Technology Services and staff on deputation.</li></ul>	672.49	These transactions occurred during the FY 2019-20	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.

**For and on behalf of the Board of Directors**

sd/-

**R. Ramaseshan**  
**Chairman**  
**DIN: 00200373**

Place: Mumbai  
Date: June 5, 2020

**DISCLOSURES PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The disclosures pertaining to remuneration in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as per the details provided below:

<b>Sr. No.</b>	<b>Requirements</b>	<b>Disclosures</b>
I	Ratio of Remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2019-20	Managing Director & Chief Executive Officer – 16:1
II	The percentage increase in remuneration* of each Director, Chief Financial Officer, Managing Director & Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year 2019-20 is around	Managing Director & Chief Executive Officer – 9.5% Company Secretary – 10% Chief Financial Officer – 9%
III	The percentage increase in the median remuneration of employees in the Financial year 2019-20	The percentage decrease in the median remuneration of employees in the financial year is around 1.92%
IV	The number of permanent employees on the rolls of company	As on March 31, 2020, there are 64 employees on the rolls of the Company
V	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average percentile increase for the employees has been 9% as against 9.7% for the **managerial personnel in the last Financial Year. Apart from the performance based normal increment, there was no other exceptional salary revision given in FY 2019-20
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	The remuneration is as per the remuneration policy of the Company.

\* Remuneration refers to the fixed component

\*\*KMPs under Companies Act and KMPs under SECC Regulations are considered as managerial personnel.

Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Annexure - 9

Sr. No.	Name & Qualifications	Age (Completed Years of Age)	Designation/ Nature of Duties	Remuneration received during the FY2019-20 (Inclusive of Salary as per Provisions contained in Section 17(1)+ Employer's PF contribution + NPS contribution + Motor Car Expense Reimbursement + Perquisite Value)	Nature of employment	Experience	Date of Commencement of Employment	Name of the Previous Employer	% of equity shares held by the employee or with his spouse and dependent in the company within the meaning of clause (iii) of sub rule (2) of The Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014	Whether any employee is a relative of any director or manager of the company and if so, name of such director or manager
1	Rajiv Relhan* MMS, Bcom	54	MD & CEO	12,136,987	Full Time	31 years	September 27, 2018	Standard Chartered Bank	Nil	No
2	Hemalatha S.* LLB	55	Chief Compliance Officer	6,765,500	Full Time	27 years	September 5, 2018	Edelweiss Agri Value Chain Limited	Nil	No
3	Hemant Singhvi* B.Com, CA	41	Chief Operating Officer	6,172,724	Full Time	19 years, 5 months	June 21, 2018	National Commodity & Derivatives Exchange Limited	Nil	No
4	Komal Sunil Shahani* B.Com, CA	50	Chief Financial Officer	5,867,924	Full Time	25 years	June 21, 2018	National Commodity & Derivatives Exchange Limited	#0.000001	No
5	Ruchit Chaturvedi* MBA, FRM, CFA Level-III	41	Head - Risk (Senior Vice President)	4,923,500	Full Time	16 years	July 9, 2018	Nomura Service India Private Limited	Nil	No
6	Rahul Kanaiyalal Ganatra BCom, CA	42	Finance Controller	3,637,000	Full Time	17 years	July 16, 2018	National Commodity & Derivatives Exchange Limited	Nil	No
7	Chaitanya Venkata Krishna Tunuguntla BSc, MBA	44	Senior Vice President	3,426,400	Full Time	25 years	September 27, 2018	National Commodity & Derivatives Exchange Limited	Nil	No
8	Abhishek Soni CA, Bcom	38	Assistant Vice President	3,090,000	Full Time	13 years	January 1, 2019	National Commodity & Derivatives Exchange Limited	Nil	No
9	Sripriya R BSc, PGDCA	43	Assistant Vice President	2,723,000	Full Time	19 years, 5 months	July 16, 2018	National Commodity & Derivatives Exchange Limited	Nil	No
10	Sachin Pundle MBA	46	Vice President	2,632,000	Full Time	18 years, 7 months	September 27, 2018	National Commodity & Derivatives Exchange Limited	Nil	No

Notes:

- \*For the Key Managerial Personnel, the above remuneration excludes 50% of total variable pay for FY 2018-19 to be paid on deferred basis after 3 years and includes remaining 50% of the variable pay for FY 2018-19 which has been paid during FY 2019-20 as per the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.
- The above mentioned remuneration is exclusive of any provision made towards Gratuity.
- All Employees are in permanent employment of the Company on contractual basis governed by the employment terms & conditions and service rules.
- The Company does not have any Employees Stock Option Plan (ESOP) Scheme for its employees.
- #holding jointly with National Commodity & Derivatives Exchange Limited ('NCDEX'), NCDEX being the first holder.

**Details of compensation of Key Management Personnel under Securities Contracts (Stock Exchanges and Clearing Corporations) Regulations, 2018:**

Sr. No.	Employee's Name	Designation	Date of Joining	Compensation	Ratio of compensation paid to each key management personnel, vis-a-vis. median of compensation paid to all employees of the Company
1	Mr. Rajiv Relhan	Managing Director & CEO	September 27, 2018	1,15,00,000	16:1
2	Ms. Hemalatha S.	Chief Compliance Officer	September 5, 2018	65,28,000	9:1
3	Ms. Komal Sunil Shahani	Chief Financial Officer	June 21, 2018	55,00,000	8:1
4	Mr. Hemant Singhvi	Chief Operating Officer	June 21, 2018	57,70,000	8:1
5	Mr. Ruchit Chaturvedi	Head - Risk (Senior Vice President)	July 9, 2018	46,86,000	6:1

**Note: 1. Annualized salary/remuneration based on the terms of employment of the employees who were on the rolls as on March 31, 2020.  
2. Variable Pay is not included in the above compensation and median calculation.**

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

**a) Changes in Rules and Bye-laws, if any:**

During the year, there were no changes in the Rules and Bye-laws of NCCL

**b) Changes in the Composition of the Governing Body:**

During the year under review, there was no change in the composition of the governing body of NCCL. The present composition of the governing board of NCCL is as under:

Sr. No.	Name of the Director	Designation	Date of appointment
1	Mr. R. Ramaseshan	Public Interest Director	May 10, 2018
2	Mr. R. Venkatraman	Public Interest Director	May 10, 2018
3	Mr. Siddhartha Roy	Public Interest Director	May 10, 2018
4	Mrs. Shanthi Srikant	Public Interest Director	May 10, 2018
5	Mr. Atul Roongta*	Shareholder Director	May 10, 2018
6	Mr. Rajiv Relhan	Managing Director & Chief Executive Officer	September 27, 2018

\* Mr. Atul Roongta was appointed as an additional director on the Board of the Company w.e.f. January 16, 2018.

No director resigned from the directorship of NCCL during the year under review.

**c) Sub-committees set up and changes in the composition of existing ones:**

The following are the Committees of NCCL as on March 31, 2020:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Risk Management Committee
4. Standing Committee on Technology
5. Member and Core Settlement Guarantee Fund Committee (*erstwhile known as 'Membership Selection Committee'*)
6. Regulatory Oversight Committee
7. Independent Directors / Public Interest Directors Committee
8. Advisory Committee
9. Grievance Redressal Committee (*erstwhile known as 'Investor Grievance Redressal Committee'*)
10. Stakeholders Relationship Committee
11. Corporate Social Responsibility Committee

The composition of the above Committee as on March 31, 2020 are as follows:

1. Audit Committee:

1. Mr. Siddhartha Roy, Public Interest Director – Chairman
2. Mr. R Ramaseshan, Public Interest Director
3. Mr. R Venkatraman, Public Interest Director
4. Mrs. Shanthi Srikant, Public Interest Director
5. Mr. Atul Roongta, Shareholder Director

2. Nomination & Remuneration Committee:

1. Mr. R Venkatraman, Public Interest Director - Chairman
2. Mr. R Ramaseshan, Public Interest Director
3. Mr. Siddhartha Roy, Public Interest Director

3. Risk Management Committee:

1. Mr. Siddhartha Roy, Public Interest Director – Chairman
2. Mr. R. Ramaseshan, Public Interest Director
3. Mr. R Venkatraman, Public Interest Director
4. Mrs. Shanthi Srikant, Public Interest Director
5. Mr. Sankarsan Basu, Independent External Person
6. Mr. Harshavardhan Raghunath, Independent External Person

4. Standing Committee on Technology:

1. Mr. R Venkatraman, Public Interest Director - Chairman
2. Mr. Siddhartha Roy, Public Interest Director
3. Mrs. Shanthi Srikant, Public Interest Director
4. Mr. Sudarshan Singh, Independent External Person
5. Mr. Ramanan R V, Independent External Person

5. Member and Core Settlement Guarantee Fund Committee:

1. Mrs. Shanthi Srikant, Public Interest Director – Chairperson
2. Mr. R Ramaseshan, Public Interest Director
3. Mr. R Venkatraman, Public Interest Director
4. Mr. Rajiv Relhan, Managing Director & CEO

6. Regulatory Oversight Committee:

1. Mr. R Ramaseshan, Public Interest Director – Chairman
2. Mr. Siddhartha Roy, Public Interest Director
3. Dr. V R Narasimhan, Independent External Person

7. Independent Directors / Public Interest Directors Committee:

1. Mrs. Shanthi Srikant, Public Interest Director - Chairperson
2. Mr. R. Ramaseshan, Public Interest Director
3. Mr. R Venkatraman, Public Interest Director
4. Mr. Siddhartha Roy, Public Interest Director

8. Advisory Committee:

1. Mr. R Ramaseshan, Public Interest Director – Chairman
2. Mrs. Shanthi Srikant, Public Interest Director
3. Mr. Shripal Shah (Nominee of Kotak Securities Limited)
4. Mr. Ashok Joshi (Nominee of Globe Commodities Limited)

9. Grievance Redressal Committee:

1. Mr. Uday Tardalkar
2. Mr. Vithal Dahake
3. Mr. K. V. Iyer
4. Mr. V. Chandrasekaran

10. Stakeholders Relationship Committee:

1. Mr. R Venkatraman, Public Interest Director - Chairman
2. Mr. Rajiv Relhan, Managing Director & CEO
3. Mr. Atul Roongta, Shareholder Director

11. Corporate Social Responsibility Committee:

1. Mr. Shanthi Srikant, Public Interest Director - Chairperson
2. Mr. Rajiv Relhan, Managing Director & CEO
3. Mr. Atul Roongta, Shareholder Director

**Changes in the composition of the Committees during the year under review:**

**1. Member and Core Settlement Guarantee Fund Committee\***

<b>Members as on March 31, 2019</b>	<b>Members as on March 31, 2020</b>
<ol style="list-style-type: none"><li>1. Mrs. Shanthi Srikant, Public Interest Director – Chairperson</li><li>2. Mr. R Ramaseshan, Public Interest Director</li><li>3. Mr. R Venkatraman, Public Interest Director</li><li>4. Mr. Rajiv Relhan, Managing Director &amp; CEO</li><li>5. Mrs. Hemalatha S, Chief Compliance Officer</li></ol>	<ol style="list-style-type: none"><li>1. Mrs. Shanthi Srikant, Public Interest Director – Chairperson</li><li>2. Mr. R Ramaseshan, Public Interest Director</li><li>3. Mr. R Venkatraman, Public Interest Director</li><li>4. Mr. Rajiv Relhan, Managing Director &amp; CEO</li></ol>

*\*re-constituted w.e.f October 25, 2019*

## 2. Corporate Social Responsibility Committee\*

Members as on March 31, 2019	Members as on March 31, 2020
--	1. Mr. Shanthi Srikant, Public Interest Director - Chairperson
--	2. Mr. Rajiv Relhan, Managing Director & CEO
--	3. Mr. Atul Roongta, Shareholder Director

\*constituted w.e.f May 14, 2019

### d) Admissions, Re-admissions, deaths or resignations of members:

	Total Members	TCM	STCM	PCM
Members as on March 31, 2019	174	164	6	4
Surrendered/Expelled/defaulters/ Ceased during the year	18	17	1	0
New members added	18	17	1	0
Members as on March 31, 2020	161*	151*	6	4

\* The total mismatch is on account of 13 members converting their membership category from TCM to TM during the year.

### e) Disciplinary action against members:

NCCL has imposed fines / penalties on members or disabled the trading / clearing terminals of the members for violation of Rules, Bye Laws, Regulations and circulars issued by the Clearing Corporation or pursuant to SEBI directives. NCCL has declared 2 members as defaulters consequent to their failure to meet their clearing and settlement obligations.

Further, NCCL placed 2 members under suspension consequent to their failure to meet their clearing and settlement obligations. The same has been notified to market participants vide circular.

### f) Arbitration of disputes (nature and number) between members and non-members:

No claims, difference or disputes between the Clearing Members inter-se and between the Clearing Members and their Clients or Constituents were referred to Arbitration.

### g) Defaults:

#### Physical Delivery Default:

Following are the instances of default in physical delivery obligation during the FY 2019-20:

Expiry Month	Symbol	Shortages	Unit
Apr-19	SYBEANIDR	30	MT
May-19	COCUDAKL	10	MT
May-19	DHANIYA	10	MT
May-19	MAIZERABI	610	MT
Jun-19	CASTOR	10	MT
Jul-19	COCUDAKL	1220	MT
Aug-19	COCUDAKL	100	MT
Aug-19	GUARSEED10	10	MT
Aug-19	TMCFGRNZM	10	MT
Sep-19	COCUDAKL	40	MT
Sep-19	MOONG	25	MT
Sep-19	PADYPB1121	20	MT
Sep-19	RMSEED	20	MT
Oct-19	BARLEYJPR	90	MT
Oct-19	GUARSEED10	40	MT
Oct-19	MAIZEKHRIF	120	MT
Oct-19	MOONG	10	MT
Nov-19	CHANA	240	MT
Nov-19	MAIZEKHRIF	130	MT
Nov-19	SYBEANIDR	1300	MT
Dec-19	DHANIYA	30	MT
Jan-20	MOONG	5	MT
Mar-20	GUARGUM5	30	MT
Mar-20	GUARSEED10	10	MT

**MTM Settlement Default:**

Four members had defaulted in meeting their MTM settlements during the period 2019-20.

Out of the 4 defaulting Members, 2 were placed under suspension and 2 were declared as defaulters. The same has been notified to market participants vide circular.

**h) Action taken to combat any emergency in trade:**

Not Applicable.

**i) Securities listed and de-listed:**

Futures contracts in the following commodities were launched by National Commodity & Derivatives Exchange Limited ('the Exchange') and hence additionally clearing and settlement services were provided for the following commodities:

- a. Unprocessed Whole Raw Moong (Not for direct human consumption) (MOONG)
- b. Paddy (Basmati) - Pusa 1121 (PADYPB1121)
- c. Bajra - Feed Grade

**j) Securities brought on or removed from the forward list:**

Not Applicable.

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

**i) The official rates for the securities enlisted thereon:**

Not Applicable

**ii) The number of shares delivered through the clearing house:**

Expiry Month	Total Delivery (In MT)	Delivery Value (In Crores)
Apr-19	52,608	235.70
May-19	80,090	334.20
Jun-19	68,050	294.00
Jul-19	64,419	310.13
Aug-19	54,832	244.37
Sep-19	58,585	260.56
Oct-19	50,312	233.68
Nov-19	39,978	195.55
Dec-19	61,513	240.35
Jan-20	42,453	171.52
Feb-20	29,065	86.16
Mar-20	29,404	78.21

**iii) The making-up prices:**

Not Applicable

**iv) The clearing house programmes:**

Not Applicable

**v) The number of securities listed and de-listed during the previous three months:**

During the previous 3 months i.e. January to March 2020, no, new commodities have been launched by the Exchange and hence no additional Clearing & Settlement services was provided for any commodity during the said period.

**vi) The number of securities brought on or removed from the forward list during the previous three months:**

Not Applicable

**vii) Any other matter as may be specified by the Securities and Exchange Board of India:**

Not Applicable

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## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of National Commodity Clearing Limited**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of **National Commodity Clearing Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### **Basis for Opinion**

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

##### **Other Matter**

The Financial Statements of the Company for the year ended March 31, 2020 were audited under exceptional circumstances due to prevailing lockdown conditions on account of Covid-19 pandemic. Due to the restrictions on physical movement, the entire audit team could not visit the company and we have examined the books of accounts and relevant documents through scanned documents / spread sheets received in electronic mode and not in original. Our audit procedures were designed to obtain sufficient appropriate audit evidence under these exceptional circumstances.

Our opinion is not modified in respect of this matter.

## **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure 'A'**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - 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'**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have pending litigations as at March 31, 2020 in its financial statements – Refer Note 40 to the financial statements.
    - ii. The Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses - Refer Note 41 to the financial statements.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020 - Refer Note 42 to the financial statements.

**For Khandelwal Jain & Co.  
Chartered Accountants**

Firm Registration Number: 105049W

Sd/-

Narendra Jain  
Partner

Membership Number: 048725  
UDIN: 20048725AAAABP3149

Place: Mumbai

Date: June 05, 2020

## **Annexure A to Independent Auditors' Report of even date on the financial statements of National Commodity Clearing Limited**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statement for the year ended March 31, 2020. We report that:

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- b) The Company has physically verified the fixed assets in accordance with a program of verification which in our opinion provides for physical verification of all fixed assets at reasonable intervals. We have been informed that no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property in its name.
- ii) The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- iii) 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi) The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii) a) According to the information and explanations given to us and on the basis of records examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues, wherever applicable. According to the records of the Company, there were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

- b) According to the information and explanation given to us, there are no dues in respect of sales tax, value added tax, income tax, goods and services tax, duty of customs, wealth tax, duty of excise and service tax including cess which have not been deposited with the appropriate authorities on account of any dispute.
- viii) The Company has not taken any loans or borrowings from banks, financial institutions or government and the Company has not issued any debentures. Therefore, the provisions of clause 3(viii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and section 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company. Therefore, the provisions of clause 3(xv) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

- 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 Khandelwal Jain & Co.**

**Chartered Accountants**

Firm Registration Number: 105049W

Sd/-

Narendra Jain

Partner

Membership Number: 048725

UDIN: 20048725AAAABP3149

Place: Mumbai

Date: June 05, 2020

## **Annexure B to the Independent Auditor's Report of Even Date On the Financial Statements of National Commodity Clearing Limited**

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

We have audited the internal financial controls over financial reporting of **National Commodity Clearing Limited** ("the Company") as of March 31, 2020 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. 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, 2020, 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.

**Other Matter**

The Financial Statements of the Company for the year ended March 31, 2020 were audited under exceptional circumstances due to prevailing lockdown conditions on account of Covid-19 pandemic. Due to the restrictions on physical movement, the entire audit team could not visit the company and we have examined the books of accounts and relevant documents through scanned documents / spread sheets received in electronic mode and not in original. Our audit procedures were designed to obtain sufficient appropriate audit evidence under these exceptional circumstances.

Our opinion is not modified in respect of this matter.

**For Khandelwal Jain & Co.  
Chartered Accountants**

Firm Registration Number: 105049W

Sd/-

Narendra Jain

Partner

Membership Number: 048725

UDIN: 20048725AAAABP3149

Place: Mumbai

Date: June 5, 2020

National Commodity Clearing Limited  
Balance Sheet as at March 31, 2020

( ₹ in Lakhs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	71.29	27.21
Other intangible assets	3	176.02	83.61
Intangible assets under development	3	141.56	45.57
<b>Financial assets</b>			
- Other financial assets			
- Bank balances	4(a)	1,224.57	428.16
- Others	4(b)	8.99	1.59
Deferred tax assets (net)	14	197.14	17.42
Income tax assets	5	206.42	65.99
Other non-current assets	6	0.48	1.29
<b>Total non-current assets</b>		<b>2,026.47</b>	<b>670.84</b>
<b>Current Assets</b>			
Financial assets			
- Investment	7	-	-
- Trade receivables	8	2,072.03	202.58
- Cash and cash equivalents	9	4,283.54	1,260.50
- Bank balances other than cash and cash equivalents	10	32,113.13	24,042.51
- Others	4(b)	3,011.21	3,446.92
Other current assets	6	70.60	32.89
<b>Total current assets</b>		<b>41,550.51</b>	<b>28,985.40</b>
<b>TOTAL ASSETS</b>		<b>43,576.98</b>	<b>29,656.24</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	11	11,550.00	10,575.00
Other equity	12	9,199.73	4,909.20
<b>Total Equity</b>		<b>20,749.73</b>	<b>15,484.20</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	13(a)	75.64	27.35
<b>Total non-current liabilities</b>		<b>75.64</b>	<b>27.35</b>
<b>Current liabilities</b>			
Financial liabilities			
- Deposits	15	9,757.04	10,089.15
- Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	16	11.23	8.66
- Total outstanding dues of creditors other than micro enterprises and small enterprises	16	250.80	239.43
- Other Financial liabilities	17	12,554.78	3,645.93
Other current liabilities	18	55.18	71.27
Provisions	13(a)	122.58	90.25
<b>Total current liabilities</b>		<b>22,751.61</b>	<b>14,144.69</b>
<b>TOTAL LIABILITIES</b>		<b>22,827.25</b>	<b>14,172.04</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>43,576.98</b>	<b>29,656.24</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 Khandelwal Jain & Co.**  
Chartered Accountants  
ICAI Firm Registration No : 105049W

**For and on behalf of the Board of Directors**  
National Commodity Clearing Limited  
CIN: U74992MH2006PLC163550

sd/-  
**NARENDRA JAIN**  
Partner  
Membership No. 048725

sd/-  
**RAJIV RELHAN**  
Managing Director & CEO  
DIN - 07214524

sd/-  
**R RAMASESHAN**  
Chairman  
DIN - 00200373

Place : Mumbai  
Date : June 05, 2020

sd/-  
**RAHUL POOJARI**  
Company Secretary

sd/-  
**KOMAL SHAHANI**  
Chief Financial Officer

**National Commodity Clearing Limited**  
**Statement of Profit and Loss for the year ended March 31, 2020**

( ₹ in Lakhs)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>INCOME</b>			
Revenue from operations	19	1,842.93	1,126.01
Other Income	20	1,461.91	1,034.12
<b>Total income</b>		<b>3,304.84</b>	<b>2,160.13</b>
<b>EXPENSE</b>			
Employee benefits expense	21	1,145.68	678.72
Depreciation & amortization	22	50.24	31.73
Other expenses	23	1,243.33	869.88
<b>Total expenses</b>		<b>2,439.25</b>	<b>1,580.33</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>865.59</b>	<b>579.80</b>
Less : Exceptional Items	38	668.07	-
<b>Profit/ (loss) after exceptions items and before tax</b>		<b>197.52</b>	<b>579.80</b>
<b>Tax expense</b>			
Current tax	24	248.96	177.08
Deferred tax	24	(174.20)	(13.01)
<b>Total Tax expense</b>		<b>74.76</b>	<b>164.07</b>
<b>Profit / (Loss) for the year (A)</b>		<b>122.76</b>	<b>415.73</b>
<b>Other Comprehensive Income:</b>			
Items that will not be reclassified to the Statement of profit and loss			
- Remeasurement of post-employment benefit obligations		(19.86)	(16.77)
- Income tax impact on above	24	5.53	4.67
<b>Other comprehensive income for the year, net of taxes (B)</b>		<b>(14.33)</b>	<b>(12.10)</b>
<b>Total comprehensive income for the year (A+B)</b>		<b>108.43</b>	<b>403.63</b>
<b>Basic earnings per share ( Face Value of ₹ 10 each)</b>			
(1) Basic (₹)		0.11	0.43
(2) Diluted (₹)		0.11	0.43

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 Khandelwal Jain & Co.**  
Chartered Accountants  
ICAI Firm Registration No : 105049W

sd/-  
**NARENDRA JAIN**  
Partner  
Membership No. 048725

Place : Mumbai  
Date : June 05, 2020

**For and on behalf of the Board of Directors**  
National Commodity Clearing Limited  
CIN: U74992MH2006PLC163550

sd/-  
**RAJIV RELHAN**  
Managing Director & CEO  
DIN - 07214524

sd/-  
**RAHUL POOJARI**  
Company Secretary

sd/-  
**R RAMASESHAN**  
Chairman  
DIN - 00200373

sd/-  
**KOMAL SHAHANI**  
Chief Financial Officer

**National Commodity Clearing Limited**  
**Statement of Cash Flow for the year ended March 31, 2020**

( ₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash flow from operating activities</b>		
Profit before tax	197.52	579.80
Adjustments for:		
Depreciation & amortisation	50.24	31.73
Provision for doubtful debts / loss incurred during liquidation (Exceptional items)	668.07	-
(Profit) / Loss on sale of investments	(155.41)	(125.63)
Interest income on Bank deposit	(1,271.42)	(907.24)
<b>Operating profit before working capital changes</b>	<b>(511.00)</b>	<b>(421.34)</b>
<b>Movements in working capital:</b>		
Decrease / (Increase) in trade receivables	(2,537.52)	(182.20)
Decrease / (Increase) in other current assets	(37.70)	(21.60)
Decrease / (Increase) in other non current assets	0.81	(1.29)
Decrease / (Increase) in other financial assets	(6.58)	(3.14)
Increase / (Decrease) in long term provision	48.29	27.35
Increase / (Decrease) in trade payables	13.94	246.87
Increase / (Decrease) in Short term provision	13.47	73.48
Increase / (Decrease) in financial liabilities	8,556.49	13,730.28
Increase / (Decrease) in other current liabilities	(16.08)	47.91
<b>Cash generated/(used) from operations</b>	<b>5,524.12</b>	<b>13,496.32</b>
Contribution to Core SGF by Exchange and Settlement Penalties (net of funding from SGF)	3,019.10	3,184.73
Direct taxes paid (net of refunds)	(389.39)	(184.60)
<b>Net cash generated/(used) in operating activities (A)</b>	<b>8,153.83</b>	<b>16,496.45</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets and CWIP	(262.47)	(157.99)
Purchase of current investments	(6,37,599.00)	(3,01,156.28)
Proceeds from sale of current investments	6,38,250.63	2,99,123.05
Interest received	2,393.06	741.18
Investment in fixed deposits	(34,176.55)	(24,020.66)
Redemption/Maturity of fixed deposits	25,309.52	9,233.49
<b>Net cash generated/(used) in investing activities (B)</b>	<b>(6,084.81)</b>	<b>(16,237.21)</b>
<b>C. Cash Flows from financing activities</b>		
Proceed of issue of equity shares	975.00	1,000.00
Share issue expenses	(20.98)	-
<b>Net cash generated/(used) from financing activities (C)</b>	<b>954.02</b>	<b>1,000.00</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>3,023.04</b>	<b>1,259.24</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,260.50</b>	<b>1.26</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>4,283.54</b>	<b>1,260.50</b>
<b>Components of cash and cash equivalents (Refer note 9)</b>		
Cash and cheques on hand	-	-
With Banks		
- on current accounts *	102.54	119.50
- on fixed deposits (Original maturity being three months or less) **	4,181.00	1,141.00
<b>Total</b>	<b>4,283.54</b>	<b>1,260.50</b>

\* Includes current account for Core Settlement Guarantee Fund ₹ 0.02 lakhs (March 31, 2019 : ₹ NIL).

\*\* Includes Fixed Deposit for Core Settlement Guarantee Fund ₹ NIL (March 31, 2019 : ₹ NIL).

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS - 7 on Statement of Cash Flow as notified under Companies (Accounts) Rules, 2015.

As per our report of even date

**For Khandelwal Jain & Co.**  
Chartered Accountants  
ICAI Firm Registration No : 105049W

**For and on behalf of the Board of Directors**  
National Commodity Clearing Limited  
CIN: U74992MH2006PLC163550

sd/-  
**NARENDRA JAIN**  
Partner  
Membership No. 048725

sd/-  
**RAJIV RELHAN**  
Managing Director & CEO  
DIN - 07214524

sd/-  
**R RAMASESHAN**  
Chairman  
DIN - 00200373

Place : Mumbai  
Date : June 05, 2020

sd/-  
**RAHUL POOJARI**  
Company Secretary

sd/-  
**KOMAL SHAHANI**  
Chief Financial Officer

**A Equity Share Capital**

Particulars	Amount
Balance as at April 1, 2018	9,575.00
Changes in equity share capital during the period	1,000.00
<b>Balance as at March 31, 2019</b>	<b>10,575.00</b>
Changes in equity share capital during the period	975.00
<b>Balance as at March 31, 2020</b>	<b>11,550.00</b>

**B Other Equity**

Particulars	Core Settlement Guarantee Fund				Retained Earnings	Total
	NCCL & NCDEX Settlement Penalties	NCCL contribution towards Core SGF	NCDEX contribution towards Core SGF	Total		
<b>Balance as at 1st April 2018</b>	-	-	-	-	856.50	<b>856.50</b>
<b>Profit/(Loss) for the year</b>	-	-	-	-	415.73	<b>415.73</b>
Items of Other Comprehensive Income for the year, net of tax Remeasurement benefit of defined benefit plans	-	-	-	-	(12.10)	<b>(12.10)</b>
<b>Contribution to Core Settlement Guarantee Fund</b>						
<b>Opening Balance</b>						
Add : Initial contribution to Core SGF	267.87	9,381.50	2,311.54	<b>11,960.91</b>	(9,381.50)	<b>2,579.41</b>
Add : Additional Contribution (a)	66.28	1,000.00	539.04	<b>1,605.32</b>	(1,000.00)	<b>605.32</b>
Add : Income on investment of SGF (as on respective dates of contribution) adjusted towards contribution (b)	-	-	76.03	<b>76.03</b>	-	<b>76.03</b>
Add : Income on investment of SGF (other than stated in (b) above) ( c)	10.94	360.19	18.18	<b>389.31</b>	-	<b>389.31</b>
<b>Closing Balance</b>	<b>345.09</b>	<b>10,741.69</b>	<b>2,944.79</b>	<b>14,031.57</b>	<b>(9,121.37)</b>	<b>4,910.20</b>
Share issue expenses	-	-	-	-	(1.00)	<b>(1.00)</b>
<b>Balance as at March 31, 2019</b>	<b>345.09</b>	<b>10,741.69</b>	<b>2,944.79</b>	<b>14,031.57</b>	<b>(9,122.37)</b>	<b>4,909.20</b>
<b>Balance as at April 1, 2019</b>	<b>345.09</b>	<b>10,741.69</b>	<b>2,944.79</b>	<b>14,031.57</b>	<b>(9,122.37)</b>	<b>4,909.20</b>
<b>Profit/(Loss) for the year</b>	-	-	-	-	122.76	<b>122.76</b>
Items of Other Comprehensive Income for the year, net of tax Remeasurement benefit of defined benefit plans	-	-	-	-	(14.33)	<b>(14.33)</b>
<b>Contribution to Core Settlement Guarantee Fund</b>						
Add : Additional Contribution (a)	4,188.45	975.00	165.20	<b>5,328.65</b>	(975.00)	<b>4,353.65</b>
Less : Funding from SGF (Refer note 38)	(1,334.55)	-	-	<b>(1,334.55)</b>	-	<b>(1,334.55)</b>
Add : Income on investment of SGF (as on respective dates of contribution) adjusted towards contribution (b)	-	-	17.42	<b>17.42</b>	-	<b>17.42</b>
Add : Income on investment of SGF (other than stated in (b) above) ( c)	127.11	827.17	211.28	<b>1,165.56</b>	-	<b>1,165.56</b>
<b>Closing Balance</b>	<b>3,326.10</b>	<b>12,543.86</b>	<b>3,338.69</b>	<b>19,208.65</b>	<b>(9,988.94)</b>	<b>9,219.71</b>
Share issue expenses	-	-	-	-	(19.98)	<b>(19.98)</b>
<b>Balance as at March 31, 2020</b>	<b>3,326.10</b>	<b>12,543.86</b>	<b>3,338.69</b>	<b>19,208.65</b>	<b>(10,008.92)</b>	<b>9,199.73</b>

1) Interest accrual of ₹ 17.42 Lakhs (up to March 31, 2019 : ₹ 76.03 Lakhs) on NCDEX cash contribution to core SGF (as stated in (b) above) is adjusted towards incremental requirement of Minimum Required Corpus (MRC) before taking additional contribution from NCDEX.

2) The above Core SGF amounting to ₹ 19,208.65 lakhs (March 31, 2019 : ₹ 14,031.57 lakhs) has been considered by the management as a part of equity and is included under "Other Equity".

3) The Company, vide its letter dated September 5, 2018, has given an undertaking to SEBI for increasing the Core Settlement Guarantee Fund (Core SGF) to ₹ 250 crore. This increase will be by way of equitable additions every 6 months over the period of 3 years i.e. by September 2021. In view of this, during the year the Company has made additional contribution of ₹ 975 lakhs (as stated in (a) above) to Core SGF to ensure the required Core SGF.

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

As per our report of even date

**For Khandelwal Jain & Co.**  
Chartered Accountants  
ICAI Firm Registration No : 105049W

**For and on behalf of the Board of Directors**  
National Commodity Clearing Limited  
CIN: U74992MH2006PLC163550

sd/-  
**NARENDRA JAIN**  
Partner  
Membership No. 048725

sd/-  
**RAJIV RELHAN**  
Managing Director & CEO  
DIN - 07214524

sd/-  
**R RAMASESHAN**  
Chairman  
DIN - 00200373

Place : Mumbai  
Date : June 05, 2020

sd/-  
**RAHUL POOJARI**  
Company Secretary

sd/-  
**KOMAL SHAHANI**  
Chief Financial Officer

**National Commodity Clearing Limited**  
**Notes to the Financial Statements for the year ended March 31, 2020**

**Background and Significant Accounting Policies**

**Background**

National Commodity Clearing Limited (the 'Company') is a wholly owned subsidiary of National Commodity and Derivatives Exchange Limited and is set up to provide clearing and settlement services to the holding company.

The financial statements were authorised for issuance by the Company's Board of Directors on June 05, 2020.

**1 Significant accounting policies :**

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

**a) Statement of compliance**

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

**b) Basis of preparation**

These financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, on accrual basis and are drawn up in accordance with the provisions of the Companies Act, 2013 (the Act) and Indian Accounting Standards ("Ind AS") notified under Section 133 of Act read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, amendment to the Rules and other relevant provisions of the Act.

**(i) Historical cost convention**

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

- certain financial assets that is measured at fair value,

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36, Impairment of Assets.

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

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

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

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

**c) Revenue recognition**

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

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. . The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised in the period when the service is provided as per arrangements/agreements with the customers.

The sources of revenue are:

- i) Risk Management Fees is recognized when open interest is increased as compared to previous day.
- ii) Delivery charges are recognised as income on delivery of commodities.
- iii) Warehouse charges are recognized when a new location is accredited by a warehouse service provider (WSP) and when WSP information is processed.
- iv) Annual subscription charges are recognised as income on a time proportion basis beginning from the month in which member is enabled.
- v) Admission fees are recognized as income at the time an applicant is converted as member.
- vi) Income excludes applicable taxes and other levies.
- vii) Revenue from clearing & settlement charges are recognized on accrual basis when services are rendered and there is reasonable certainty of ultimate realization.
- viii) Dividends on Investments are recognized when a right to receive the same is established
- ix) Interest is recognized on time proportionate basis taking into consideration the amount outstanding and the rate applicable.

**d) Income Tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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.

**e) Impairment of assets**

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**f) Cash Flow Statements & Cash and cash equivalents**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Restricted cash:**

Other bank balances comprise of Fixed deposits with maturity of more than three months and less than twelve months, other non current financial assets contains Fixed deposits with maturity of more than one year.

**g) Trade receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

**h) Investments and other financial assets**

**(i) Recognition**

All financial assets are recognized and de-recognized on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

**(ii) Classification**

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

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

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

For assets measured at fair value, gains and losses will either be recorded in statement of profit and loss or other comprehensive income. For investment in debt instruments, this will depend on business model in which the investment is held.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**(iii) Measurement**

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

**Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in statement of profit and loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit and loss and recognized in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss.

**(iv) Impairment of financial assets**

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

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

**(v) De-recognition of financial assets**

A financial asset is de-recognized only when

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

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

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

**(vi) Income recognition**

**Interest income**

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

**Dividends**

Dividends are recognized in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

**i) Financial liabilities****(i) Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**(ii) Initial recognition and measurement**

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

**(iii) Subsequent measurement**

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

**(iv) Derecognition**

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

**j) Property, plant and equipment (including CWIP)**

PPE are stated at actual cost less accumulated depreciation and impairment loss. Actual cost is inclusive of freight, installation cost, duties, taxes and other incidental expenses for bringing the asset to its working condition for its intended use (net of CENVAT / GST) and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management. It includes professional fees and borrowing costs for qualifying assets.

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

Depreciation of these PPE commences when the assets are ready for their intended use. Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

Depreciation is provided on straight line method over the useful life of the assets.

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

Leasehold improvement is amortized over the renewable period of lease.

**(i) The useful life of property, plant and equipment are as follows :**

Assets	Useful Life of Asset
Improvement to Lease hold Property	Over the period of lease
Office Equipment's	5 years
Office Hardware - Servers etc.	6 years
Office Hardware - Desktop, Laptop etc.	3 years
Telecommunication Systems	6 years

The estimated useful life and residual values are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of profit and loss.

**(ii) Intangible Assets:**

Intangible assets are recorded at acquisition cost and are amortized over the estimated useful life on straight line basis. Depreciation on additions is provided on pro-rata basis from the date of acquisition/ upto the date of deletion.

Assets	Estimated Useful Life of Asset
Software	4 years

**k) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**l) Provisions**

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation to be settled at future date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

**m) Contingent Liabilities and Contingent Assets**

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

Contingent assets are not recognized in the financial statements. However if the inflow of economic benefits is probable, then it is disclosed in the financial statements.

**n) Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the period.

**(ii) Diluted earning per share**

Diluted earning per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**o) Foreign currency translation and transactions**

**(i) Functional and presentation currency**

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian currency (INR), which is the Company's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

**p) Leases**

**As a lessee**

Leases of property, plant and equipment, where the terms of the lease has substantially transferred all the risks and rewards of ownership to the Company are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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

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

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

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

**q) Offsetting financial instruments**

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

**r) Contributed Equity**

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**s) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

**t) Current versus Non-current classification and operating cycle**

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

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle i.e. 12 months
- Held primarily for purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle i.e. 12 months.
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- All other liabilities are classified as non-current.

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**u) Rounding of Amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs as per the requirement of Schedule III, unless otherwise stated.

**v) Critical Accounting Estimates And Judgements**

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

The areas involving critical estimates or judgements are:

Estimation of useful life of property, plant and equipment and intangible asset refer Note 1(j)

Estimation of current tax expense and payable Note 24

Estimation of contingent liabilities refer Note 29

Estimation of Impairment of Assets refer Note 1(e)

Estimation of Provision for doubtful debts

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

- w)** As per SEBI vide circular no. CIR/MRD/DRMNP/25/2014 dated August 27,2014 every recognised clearing corporation shall establish and maintain a Fund for each segment, to guarantee the settlement of trades executed in that respective segment of a recognised Commodity exchange. The Clearing Corporation shall have a fund called Core SGF for each segment of each Recognised Commodity Exchange to guarantee the settlement of trades executed in the respective segment of the Commodity Exchange. In the event of a clearing member (member) failing to honor settlement commitments, the Core SGF shall be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process. The Core SGF shall be contributed by National Commodity Clearing Limited (NCCL), National Commodity & Derivatives Exchange Limited (NCDEX) and the clearing members, in a manner as prescribed by SEBI. This fund is represented by earmarked Core SGF investments. The income earned on such investments is credited to the respective contributor's funds and adjusted towards incremental requirement of Minimum Required Corpus (MRC). Settlement related penalties are transferred to Core SGF.

2 Property, plant and equipment

( ₹ in lakhs unless otherwise stated)

Particulars	Telecommunication Equipment's	Office Equipment's	Office Hardware	Clearing & Settlement System	Furniture & Fixtures	Motor Vehicle	Total
<b>Gross carrying amount</b>							
Opening as at April 01, 2018	-	-	0.00	0.63	-	-	0.63
Additions	19.50	2.42	21.06	-	-	-	42.98
Disposals / Adjustments	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>19.50</b>	<b>2.42</b>	<b>21.06</b>	<b>0.63</b>	-	-	<b>43.61</b>
<b>Accumulated depreciation and impairment</b>							
Opening as at April 01, 2018	-	-	-	0.32	-	-	0.32
Depreciation for the year	2.44	0.35	13.22	0.07	-	-	16.08
Disposals / Adjustments	-	-	-	-	-	-	-
<b>Closing accumulated depreciation</b>	<b>2.44</b>	<b>0.35</b>	<b>13.22</b>	<b>0.39</b>	-	-	<b>16.40</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>17.06</b>	<b>2.07</b>	<b>7.84</b>	<b>0.24</b>	-	-	<b>27.21</b>
<b>Gross carrying amount</b>							
Opening as at April 01, 2019	19.50	2.42	21.06	0.63	-	-	43.61
Additions	-	7.13	37.96	-	1.45	10.08	56.62
Disposals / Adjustments	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>19.50</b>	<b>9.55</b>	<b>59.02</b>	<b>0.63</b>	<b>1.45</b>	<b>10.08</b>	<b>100.23</b>
<b>Accumulated depreciation and impairment</b>							
Opening as at April 01, 2019	2.44	0.35	13.22	0.39	-	-	16.40
Depreciation for the year	3.26	1.28	7.17	0.07	0.13	0.63	12.54
Disposals / Adjustments	-	-	-	-	-	-	-
<b>Closing accumulated depreciation</b>	<b>5.70</b>	<b>1.63</b>	<b>20.39</b>	<b>0.46</b>	<b>0.13</b>	<b>0.63</b>	<b>28.94</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>13.80</b>	<b>7.92</b>	<b>38.63</b>	<b>0.17</b>	<b>1.32</b>	<b>9.45</b>	<b>71.29</b>

3 Intangible Assets & Intangible assets under development

Particulars	RMS Software	Office Software	NCFE Software	Clearing Software (FOCASS)	Total	Intangible assets under development	Total
<b>Gross carrying amount</b>							
Opening as at April 01, 2018	-	6.41	-	137.92	144.33	-	-
Additions	56.55	4.61	-	13.07	74.23	45.57	45.57
Disposals / Adjustments	-	-	-	-	-	-	-
Capitalised during the year	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>56.55</b>	<b>11.02</b>	-	<b>150.99</b>	<b>218.56</b>	<b>45.57</b>	<b>45.57</b>
<b>Accumulated amortisation and impairment losses</b>							
Opening as at April 01, 2018	-	6.41	-	112.89	119.30	-	-
Amortisation for the year	6.90	0.59	-	8.16	15.65	-	-
Disposals / Adjustments	-	-	-	-	-	-	-
<b>Closing accumulated amortisation</b>	<b>6.90</b>	<b>7.00</b>	-	<b>121.05</b>	<b>134.95</b>	-	-
<b>Net carrying amount as at March 31, 2019</b>	<b>49.65</b>	<b>4.02</b>	-	<b>29.94</b>	<b>83.61</b>	<b>45.57</b>	<b>45.57</b>
<b>Gross carrying amount</b>							
Opening as at April 01, 2019	56.55	11.02	-	150.99	218.56	45.57	45.57
Additions	38.66	18.27	2.60	70.58	130.11	222.49	222.49
Disposals / Adjustments	-	-	-	-	-	-	-
Capitalised during the year	-	-	-	-	-	126.50	126.50
<b>Closing gross carrying amount</b>	<b>95.21</b>	<b>29.29</b>	<b>2.60</b>	<b>221.57</b>	<b>348.67</b>	<b>141.56</b>	<b>141.56</b>
<b>Accumulated amortisation and impairment losses</b>							
Opening as at April 01, 2019	6.90	7.00	-	121.05	134.95	-	-
Amortisation for the year	16.14	3.98	0.13	17.45	37.70	-	-
Disposals / Adjustments	-	-	-	-	-	-	-
<b>Closing accumulated amortisation</b>	<b>23.04</b>	<b>10.98</b>	<b>0.13</b>	<b>138.50</b>	<b>172.65</b>	-	-
<b>Net carrying amount as at March 31, 2020</b>	<b>72.17</b>	<b>18.31</b>	<b>2.47</b>	<b>83.07</b>	<b>176.02</b>	<b>141.56</b>	<b>141.56</b>

4 Other Financial Asset

Particulars	Non Current	Current	Non Current	Current
	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2019
<b>(a) Non-current bank balances</b>				
Fixed deposits with bank - maturity more than 12 months*	1,224.57	-	428.16	-
<b>Total (a)</b>	<b>1,224.57</b>	<b>-</b>	<b>428.16</b>	<b>-</b>
<b>(b) Others</b>				
<b>Unsecured, Considered Good</b>				
Receivable against sale of Mutual Funds	-	2,257.05	-	2,753.28
Interest accrued on fixed deposits**	8.99	744.44	1.59	690.50
Deposits	-	6.15	-	2.81
Other assets (Receivable from Related Party)	-	3.57	-	0.33
<b>Total (b)</b>	<b>8.99</b>	<b>3,011.21</b>	<b>1.59</b>	<b>3,446.92</b>

\* Fixed Deposit for Core Settlement Guarantee Fund (Core SGF) ₹ 1,207.90 lakhs (March 31, 2019 : ₹ 428.16 lakhs).

\*\* Includes interest on Core SGF - Non Current ₹ 7.04 lakhs (March 31, 2019 : ₹ 1.59 lakhs) and Current ₹ 480.99 lakhs (March 31, 2019 : ₹ 338.77 lakhs)

5 Income Tax Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax paid including tax deducted at source receivable *	206.42	65.99
<b>Total</b>	<b>206.42</b>	<b>65.99</b>

\* Includes TDS on Core SGF ₹ 160.91 lakhs (March 31, 2019 : ₹ 46.53 lakhs)

6 Other Assets

Particulars	Non Current	Current	Non Current	Current
	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2019
<b>Unsecured, Considered Good</b>				
Prepaid expenses	0.10	62.34	1.29	27.65
Capital advances	0.38	-	-	-
Advances recoverable in cash or in kind or for value to be received	-	6.85	-	2.00
Advances to employee	-	1.41	-	3.24
<b>Total</b>	<b>0.48</b>	<b>70.60</b>	<b>1.29</b>	<b>32.89</b>

7 Current Investments

Particulars	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2019
	Units	Amount	Units	Amount
<b>A) Investment in mutual funds</b>				
<b>Mutual Funds (Unquoted)</b>				
<b>Total - Current Investments (a)</b>		-		-
<b>Aggregate amount of unquoted investments</b>		-		-

8 Trade Receivables

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
a) Trade receivables considered good - Secured	160.55	202.58
b) Trade receivables considered good - Unsecured	-	-
c) Trade Receivables which have significant increase in Credit Risk (Refer note 38)	1,911.48	-
d) Trade Receivables - credit impaired (Refer note 38)	646.40	-
<b>Sub Total</b>	<b>2,718.43</b>	<b>202.58</b>
Less : Allowance for bad and doubtful debts	(646.40)	-
<b>Total</b>	<b>2,072.03</b>	<b>202.58</b>

9 Cash and cash equivalents

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
<b>Cash and cash equivalents</b>		
Cash in hand	-	-
Funds in transit	-	-
<b>Balances with bank</b>		
On current accounts*	102.54	119.50
Fixed deposits with original maturity of three months or less**	4,181.00	1,141.00
<b>Total</b>	<b>4,283.54</b>	<b>1,260.50</b>

\* Includes current account for Core Settlement Guarantee Fund ₹ 0.02 lakhs (March 31, 2019 : ₹ NIL).

\*\* Includes Fixed Deposit for Core Settlement Guarantee Fund ₹ NIL (March 31, 2019 : ₹ NIL).

10 Bank balances other than cash and cash equivalents

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
<b>Fixed Deposits</b>		
- with original maturity for more than 3 months but less than 12 months	398.00	1,651.00
- with maturity of less than 12 months at the balance sheet date	14,429.00	9,201.00
	<b>14,827.00</b>	<b>10,852.00</b>
<b>Fixed Deposits - Core Settlement Guarantee Fund</b>		
- with original maturity for more than 3 months but less than 12 months towards Core Settlement Guarantee Fund	1,777.19	405.24
- with maturity of less than 12 months at the balance sheet date towards Core Settlement Guarantee Fund	15,508.94	12,785.27
	<b>17,286.13</b>	<b>13,190.51</b>
<b>Total</b>	<b>32,113.13</b>	<b>24,042.51</b>

11 Equity share capital

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Authorised</b> 140,000,000 (Previous Year : 120,000,000) Equity Shares of ₹ 10 Each	<b>14,000.00</b>	<b>12,000.00</b>
<b>Issued, subscribed and fully paid up shares</b> 115,500,000 (Previous Year : 105,750,000) Equity Shares ₹10 each fully paid up.	11,550.00	10,575.00
<b>Total</b>	<b>11,550.00</b>	<b>10,575.00</b>

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

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ In lakhs	No. of Shares	₹ In lakhs
<b>Equity Shares of ₹ 10 each fully paid</b>				
At the beginning of the year	10,57,50,000	10,575.00	9,57,50,000	9,575.00
Issued during the year	97,50,000	975.00	1,00,00,000	1,000.00
<b>Outstanding at the end of the year</b>	<b>11,55,00,000</b>	<b>11,550.00</b>	<b>10,57,50,000</b>	<b>10,575.00</b>

b. Terms/Rights attached to equity share

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

The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing annual general meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

	As at March 31, 2020		As at March 31, 2019	
	No.	% holding	No.	% holding
National Commodity and Derivatives Exchange Limited	11,55,00,000	100.00%	10,57,50,000	100.00%

The Company has not issued any shares by way of bonus or for consideration other than cash and has not bought back any shares during the period of five years immediately preceding the reporting date.

No shares are reserved for issue under options and contract or commitment for the sale of shares or disinvestments.

**Right issue**

During the year, the Company invited its shareholders to subscribe to a right issue of 11,750,000 equity shares at an issue price of ₹ 10 per share, with such shares to be issued on and rank paripasu with the existing equity shares. The issue was subscribed for 9,750,000 equity shares and the said shares were allotted on September 30, 2019.

During the Previous year, the Company invited its shareholders to subscribe to a right issue of 12,766,666 equity shares at an issue price of ₹ 10 per share, with such shares to be issued on and rank paripasu with the existing equity shares. The issue was subscribed for 10,000,000 equity shares and the said shares were allotted on March 28, 2019.

12 Other Equity

Particulars	Core Settlement Guarantee Fund				Retained Earnings	Total
	NCCL & NCDEX Settlement Penalties	NCCL contribution towards Core SGF	NCDEX contribution towards Core SGF	Total		
<b>Balance as at 1st April 2018</b>	-	-	-	-	856.50	<b>856.50</b>
<b>Profit/(Loss) for the year</b>	-	-	-	-	415.73	<b>415.73</b>
Items of Other Comprehensive Income for the year, net of tax Remeasurement benefit of defined benefit plans	-	-	-	-	(12.10)	<b>(12.10)</b>
<b>Contribution to Core Settlement Guarantee Fund</b>						
Opening Balance						
Add : Initial contribution to Core SGF	267.87	9,381.50	2,311.54	<b>11,960.91</b>	(9,381.50)	<b>2,579.41</b>
Add : Additional Contribution (a)	66.28	1,000.00	539.04	<b>1,605.32</b>	(1,000.00)	<b>605.32</b>
Add : Income on investment of SGF (as on respective dates of contribution) adjusted towards contribution (b)	-	-	76.03	<b>76.03</b>	-	<b>76.03</b>
Add : Income on investment of SGF (other than stated in (b) above) ( c)	10.94	360.19	18.18	<b>389.31</b>	-	<b>389.31</b>
<b>Closing Balance</b>	<b>345.09</b>	<b>10,741.69</b>	<b>2,944.79</b>	<b>14,031.57</b>	<b>(9,121.37)</b>	<b>4,910.20</b>
Share issue expenses	-	-	-	-	(1.00)	<b>(1.00)</b>
<b>Balance as at March 31, 2019</b>	<b>345.09</b>	<b>10,741.69</b>	<b>2,944.79</b>	<b>14,031.57</b>	<b>(9,122.37)</b>	<b>4,909.20</b>
<b>Balance as at April 1, 2019</b>	<b>345.09</b>	<b>10,741.69</b>	<b>2,944.79</b>	<b>14,031.57</b>	<b>(9,122.37)</b>	<b>4,909.20</b>
<b>Profit/(Loss) for the year</b>	-	-	-	-	122.76	<b>122.76</b>
Items of Other Comprehensive Income for the year, net of tax Remeasurement benefit of defined benefit plans	-	-	-	-	(14.33)	<b>(14.33)</b>
<b>Contribution to Core Settlement Guarantee Fund</b>						
Add : Additional Contribution (a)	4,188.45	975.00	165.20	<b>5,328.65</b>	(975.00)	<b>4,353.65</b>
Less : Funding from SGF (Refer note 38)	(1,334.55)	-	-	<b>(1,334.55)</b>	-	<b>(1,334.55)</b>
Add : Income on investment of SGF (as on respective dates of contribution) adjusted towards contribution (b)	-	-	17.42	<b>17.42</b>	-	<b>17.42</b>
Add : Income on investment of SGF (other than stated in (b) above) ( c)	127.11	827.17	211.28	<b>1,165.56</b>	-	<b>1,165.56</b>
<b>Closing Balance</b>	<b>3,326.10</b>	<b>12,543.86</b>	<b>3,338.69</b>	<b>19,208.65</b>	<b>(9,988.94)</b>	<b>9,219.71</b>
Share issue expenses	-	-	-	-	(19.98)	<b>(19.98)</b>
<b>Balance as at March 31, 2020</b>	<b>3,326.10</b>	<b>12,543.86</b>	<b>3,338.69</b>	<b>19,208.65</b>	<b>(10,008.92)</b>	<b>9,199.73</b>

**Note :**

1) Interest accrual of ₹ 17.42 lakhs (up to March 31, 2019 : ₹ 76.03 lakhs) on NCDEX cash contribution to core SGF (as stated in (b) above) is adjusted towards incremental requirement of Minimum Required Corpus (MRC) before taking additional contribution from NCDEX.

2) The above Core SGF amounting to ₹ 19,208.65 lakhs (March 31, 2019 : ₹ 14,031.57 lakhs) has been considered by the management as a part of equity and is included under "Other Equity".

3) The Company, vide its letter dated September 5, 2018, has given an undertaking to SEBI for increasing the Core Settlement Guarantee Fund (Core SGF) to ₹ 250 crore. This increase will be by way of equitable additions every 6 months over the period of 3 years i.e. by September 2021. In view of this, during the year the Company has made additional contribution of ₹ 975 lakhs (as stated in (a) above) to Core SGF to ensure the required Core SGF.

**Description of nature and purpose of reserve**

**Settlement Guarantee Fund**

Core Settlement Guarantee Fund (SGF) is established to guarantee the settlement of trades executed in Commodity Exchange. In the event of a clearing member (member) failing to honor settlement commitments, the Core SGF shall be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process.

**Retained Earnings**

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

13 Provisions

Particulars	Non-Current	Current	Non-Current	Current
	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2019
<b>(a) Employee benefits obligation</b>				
i) Provision for gratuity	30.58	32.21	-	27.53
ii) Provision for leave encashment	4.31	15.92	13.56	3.83
iii) Provision for Performance based incentives (PBI) *	40.75	74.45	13.79	58.89
<b>Total</b>	<b>75.64</b>	<b>122.58</b>	<b>27.35</b>	<b>90.25</b>

\* Includes PBI payable to Managing Director & CEO which is subject to Board approval.

14 Deferred tax Asset / liabilities (net)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Deferred tax assets components</b>		
Leave, Gratuity & PBI	31.14	13.35
Provision For Doubtful Debt	179.83	-
Preliminary Expenses	-	9.58
<b>Gross deferred tax asset</b>	<b>210.97</b>	<b>22.93</b>
<b>Deferred tax liabilities components</b>		
Depreciation and amortisation	13.83	5.51
<b>Gross deferred tax liabilities</b>	<b>13.83</b>	<b>5.51</b>
<b>Net deferred tax asset/(liability)</b>	<b>197.14</b>	<b>17.42</b>

15 Deposits

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
a) Deposit from Clearing members	5,390.92	5,752.68
b) Deposit in lieu of Bank Guarantee/securities	584.65	545.00
c) Deposits from clearing banks	3,300.00	3,300.00
d) Deposits from warehouse service providers	481.47	491.47
<b>Total</b>	<b>9,757.04</b>	<b>10,089.15</b>

16 Trade payables

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
a) Trade payable other than micro and small enterprises	41.56	59.97
b) Trade payable to micro enterprises and small enterprises (Refer note 28)	11.23	8.66
c) Trade payable to related parties (Refer note 31)	209.24	179.46
<b>Total</b>	<b>262.03</b>	<b>248.09</b>

17 Other Financial Liabilities

Particulars	Non-Current	Current	Non-Current	Current
	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2019
a) Payable towards purchase of fixed assets / intangibles	-	17.13	-	-
b) Margins money from clearing members	-	10,617.97	-	3,637.32
c) Creditor for capital expenditure payable to micro and small enterprises	-	7.92	-	4.80
d) Interest accrued & payable to micro and small enterprises	-	0.01	-	0.01
e) Payable to Core SGF	-	1,911.48	-	-
f) Other payable	-	0.27	-	3.80
<b>Total</b>	-	<b>12,554.78</b>	-	<b>3,645.93</b>

18 Other Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
a) Revenue received in advance	9.84	15.98
b) SEBI fees payable	1.57	1.00
c) Statutory dues payable	43.77	54.29
<b>Total</b>	<b>55.18</b>	<b>71.27</b>

19 Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Sale of products</b>		
<b>Sale of services</b>		
Clearing & Settlement Charges	-	227.10
Risk Management Fees	768.68	426.13
Physical Delivery Charges	800.18	337.40
Warehouse charges	159.32	130.36
Admission Fees	75.00	5.00
Annual subscription fees	39.75	0.02
<b>Total</b>	<b>1,842.93</b>	<b>1,126.01</b>

20 Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Other non-operating income</b>		
<b>Finance Income</b>		
Interest on Bank deposits	1,271.42	907.24
Interest on Income Tax Refund	6.02	1.01
Net gain on sale of investments measured at fair value through profit or loss	155.41	125.63
Others (miscellaneous income)	29.06	0.24
<b>Total</b>	<b>1,461.91</b>	<b>1,034.12</b>

21 Employee benefits expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, bonus and allowances	1,019.75	605.71
Contribution to Provident fund	45.40	24.88
Contribution to Gratuity Fund	16.35	11.76
Contribution to Other Fund	0.04	0.02
Staff welfare expenses	64.14	36.35
<b>Total</b>	<b>1,145.68</b>	<b>678.72</b>

22 Depreciation & Amortization

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation	12.47	23.57
Amortization	37.77	8.16
<b>Total</b>	<b>50.24</b>	<b>31.73</b>

23 Other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	115.02	92.66
Rates and Taxes	0.10	0.65
Legal and Professional Charges	69.04	35.65
Communication Expenses	8.40	8.52
Travelling and Conveyance Expenses	43.46	28.65
Electricity Charges	18.54	9.98
Repairs and Maintenance	18.13	15.70
Insurance Expenses	78.84	10.21
Technology Expenses	655.61	459.04
Application For Clearing Corporation	-	20.29
Usage Charges	54.03	56.59
Research & Testing Expenses	8.34	8.58
Comtrack Connectivity Fees	35.00	17.88
Advertisement and Publicity	0.91	11.36
Committee Sitting Fees	5.20	3.70
Directors Sitting Fees	38.10	29.00
Meeting Expenses	15.97	13.03
Corporate Social Responsibility	5.80	-
Books Periodicals & Subscription	-	0.02
Security Charges	12.15	11.96
Payment to Auditors	12.28	9.60
Printing and stationery	4.53	3.47
Miscellaneous Expenses	43.88	23.34
<b>Total</b>	<b>1,243.33</b>	<b>869.88</b>

<b>Payment to Auditors</b>		
- Audit Fees	9.00	7.00
- Tax Audit Fees	1.50	1.35
- Taxation matters	1.20	1.00
- Certification matters	-	-
- For reimbursement of expenses	0.58	0.25
<b>Total</b>	<b>12.28</b>	<b>9.60</b>

24 Current and Deferred Tax

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	248.96	177.08
Deferred Tax	(174.20)	(13.01)
Deferred Tax - OCI	(5.53)	(4.67)
<b>Total</b>	<b>69.23</b>	<b>159.40</b>

25 Tax Reconciliation

A) The major components of income tax expense statement of profit and loss

Statement of profit and loss

Particulars	March 31, 2020	March 31, 2019
<b>Current income tax:</b>		
Current income tax charge	242.69	170.02
Adjustments in respect of current income tax of prior period	6.27	7.06
<b>Total current tax expense</b>	<b>248.96</b>	<b>177.08</b>
<b>Deferred tax:</b>		
Decrease (increase) in deferred tax assets	(188.04)	(22.00)
(Decrease) increase in deferred tax liabilities	8.31	4.32
<b>Total deferred tax expense (benefit)</b>	<b>(179.73)</b>	<b>(17.68)</b>
<b>Income tax expense reported in the statement of profit or loss</b>	<b>69.23</b>	<b>159.40</b>

B) Reconciliation of tax expense and the accounting profit multiplied by tax rate

	March 31, 2020	March 31, 2019
Profit before income tax expense	197.52	579.80
Tax rate (%)	27.82%	27.82%
Tax	54.95	161.30
Adjustments in respect of current income tax of previous years	6.27	7.06
<b>Non-deductible expenses for tax purposes:</b>		
Adjustment on account of Depreciation	3.15	-
Adjustment on account of Preliminary Expenses	9.58	(5.07)
Impact of Gratuity - OCI	(5.53)	(4.67)
Others (CSR..etc)	0.81	0.78
<b>Income Tax Expense</b>	<b>69.23</b>	<b>159.40</b>

C) Income tax asset/liability at the end of the year

Particulars	March 31, 2020	March 31, 2019
Opening Balance	65.99	58.47
Income tax paid/(refund)	389.39	184.60
Current Income Tax payable for the year	(242.69)	(170.02)
Provision for tax of earlier years	(6.27)	(7.06)
<b>Net income tax asset/liability at the end of the year</b>	<b>206.42</b>	<b>65.99</b>

D) Deferred tax liabilities (net)

The balance comprises temporary difference attributable to;

Particulars	March 31, 2020	March 31, 2019
<b>Deferred Income Tax assets</b>		
Preliminary Expenses to be w/off	-	9.58
Provision for Gratuity	7.28	2.99
Provision for Gratuity - OCI	10.19	4.67
Provision for Leave Encashment	2.64	1.85
Corporate Social Responsibility	-	-
Provision for Performance Bonus	11.03	3.84
Provision for doubtful debts	179.83	-
<b>Total deferred tax assets (a)</b>	<b>210.97</b>	<b>22.93</b>
<b>Deferred Income Tax liabilities</b>		
Property, plant and equipment and intangible assets under development	13.83	5.51
Financial assets at fair value through profit and loss	-	-
<b>Total deferred tax liabilities (b)</b>	<b>13.83</b>	<b>5.51</b>
<b>Net deferred tax assets/(liabilities) (a-b)</b>	<b>197.14</b>	<b>17.42</b>

E) Movement in Deferred Tax Assets

Particulars	Property, plant and equipment	Sec 43B (Leave, PBI & Gratuity)	Preliminary Expenses	Provision for doubtful debts	Total
As at April 1, 2018	0.93	-	-	-	0.93
Charged/(credited)					
- to profit or loss	(0.93)	13.35	9.58	-	22.00
<b>As at March 31, 2019</b>	<b>-</b>	<b>13.35</b>	<b>9.58</b>	<b>-</b>	<b>22.93</b>
As at April 1, 2019					
Charged/(credited)					
- to profit or loss	-	17.79	(9.58)	179.83	188.04
<b>As at March 31, 2020</b>	<b>-</b>	<b>31.14</b>	<b>-</b>	<b>179.83</b>	<b>210.97</b>

F) Movement in Deferred Tax Liabilities

Particulars	Property, plant and equipment	Financial assets at fair value through profit and loss	Total
As at April 1, 2018	-	1.19	1.19
Charged/(credited)			
- to profit or loss	5.51	(1.19)	4.32
<b>As at March 31, 2019</b>	<b>5.51</b>	<b>-</b>	<b>5.51</b>
As at April 1, 2019			
Charged/(credited)			
- to profit or loss	8.32	-	8.32
<b>As at March 31, 2020</b>	<b>13.83</b>	<b>-</b>	<b>13.83</b>

The company recognizes MAT credit available as an asset only to the extent there is reasonable certainty that the company will pay normal income tax during the specified period. Accordingly, MAT credit entitlement not recognized in books of accounts till March 31, 2020 is ₹ 257.06 lakhs (March 31, 2019 : ₹ 117.90 lakhs), which will be carried forward. Further, as and when the MAT credit will be recognised the same will be directly credited to retained earnings and not the statement to profit & loss account as the same is arising out of contribution to Core SGF, forming part of other equity. Deferred tax asset on account of contribution to Core SGF till March 31, 2020 amounting to ₹ 3,159.38 lakhs (March 31, 2019 : ₹ 2,888.13 lakhs) will be recognized and credited directly to retained earnings when there is reasonable certainty.

26 During the year, Company has recognised the following amounts in the financial statements as per Ind AS 19 "Employees Benefits" :

**(a) Defined Contribution Plan**  
**Contribution to Provident Fund, Superannuation Fund, and Employee State Insurance Scheme**

Contribution to Defined Contribution Plan, recognised are charged off for the year as under :

The Company makes contribution, determined as percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is defined contribution plan. The Company has no obligation other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employer's Contribution to Provident Fund	45.40	24.88

**(b) Defined Benefit Plan**

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.

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date. The significant actuarial assumptions were as follows:

Actuarial assumptions	Gratuity (Funded)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Expected Rate of Return on plan assets	5.76%	6.96%
Discount rate (per annum)	5.76%	6.96%
Rate of increase in Compensation levels	10.00% p.a. for the next 5 years, 7.00% p.a. for the next 5 years, starting from the 6th year, 5.00% p.a. thereafter, starting from the 11th year	10.00% p.a. for the next 5 years, 7.00% p.a. for the next 5 years, starting from the 6th year, 5.00% p.a. thereafter, starting from the 11th year
Rate of Employee turnover	20.00%	20.00%
Mortality Rate during Employment	Indian Assured Lives Mortality(2006-08)	Indian Assured Lives Mortality(2006-08)
Mortality Rate after Employment	N.A.	N.A.

**Table showing changes in present value of obligations :**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Present value of obligation as at the beginning of the year	96.17	-
(Liability Transferred In/ Acquisitions)	2.12	67.78
(Liability Transferred Out/ Divestments)	-	-
Interest Cost	6.69	-
Past service cost (Vested Benefit)	-	-
Current Service Cost	14.43	12.27
Curtailment cost / (Credit)	-	-
Settlement cost /(Credit)	-	-
Benefits paid	(5.05)	(1.55)
Actuarial (gain)/ loss on obligations - Due to Change in Financial Assumptions	6.19	-
Actuarial (gain)/ loss on obligations - Due to experience	11.89	17.67
<b>Present value of obligation as at the end of the period</b>	<b>132.44</b>	<b>96.17</b>

**Table showing changes in the fair value of plan assets :**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Fair value of plan assets at beginning of the year	68.63	-
Interest Income	4.78	-
Assets Transferred In/ Acquisitions	2.12	68.29
(Assets Transferred Out/ Divestments)	-	-
Return on Plan Assets, Excluding Interest Income	(1.78)	0.89
Contribution by employer	0.95	1.00
(Benefits paid out of fund)	(5.05)	(1.55)
Actuarial gain/ (loss) on plan assets	-	-
<b>Fair value of plan assets at year end</b>	<b>69.65</b>	<b>68.63</b>

The amounts to be recognized in Balance Sheet :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(Present value of obligation as at the end of the period)	(132.44)	(96.17)
Fair value of plan assets as at the end of the period	69.65	68.64
Funded Status (Surplus / (Deficit))	(62.79)	(27.53)
Unrecognised actuarial (gains) / losses	-	-
Net asset / (liability) recognised in Balance Sheet	<b>(62.79)</b>	<b>(27.53)</b>

Expenses recognised in Statement of Profit and Loss :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	14.43	11.76
Past service cost (Vested Benefit)	-	-
Interest Cost	1.92	-
Expected return on plan assets	-	-
Curtailement and settlement cost /(credit)	-	-
Expenses recognised in the Statement of Profit and Loss	<b>16.35</b>	<b>11.76</b>

Expenses recognised in Other Comprehensive Income :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (Gains)/Losses on Obligation For the Period	18.08	17.67
Return on Plan Assets, Excluding Interest Income	1.78	(0.90)
Change in Asset Ceiling	-	-
Net (Income)/Expense for the period recognized in Other Comprehensive Income	<b>19.86</b>	<b>16.77</b>

Maturity profile of defined benefit obligation :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Projected benefits payable in future years from the date of reporting</b>		
1st Following year	20.15	15.47
2nd Following year	18.96	14.61
3rd Following year	17.33	13.89
4th Following year	17.06	12.46
5th Following year	15.69	11.71
Sum of Years 6 to 10	56.32	39.41
Sum of Years 11 & above	27.99	25.00

Investment Details :-

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

Particulars	Gratuity	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Investments with insurance fund	100%	100%

Sensitivity :-

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

Gratuity	Change in Assumption	2020		2019	
		Increase / (decrease) in liability	Increase / (decrease) in liability	Increase / (decrease) in liability	Increase / (decrease) in liability
Discount rate	+1%/-1%	-5.20	5.66	-3.60	3.91
Salary Escalation Rate	+1%/-1%	5.44	-5.09	3.81	-3.57
Employee Turnover	+1%/-1%	-1.07	1.10	-0.51	0.51

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

Note-1: The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

Note-2: The obligations are measured at the present value of estimated future cash flows by using a discount rate that is determined with reference to the market yields at the Balance Sheet date on Government Bonds which is consistent with the estimated terms of the obligation.

Note-3: The estimate of future salary increase, considered in the actuarial valuation, takes account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.

27 During the previous year, payments to employees upto September 30, 2018 includes the amount reimbursed by the Company to National Commodity & Derivatives Exchange Limited (NCDEX) in respect of employees on deputation and apportioned to the Company. These includes charges for all retirement benefits and other long term employee benefits as per the requirements of Ind AS 19-“ Employee Benefits” notified under section 133 of the Companies Act 2013 read with relevant rules issued thereunder.

28 Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a. Principal amount remaining unpaid to any supplier as at the year end	19.15	13.46
<u>Interest due thereon :</u>		
b. Amount of interest paid during the year	-	-
c. Amount of payments made to the supplier beyond the appointed day during the accounting year.	-	0.65
d. 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 the Micro Small and Medium Enterprises Development Act, 2006.	-	-
e. Amount of interest accrued and remaining unpaid at the end of the accounting year.	0.01	0.01
f. 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 enterprises for the purpose of disallowance as a deductible expenditure under the MSME Act 2006.	-	-

Note: The above information and the information given in Note No. 16 & 17 regarding Micro and Small Enterprises has been determined on the basis of information available with the Company and has been relied upon by the auditors.

29 **Commitments and Contingencies**

(a) **Contingent Liabilities : NIL**

(b) **Capital Commitments :**

Particulars	As on March 31, 2020	As on March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.50	7.00

(c) **Other Commitments : NIL**

30 **Segment Reporting :-**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Company operates only in one Business Segment i.e. facilitating clearing & settlement in commodities and the activities incidental thereto within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

31 In compliance with Ind AS 24 - "Related Party Disclosures" under section 133 of the Companies Act 2013 read with relevant rules issued thereunder, the required disclosures are given in the table below:

(a) Details of Related Party :

Related Party	Nature of Relationship
National Commodity & Derivatives Exchange Limited (NCDEX)	Holding Company
NCDEX e Markets Limited (Formerly known as NCDEX Spot Exchange Limited)	Fellow Subsidiary
NCDEX Institute of Commodity Markets & Research (NICR)	Fellow Subsidiary
National E-Repository Limited (NERL)	Fellow Subsidiary
Rajiv Relhan - Managing Director & CEO (w.e.f. September 27, 2018)	Managing Director
Mr. R Ramaseshan - Public Interest Director (w.e.f. May 10, 2018)	Director
Mr. R Venkatraman - Public Interest Director (w.e.f. May 10, 2018)	Director
Mr. Siddhartha Roy - Public Interest Director (w.e.f. May 10, 2018)	Director
Mrs. Shanthi Srikant - Public Interest Director (w.e.f. May 10, 2018)	Director
Mr. Atul Roongta – Shareholder Director (w.e.f. May 10, 2018)	Director
Mr. Vijay Kumar V – Director (upto May 11, 2018)	Director
Mr. Laxmikant Gupta – Director (upto August 16, 2018)	Director

(b) Details of transactions ( excluding taxes wherever levied/credit taken) with related parties are as follows:

Name of the Related Party	Nature of Transactions	Year ended March 31, 2020	Year ended March 31, 2019
National Commodity & Derivatives Exchange Limited	• Clearing & Settlement Charges(Income)	-	227.10
	• Warehouse Charges (Income)	-	81.90
	• Reimbursement paid for expenses on staff on deputation and apportioned	-	39.74
	• Reimbursement paid for Admin and Technology services	672.49	418.32
	• Reimbursement paid for other expenses incurred.	0.69	23.49
	• Reimbursement received for other expenses incurred	0.06	3.93
	• Recovery from members of dues, SEBI fees etc on behalf of NCDEX.	98.27	49.91
	• Transfer of PBI & Leave Encashment	-	30.70
	• Amount received towards PBI & Leave Encashment	3.80	-
	• Accrued Gratuity in respect of transferred employees	-	67.29
	• Advances taken	-	19.00
	• Advances repaid	-	19.00
	• Transfer of Deposit of Clearing Member, Warehouse service provider, Clearing Bank	-	13,719.93
	• Contribution to Core SGF	165.20	2,850.58
	• Transfer of settlement penalties to Core SGF	-	267.87
	• Equity Shares issued	975.00	1,000.00
	• Fixed Asset Purchased	-	68.35
• Closing Balance - Receivable	3.57	0.33	
• Closing Balance - Payable	(199.79)	(170.01)	
National E-Repository Limited (NERL)	• Exchange Connectivity Charges	35.00	17.88
	• Money received on behalf of WSP	0.06	-
	• Closing Balance - Payable	(9.45)	(9.45)
Rajiv Relhan - Managing Director & CEO (w.e.f. September 27, 2018)	a) Short term employee benefits	122.26	57.59
	b) Post employment benefits	5.24	2.45
	c) Other long term benefits	12.50	6.37
	d) Closing liability *	31.78	12.74

\* Includes Performance based incentive which is subject to approval of the Board of Directors and 50% of which is payable after 3 years from the respective years subject to certain conditions.

Mr. R Ramaseshan - Director (w.e.f. May 10, 2018)	• Director/Committee Sitting Fees	10.60	8.00
Mr. R Venkatraman - Director (w.e.f. May 10, 2018)	• Director/Committee Sitting Fees	9.90	5.90
Mr. Siddhartha Roy - Director (w.e.f. May 10, 2018)	• Director/Committee Sitting Fees	7.30	7.40
Mrs. Shanthi Srikant - Director (w.e.f. May 10, 2018)	• Director/Committee Sitting Fees	10.30	7.70

32 In accordance with Ind AS - 33 "Earning per Share" notified under section 133 of the Companies Act 2013 read with relevant rules issued thereunder, the required disclosure is given below.

Earning per share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net Profit attributable to Equity Shareholders ( ₹ In lakhs)	122.76	415.73
Weighted Average number of equity shares issued (No.)	11,06,51,639	9,58,59,589
Basic earnings per share of ₹ 10/- each (in ₹)	0.11	0.43

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earning per share of the Company remain the same. There are no instruments (including contingently issuable shares) issued that could potentially dilute basic earnings per share in the future.

33 Core Settlement Guarantee Fund

Securities and Exchange Board of India (SEBI) vide letter no. SEBI/HO/CDMRD/DEA/OW/P/2018/025765/1 dated September 12, 2018 granted recognition to the Company as a 'Clearing Corporation' under Regulation 4 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 for one year. Subsequently, the Company made application for grant of renewal of recognition as a clearing corporation and SEBI vide letter no. SEBI/HO/CDMRD/DRMP/OW/P/2019/22794/1 dated September 05, 2019 granted renewal of recognition to the Company as a "Clearing Corporation" for a period of three years commencing from September 10, 2019.

SEBI, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, inter alia, has issued norms related to the computation and Minimum Required Contribution (MRC) to the Core Settlement Guarantee Fund by the Clearing Corporation (minimum 50%) from its own fund, Stock Exchange (minimum 25%) and members (maximum 25%). Based on this the Company has created the Core Settlement Guarantee Fund.

The details of Core SGF as on March 31, 2020 are as under.

Particulars	Settlement Penalties	NCCL Contribution	NCDEX Contribution	Member Contribution	Total
Balance as at April 01, 2018	-	-	-	-	-
<b>Contribution to Core Settlement Guarantee Fund</b>					
Initial contribution to Core SGF	267.87	9,381.50	2,311.54	-	11,960.91
Add : Additional Contribution (a)	66.28*	1,000.00	539.04	-	1,605.32
Add : Income on investment of SGF (as on respective dates of contribution) adjusted towards contribution (b)	-	-	76.03	-	76.03
Add : Income on investment of SGF (other than stated in (b) above) (c)	10.94	360.19	18.18	-	389.31
<b>Balance as at March 31, 2019</b>	<b>345.09</b>	<b>10,741.69</b>	<b>2,944.79</b>	-	<b>14,031.57</b>
<b>As on April 01, 2019</b>	345.09	10,741.69	2,944.79	-	14,031.57
Add : Additional Contribution (a)	4188.45**	975.00	165.20	-	5,328.65
Less : Funding from SGF (Refer note 38)	(1334.55)***	-	-	-	(1,334.55)
Add : Income on investment of SGF (as on respective dates of contribution) adjusted towards contribution (b)	-	-	17.42	-	17.42
Add : Income on investment of SGF (other than stated in (b) above) (c)	127.11	827.17	211.28	-	1,165.56
<b>As on March 31, 2020</b>	<b>3326.10#</b>	<b>12,543.86</b>	<b>3,338.69</b>	-	<b>19,208.65</b>

Interest accrual of ₹ 17.42 Lakhs (up to March 31, 2019 : ₹ 76.03 Lakhs) on NCDEX cash contribution to core SGF (as stated in (b) above) is adjusted towards incremental requirement of Minimum Required Corpus (MRC) before taking additional contribution from NCDEX.

# As per SEBI Circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2019/73 dated June 20, 2019, penalty levied, on account of Short-collection/non-collection of Margins for Commodity derivatives by NCDEX and transferred to NCDEX IPF Trust, shall be transferred to Core SGF, effective from the day on which Clearing corporation commenced clearing function for commodity derivatives segment. Based on this circular, on July 09, 2019, an amount of ₹ 168.03 lakhs was transferred from NCDEX IPF Trust to Core SGF towards the above mentioned penalty for the period September 27, 2018 to January 31, 2019.

The above Core SGF amounting to ₹ 19,208.65 lakhs (March 31, 2019 : ₹ 14,031.57 lakhs) has been considered by the management as a part of equity and is included under "Other Equity".

Details of earmarking of funds towards Core SGF as on March 31, 2019 are as under:

Particulars	Settlement Penalties	NCCL Contribution	NCDEX Contribution	Member Contribution	Total
Fixed deposits included under 'Cash and cash equivalent'	-	-	-	-	-
Fixed deposits included under 'Bank balances other than cash and cash equivalents'	308.13	10,031.80	2,850.58	-	13,190.51
Fixed deposits included under 'Non-current bank balances'	-	428.16	-	-	428.16
Accrued Interest on Fixed Deposits	9.84	245.73	84.79	-	340.36
TDS on Interest/Income	1.10	36.00	9.42	-	46.52
<b>Total</b>	<b>319.07</b>	<b>10,741.69</b>	<b>2,944.79</b>	-	<b>14,005.55</b>

\* Includes Margin penalty levied for the month of March 2019 of ₹ 26.02 lakhs due and collected in April 2019.

Details of earmarking of funds towards Core SGF as on March 31, 2020 are as under:

Particulars	Settlement Penalties	NCCL Contribution	NCDEX Contribution	Member Contribution	Total
Fixed deposits included under 'Cash and cash equivalent'	-	-	-	-	-
Fixed deposits included under 'Bank balances other than cash and cash equivalents'	2,928.34	11,389.54	2,968.25	-	17,286.13
Fixed deposits included under 'Non-current bank balances'	219.22	738.08	250.60	-	1,207.90
Accrued Interest on Fixed Deposits	100.37	299.96	87.71	-	488.05
TDS on Interest/Income	12.50	116.28	32.13	-	160.91
Current Account	-	-	-	-	-
<b>Total</b>	<b>3,260.43</b>	<b>12,543.87</b>	<b>3,338.69</b>	-	<b>19,142.99</b>

\*\*Includes penalty levied for the month of March 2020 of ₹ 42.91 lakhs and interest ₹ 1.09 lakhs due in the month of March 2020 transferred in subsequent months.

\*\*\*Excludes loss during liquidation of member open position ₹ 21.67 lakhs funded from Core SGF transferred back in subsequent months.

34 (a) Fair value measurement

(i) Fair value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value and are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three level prescribed under the accounting standard. An explanation to each level follows underneath the table.

Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements at March 31, 2020.

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
<b>Financial Investment at FVPL</b>					
Mutual Fund	7	-	-	-	-
<b>Total Financial Assets</b>		-	-	-	-

Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements at March 31, 2019

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
<b>Financial Investment at FVPL</b>					
Mutual Fund	7	-	-	-	-
<b>Total Financial Assets</b>		-	-	-	-

For financial assets and liabilities which are measured at amortised cost, their carrying amount is approximately equal to the fair values.

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows :

**Level 1**

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2**

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

**Level 3**

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices and NAV.

**(iii) Fair value measurements using significant unobservable inputs (level 3)**

No items falling in level 3 during the restated period.

**(iv) Valuation processes :**

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. Expert opinion is taken as and when required.

(b) Financial Instruments by category

Particulars	March 31, 2020		March 31, 2019	
	Amortized Cost	FVPL	Amortized Cost	FVPL
<b>Financial Assets</b>				
Investments in Mutual Fund	-	-	-	-
Funds in transit	-	-	-	-
Fixed Deposits	37,518.70	-	25,611.67	-
Trade Receivables	2,072.03	-	202.58	-
Cash & Bank Balance	102.54	-	119.50	-
Other financial assets	3,020.20	-	3,448.51	-
<b>Total Financial Assets</b>	<b>42,713.47</b>	-	<b>29,382.26</b>	-
<b>Financial Liabilities</b>				
Trade payables	262.03	-	248.09	-
Deposits	9,757.04	-	10,089.15	-
Other Financial liabilities	12,554.78	-	3,645.93	-
<b>Total Financial Liabilities</b>	<b>22,573.85</b>	-	<b>13,983.17</b>	-

### 35 Financial Risk Management (also refer note 36)

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Treasury department that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Treasury department activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

The Treasury department is responsible to maximize the return on companies internally generated funds.

#### A MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintains a conservative funding and investment strategy, with a positive cash balance during the year ended March 31, 2020. This was the result of cash generated from operating activities to provide the funds to service the financial liabilities on a day-to-day basis.

The Company's treasury department regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, is retained as cash equivalents (to the extent required) , other highly liquid investments and excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimize the returns on investments while ensuring sufficient liquidity to meet its liabilities.

Particulars	Carrying amount	Payable on demand	Less than 12 Month	More than 12 months
<b>As at March 31, 2020</b>				
Deposit	9,757.04	-	9,757.04	-
Trade payables	262.03	-	262.03	-
Other financial liabilities	12,554.78	-	12,554.78	-

Particulars	Carrying amount	Payable on demand	Less than 12 Month	More than 12 months
<b>As at March 31, 2019</b>				
Deposit	10,089.15	-	10,089.15	-
Trade payables	248.09	-	248.09	-
Other financial liabilities	3,645.93	-	3,645.93	-

#### B MANAGEMENT OF MARKET RISK

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The objective of the Company's management of market risk is to maintain this risk within acceptable parameters, while optimizing returns.

##### Trade and other receivables :

Concentrations of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse and also on account of member's deposits kept by the company as collateral which can be utilised in case of member default. Further, amount lying in Core settlement Guarantee fund (Core SGF) is available for utilisation in case of settlement default by member. All trade receivables are reviewed and assessed for default on a quarterly basis.

#### C CAPITAL MANAGEMENT

The Company considers the following components of its Balance Sheet to be managed capital:

Total equity (as shown in the balance sheet). – retained profit, share capital.

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

The Company aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company is not subject to financial covenants in any of its significant financing agreements.

## Notes to Financial Statements for the year ended March 31, 2020

- 36 The Indian Government announced complete lockdown with effect from March 25, 2020 in view of the CoVID-19 pandemic. However, as the Clearing & Settlement function with respect to securities has been classified as an essential service, the Company continued to function smoothly and without any disruption even during the lockdown period. The business and operations of the Company were carried out despite limited transportation of commodities and travel restrictions. The company is actively working to facilitate smooth functioning of physical markets and deposit of commodities in approved warehouses during this period of lockdown. NCCL has evaluated the possible impact of CoVID-19 on the business and the financial position of the Company. Based on the assessment, the Company is of the view that there is no significant impact on the carrying value of its assets and liabilities as at March 31, 2020 and on the financial performance for the year ended March 31, 2020. The potential impact of the CoVID - 19 pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes impacting its financial position.
- 37 SEBI vide its circular dated April 10, 2019, has prescribed Risk based method to determine the net worth required for Clearing Corporation. In terms of this circular, the Company shall quarterly review their net worth requirement and ensure that the net worth does not fall below the prescribed threshold, applicable from first quarter of financial year 2019-20. The Company is in compliance with said SEBI directives.

The Company has received an undertaking from National Commodity & Derivatives Exchange Limited for infusion of capital to the extent required to enable compliance with SEBI directives on net worth and SGF.

- 38 The amounts recoverable from members as on March 31, 2020 include amounts recoverable from two members who have failed to honor their pay-in obligations in September 2019 and the amounts continue to be due from them as on date. The Company has declared these two members as defaulters. The amount recoverable from them as on the date of signing the financials, after adjustment of their collaterals and margin money is ₹ 2,533.30 lakhs (including ₹ 680.77 lakhs towards penalties and GST thereon). As the penalties will be transferred to Core SGF only on collection from members, the Company has funded net amount of ₹ 1,852.53 lakhs for pay-out to counter parties, as follows.

Particulars	Amount	Remarks
Clearing Corporation's own resources	621.84	5% of MRC of SGF ₹ 12,436.78 lakhs (maximum as per SEBI provisions)
Core SGF	1,230.69	Net amount funded from Core SGF
<b>Total</b>	<b>1,852.53</b>	

In addition to the above, GST of ₹ 103.86 lakhs on penalties recoverable from these members has been funded from Core SGF. Thus, total funding from Core SGF is ₹ 1,334.55 lakhs

The Company is in the process of following due processes (including legal course of action) for recovery from members as well as from insurance. Considering the recovery of the amount funded and SEBI guidelines for utilisation of Core SGF, a provision has been made for ₹ 621.84 lakhs funded from Company's own resources as per conservative accounting principle. In addition to the above, a provision of ₹ 24.56 lakhs is also made towards Clearing Corporation dues from these members, aggregating to provision of ₹ 646.40 lakhs which is considered as an Exceptional item in the financial statements for the year year ended March 31, 2020. Further, the Exceptional item also includes an amount of ₹ 21.67 lakhs representing loss incurred during liquidation of member open position which cannot be attributed to the member.

39 **Corporate social responsibility expenses:**

Gross amount required to be spent by the Company as per section 135 of the Companies Act 2013 on Corporate Social Responsibility activities is ₹ 5.73 lakhs ( March 31, 2019 ₹ NIL) and actual spend during the year ended March 31, 2020 is ₹ 5.80 lakhs ( March 31, 2019 ₹ NIL)

Details of amount spent during the year are as follows:

CSR project or activity identified	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was taken	Sector in which the project is covered	For the year ended March 31, 2020	For the year ended March 31, 2019
Awareness about menstrual health and distribution of dignity kits through 'Dignity Project'	Mumbai, Maharashtra	Healthcare and Sanitation	5.80	-

**National Commodity Clearing Limited**

( ₹ in lakhs unless otherwise stated)

**Notes to Financial Statements for the year ended March 31, 2020**

40 Below is the list of pending litigations as on March 31, 2020.

Filed by	Filed against	Date of filing	Court	Gist	Case Type	Claim amount
National Commodity Clearing Limited	Kunjal Trade Commodities	30/11/2019	In the High Court of Judicature at Bombay, Ordinary Original Civil Jurisdiction	The present suit is filed by NCCL under Order XXXVII of the Code of Civil Procedure, 1908, inter alia seeking an order from the Hon'ble Court, directing the Defendant to pay the sum of ₹ 1,552.07 lakhs as set out in demand notice dated 18th October, 2019 along with interest at 18% p.a.	Summary Suit	1,552.07
National Commodity Clearing Limited	Dita Comtrade Ltd	30/11/2019	In the High Court of Judicature at Bombay, Ordinary Original Civil Jurisdiction	The present suit is filed by NCCL under Order XXXVII of the Code of Civil Procedure, 1908, inter alia seeking an order from the Hon'ble Court, directing the Defendant to pay the sum of ₹ 981.23 lakhs as set out in demand notice dated 18th October, 2019 along with interest at 18% p.a.	Summary Suit	981.23

Apart from above, as at March 31, 2020, the Company does not have any other litigation which has an impact on its financial position in its financial statements.

- 41 In accordance with relevant provision of the Companies Act, 2013, the Company did not have any long term contracts including derivative contracts as at March 31, 2020.
- 42 For the year ended March 31, 2020, the Company is not required to transfer any amount into the Investors education and protection fund as required under relevant provisions of the Companies Act, 2013.
- 43 Previous year figures have been regrouped / reclassified wherever necessary to confirm to current year presentation.

**For Khandelwal Jain & Co.**  
Chartered Accountants  
ICAI Firm Registration No : 105049W

**For and on behalf of the Board of Directors**  
**National Commodity Clearing Limited**  
CIN: U74992MH2006PLC163550

sd/-  
**NARENDRA JAIN**  
Partner  
Membership No. 048725

sd/-  
**RAJIV RELHAN**  
Managing Director & CEO  
DIN - 07214524

sd/-  
**R RAMASESHAN**  
Chairman  
DIN - 00200373

Place : Mumbai  
Date : June 05, 2020

sd/-  
**RAHUL POOJARI**  
Company Secretary

sd/-  
**KOMAL SHAHANI**  
Chief Financial Officer