



NCDEX

Pragati ka Solid Exchange

Annual Report 2016-17

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Chairman's Message



Dear Shareholders,

India remains one of the fastest growing economy in the world and is expected to strengthen its position in the years to come. On the agricultural front, the country is currently witnessing major regulatory reforms that have the potential to transform the agri landscape. NCDEX has been at the forefront of such transformation and is equipping farmers with access to regulated markets and helping them in price discovery.

It is an honour and a privilege to share with you how your exchange has fared in the financial year 2016-17 - a year that was defined by growth and consolidation for your company. Along with driving business values, your exchange focused increasingly on fostering transparency to build stakeholder confidence.

However, the financial year 2016-17 was yet another difficult year for the commodity markets, marred by suspension of one of our flagship futures contract and a severe clampdown on the other. While the country observed a record food grain production backed by good monsoons, it did face a temporary slowdown due to demonetisation during the third quarter. The event caused an immediate cash crunch and a ripple effect thereafter on the physical commodity markets. NCDEX too faced the impact of this upheaval, resulting in declining volumes. It was only after relaunching a couple of our Futures contracts including one of our flagship contracts that helped us sustain the bottom-line.

In the midst of all this, we worked with an unshaken resolve towards our corporate vision of being the partner in progress of every stakeholder in the commodity value chain. This year, we focused on integrating the farmer community onto the exchange platform and the results are quite encouraging. We reached a definitive milestone in this journey when your company connected to over 2,60,000 farmers through 300+ Farmer Producer Organisations (FPOs) across eleven states.

The Government too recognised NCDEX's efforts to connect farmers to the regulated markets and the positive impact that NCDEX has on rising farmer incomes. The Unified Market Platform (UMP) model of Karnataka gained several accolades and recognition for setting up a benchmark and for being an inspiration for the other states. Niti Aayog recognized the impact of UMP on farmer incomes in Karnataka as the average realization by farmers increased by 38% in nominal terms and 13% in real terms in 2015-16 over 2013-14.

During the fiscal, the NCDEX group company – NCDEX e-Markets Ltd. (NeML) further deepened its presence in primary agricultural markets covering more than 175 regulated APMC markets across three states of Karnataka, Andhra Pradesh and Telangana, positively impacting lives of more than 3 million farmers. While making a debut in eastern and north eastern parts of the country, it made its foray into Fresh Fruit and vegetable markets through its FFRESH® markets directly linking producers with the key consumption centres.

On the technology front, we have always endeavoured to leverage our technology muscle by developing several robust technology platforms such as NextGen, enhanced risk and surveillance mechanisms, and analytics driven market insights that enable us to take larger strides and prominently etch our footprints in the commodity value-chain.



On the warehousing front, we have already introduced online warehouse reservation system and Radio Frequency Identification (RFID) to strengthen processes and bring in traceability, transparency, accountability and optimization in distribution processes. This in turn has improved the overall risk management and delivery experience. The soon to be operational warehouse repository – National E-Repository Ltd. (NERL) – will catalyse this organic growth in the warehouse receipt financing business by providing confidence to financing institutions. It will also serve as the central data source for policymakers, helping shape agri-policy decisions. In the long run, this system will enhance the integrity of the warehousing market.

Working closely with the regulator, SEBI has been an enriching experience, with a constant give and take of ideas, sharing of best practices which in turn help shape and fortify the commodity markets. With SEBI's guidance and encouragement the commodity markets are being propelled to achieve its full potential. It has already opened up commodity markets to hedge funds and allowed Options trading. We could also further expect introduction of newer products, instruments and newer participants in the future. All this signals a positive future for the commodity markets in the months and years to come.

I back our commitment towards the commodity value-chain with some of the highlights of the FY 2016-17:

- Highest total turnover achieved on a day during the FY 2016-2017 was Rs. 4,813.74 crore.
- Soya Oil was the top volume contributor, adding 21.48% percent to the total turnover of the Exchange.
- The Average Daily Traded Value ('ADTV') stood at Rs. 2,295.58 crore as compared to Rs. 3,967.27 crore in FY 2015-2016.

To add to this momentum, government is also doing its bit with a steadfast resolve of 'doubling of farmer incomes' and who better to partner with the government than NCDEX in converting this national dream into a reality! However, the transformation on such a gigantic scale cannot be achieved overnight and will undoubtedly call for hard work and collective efforts from every enabling institution including your exchange. The commitment and passion with which every employee of your exchange rises up to the occasion of value-adding to the commodity value chain is what defines the existence of your exchange.

The burgeoning cloud of digitalisation and the strong technology backbone of your exchange, coupled with unstinted resolve of all our partners helps NCDEX stay relevant and impactful to not just its customers and employees, but also society at large, while delivering significant returns to the shareholders.

On behalf of the entire Board of Directors of NCDEX, I would like to thank you – our valued stakeholders – for the continuing confidence you have placed in the organization.

Let's continue to contribute to take NCDEX and India's agri economy to greater heights.

Regards,

Rabi Narayan Das
Chairman, NCDEX

Company Information

Board of Directors	Mr. Rabi Narayan Das	: Chairman and Public Interest Director
	Mr. Prithvi Raj Bishnoi (up to July 21, 2016)	: Public Interest Director
	Mr. Sidhartha Pradhan (up to August 10, 2017)	: Public Interest Director
	Dr. Ashok Gulati	: Public Interest Director
	Mrs. Naina Krishna Murthy	: Public Interest Director
	Justice (retd.) Ashok Bhan (appointed w.e.f July 21, 2016)	: Public Interest Director
	Mr. Ravindra Kumar Roye (appointed w.e.f June 15, 2017)	: Public Interest Director
	Mr. Ravi Narain	: Shareholder Director
	Mr. Rakesh Kapur	: Shareholder Director
	Mr. Samir Kumar Mitter	: Shareholder Director
	Mr. Srinath Srinivasan	: Shareholder Director
	Dr. R. M. Kummur (up to May 15, 2017)	: Shareholder Director
	Mr. Sunil Kumar (appointed w.e.f. May 15, 2017)	: Shareholder Director
	Mr. Samir Shah	: Managing Director & Chief Executive Officer
Company Secretary	Mr. M. K. Ananda Kumar	
Chief Financial Officer	Mrs. Komal Shahani	
Statutory Auditor	M/s. K. S. Aiyar & Co., Chartered Accountants # F-7, Laxmi Mills, Shakti Mills Lane, (Off Dr. E. Moses Rd), Mahalaxmi, Mumbai – 400 011	
Secretarial Auditor	M/s. Makarand M. Joshi & Co. Ecstasy, 803/804, 9th Floor, City of Joy, J.S.D Road, Mulund (W), Mumbai- 400080	
Bankers	Axis Bank Limited	Bank of India
	Canara Bank	Development Credit Bank
	HDFC Bank Limited	IndusInd Bank Limited
	ICICI Bank Limited	Kotak Mahindra Bank Limited
	Punjab National Bank	Tamilnad Mercantile Bank Limited
	Union Bank of India	Yes Bank Limited
Registered Office	First Floor, Ackruti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg West, Mumbai 400 078.	
Corporate Office	503, 5 th Floor, Windsor, off CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai – 400 098.	
Branch Offices	Ahmedabad	: 502, Kaivanna Complex, Off. C. G. Road, Near Panchvati Circle, Central Mall, Ambavadi, Ahmedabad 380015.
	Hyderabad	: 207, 2nd Floor, Ashoka Capital, Opp. K.B.R. Park, Road No. 2, Banjara Hills, Hyderabad 500034.
	Indore	: 4 th Floor, 401, Gold Arcade, Opposite Curewell Hospital, New Palasiya Road #1, Pent House, Indore 452 001.
	Jaipur	: Prestige Tower, 2nd Floor, Office No 1A, Amrapali Circle, Vaishali Nagar, Jaipur 302021.
	Kochi	: 503, 5 th Floor, "Landmark Enclave", S.A. Road, Valanjambalam, Kochi 682 016.
	Kolkata	: Jasmine Tower, 5th Floor, Unit No.503B, 31 Shakespeare Sarani (Theater Road), above HSBC Bank, Kolkata 700017.
Registrar and Share Transfer Agents	New Delhi	: 2 nd Floor, Jeevan Vihar Building, 3 Parliament Street, New Delhi 110 001.
	3i Infotech Limited Tower # 5, 3rd to 6th Floors International Infotech Park, Vashi Navi Mumbai 400 703	



Board of Directors



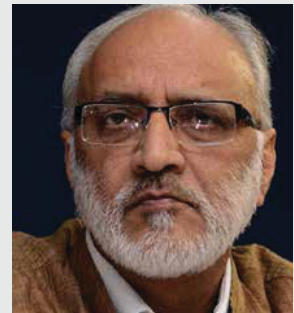
Mr. Rabi Narayan Das
*Chairman and
Public Interest Director*



Mr. Prithvi Raj Bishnoi
*Public Interest Director
(upto 21 July, 2016)*



Mr. Sidhartha Pradhan
*Public Interest Director
(upto 10 August, 2017)*



Dr. Ashok Gulati
Public Interest Director



Mrs. Naina Krishna Murthy
Public Interest Director



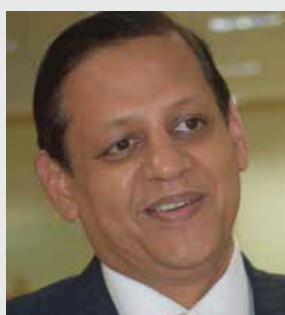
Justice (Retd.) Ashok Bhan
*Public Interest Director
(w.e.f. July 21, 2016)*



Mr. Ravindra Kumar Roye
*Public Interest Director
(w.e.f. June 15, 2017)*



Mr. Ravi Narain
Shareholder Director



Mr. Srinath Srinivasan
Shareholder Director



Dr. R. M. Kummur
Shareholder Director
(upto May 15, 2017)



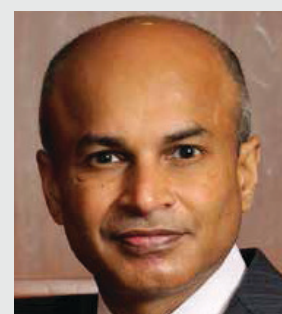
Mr. Rakesh Kapur
Shareholder Director



Mr. Samir Kumar Mitter
Shareholder Director



Mr. Sunil Kumar
Shareholder Director
(w.e.f. May 15, 2017)



Mr. Samir Shah
Managing Director & CEO



Directors' Report

Dear Shareholders,

Your directors have pleasure to present the Fourteenth Annual Report of the Exchange together with the audited accounts for the financial year ended March 31, 2017.

PERFORMANCE

The summary of financial performance of the Exchange for the year ended March 31, 2017 is as under:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Total Income	13,444	17,374
Total Expenditure	12,997	11,021
Profit before exceptional item and taxation	447	6,353
Exceptional Income	954	3,635
Profit before taxation	1,401	9,988
Profit after taxation	942	6,881
Proposed Dividend*	-	1,267
Corporate dividend tax*	-	258
Transfer to General Reserve	-	-
Transfer to Settlement Guarantee Fund	528	1,008
Balance carried forward	18,831	18,417

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

(₹ in Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Total Income	19,084	20,907
Total Expenditure	17,061	13,772
Profit before taxation	2,023	7,135
Profit after taxation before adjusting loss of Associate	2,079	7,430
Profit/(loss) of Associate	-	-
Profit after taxation	2,079	7,430
Proposed Dividend*	-	1267
Corporate dividend tax*	-	258
Transfer to General Reserve	-	-
Transfer to Settlement Guarantee Fund	528	1008
Depreciation for previous year due to change in estimate	-	-
Transfer to/(from) Transaction Charges Special Reserve	(64)	64

(₹ in Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Proposed dividend of step down entity	50	35
Distribution tax on dividend of step down entity	10	7
Balance carried forward	18,627	17,072

* The Board of Directors have recommended a dividend of 3.5 Per Cent (₹ 0.35/- per equity share) for the financial year 2016-2017 subject to the approval of the members of the Exchange at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events Occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through Amendments to the Companies (Accounting Standard) Amendments, Rules 2016 dated March 30, 2016, the Exchange has not accounted for proposed dividend as a liability as at March 31, 2017. Accordingly, the proposed dividend of ₹ 177 Lakhs and tax thereon of ₹ 36 Lakhs are not recognized as liability in the financial statements for the year ended March 31, 2017.

REVIEW OF OPERATIONS

HIGHLIGHTS

- Highest total turnover achieved on a day during the FY 2016-2017 was ₹ 4,813.74 crore
- Soya Oil was the top volume contributor, contributing 21.48% percent to the total turnover of the Exchange
- The Average Daily Traded Value ('ADTV') stood at ₹ 2,295.58 crore in FY 2016-2017 as compared to ₹ 3,967.27 crore in FY 2015-2016.

Trading Volumes

(₹ in Crores)

Quarter	ADTV – Financial Year 2016-2017	ADTV – Financial Year 2015-2016
April – June	2,989	4,939
July – September	2,864	4,107
October – December	1,417	3,990
January – March	1,920	2,811
ADTV	2,296	3,967

As of March 31, 2017, the Exchange offered trading in 25 commodity contracts, which includes 22 agricultural commodity contracts, 1 bullion commodity contract and 2 metal commodity contracts.

FY 2016-2017 was overall a challenging year for trading on derivatives exchanges, especially in the agricultural futures basket. The year started in the backdrop of Castor suspension and the first few months saw the suspension of Chana and a severe clampdown on Sugar. Mid way the markets were hit by the effects of demonetization. However, the Exchange through sharp focus on flagship commodities saw an uptick in participation towards the end of the year.

Strategically, the Exchange this year focused on integrating the farmer community onto its platform. Taking forward the work initiated in the Forwards segment, the Exchange this year onboarded FPOs across geographies and commodities. This bodes well for the future as direct farmer participation will not only add to the pool of open interest but more importantly it will serve the purpose of directly benefiting farmers – one of the core objectives behind setting up futures exchanges.

This year also saw a lot of development with respect to introducing newer instruments and products in the commodities ecosystem. Castorseed was relaunched with immediate success in January 2017. Subsequently, the Exchange also



saw the launch of futures trading in Soybean meal. SEBI, after a gap of over a year, is now actively working towards introducing futures trading in newer commodities. As of now, proposals in some key commodities in the oilseeds, pulses and spices complexes are awaiting regulatory approval.

SEBI is also working towards adding newer instruments. The Regulator over the year set up advisory committees to finalize the structure and design of the Options market. It also invited public comments in this direction. It is expected that in FY 2017-2018, Options shall be introduced in the commodities ecosystem. This should go a long way in attracting newer participants to these markets.

On the warehousing side the Exchange undertook some key initiatives to strengthen processes and improve the delivery experience. One of the key initiatives has been to migrate the warehouse reservation system online. In the earlier system, space reservation was between the WSP and the client which led to a lot of alleged bias by the WSP. With the new system in place, the client has to now reserve space on a centralized system before depositing goods at the warehouse. The Exchange has also introduced Radio Frequency Identification (RFID) in select high value commodities. This brings in accountability, transparency, traceability, risk management and optimization in distribution process.

A brief synopsis of the performance is given below.

Guar Complex

Guar complex was stifled by bearish crude for much of the year. However, Guar gum did manage to achieve a 30% increase in ADTQ during the year. Guar was one of the complexes most affected on account of demonetization as much of the trade is Rajasthan centric and the state was overly dependent on cash. The complex has also been hampered by low position limits which restrict value chain participants from using the exchange platform to its true potential. However, interest in this complex has revived towards the end of the year.

Oil & Oilseeds Complex

Oilseed complex was handicapped this year on account of the suspension of the flagship Castorseed contract. The contract was relaunched only in the last quarter and thereafter saw encouraging participation. The Soyabean contract fared well with Open Interest rising to above 3 lakh MT and the same being backed by deposits of above 2 lakh MT. Mustard seed contract was hampered during the peak arrival period

on account of rumors of quality, however, it did manage to achieve an ADTV of around ₹ 325 crores during the year.

Castorseed contract was re-launched on January 5, 2017. It was received very well by market participants – the contract clocked a trading of over ₹ 1,000 crores on March 24, 2017.

Grain & Pulses –

FY 2016-2017 started on a precarious note for this complex as Chana was facing severe regulatory headwinds. The commodity was ultimately suspended in the second quarter. Cotton Cake and Kapas in the Cotton ecosystem continue to perform strongly on the Exchange. At the same time, the Exchange is working towards gaining traction in the Cotton bales contract. The Exchange is also working towards realigning the Maize contract to the evolving needs of the trade.

SPICES & SUGAR

Sugar futures which had gained considerable traction in FY 2015-2016 was severely clamped down at the start of FY 2016-2017 itself. Open Interest which had peaked to around 2 lakh MT was almost completely wiped out by the end of the year. Jeera performed well through the year before the effect of demonetization set in towards the second half. Coriander and Turmeric had lukewarm performance for much of the year.

FPO INTEGRATION

This year the Exchange started an initiative of on-boarding farmers on futures platform. Towards this end we worked with 41 organizations which are associated with about 2,60,000 farmers across 11 states. 29 Farmer producer organizations participated on Exchange platform representing more than 30,000 farmers and around 11,500 MT was traded in 10 commodities. More than 1,30,000 farmers have opened their trading accounts but are yet to trade. Around 100 Farmer producer company are in process account opening.

COMTRACK AND LOGISTICS

The Exchange had 315 approved warehouses as on March 31, 2017. These warehouses had 1.4 million metric tonnes capacity and stock valued at ₹ 1,878.29 crores. During the year, at peak levels, the Exchange approved-warehouses had stocks of 18 commodities aggregating to 3,88,338 MT. All the approved warehouses of the Exchange have been mapped with GPS coordinates that can help uniquely

identify each warehouse. To enhance the security of stock at warehouses, the Exchange had asked its WSPs to install CCTV camera in the warehouses owned by WSPs. 125 such warehouses already have such systems and another 100 are in the process of installation.

To monitor deposits, withdrawal and facilitate audit at the Exchange-approved warehouses, RFID technology has been successfully implemented for all High Value Commodities (HVC). The Exchange had its tryst with destiny on 18th of July 2016 when the Exchange successfully deployed RFID technology in its warehouses. The advantages of using RFID technology over primitive methods are- accountability, transparency, traceability, risk management, optimization in distribution process, etc., and many more.

Of the many advantages of using such a technology, transparency in the distribution process stands out which leads to an added advantage for effective and efficient Risk Management.

The first commodity to be tagged using RFID technology was Guar Gum. By doing so, the Exchange has become the world's first commodity exchange which deploys such a system for tagging and monitoring agricultural commodities. It all started with the tagging of Guar Gum then Jeera and Turmeric. Other commodities are in the pipeline for tagging.

- Number of warehouses where RFID implemented: 27
- Commodities Covered: Guar Gum (SMT), Jeera, Turmeric
- Bags tagged- 6, 84,475

To enhance ease of doing business and to bring transparency in the process of deposits, the Exchange launched Warehouse Space Reservation System in all warehouses before March 31, 2016. To provide commodity finance, COMTRACK platform has now banks such as Axis Bank, ICICI Bank, HDFC Bank and IndusInd Bank 20 NBFCs. During the year, Pledges have financed 1, 92,000 MT for ₹ 535 crore.

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

NEXTGEN:

On December 5, 2016, the Exchange successfully switched over to a new trading and surveillance system called 'NextGen'. The NextGen system, developed by technology

firm MillenniumIT, is the same trading engine which is powering leading exchanges across the world including the London Stock Exchange. The Exchange experienced a very smooth disruption-free transition to the NextGen system with Zero severity one issues. Along with NextGen trading and Surveillance, the Exchange also went live with FIX complaint version of NEXTRA, and changes to 18 other downstream as a part NextGen transition.

Key highlights of the NextGen system are -

- **World Class Trading Platform** – The Exchange is now powered with fully integrated robust trading engine offering a speedy, flexible and a futuristic trading experience, capable of handling large order rates with ultra-low latencies.
- **Enhanced Performance** - NextGen provides unrivalled levels of performance. Highly optimized processing technique enables handling of large order rates with ultra-low latencies of a mere 225 micro-seconds making it one amongst the country's fastest trading systems.
- **Boosted Capacity**- NextGen is fortified with a massive processing capacity of 1,000 orders per second and capable of going up to 3,000 orders per second.
- **Future Ready and scalable** - NextGen offers a bouquet of industry approved product features (available off-the-shelf) thereby enabling faster deployment and shorter time to market. Some of products include - Options, Index trading, multi legged strategies such as Simplified Spreads, Butterfly Spreads including multi-level implied orders and much more.
- **Better Regulator Compliance** - NextGen is better equipped to meet regulatory compliance with pre-built checks and the flexibility to add more checks as and when needed with a quick TAT.
- **Real Time Surveillance** - 'Real-time' order level surveillance feature makes NextGen a full-proof surveillance hawk.
- **Pattern Detection** – With NextGen, exchange now has the capability to unearth seemingly unknown relationships with the aid of fuzzy-logic (pattern detection) surveillance to gain further insights into trading behavior amongst market participants.
- **Enhanced market replay** – NextGen has ability to 'time travel' - go back in time to replay the market as it occurred, along with options to pause, step forward or backward and define bookmarks to keep track of specific events.



NCDEX Risk Management System (NRMS)

NRMS is a complex-event processing engine which handles real time open interest monitoring of positions of members at member-client-instrument level, at unique client code (UCC), PAN based Unique Client Identification (UCI) and club levels (based on common directors)

The main highlights of the application are as follows –

- Real time open interest position monitoring for Members and their clients/Hedgers at near month and commodity levels as per SEBI guidelines.
- Allow users to monitor the positions with and without netting options
- Inform members in advance of the possibility of violations by sending reports in predefined intervals
- Calculate penalty amount of the violations that have occurred
- Generate intraday and end of day / Historical violation reports
- Support the Open Interest position monitoring for Trade modification and Give ups.
- Support in advance position monitoring of the far month contracts as near month contracts to check the probable violations.

The application is a multi-threaded, multi core application and is capable of handling any real-time processing logic, including pattern recognition. In such cases, trades are read real time from the Exchange trading system and they are processed in parallel, currently at UCC, UCI and club modules. Each of these modules are multi-threaded and the number of instances for these modules are also configurable to achieve load balancing and performance. Commodity wise splitting of trade processing is done within the application, so as to get maximum throughput and achieve parallelism while processing the trades.

The NRMS application has helped market operations team to adhere to SEBI guidelines for intraday monitoring real time and levying penalty for intraday violations. NRMS application delivers this capability and provides operations team the visibility of such violations upfront.

NEXTRA

The NEXTRA product consists of both the Corporate Manager and CTCL trading product based on the FIX protocol which

has eliminated 2 redundant front ends Viz. Tradex and NEAT successfully. It is one of the country's fastest trading front end system which brings a dynamic experience to users to execute complex trading strategies, efficient intra-day closure, pre-order checks, order flow monitoring and brings greater scalability, convenience, speed, security and transparency to the users.

NEXTRA is developed by Thomson Reuters which is a leading provider of Order Management System for multi-asset, multi-venue trading systems. The intuitive front-end empowers customers with a single console used for performing all dealing activities.

NEAR SITE IMPLEMENTATION

In order to comply with SEBI regulation, NCDEX has set up a Near-site (NS) data center in Mumbai, for ensuring zero data loss, high availability, fault tolerance, no single point of failure, data and transaction integrity. Data is getting replicated between the PDC (Primary Data Center) and the NS (Near Site) data center in a synchronous manner to achieve zero data loss. Replication of data between PDC and DR (Disaster Recovery Site), and between NS and DR may be asynchronous to achieve Recovery Point Objective (RPO) of 30 minutes and Recovery Time Objective (RTO) of 4 hours.

The Exchange has its Primary Data Center (PDC) setup at Kanjurmarg, Mumbai, disaster recovery (DR) site setup at Chennai and Near Site (NS) setup with Net Magic Solution Ltd, Mumbai.

The Exchange has setup 3-way replication between the PDC, NS and DR site. 3-way replication is replicating data between PDC, NS, and DR site. The Exchange has implemented asynchronous storage-level replication between IBM XIV in PDC and IBM XIV in NS, and asynchronous host-level replication between PDC and DR.

The Exchange hosts most of its critical data on centralized storage which is highly redundant and designed for high performance. The critical data is hosted on the following centralized storages:

- IBM XIV Gen 3 Storage
- NetApp FAS3000 series Storage

WAREHOUSE RESERVATION SYSTEM (WRS)

The Exchange has launched online warehouse space reservation system for the client to book warehouse space

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

Warehouse Space Reservation System which was launched in last quarter of FY 2015-2016 in 50 warehouses was successfully implemented in all Exchange approved warehouses in FY 2016-2017

Total quantity deposited through WSR – 6, 50, 000 MT

MEMBERSHIP

As on March 31, 2017, there were 486 members on the Exchange platform across the length and breadth of the country.

RISK MANAGEMENT

The Exchange has taken several initiative to further strengthen the Risk Management framework of the Exchange. The Exchange has formulated and implemented Concentration Margin policy for Clearing members and Client. Margin period of Risk (MPOR) has been implemented in all commodities and Margin Model has been prepared which generates triggers for review of Special and Additional margin. The pre-expiry margin has been advanced to begin from eleven days prior to the Expiry for contracts in Staggered Delivery. Blocking of member's deposit for fund shortage for a period of ten settlements has also been implemented. A comprehensive surveillance policy and surveillance manual for the Exchange has been put in place and 'Acting-in-Concert' and clubbing of positions has been codified.

In order to further strengthen the Risk Management framework in warehousing SEBI has issued revised norms for the Warehouse Service Providers which have been implemented by the Exchange. The requirement of submission of a declaration by the depositors to declare beneficial ownership of stocks being deposited in the Exchange approved warehouses has been introduced. The Exchange has introduced Demerit point policy for non-compliance by WSPs and tightened oversight on WSPs by imposing penalties and other restrictions on business in the event of continued non-compliance. A model for grading of the WSP and Warehouse has been developed and a pilot project for Grading has been done.

The Exchange has initiated implementation of Enterprise Risk Management policy and Risk Champions have been identified in each department for effective identification and

mitigation of risk. The Exchange has completed the gap analysis of IOSCO principles and has prepared road map for implementation to achieve full compliance. The Exchange has actively participated in Commodity Derivatives Advisory Committee (CDAC) formed by SEBI for development of the market and contributed detailed notes on Principle Criteria for Commodity Eligibility for Derivatives trading, Classification of commodities into Broad, Narrow and Sensitive categories and Position Limits for Commodities traded on Exchange platform and several others.

Further, new risk management policies such as revised liquidation policy, regain matched book, default handling policy, credit risk framework and others have been approved by the Risk Management Committee and under implementation.

STRENGTHENING SURVEILLANCE & RISK MANAGEMENT FRAMEWORK

During the course of FY 2016-2017, the Exchange carried out a comprehensive review of the Surveillance & Risk Management framework at the Exchange and has taken several steps for strengthening surveillance systems and risk mitigation measures. Some of them are listed below:

- The 'Concentration Margin Policy' has been implemented by the Exchange w.e.f. April 25, 2016. Since then the concentration margins have got triggered in commodities when overall market wide OI of a commodity exceeded the specified Threshold Limit of OI for that commodity.
- The Exchange has introduced a mechanism/ measure to minimize non-fulfillment of settlement obligation by a member. In case of repeated margin/pay-in shortfalls beyond a threshold amount by any member in a month, member deposits equivalent to cumulative funds shortage of the previous month are blocked for the next one month.
- The Exchange implemented advancement of its pre-expiry margin to begin from eleven trading days prior to expiry as against the pre-expiry margin commencing five trading days prior to expiry.
- The Exchange has taken concrete steps to strengthen the surveillance function through integration of the Surveillance & Investigation department and the Market Intelligence department to augment capabilities to simultaneously monitor the functioning of the underlying physical markets which have a direct bearing on the trading in futures market.



- e. The Exchange has successfully implemented the new Surveillance system – Millennium Surveillance System which is an advanced market surveillance platform, equipped to manage ever growing message traffic, adapt to new trading technologies and supports cross-market and cross-product monitoring. It is specifically designed to handle the large data volumes and is capable of supporting a wide variety of mining and analysis techniques. The main feature of MSS is Market replay option i.e. re-enacting the exact sequence of events of trades and orders into the system, Alert manager and case manager. The MSS is able to respond to dynamic market situations and offers an analytical environment that supports the exploration of extensive volumes of data. It facilitates the use of advanced analytics to detect anomalous trading patterns and offers NCDEX tremendous capacity to innovate in its monitoring, compliance, surveillance and investigatory approach as the Indian commodity market evolves, whilst enforcing the law.
- f. The Exchange has fully implemented the Acting in concert framework by making the necessary changes in its systems of clubbing of positions and informed the revised Guidelines on Clubbing of Open Positions to the market through its circular along with a detailed FAQ.
- g. Self Trade Prevention (STP) check was made effective w.e.f. June 27, 2016. STP was applicable for all Day, GTD, GTC and IOC order types limit, market and stop loss orders and was not applicable on spread day orders till December 05, 2016. From December 05, 2016 even the spread day orders have also been covered under STP check facility. Exchange is further upgrading its system to prevent self-trades at PAN level.
- h. In order to facilitate effective surveillance at the Member level and to prevent manipulation at nascent stage, Exchange has provided to its trading members an interface in order to enable download of Surveillance alerts at the Trading Member's end. w.e.f. December 1, 2016.
- The Exchange provided additional facility to the members who wishes to avail of the ABC facility by pledging his commodity balances lying to his credit in his Comtrack beneficiary account in favor of NCDEX through his Comtrack Participant.
- The Exchange, in its endeavor to encourage and deepen farmer participation in the Commodity markets, has extended 'Early payin' facility to Farmer Producer Organisation (FPO) at any time after the start of trading in respective contract instead of existing norms of allowing early payin after the beginning of the near month period in the contract. On such short positions against which early pay-in has been made, the Exchange shall exempt imposition of all types of margins.
- In order to reduce the time involved in the existing process of accepting FDR towards collateral in physical form, the Exchange has introduced a facility for Approved Banks to submit Fixed Deposit Receipt (FDR) issued to members towards collateral deposit in electronic form.

CLEARING AND SETTLEMENT

- In order to facilitate Members, Exchange has decided to accept Mutual Fund Units as collateral towards Additional Base Capital (ABC). Members are permitted to deposit approved mutual fund units in electronic form ("Demat Units") in the designated depository accounts maintained by the Custodians approved /appointed by the Exchange in this regard.

DIVIDEND AND APPROPRIATIONS

For the financial year ended March 31, 2017, your Directors have pleasure in recommending a dividend of 3.5 per cent on the equity shares (₹ 0.35 per equity share) issued by the Exchange. The Dividend on equity shares, when approved by the shareholders would amount to ₹ 177 lacs (exclusive of Corporate Dividend Tax).

PUBLIC DEPOSIT

The Exchange has not accepted any public deposits and, as such no amount towards repayment of principal or payment of interest was outstanding as on March 31, 2017.

DETAILS OF MEETING OF SHAREHOLDERS

The Tenth Extra Ordinary General meeting was held on June 23, 2016. The Thirteenth Annual General Meeting of the Exchange was held on September 23, 2016. It is proposed to hold the Fourteenth Annual General Meeting of the Exchange on September 21, 2017 in Mumbai.

STATUTORY AUDITORS

M/s. K. S. Aiyar & Co, Chartered Accountants, are the Statutory Auditors of the Exchange for the financial year 2016-2017. They hold office until the conclusion of the ensuing Fourteenth Annual General Meeting and are eligible

for reappointment. It is proposed to appoint M/s. K. S. Aiyar & Co for a period of five years from the conclusion of the ensuing Fourteenth Annual General Meeting.

The Exchange has received a Certificate from the Auditors to the effect that their appointment/ reappointment, if made, would be within the prescribed limit under Section 141 of the Companies Act, 2013 and that they are not disqualified for such appointment/reappointment. There is no qualification, reservation or adverse remarks or disclaimer in the report given by M/s. K. S. Aiyar on the Standalone financial statements of the Company for the year ended March 31, 2017.

SECRETARIAL AUDITOR

In terms of section 204 (1) of Companies Act, 2013 and Rule 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Exchange appointed M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, as Secretarial Auditor for the financial year 2016-2017. In terms of sub-section (3) of section 134, secretarial audit report given by M/s. Makarand M. Joshi & Co. in Form MR-3 is attached as **Annexure 1**. The said report contains three qualifications. The qualifications and their explanations are as under:

Qualifications:

- *The Company has not noted the Disclosure of Interest received from directors at its first meeting held on 07/04/2016.*
- *Draft minutes of the Business strategy Meeting held on 07/04/2016 were not circulated within 15 days.*
- *The Company has made delay in approval of annual audited financials which was required to be adopted within 60 days from end of the financial year.*

Explanation:

- *The first Board meeting of FY 2016-2017 was held on April 7, 2016 at a shorter notice to consider the urgent matter relating to Castor Seed contract. Considering the urgency and shortage of time, the disclosures were not placed before the Board for noting. However, the same were placed at the next Board meeting held on May 6, 2016.*
- *Inadvertently there was a delay in sending the draft minutes to the members within stipulated time. The Exchange has been maintaining a tracker for ensuring compliance with these requirements. Since then there has been no delay in circulating the minutes.*

- *The Exchange had commissioned a forensic audit in the matter of suspension of trading in castor contract. The forensic auditor M/s. M. M. Chitale & Co Chartered Accountants, submitted their observations to the Board of Directors at its meeting held on May 26, 2016. However, the Board of Directors had sought further details from the forensic auditors, which was pending as on that date. The statutory auditors of the Exchange M/s. K. S. Aiyar & Co., Chartered Accountants had requested for a copy of the forensic audit report in order to complete their audit process. In view of the pending final forensic audit report, the Board deferred the adoption of financial results for the year ended March 31, 2016. Subsequently, the Board at its meeting held on June 28, 2016 approved the financial results for the year ended March 31, 2016.*

AMENDMENT TO MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

Pursuant to the merger of Forward Markets Commission (FMC) with Securities and Exchange Board of India (SEBI) and repeal of Forward Contracts (Regulation) Act, 1952 (FCRA) w.e.f. September 29, 2015, the object clause of the Memorandum of Association and the Articles of Association of the Exchange was amended to reflect the provisions of Securities Contracts (Regulation) Act, 1956 (SCRA) in place of FCRA and also incorporate applicable provisions as contained in the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (SECC Regulations) and all other relevant rules, regulations, directions, guidelines, etc. This was done with the approval of SEBI and published in the Official Gazette of India and State Gazette and effective thereon.

INTERNAL AUDITOR

In terms of section 138 of Companies Act, 2013 and pursuant to Rule 13 (1) (b) of The Companies (Accounts) Rules, 2014, the Exchange appointed M/s. Aneja & Associates as Internal Auditors of the Exchange for the financial year 2016-2017.

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

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



Conservation of energy

The Exchange has initiated various measures for conserving energy such as installing blanking panels in server racks, replacing existing lights with LED lights, etc. The other on going measures for conservation of energy undertaken by the Exchange include regular servicing, periodic maintenance of all electrical equipments, prompt switching off the equipments when not required, etc.

Technology absorption

With the adoption of new technologies, the Exchange is now running state-of-the-art, world class technology for its core operations, including Trading, Surveillance, Risk and Clearing and Settlement operations. A number of regulatory and business changes were made to existing systems of the Exchange which were put to use in FY 2016-2017. The said changes were towards adhering to various market rules and regulatory directives as directed by the regulator from time to time. It also included changes to support introduction of new contracts and corresponding changes in post-trade systems.

Foreign exchange earnings and outgo

During the year under review, there was no foreign exchange inflow. There has been foreign exchange outgo to the extent of ₹ 1581.44 lacs on account of Intangible assets under development, technology expenses, professional & consultation fees, travelling and other expenses.

BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2016-2017

During the financial year 2016-2017, fourteen meetings of the Board were held on April 07, 2016, May 06, 2016, May 26, 2016, June 07, 2016, June 28, 2016, July 20, 2016, August 02, 2016, August 09, 2016, October 19, 2016, November 21, 2016, January 11, 2017, February 08, 2017, March 22, 2017 and March 30, 2017.

EXTRACT OF THE ANNUAL RETURN

The extract of annual return under sub section (3) of section 92 in Form MGT 9 as on the financial year ended March 31, 2017 is enclosed as **Annexure 2**.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

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

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

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

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

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

1	Number of complaints of sexual harassment received in the year	Nil
2	Number of complaints disposed off during the year	Not applicable
3	Number of cases pending for more than 90 days	Not applicable
4	Nature of action taken by the employer	Not applicable

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Mr. Rakesh Kapur and Mr. Samir Kumar Mitter, Directors, retired by rotation at the Thirteenth Annual General Meeting held on September 23, 2016 and were re-appointed.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Ravi Narain and Mr. Srinath Srinivasan will be

retiring by rotation at the ensuing Annual General Meeting. While Mr. Ravi Narain is eligible for re-appointment he has expressed his inability for re-appointment as Shareholder Director in the ensuing Annual General Meeting. The Exchange has received a nomination from National Stock Exchange of India Ltd. to appoint Mr. J. Ravichandran (DIN: 00073736) as a Director of the Exchange.

The Board recommends the name of Mr. Srinath Srinivasan for re-appointment as director of the Exchange. His appointment is subject to approval of SEBI.

The Board recommends the name of Mr. J. Ravichandran for appointment as director of the Exchange in the "Shareholder Director" category. His appointment is subject to approval of SEBI.

The Board accords its appreciation for the services rendered by Mr. Ravi Narain.

During the year, Justice (retd.) Ashok Bhan was appointed as the Public Interest Director in place of Mr. Prithvi Raj Bishnoi on July 21, 2016.

STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

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

ANNUAL EVALUATION

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

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

The Exchange is a public limited company, whose securities are not listed on any of the stock exchanges. As per Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, the disclosure requirements and corporate governance norms as specified for listed companies are mutatis mutandis applicable to a recognised stock exchange. Pursuant to Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on Corporate Governance for the FY 2016-2017 is forming part of the Annual Report. Further, a Compliance Certificate from Dr. K. R. Chandratre, Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance is forming part of the Corporate Governance report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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



The details as required under Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided in **Annexure 3**. Through the CSR engagement, the Exchange implements welfare measures that build farmer capability. The CSR project is focused on building a community of skilled farmers and training them to be suave marketers, by helping them enhance the marketability of crops through training in post-harvest crop management, cleaning and sorting produce and establishing supply-chain linkages.

During the FY 2016-2017, the Exchange has made significant progress towards two social responsibility priorities in support of 'Public Health' and 'Farmer Education' programmes. In terms of 'Public Health', contribution of ₹ 50 lakh was made to the Prime Minister's 'Swachh Bharat Abhiyaan' campaign, continuing the Exchange's commitment to inspire happier, healthier lives.

On the 'Farmer Education' front, the Exchange further strengthened its farmer skill building efforts through a partnership with National Skills Foundation of India. Around 200 programmes were undertaken, training about 6000 small growers in Maharashtra, Rajasthan and Madhya Pradesh on post-harvest crop management, storage techniques and price risk mitigation through regulated market platforms, warehouse receipts and community-owned institutions. These programs were conducted in association with NGOs and farmer producer companies (FPC). Out of the CSR budget of Rs. 131 lacs for the FY 2016-2017, the Exchange has spent Rs. 130 lacs. Rs. 1 lac was kept as contingency fund out of which Rs. 0.81 lacs was not spent.

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

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

SUBSIDIARY COMPANIES

The Exchange has four subsidiary companies namely, NCDEX e Markets Limited, National Commodity Clearing Limited, NCDEX Institute of Commodity Markets & Research and National E-Repository Limited. In addition, the Exchange has an associate company namely, Power Exchange India Limited. NCDEX e Markets Limited, the subsidiary of the Exchange also has a Joint venture company: Rashtriya e Market Services Pvt. Ltd. The details

in respect of these companies are given here under. A statement containing the salient features of the financial statement of the above companies is given in Form AOC- 1 which is enclosed as **Annexure 5**. The Financial statements of the above companies have been displayed on the website of the Exchange.

NCDEX e Markets Limited {NeML}

"Growth is the only constant" at NeML. NeML further deepened its presence in the e-markets, especially in primary agricultural markets covering more than 175 regulated APMC markets across three states of Karnataka, Andhra Pradesh and Telangana. It positively impacted lives of more than 3 million farmers as a result of its Unified Market platform (UMP) and covered more than 92 commodities with a market turnover in excess of ₹ 30,000 crore. Its equal joint venture company in Karnataka, Rashtriya e Market Services Private Limited (ReMS) was awarded prestigious DL Shah Platinum Award at the 11th National Quality Conclave (NQC)-2016 at the annual flagship event of the Quality Council of India (QCI) held in New Delhi for "Online agricultural markets-Karnataka model". The "Karnataka model" focused on addressing problems plaguing the agricultural marketing sector, bringing in efficiency and transparency in the functioning of agricultural markets by adopting better technology options so as to enable efficient price discovery to benefit farmers and other market participants. Karnataka has become a guidepost for states taking up market reforms in the country.

During the year, NeML made its foray into Fresh Fruit and Vegetable markets through its FFRESH® markets and facilitated trades in Apple, Kinnow, Lychee, Pineapple and Strawberry. Through this effort the producers were directly linked with the key consumption centres. With this, NeML made an entry in Eastern and North eastern parts of the country.

NeML continued its efforts to enhance competitiveness of smallholder farmers (SHF) through its pioneering initiatives in inclusive finance like e pledge. During the year, NeML facilitated credit for goods stored in company accredited and bank approved warehouses for more than ₹ 1000 Crore in its initiative with Maharashtra State Government under Maharashtra State Competitiveness project (MACP), the company worked closely with Farmer Producers Organizations, (FPOs) and thus working with

more than 10,000 farmers of which 2250 farmers registered with NeML.

NeML in alignment with NCDEX works closely with Farmers, processors and other value chain participants, Governments and Government Enterprises with an aim to create efficient markets across the commodity –spectrum in India. Its initiatives in Agricultural commodities have been hugely successful during the year.

NCDEX Institute of Commodity Markets & Research (NICR)

New Mission and Vision

Vision

To make NICR recognized nationally as an independent, credible academic and research institute of eminence.

Mission

To conduct high-quality independent research, educate and stimulate debate to provide innovative, practical recommendations that advance three broad goals:

- Strengthen and embed understanding of physical and derivative commodity markets.
- Foster the economic and social welfare of individuals and businesses through free and transparent commodity markets.
- Secure a more open, safe, prosperous and cooperative trading ecosystem for commodities.

Education, training and research

NICR Commodity Certification Course

The NICR Certification Course, which was refurbished and launched in October 2015, is a definitive training programme that helps candidates develop a comprehensive and practical understanding of trading and hedging in the commodity futures market. A total of 354 candidates registered for the course during FY 2016-17.

NICR Simplified Spreads Course

NCDEX had revised its spreads functionality, aligning it with the current market practice. NICR's Simplified Spreads Certification course decided to address the market need for a structured course on the subject. It launched a free course for members in October 2016. A total of 657 candidates registered for the course during FY 2016-17.

NICR Options Certification Course

SEBI gave an in-principle approval for trading of options contracts on 28 September, 2016 to increase liquidity and attract more investors to the commodities market. Since this is a new instrument for the commodities market, NICR designed the Options Certification Course. It consists of three modules: Beginner's, Advanced and NCDEX Specific. The Beginner's module was launched for members on 28 March, 2017. A total of 638 registrations were received by 15 April, 2017. The Advanced and NCDEX Specific modules will be launched once we have SEBI guidelines on options trading.

Jobbers Certification Course

In order to build capacity for higher jobber participation on the platform, NICR partnered with select institutes for introducing a Joint Certification Jobbers Training Programme. The partners are Kredent Infoedge Pvt Ltd, Kolkata, and Rise Excellence Academy, Indore.

Donor Advised Fund

NICR has launched a Donor Advised Fund, which provides a flexible and efficient way for corporate donors to help promote market linkages for small and marginal farmers to improve their incomes. The Fund will provide donors with all the expertise and linkages with NGOs to make their giving effective.

NICR brings to the Fund its in-depth understanding of the agricultural ecosystem, knowledge of markets to design relevant and most effective content and training capabilities and relationships at the grassroots level. NICR is an accredited training partner of Agricultural Skills Council of India.

Warehousing company NCML has donated ₹ 2 lakh to the Fund for skill building in post-harvest management by farmers. Four programmes were conducted in 2 states – 2 each in Maharashtra and Gujarat by March 31st, 2017.

National Commodity Clearing Limited (NCCL)

NCCL is a wholly owned subsidiary of the Exchange providing IT and process support in respect of clearing and settlement of trades done in derivatives segment. The clearing and settlement covers products ranging from agricultural commodities to base metals, ferrous metal, energy, and precious metals. NCCL carries out funds settlement through 12 clearing banks. The summary of trading, settlement and collateral statistics for the FY 2016-17 is given as under:



Trading

The summary statistics of trading, settlement and Collateral statistics during the financial year 2016-2017 is given below:-

Particulars	2016-2017	2015-2016	2014-2015
Number of trades	10257545	1,70,46,285	1,58,51,885
Trading Quantity	125083664	21,42,80,389	19,45,41,823
Trading value (₹ In crores)	596851.98	10,19,588.26	9,04,062.65

Settlement

Particulars	2016-2017	2015-2016	2014-2015
MTM Settlement (₹ In crores)	3578.77	7490.6	6988.72
Physical Settlement (₹ In crores)	1667.93	3794.44	3667.65

Collateral Processed

Particulars Instrument	2016-2017		2015-2016		2014-2015	
	Count	Amount (₹ In crores)	Count	Amount (₹ In crores)	Count	Amount (₹ In crores)
Bank Guarantee	950	980.67	1261	1250.07	1203	1168.78
Fixed Deposit	1467	806.74	2119	1081.54	1478	851.04

Power Exchange India Limited (PXIL)

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

The trading in electricity on the power exchange happens under two categories of product, the first being the collective segment wherein buyers and sellers submit their bids on Day Ahead basis for meeting next day's power requirement. The second category of products is the Term Ahead segment, where electricity is traded bilaterally between buyer and seller for different delivery periods. The Term Ahead segment comprises of four Products, viz. 24 x 7 Intra-Day, Day Ahead Contingency, Week Ahead and Any Day Products.

In FY 2016-17, the Power Exchange market size of 41.17 Billion Units increased by 14.4% when compared to market size of 35 Billion Units in FY 2015-2016. PXIL saw a trading volume of 0.6 Billion Units in FY 2015-2016 representing a market share of nearly 1.44%. In the REC segment, the market size increased from 49.55 lakh RECs in FY 2015-2016 to 64.88 lakh RECs in FY 2016-2017, of which nearly 18.69 lakhs RECs were traded at PXIL resulting in a market share of 29% in this segment.

PXIL, on 14th December, 2016 received letters from the promoters – National Commodity & Derivatives Exchange Limited (NCDEX) and NSE Strategic Investment Corporation Limited (NSICL) advising PXIL to take immediate steps to close down its business operations. Simultaneously, PXIL also received letters from two entities expressing their intent to invest in PXIL. Both these matters were placed before Board of PXIL during the meeting held on December 15, 2016. The PXIL Board principally approved the closure of business operations of PXIL with a stipulation that the promoters directly discuss the matter of investment with the two entities and submit any material development on investment in PXIL within a 15-day period. In case PXIL does not receive any information on material development regarding investments within the 15-day period then PXIL should take the matter of closing of the business operations to the Shareholders of PXIL for their approval.

Since no information on any material developments was received on discussions between promoters and new prospective investors within the 15-day period, an Extra Ordinary General Meeting (EGM) of shareholders and a separate meeting of Optionally Convertible Redeemable Preference Shares (OCRPS) holders were called and held on January 25, 2017. The OCRPS holders and the equity shareholders during the said meetings approved and passed the resolution for voluntary discontinuation and closure of the business operations of

PXIL. In view of the on-going talks between the promoters and prospective investors, NCDEX informed PXIL to go slow on the process of closing down of business operations.

Later, the Exchange, vide its letters dated April 19, 2017 and April 21, 2017, and NSICL, vide its letter dated April 21, 2017, informed PXIL about their intention to sell their respective stake in PXIL (Equity as well as OCRPS) to the prospective investors. In view of the same, the Board of PXIL, at its meeting held on April 26, 2017, subject to the approval of Members in the General Meeting, passed a resolution rescinding their earlier decision of voluntary discontinuation and closure of the business operations passed in their meeting held on December 15, 2016.

Subsequently, NCDEX and NSICL - promoters of PXIL executed a Share Purchase Agreement (SPA) on 27.04.2017 with the investors, wherein the promoters agreed to sell their equity shareholding (61.9% taken together) along with their preference shareholding (OCRPS) in PXIL.

Rashtriya e Market Services Private Limited (ReMS)

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

ReMS has partnered with the State Agricultural Marketing Department in strengthening the agricultural reforms in Karnataka. The Company has commenced Assaying Services in 40 markets, 42 lakh farmers have been registered under Farmer Registration programme, 20,000 villages have been covered under Stakeholders' Education programme and way forward the Company has stepped in to provide online payment facility to markets so far 394 lots were traded for ₹ 2.5 crore in value.

Unified Market Platform has been adopted by 157 markets spread across 29 districts. The traded quantity on Unified Market Platform has shown a significant rise as on March 31, 2017, 34 lakh lots having value of ₹ 33,356 crores being transacted on the platform during the FY 2016-2017.

National E-Repository Limited (NERL)

The Exchange successfully participated in WDRA's Call for application for establishing a market intermediary for warehouse receipts and was granted a letter of intent for establishing Repository. The objective of the Repository is to act as a market intermediary in the world of warehouse receipt financing of agriculture commodities in the country and remain in the forefront to bring in transparency and efficiency in commodity management.

The Repository will play a pivotal role to hold all records of Negotiable Warehouse Receipts issued in the country and act as a trustworthy intermediary between the depositor and various users including financial institutions and various government agencies. The activities of Repository will be supervised and regulated by Warehouse Development and Regulatory Authority (WDRA), Government of India.

The Exchange has incorporated a wholly owned subsidiary in the name of National E-Repository Limited (NERL) on February 10, 2017 under the Companies Act, 2013. The Corporate Identity Number of NERL is U93090MH2017PLC291035. As per WDRA guidelines, the Repository is expected to receive the certificate to commence business operations shortly. The Exchange is presently working towards meeting the various compliances as per the milestones laid out by WDRA.

The Exchange's endeavour is to tie-up with key national level regulated entities as founding members of NERL which is expected to provide a big boost to the Repository business from its initiation stage itself. Exchange is in advanced stage of discussions for on-boarding prospective investors in NERL.

OTHER DISCLOSURES

There was no change in the nature of the business of the Exchange during the financial year 2016-2017. No material changes and commitments affecting the financial position occurred subsequent to the close of the financial year ended March 31, 2017 and the date of the report. During the year, no significant and material order was passed by the regulators or courts or tribunals impacting the going concern status and the Exchange operations in future.

DIRECTORS' RESPONSIBILITY STATEMENT

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



- i. that in the preparation of accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Exchange at the end of the financial year and of the profit of the Exchange for that period;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Exchange and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the accounts for the financial year ended March 31, 2017 on a 'going concern' basis.
- v. that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ACKNOWLEDGEMENTS

Your Directors express their gratitude for the support and advice received from Securities and Exchange Board of India, Ministry of Finance and other ministries of the Government of India and various state governments.

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

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

By order of the Board of Directors

Samir Shah

Managing Director &
Chief Executive Officer

Rabi Narayan Das

Chairman

Place: Mumbai DIN: 00912693

DIN: 03582925

Date: August 9, 2017

Annexure 1

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2017

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

To,

The Members,

National Commodity and Derivatives Exchange Limited

1st Floor, Ackruti Corporate Park,

Near G E Garden, L B S Road,

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 and Derivatives Exchange Limited** (hereinafter called the “**Company**”). 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 the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 (**‘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:

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

- (i) The Companies Act, 2013 (**the Act**) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (**‘SCRA’**) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment. (**Overseas Direct Investment and External Commercial Borrowings are not applicable**)

(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 during the audit period**)
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. (**Not Applicable during the audit period**)
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable during the audit period**)
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014 and its amendments notified on 18th September, 2015 (**Not Applicable during the audit period**)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable 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
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable during the audit period**) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable 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 as referred in regulation 35 of Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) Regulations, 2012 and the compliances as confirmed by the company under point 14.4 of procedural norms of recognition, ownership and governance for stock exchange and clearing corporations.

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 law applicable specifically to the company

- Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) Regulations, 2012

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

1. *The Company has not noted the Disclosure of Interest received from directors at its first meeting held on 7th April, 2016*
2. *The Company has made delay in approval of annual audited financials which was required to be adopted within 60 days from end of the financial year.*
3. *Draft minutes of the Business strategy Committee Meeting held on 7th April, 2016 were not circulated within 15 days.*

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

For Makarand M. Joshi & Co.,

Makarand Joshi

Partner

FCS No.: 5533

C P No.: 3662

Place: Mumbai

Date: 09/08/2017

‘Annexure A’

To,
The Members,
National Commodity and Derivatives Exchange Limited
1st Floor, Akruti Corporate Park,
Near G E Garden, L B S Road,
Kanjurmarg (West) Mumbai

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Makarand M. Joshi & Co.,
Makarand Joshi
Partner
FCS No.: 5533
C P No.: 3662

Place: Mumbai
Date: 09/08/2017



Annexure 2

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Commodity contracts exchanges	6611	56%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	NCDEX e Markets Limited. Add.: 1 st Floor, Ackruti Corporate park, L.B.S. Marg, Kanjurmarg (W). Mumbai- 400078	U93090MH2006PLC165172	Subsidiary	99.99%	Section 2 sub section 87(ii)
2	National Commodity Clearing Limited. Add: 1 st Floor, Ackruti Corporate Park, L.B.S Marg, Kanjurmarg (W). Mumbai – 400078	U74992MH2006PLC163550	Subsidiary	100%	Section 2 sub section 87(ii)
3	NCDEX Institute of Commodity Market and Research. Add: 1 st Floor, Akruti Corporate Park, L. B.S. Marg, Kanjurmarg (W). Mumbai- 400078	U74900MH2007NPL174229	Subsidiary	100%	Section 2 sub section 87 (ii)
4	National E-Repository Limited Add: 1 st Floor, Ackruti Corporate Park, L.B.S Marg, Kanjurmarg (W). Mumbai – 400078	U93090MH2017PLC291035	Subsidiary	100%	Section 2 sub section 87 (ii)
5	Power Exchange India Limited Add: 5 th Floor, Tower No. 3, Equinox Business Park, Peninsula Techno Park, Off BKC, LBS Marg, Kurla (W). Mumbai- 400070	U74900MH2008PLC179152	Associate	Equity: 30.95% Preference: 50%	Section 2 sub Section (6)



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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt									
d) Bodies Corp.	76,01,377		76,01,377	15.00	76,01,377		76,01,377	15.00	0.00
e) Banks/FI	1,12,50,000		1,12,50,000	22.20	1,12,50,000		1,12,50,000	22.20	0.00
f) Any Other....									
Sub-total (A) (1):-	1,88,51,377		1,88,51,377	37.20	1,88,51,377		1,88,51,377	37.20	Nil
(2) Foreign	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A) = (A)(1)+(A) (2)	1,88,51,377		1,88,51,377	37.20	1,88,51,377		1,88,51,377	37.20	Nil
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks/FI	67,49,965		67,49,965	13.32	67,49,965		67,49,965	13.32	0.00
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds	76,01,400		76,01,400	15.00	76,01,400		76,01,400	15.00	0.00
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	1,43,51,365		1,43,51,365	28.32	1,43,51,365		1,43,51,365	28.32	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,44,73,236		1,44,73,236	28.56	1,44,73,236		1,44,73,236	28.56	0.00
ii) Overseas	30,00,000		30,00,000	5.92	30,00,000		30,00,000	5.92	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh		22		0.00	12	10		0.00	0.00
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B) = (B)(1) + (B)(2)	1,74,73,236	22	1,74,73,258	34.48	1,74,73,248	10	1,74,73,258	34.48	0.00
	3,18,24,601	22	3,18,24,623	62.80	3,18,24,613	10	3,18,24,623	62.80	0.00
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	5,06,75,978	22	50,676,000	100%	5,06,75,990	10	50,676,000	100%	-

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Life Insurance Corporation of India	56,25,000	11.10	Nil	5,625,000	11.10	Nil	Nil
2	National Bank for Agriculture and Rural Development	56,25,000	11.10	Nil	5,625,000	11.10	Nil	Nil
3	National Stock Exchange of India Limited	76,01,377	15.00	Nil	76,01,377	15.00	Nil	Nil
Total		1,88,51,377	37.20	Nil	1,88,51,377	37.20	Nil	Nil

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

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

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

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

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



(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of Managing Director & Chief Executive Officer
		Mr. Samir Shah
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	(a) ₹ 2,67,94,317/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	(b) ₹ 39,600/-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	(c) Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission	Nil
	- as % of profit	
	- others, specify...	
5.	Others, please specify	Nil
	Total (A)	₹ 2,68,33,917/-
	Ceiling as per the Act	The Exchange has obtained approval from the shareholders for the payment of above remuneration.

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors						Total Amount
1.	Independent Directors	Rabi Narayan Das	Justice (retd.) Ashok Bhan	Sidhartha Pradhan	Naina Krishna Murthy	Ashok Gulati	Prithvi Raj Bishnoi	
	• Fee for attending board/ committee meetings	22,20,000	5,50,000	22,40,000	7,30,000	12,30,000	2,80,000	72,50,000
	• Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)							72,50,000
2.	Other Non-Executive Directors	Samir Kumar Mitter	Srinath Srinivasan	R. M. Kummur	Ravi Narain	Rakesh Kapur		
	• Fee for attending board/ committee meetings	10,90,000	7,70,000	5,70,000	11,00,000	12,80,000		48,10,000
	• Commission	Nil	Nil	Nil	Nil	Nil		Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil		Nil
	Total (2)							48,10,000
	Total (B) = (1 + 2)							1,20,60,000
	Total Managerial Remuneration							1,20,60,000
	Overall Ceiling as per the Act							₹ 1,00,000 per member per meeting



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

S I . Particulars of Remuneration no.	Key Managerial Personnel		Total
	Mr. M. K. Ananda Kumar - Company Secretary	Ms. Komal Shahani - CFO	
1. Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 64,46,775/-	₹ 38,91,996/-	₹ 1,03,38,771/-
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2. Stock Option	Nil	Nil	Nil
3. Sweat Equity	Nil	Nil	Nil
4. Commission	Nil	Nil	Nil
- as % of profit			
- others, specify...			
5. Others, please specify	Nil	Nil	Nil
Total	₹ 64,46,775/-	₹ 38,91,996/-	₹ 1,03,38,771/-

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)
A. COMPANY					
Penalty					
Punishment			None		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			None		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			None		
Compounding					

Annexure 3

Annual Report on CSR activities

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

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

2. The Composition of CSR Committee: Mr. Srinath Srinivasan, Mr. Rabi Narayan Das, Mr. Samir Kumar Mitter, Dr. R. M. Kummur and Mr. Samir Shah.
3. Average net profit of the company for last three financial years: ₹ 6,565 lacs
4. Prescribed CSR Expenditure (two percent. Of the amount as in item 3 above):- ₹ 131 lacs
5. Details of CSR spent during the financial year
 - a) Total amount to be spent for the financial year; ₹ 130 lacs
 - b) Amount unspent, if any; :- ₹ 0.81 lacs
 - c) Manner in which the amount spent during the financial year is detailed below.

1	2	3	4	5	6	7	8
S.No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. (2) Overhead:	Cumulative expenditure up to the reporting period.	Amount spent: Direct or through implementing agency.
1	Training programs for farmer's family members	Agriculture Education	The project was implemented in the states of Maharashtra, Rajasthan and Madhya Pradesh.	₹ 80 lacs	Payment of ₹ 80 lacs made to National Skills Foundation of India	₹ 80 lacs	Implementing agency
2	Swachh Bharat Abhiyan	Public Health	Contribution to the Swachh Bharat Abhiyan project initiated by the Prime Minister	₹ 50 lacs	₹ 50 lacs	₹ 130 lacs	Direct

6. Responsibility statement of the CSR Committee

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

Samir Shah
Managing Director &
Chief Executive Officer
DIN: 00912693

Rabi Narayan Das
Director
DIN: 03582925

Place: Mumbai
Date: August 9, 2017



Annexure 4

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

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

The gist of amendments carried out during the year 2016-2017 are as under:

The Exchange has amended its Bye Laws and Rules ('amendment documents') pursuant to the SEBI (Timeline Letter) No SEBI/HO/CDMRD/DEA/OW/P/2016/3579 dated 9 February, 2016 and has submitted the said amendment documents to SEBI for their approval on March 30, 2016.

The Exchange has, after getting approval from SEBI vide letter SEBI/HO/CDMRD/DEA/OW/P/2016/25792/1 dated September 14, 2016 (approval letter), as advised in para (iv) of the said approval letter, published the said approved amendment documents in Gazette of India vide Part-IV vide No. DL(N)-04/0007/2003-05 dated October 1, 2016 and State Gazette vide Part-II, RNI No. MAHBIL/2009/35827, Serial No.M-16200 dated September 29, 2016.

A list of the clauses amended vide timeline letter is prescribed in **Table-1.1** for Bye Laws and **Table 1.2** for Rules of the Exchange.

Pursuant to directions in para (v) of the said approval letter, the further amendments have been carried out and after getting it approved by the Board of the Exchange on February 8, 2017, have been submitted to SEBI, along with the public comments invited vide Gazette of India Part-IV vide No. DL(N)-04/0007/2003—05 dated February 18, 2017 and State Gazette vide Part-II, RNI No. MAHBIL/2009/35827, Serial No. M-16336 dated February 16, 2017, vide Exchange letter LEG/SEBI-501 dated March 14, 2017 for its approval.

A list of the clauses amended vide para (v) is prescribed in **Table-2.1** for Bye Laws and **Table 2.2** for Rules of the Exchange.

Table 1.1

List of the clauses amended under Bye Laws vide timeline letter is as under:

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



Sr. No.	Reference of SEBI Directives	Existing clauses to be amended	Bye Laws amended	Clause No. in amendment Notification
C.	Arbitration Act and SEBI Directives on Arbitration and IGRC	11. Arbitration	Amended the title clause as under "11. Investor Grievance Redressal & Arbitration."	Clause 7
		11.1 Definition	New definitions inserted	
		11.1 A Reference to IGRC	New clause inserted 11.1 A	
		11.2 Reference to Arbitration	Amended	
		11.5 Power of the relevant authority to prescribe regulations	Amended clause 11.5	
		The term IGRC Member included in few clauses	Term IGRC included in Clause 11.6, 11.7, 11.8, 11.9, 11.10 and 11.11, 11.15	
		11.21 Jurisdiction	Amended	
		11.22 Appeal	Newly inserted Clause 11.22	
D.	N.A.	12. Miscellaneous	No change	N.A.
E.	Amendments based on needs of the Exchange	13. Savings and Continuation	Newly inserted Chapter for Saving	Clause 8
F.	Words and expression amended/replaced/substituted.	Word/term FMC/Forward Market Commission/Forward Markets Commission/ Commission	Replaced with the word/term "SEBI"	Clause 3
G.	Words and expression amended/replaced/substituted.	Word/term Forward Contracts (Regulation) Act, 1952/ Forward Contracts (Regulations) Act, 1952/ FCR Act.	Replaced with the word/term "Securities Laws"	Clause 4
Part B				
H.	SEBI Risk Management Circular Dated 01-10-15	6. Rights and Liabilities of Clearing Members and Constituents		
		6.1 Margin from Constituents	Amended	Clause 9
I.	SEBI IPF Circulars and Master Circular	9. Investor(Client) Protection Fund		
		9.3 Composition of Fund	Amended 9.3 (b)	Clause 10
		9.8 Threshold Limit	Amended	Clause 11
		9.10 Eligible claims under the Fund	Restructured earlier Clause 9.10 (a),(b),(c),(d) in to Clause (a),(b),(c).	Clause 12
		9.11 Ineligible Claims	Amended	Clause 13
J.	N.A.	10. Miscellaneous	New clause inserted	Clause 14
K.	N.A.	11. Saving and Continuation	New clause inserted	Clause 15
L.	Words and expression amended/replaced/substituted.	Word/term FMC/Forward Market Commission/Forward Markets Commission/ Commission	Replaced with the word/term "SEBI"	Clause 3
M.	Words and expression amended/replaced/substituted.	Word/term Forward Contracts (Regulation) Act, 1952/ Forward Contracts (Regulations) Act, 1952/ FCR Act.	Replaced with the word/term "Securities Laws"	Clause 4

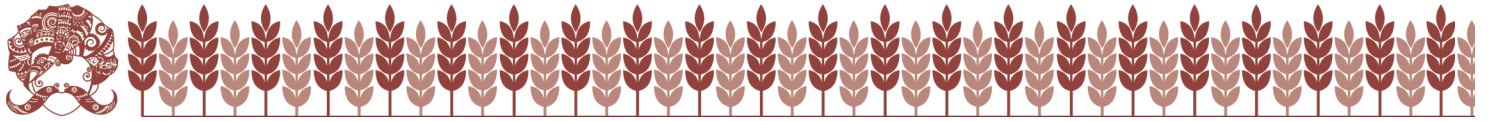


Table 1.2

List of the clauses amended under Rules vide timeline letter is as under:

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

Table 2.1

List of the clauses amended under Bye Laws vide para (v) of Approval Letter is as under:

Sr. No.	Reference of SEBI Directives	Existing clauses to be amended	Bye Laws amended	Clause No. in amendment Notification
BYE- LAWS, PART- A				
1. DEFINITION				
1.	N.A.	N.A.	2A. "Books of accounts, records and documents"	New insertion refer Clause 2(1)
2.	N.A.	N.A.	2B. "Buyer"	New insertion refer Clause 2(1)
3.	N.A.	N.A.	11A. "Comtrack"	New insertion refer Clause 2(3)
4.	N.A.	N.A.	11B. "Comtrack Participants" (CPs)	New insertion refer Clause 2(4)
5.	N.A.	N.A.	17A. "Derivative"	New insertion refer Clause 2(5)



Sr. No.	Reference of SEBI Directives	Existing clauses to be amended	Bye Laws amended	Clause No. in amendment Notification
6.	Pursuant to SEBI Circular SEBI/HO/CDMRD/DMP/ CIR/P/104 September 28, 2016	N.A.	31.A "Option in Securities"	New insertion refer Clause 2(6)
			34.H "Securities"	New insertion refer Clause 2(7)
		N.A.	34 I. "Segment"	New insertion refer Clause 2(8)
7.	N.A.	N.A.	34 J. "Seller"	New insertion refer Clause 2(9)
9.	N.A.	43. "Warehouse Receipt"	43 "Warehouse Receipt"	Amendment refer Clause 2(10)
10.	N.A.	N.A.	44. "Warehouse"	New insertion refer Clause 2(11)
11.	N.A.	N.A.	45. Words and expressions used and not defined under this Bye-laws but defined in the Companies Act, 2013 or Securities Laws or the Warehousing (Development and Regulation) Act, 2007 shall have the meanings respectively assigned to them in those Acts.	New insertion refer Clause 2(12)
5. TRADING MEMBERS				
12.	Pursuant to SEBI Circular SEBI/HO/CDMRD/DMP/ CIR/P/2016/82 dated September 07, 2016	5.1 APPOINTMENT AND FEES	Amended and newly inserted sub clause 6 in Clause 5.1	Refer Clause 3 and 4
13.	Pursuant to SEBI Circular SEBI/HO/CDMRD/DEICE/ CIR/P/2016/70 dated August 11, 2016	5.2 CONDITIONS	Newly insertion of sub clause 11 in Clause 5.2	Refer Clause 5
6. DEALINGS BY TRADING MEMBERS				
14.	Pursuant to SEBI Circular CIR/ MRD/DP/15/2015 dated July 16, 2015	6.5 INVIOABILITY OF TRADE	Sub clause 3 and 4 substituted	Refer Clause 6
7. TRADING SYSTEM AND MARKET MAKER				
15.	Pursuant to SEBI Circular SEBI/HO/CDMRD/DMP/ CIR/P/2016/97 as sub-clause 1 dated September 27, 2016 CIR/CDMRD/DEICE/03/2015 dated December 11, 2015 SEBI/HO/CDMRD/DEICE/ CIR/P/2016/0000000044 dated March 29, 2016 MRD/DoP/SE/Cir- 14/2006 dated September 28, 2006	7.1 Trading System	The existing clause substituted as 7.1 (1), (2), (3),(4)	Refer Clause 7
16.	N.A.	7.2 Market Makers	The existing paragraph is numbered as 7.2 after the newly inserted clause 7.1.	Refer Clause 7
8. TRANSACTIONS				



Sr. No.	Reference of SEBI Directives	Existing clauses to be amended	Bye Laws amended	Clause No. in amendment Notification
17.	Proposed to be amended as per SEBI/HO/CDMRD/DMP/CIR/P/2016/75 dated August 30, 2016	8.1 BUSINESS HOURS	A new Sub clause 3, inserted in Clause 8.1	Refer Clause 8 (a)
18.		8.2 TRADING SYSTEM	Amended	Refer Clause 8 (b)(c)
19.		8.6 CONTRACT NOTES	Amended as renumbered	Refer Clause 8 (d)
9. RIGHTS AND LIABILITIES OF TRADING MEMBERS AND CONSTITUENTS				
20.	SEBI/HO/CDMRD/DRMP/CIR/P/2016/80 dated September 07, 2016	9.3 MARGIN	The Clause 9.3 of Bye Law 9 substituted.	Refer Clause 10
21.	N.A.	9.4 CONSTITUENT IN DEFAULT	Amended as renumbered	Refer Clause 9 and 11
10. DEFAULT - TRADING MEMBER				
22.	SEBI/HO/CDMRD/DMP/CIR/P/2016/102 dated September 27, 2016	10.1 DECLARATION OF DEFAULT	Renumbered the existing clause and amended	Refer Clause 12 and 13
11. INVESTOR GRIEVANCE REDRESSAL & ARBITRATION				
23.	Pursuant to SEBI meetings and directives on Arbitration	11.1 DEFINITION	7. Investor for the purpose of this chapter shall mean anyone who have entered into a deal as defined in the Bye-law 1.14 of Part A of the NCDEX Bye-laws.	New insertion refer Clause 14
24.			Amended as renumbered	Refer Clause 15
25.		11.2 REFERENCE TO ARBITRATION	A new Sub Clause 3 inserted	Refer Clause 16
26.		11.22 APPEAL	Amended as renumbered	Refer Clause 17
BYE-LAWS - PART- B				
27.	Pursuant to Para 5 (ii) of SEBI Letter No. SEBI/HO/CDMRD/DEA/OW/P/2016/25792/1 dated September 14, 2016	2. CLEARING MEMBERS	New insertion of Para 4 and 5	Refer Clause 18
3. CLEARING AND SETTLEMENT OF DEALS				
28.	Pursuant to Para 5 (ii) of SEBI Letter No. SEBI/HO/CDMRD/DEA/OW/P/2016/25792/1 dated September 14, 2016	3.1A CLEARING AND SETTLEMENT N.A.	New insertion of Clause 3.1A before the existing Clause 3.1	Refer Clause 19
3.1 B DEALS FOR CLEARING AND SETTLEMENT				
29.	Pursuant to Para 5 (ii) of SEBI Letter No. SEBI/HO/CDMRD/DEA/OW/P/2016/25792/1 dated September 14, 2016	3.1B DEALS FOR CLEARING AND SETTLEMENT	The existing clause 3.1 renumbered as 3.1B and placed after Clause 3.1A	Refer Clause 20 (a)
30.			New sub clause 8 inserted.	Refer Clause 20 (b)
31.	Pursuant to SEBI/HO/CDMRD/DMP/CIR/P/2016/137 dated December 16, 2016 (Exchanges shall be Counterparty to trades being CCP) read with as per Para 5 (i) of SEBI Letter No. SEBI/HO/CDMRD/DEA/OW/P/2016/25792/1 dated September 14, 2016	3.8 PRIVITY OF CONTRACT	Amended	Refer Clause 21
32.		3.10 CLEARING HOURS	Amended	Refer Clause 22



Sr. No.	Reference of SEBI Directives	Existing clauses to be amended	Bye Laws amended	Clause No. in amendment Notification
33.	Para 5 (iv) of SEBI Letter No. SEBI/HO/CDMRD/DEA/OW/P/2016/25792/1 dated September 14, 2016	3.11 DELIVERY OF COMMODITIES	Amended with insertion of new proviso	Refer Clause 23, 24 and 25
34.	N.A.	3.12 CLOSING OUT	New sub clause 4,5,6 and 7 inserted	Refer Clause 26
5. MARGINS AND LIMITS				
35.	Pursuant to SEBI Circular No. SEBI/HO/CDMRD/DMP/CIR/P/2016/69 dated September 27, 2016	5.1 MARGIN REQUIREMENTS	A new sub clause 3 inserted	Refer Clause 27
36.	Pursuant to Para-5 of SEBI Circular SEBI/HO/CDMRD/DRMP/CIR/2016/77 dated September 01, 2016	5.8 EVASION OF MARGIN REQUIREMENTS FORBIDDEN	Amended as renumbered and inserted with sub clause 2	Refer Clause 28
37.	Pursuant to SEBI Circular No. SEBI/HO/CDMRD/DMP/CIR/P/2016/69 dated September 27, 2016 with respect to Position Limits and clubbing provisions	5.10 LIMITS	Amended	Refer Clause 29
7. DEFAULT - CLEARING MEMBER				
38.	Pursuant to SEBI/HO/CDMRD/DMP/CIR/P/2016/102 dated September 27, 2016	N.A.	Renumbered and inserted with sub clause 2 and 3	Refer Clause 30
8. SETTLEMENT FUND				
39.	Pursuant to Para 5 (vi) of SEBI Letter No. SEBI/HO/CDMRD/DEA/OW/P/2016/25792/1 dated September 14, 2016	8.1 CLEARING HOUSE TO MAINTAIN SETTLEMENT FUND	Sub Clause 1 substituted	Refer Clause 31
40.		8.5 ADMINISTRATION AND UTILISATION OF THE SETTLEMENT FUND	Clause 8.5(1)(c) substituted	Refer Clause 32
41.	Pursuant to SEBI's Default waterfall Circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014 read with as per Para 5 (vii) & (viii) of SEBI Letter No. SEBI/HO/CDMRD/DEA/OW/P/2016/25792/1 dated September 14, 2016	8.7 UTILISATION IN CASE OF DEFAULT	Substituted	Refer Clause 33
9. INVESTOR (CLIENT) PROTECTION FUND (FUND)				
42.	Pursuant to point 4.1 of SEBI Circular No. SEBI/HO/CDMRD/DEICE/CIR/2016/94 dated September 26, 2016 read with as per Para 5 (viii) of SEBI Letter No. SEBI/HO/CDMRD/DEA/OW/P/2016/25792/1 dated September 14, 2016	9.3 Composition of Fund:	Sub clause (b) of Clause 9.3 of Bye Law 9, substituted	Refer Clause 34
43.	Pursuant to SEBI Circular No. SEBI/HO/CDMRD/DEICE/CIR/2016/94 dated September 26, 2016	9.6 Contributions to the Fund by the Exchange:	Sub clause (b) of Clause 9.6 of Bye Law 9, substituted	Refer Clause 35



Sr. No.	Reference of SEBI Directives	Existing clauses to be amended	Bye Laws amended	Clause No. in amendment Notification
44.	Pursuant to SEBI Circular No. SEBI/HO/CDMRD/DEICE/ CIR/2016/94 dated September 26, 2016	9.21 Utilization of the Interest by the Board of Directors of the Exchange	Clause 9.21 substituted	Refer Clause 36
45.	The words of "Securities Laws" replaced with the word "SEBI"	9.32 Claim on the direction of any other authority on the Fund	Amended	Refer Clause 37

Table 2.2

List of the clauses amended under Rules vide para (v) of Approval Letter is as under:

Sr. No.		Existing clauses to be amended	Rules amended	Clause No. in amendment Notification
1. DEFINITIONS				
1.	N.A.	The definition of “Board” in sub rule 1 of Rule 1, is substituted	1. “Board” or “Governing Board”	Refer Clause 2
2.	N.A.	The exiting Definition 7A and 7B renumbered	Amended as renumbered	Refer Clause 3
3.	N.A.	The definitions appearing from rule 9 onwards, renumbered	Amended as renumbered	Refer Clause 4 to 8
4.	2. BOARD		Amended	Refer Clause 9 to 11
The existing reference to Section 6 of FCRA is the existing sub rule 2 of Rule 2 is proposed to be deleted and replaced by the reference of SECC Regulations				
5.	N.A.	4. EXECUTIVE COMMITTEE	Amended	Refer Clause 12
6.	N.A.	5. TRADING MEMBERSHIP / CLEARING MEMBERSHIP	Amended	Refer Clause 13 to 18
As per SEBI (Stock Brokers and Sub-Brokers) Regulation, 1992, the Securities Contracts (Regulation) Rules,1957				
7.	N.A.	6. DISCIPLINARY PROCEEDINGS, PENALTIES, SUSPENSION AND EXPULSION		
8.	Refer Clause 19	A title to the Rule 6 as appearing “TRADING MEMBERSHIP/CLEARING MEMBERSHIP” shall be substituted with “DISCIPLINARY PROCEEDINGS, PENALTIES, SUSPENSION AND EXPULSION		
	N.A.	6.1 DISCIPLINARY JURISDICTION		
9.	N.A.	N.A.	Explanation: The relevant authority for the purpose of these Rules shall be the Disciplinary Action Committee as constituted by the Board of NCDEX and shall function in terms of the provisions of the Bye Laws of NCDEX.	Refer Clause 20
10.	N.A.	6.21 CONSEQUENCES OF EXPULSION		
		Clause 6	Clause 6	
11.	The existing reference to chapter XII of the Bye-laws is proposed to be rectified to be read as Chapter X of Part-A and Chapter VII of Part-B of the Bye Laws of NCDEX as in italics and underlined.	Consequences of declaration of defaulter to follow: The provisions of Chapter XII of the Bye Laws pertaining to default, shall become applicable to the Trading / Clearing Member expelled from the Exchange as if such Trading / Clearing Member has been declared a defaulter.	Consequences of declaration of defaulter to follow: The provisions of <u>Chapter X of Part-A and Chapter VII of Part-B of the Bye Laws of NCDEX</u> pertaining to default, shall become applicable to the Trading / Clearing Member expelled from the Exchange as if such Trading / Clearing Member has been declared a defaulter.	Refer Clause 21

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

During the financial year 2016-2017, Justice (retd.) Ashok Bhan was appointed as the Public Interest Director in place of Mr. Prithvi Raj Bishnoi on July 21, 2016.

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

The following are the Committees of the Exchange:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Business Strategy Committee
4. Risk Management Committee
5. Members' Default Committee
6. Disciplinary Action Committee
7. Technology Standing Committee
8. Ethics Committee
9. Settlement Guarantee Fund Committee
10. Public Interest Directors' Committee
11. Corporate Social Responsibility Committee
12. Independent Oversight Committee for Member Regulation
13. Independent Oversight Committee for Product Design
14. Independent Oversight Committee for Trading and Surveillance Function
15. Stakeholders' Relationship Committee
16. Membership Selection Committee
17. Sub-Committee for monitoring compliance of suggestions given in SEBI Report
18. Investor Services Committee
19. Arbitration Committee
20. Advisory Committee

Changes in the composition of the Committee

1. Audit Committee

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Mr. Prithvi Raj Bishnoi	Dr. Ashok Gulati
2	Mr. Rabi Narayan Das	Mr. Rabi Narayan Das
3	Mr. Sidhartha Pradhan	Mr. Sidhartha Pradhan
4	Mr. Rakesh Kapur	Mr. Rakesh Kapur
5	Mr. Samir Kumar Mitter	Mr. Samir Kumar Mitter
6	-----	Justice (retd.) Ashok Bhan



2. Nomination and Remuneration Committee

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Mr. Sidhartha Pradhan	Mr. Sidhartha Pradhan
2	Mr. Rabi Narayan Das	Mr. Rabi Narayan Das
3	Mr. Rakesh Kapur	Mr. Rakesh Kapur
4	Mr. Prithvi Raj Bishnoi	Dr. Ashok Gulati
5	Mr. Ravi Narain	Mr. Ravi Narain

3. Risk Management Committee

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Mr. Ravi Narain	Mr. Rabi Narayan Das
2	Mr. Rabi Narayan Das	Dr. Ashok Gulati
3	Mr. Rakesh Kapur	Mr. Madan Sabnavis
4	Mr. Samir Kumar Mitter	Mr. Siddhartha Roy
5	Mr. Srinath Srinivasan	Mr. Vijay Sardana
6	Dr. Ashok Gulati	-----
7	Mr. Samir Shah	-----

4. Business Strategy Committee

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Mr. Rakesh Kapur	Mr. Rakesh Kapur
2	Mr. Rabi Narayan Das	Mr. Rabi Narayan Das
3	Mr. Ravi Narain	Mr. Ravi Narain
4	Mr. Srinath Srinivasan	Mr. Srinath Srinivasan
5	Mr. Samir Shah	Mr. Samir Shah
6	-----	Dr. R. M. Kummur
7	-----	Mr. Samir Kumar Mitter

4. Members' Default Committee

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Mr. Sidhartha Pradhan	Justice (retired) Ashok Bhan
2	Mr. Prithvi Raj Bishnoi	Mr. Sidhartha Pradhan
3	Mr. Ashok Gulati	Dr. Ashok Gulati
4	Mr. Samir Shah	Mr. Samir Shah
5	Dr. R. M. Kummur	-----

5. Disciplinary Action Committee

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Mr. Sidhartha Pradhan	Mr. Sidhartha Pradhan
2	Mr. Rabi Narayan Das	Mr. Rabi Narayan Das
3	Mr. Prithvi Raj Bishnoi	Ms. Naina Krishna Murthy
4	Mr. Samir Shah	Mr. Samir Shah
5	Dr. R. M. Kummur	-----

6. Technology Standing Committee

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Mr. Sidhartha Pradhan	Mr. Sidhartha Pradhan
2	Mr. Pravir Vohra	Mr. Pravir Vora
3	Mr. Rakesh Kapur	Mr. Nirmalendu Jajodia
4	Mr. Srinath Srinivasan	-----
5	Mr. Ravi Narain	-----
6	Mr. Samir Shah	-----

7. Ethics Committee

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Dr. Ashok Gulati	Dr. Ashok Gulati
2	Mr. Samir Shah	Mr. Samir Shah
3	Dr. R. M. Kummur	Dr. R. M. Kummur
4	-----	Mr. Jayant Nalawade
5	-----	Mr. Samir Kumar Mitter

8. Public Interest Directors' Committee

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Mr. Rabi Narayan Das	Mr. Rabi Narayan Das
2	Mr. Prithvi Raj Bishnoi	Justice (retd.) Ashok Bhan
3	Mr. Sidhartha Pradhan	Mr. Sidhartha Pradhan
4	Dr. Ashok Gulati	Dr. Ashok Gulati
5	Mrs. Naina Krishna Murthy	Mrs. Naina Krishna Murthy

9. Corporate Social Responsibility Committee

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Mr. Rabi Narayan Das	Mr. Rabi Narayan Das
2	Mr. Samir Kumar Mitter	Mr. Samir Kumar Mitter
3	Mr. Samir Shah	Mr. Samir Shah
4	-----	Dr. R. M. Kummur
5	-----	Mr. Srinath Srinivasan

10. Independent Oversight Committee for Trading & Surveillance Function

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Mr. Sidhartha Pradhan	Mr. Sidhartha Pradhan
2	Mr. Prithvi Raj Bishnoi	Mr. Rabi Narayan Das
3	Ms. Naina Krishna Murthy	Ms. Naina Krishna Murthy
4	Mr. Ravinder Sachdev	Mr. Ravinder Sachdev
5	Mr. J. Sampath	Mr. J. Sampath



11. Independent Oversight Committee for Member Regulation

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Ms. Naina Krishna Murthy	Dr. Ashok Gulati
2	Mr. Rabi Narayan Das	Mr. Rabi Narayan Das
3	Mr. Sidhartha Pradhan	Mr. Sidhartha Pradhan
4	Mr. Ravinder Sachdev	Mr. Ravinder Sachdev
5	Mr. Raj Kumar Nahata	Mr. Raj Kumar Nahata

12. Stakeholders' Relationship Committee

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Mr. Prithvi Raj Bishnoi	Justice (retired) Ashok Bhan
2	Mr. Rabi Narayan Das	Mr. Rakesh Kapur
3	Mr. Ravi Narain	-----
4	Mr. Rakesh Kapur	-----

13. Settlement Guarantee Fund Committee

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	Dr. Ashok Gulati	Dr. Ashok Gulati
2	Mr. Prithvi Raj Bishnoi	Mrs. Naina Krishna Murthy
3	Mr. Mahesh Gupta	Mr. Mahesh Gupta
4	Mr. Samir Shah	Mr. Samir Shah

14. Membership Selection Committee*

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	-----	Mr. Sidhartha Pradhan
2	-----	Mr. Rabi Narayan Das
3	-----	Mr. Samir Shah

*Constituted w.e.f. July 20, 2016

15. Sub-Committee for monitoring of Compliance of suggestions given in SEBI Report*

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	-----	Mr. Rabi Narayan Das
2	-----	Mr. Siddhartha Pradhan
3	-----	Mr. Samir Kumar Mitter
4	-----	Justice (retired) Ashok Bhan
5	-----	Mr. Samir Shah

*Constituted w.e.f. July 20, 2016

16. Investor Services Committee*

SI. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	-----	Mr. Rabi Narayan Das
2	-----	Mr. Siddhartha Pradhan
3	-----	Mr. Samir Kumar Mitter
4	-----	Justice (retired) Ashok Bhan
5	-----	Mr. Samir Shah

*Constituted w.e.f. July 20, 2016

17. Arbitration Committee*

Sl. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	-----	Mr. Sidhartha Pradhan
2	-----	Mr. Rabi Narayan Das
3	-----	Ms. Naina Krishna Murthy
4	-----	Dr. R M Kummur
5	-----	Mr. Samir Kumar Mitter

*Constituted w.e.f. July 20, 2016

18. Advisory Committee*

Sl. No.	MEMBERS AS ON MARCH 31, 2016	MEMBERS AS ON MARCH 31, 2017
1	-----	Mr. Rabi Narayan Das
2	-----	Mr. D K Aggarwal - SMC Comtrade Ltd.
3	-----	Mr. Chirag Shah – Philip Commodities India Pvt. Ltd
4	-----	Mr. Vivek Bajaj – Dhanvee Commodities Pvt. Ltd.
5	-----	Mr. Mahesh Gupta – RBG Commodities Ltd.
6	-----	Mr. Rajnikant Rai – ITC Limited

*Constituted w.e.f. July 20, 2016

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

Details for FY 2016-2017 are given below –

	Total Members	TCM	TM	PCM	STCM	CPM
Members as on March 31, 2016	585	399	176	1	9	0
Surrenders/Expelled during the year	122	100**	22**	0	0	0
New members added	6	2	4	0	0	0
Members as on March 31, 2017	486	257*	221*	1	7	0

TCM : 1)** 84 surrendered case (Total 89 surrendered cases out of 89, 5 members were cancelled to surrendered), 12 cancelled for non compliance of regulatory, 1 suspended, 2 defaulter, 1 application withdrawn 2)* 59 conversion from TCM to TM (Total 61 members have converted from TCM to TM but 2 members applied for SEBI registration but in cancelled mode) 3)* 3 members converted from STCM to TCM 4)* 12 members cancelled to applied for surrender.

TM : 1)** 8 surrendered member (Total 9 members surrendered, out of 9, 1 member was cancelled and then surrendered), 9 members cancelled for non compliance of regulatory, 5 defaulter member 2)* 59 conversion from TCM to TM 3)* 1 member TM to STCM 4)* 5 members cancelled to applied for surrender.

STCM : 1) 3 members converted from STCM to TCM 2) 1 member TM to STCM.

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

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

Further, the members M/s. Click2Trade Commodities Ltd., M/s. Dreams Comtrade Pvt. Ltd. and M/s. Lotus Derivatives and Comtrade Pvt. Ltd. have been declared defaulters by the Exchange pursuant to these members being declared defaulters by other national exchange(s) in compliance with erstwhile FMC/SEBI directives dated September 27, 2016.



RULE 17 (f) ARBITRATION OF DISPUTES (NATURE AND NUMBER) BETWEEN MEMBERS AND NON-MEMBERS

Status of Arbitration of cases for the year 2016–2017

1	Type of cases – 1) Nonpayment of dues by clients 2) Non refund of money by Member	
2	Number of cases referred for arbitration	30
3	Number - Cases of Nonpayment of dues by clients	30
4	Number – Cases of Non refund of money by Member	00
5	Number of Cases in which Award is passed	26
6	Number of Cases in which case is withdrawn before Award	04
7	Number of Cases in progress on 31.03.2017	00

RULE 17 (g) DEFAULTS COMMITTED BY MEMBERS

With regard to non-payment of differences, there were no payment defaults by any member during the FY 2016-2017. Whereas with regard to failure to tender, the following are the instances of delivery default during the FY 2016-2017:

Delivery defaults

Expiry Month	Symbol	Shortages	UNIT
Apr-16	COTTON	4	LOT
Apr-16	DHANIYA	30	MT
May-16	GUARSEED10	40	MT
May-16	MAIZERABI	3690	MT
Jun-16	CHARJDEL	10	MT
Jun-16	COCUDAKL	10	MT
Jun-16	DHANIYA	160	MT
Jun-16	RMSEED	20	MT
Jul-16	CHARJDEL	890	MT
Jul-16	DHANIYA	3510	MT
Jul-16	SUGARM	10	MT
Jul-16	TMCFGNRM	15	MT
Aug-16	DHANIYA	1080	MT
Aug-16	MAIZERABI	20	MT
Sep-16	MAIZERABI	60	MT
Sep-16	WHEAT	50	MT
Nov-16	MAIZEKHF	20	MT
Dec-16	WHEAT	160	MT
Jan-17	JEERAUNJHA	3	MT
Feb-17	GUARGUM5	5	MT
Mar-17	SYBEANIDR	20	MT

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

There was no emergency in trade.

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

Not applicable

Annexure 5

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Amounts in ₹.)

Name of the subsidiary	National Commodity Clearing Limited	NCDEX Institute of Commodity Markets & Research	NCDEX e Markets Limited (Consolidated)	National E-Repository Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.	N.A.
Share capital	47,500,000	500,000	355,000,000	260,000,000
Reserves & surplus	82,809,691	(15,967,735)	(63,262,477)	(6,482,905)
Total assets	133,165,716	273,440	1,836,028,452	260,051,274
Total Liabilities	133,165,716	273,440	1,836,028,452	260,051,274
Investments	61,850,000	Nil	1	---
Turnover	45,243,700	693,100	532,568,334	---
Profit before taxation	10,486,297	(1,486,963)	153,616,680	(6,482,905)
Provision for taxation	3,597,307	Nil	40,301,392	---
Profit after taxation	6,888,990	(1,486,963)	113,315,287	(6,482,905)
Proposed Dividend	Nil	Nil	Nil	Nil
% of shareholding	100%	100%	99.99%	100%

Notes:

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

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



Part “B”: Associates and Joint Ventures

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

Name of Associates/Joint Ventures	Power Exchange India Limited
1. Latest audited Balance Sheet Date	March 31, 2017
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	Equity shares -15,000,000 Preference shares – 50,00,000
Amount of Investment in Associates/Joint Venture	Equity shares -150,000,000 Preference shares – 50,000,000
Extend of Holding %	Equity shareholding -30.95 Preference shareholding- 50
3. Description of how there is significant influence	Significant influence is due to equity and preference shareholding which is more than 20% of the total paid up share capital.
4. Reason why the associate/joint venture is not consolidated	Not applicable Consolidation as per Equity method as prescribed under Accounting Standard (AS) 23
5. Networth attributable to Shareholding as per latest audited Balance Sheet	₹ (8,811,179) (Unaudited figure as on March 31, 2017)
6. Profit / Loss for the year	Unaudited figure as on March 31, 2017 Loss for the year is ₹ 19,543,390.
i. Considered in Consolidation	Nil
ii. Not Considered in Consolidation	Nil

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

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

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

Samir Shah

Managing Director & Chief Executive Officer

DIN- 00912693

M. K. Ananda Kumar

Company Secretary

FCS- 6819

Rabi Narayan Das

Director

DIN - 03582925

Komal Shahani

Chief Financial Officer

Place: Mumbai

Date: August 9, 2017

Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014

Sr. No.	Employee's Name	Designation	Service During FY 2016-17 (Full Year/Part Year)	Remuneration received during the FY 2016-2017 (Salary as per Provisions contained in Section 17(1)+ Employer's PF contribution + Perquisite Value)	Remuneration received during the FY 2016-2017 (Salary as per Provisions contained in Section 17(1) i.e. Excluding Employer's PF Contribution & Perquisite Value)	Nature of employment	Qualifications	Experience	Date of commencement of employment	Age (Completed Yrs. of Age)	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
1	Samir Amrit Shah	MD & CEO	Full Year - 1st April 16 to 31 March 17	2,77,75,917	2,67,94,317	Full Time	BE (Mech.) + MBA (Finance)	22 Years 1 month	1-Mar-13	48	Dubai Gold & Commodities Exchange	Nil
2	Jayant R Nalawade	Chief Regulatory Officer	Full Year - 1st April 16 to 31 March 17	73,26,000	73,26,000	Full Time	Mcom	29 years	1-Apr-16	61	ICICI Bank Ltd.	Nil
3	Nidhi Nath Srinivas	Chief Marketing Officer	Full Year - 1st April 16 to 31 March 17	72,71,156	70,03,797	Full Time	PGDJ-TSMS	24 Years and 1 Month	1-Jul-13	50	Bennett, Coleman & Co. Ltd.	Nil
4	Rajendraprasad Benahalkar	Chief - Risk & Market Policy and Strategy	Full Year - 1st April 16 to 31 March 17	69,87,310	67,07,230	Full Time	B.E. MBA -Finance	23 years	22-Oct-07	46	Yes Bank Ltd.	Nil
5	Rishi Nathany	Chief - Financial Segment	Full Year - 1st April 16 to 31 March 17	69,49,203	66,92,511	Full Time	PGCPM - IIM Kozhikode, B.Com - Calcutta University	22 Years	12-Nov-14	43	Dalmiya Securities Pvt Ltd.	Nil
6	Anand Iyer	Chief Information Officer	Full Year - 1st April 16 to 31 March 17	68,69,758	65,47,155	Full Time	PGDBM IIT Mumbai	18 years	05-Nov-08	41	Datamatics Ltd.	Nil
7	M.K.Ananda Kumar	Chief - Corporate Services & Company Secretary	Full Year - 1st April 16 to 31 March 17	64,46,775	64,46,775	Full Time	B.Sc., LLB, CAIIB., ACS	32years and 6 months	28-Jan-09	61	Bangalore Stock Exchange Ltd.	Nil
8	Sarat Chandra Mulukutla	Chief - Commercial Segement	Full Year - 1st April 16 to 31 March 17	63,75,000	60,84,300	Full Time	Ph.D IIFT, BE	20 Years	11-Jan-16	45	Tata Consultancy Services	Nil
9	Esha Ganguly Ahuja	Executive Vice President	Full Year - 5th May 16 to 31 March 17	50,14,245	47,85,596	Full Time	MPM, HR (Symbiosis International University)	17 years	05-May-16	41	Bank Of America	Nil



Sr. No.	Employee's Name	Designation	Service During FY 2016-17 (Full Year/Part Year)	Remuneration received during the FY 2016-2017 (Salary as per Provisions contained in Section 17(1)+ Employer's PF contribution + Perquisite Value)	Remuneration received during the FY 2016-2017 (Salary as per Provisions contained in Section 17(1) i.e. Excluding Employer's PF Contribution & Perquisite Value)	Nature of employment	Qualifications	Experience	Date of commencement of employment	Age (Completed Yrs. of Age)	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
10	Vivek Jalan	Senior Vice President	Full Year - 1st April 16 to 31 March 17	44,42,468	42,37,410	Full Time	M.M.S-Mumbai University	16 Years and 8 Months	2-Sep-13	43	Ultam Galva Steels Ltd.	Nil
11	Laxmikant Sanwaram Gupta	Chief	Part Year - 6th February 17 to 31 March 17	9,24,998	8,60,933	Full Time	CA,CS,FRM,CWA	16 years	06-Feb-17	47	IDBI Assest Management Ltd	Nil

Note: The above mentioned remuneration is exclusive of any provision and payment made towards Gratuity, if any.

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

India retains tag of the fastest growing economy in the world

Indian economy retained the title of being the world's fastest-growing major economy, despite the crippling effect of demonetization. India's Gross Domestic Product (GDP) grew at an annual 7.0% in October-December 2016, higher than China's 6.8% in the same period. According to IMF World Economic Outlook, Indian economy is expected to grow at 7.2% during FY 2016-2017 and further accelerate to 7.7% during FY 2017-2018.

Meanwhile, government's second advance estimate of GDP growth for 2016-17 is pegged at 7.1%. India's Gross Fiscal Deficit (GFD) was contained at 3.5% in 2016-2017. According to Reserve Bank of India, India's foreign exchange reserves stood at \$ 366.78 billion as on 17 March 2017, compared to \$ 360 billion by end of March 2016. The poor farm growth in last two financial years and the tepid industrial growth have not dented the overall growth momentum in the economy, which is now driven by the services sector.

Government measures like the enactment of the Benami Transactions (Prohibition) Amendment Act, 2016, Real Estate (Regulation & Development) Act, 2016, and demonetization of five hundred and one thousand rupee notes can be seen as path-breaking reforms during fiscal 2016-2017.

Demonetisation

Demonetisation of ₹ 1000 and ₹ 500 currency notes took effect from November 8, 2016 to eliminate black money and the growing menace of fake currency notes. Since cash is the primary mode of transaction in the agriculture sector, demonetisation caused temporary stress in the system. In the transitional phase, sales of perishables such as fruits

and vegetables, which significantly contribute to overall farm output, were hit due to the cash crunch. Payment of wages to farm laborers and rent for farm implements were delayed due to limited access to the banking system. The steep decline in arrivals, up to 90% was reported in some market yards, was a sign of the urgent need for promoting digital payment systems in the rural economy. Things limped back to normalcy within a couple of weeks.

There was no adverse effect of demonetisation on sowing of major crops. Rabi crop output increased due to higher cropped area despite lower utilisation of fertilizers and other inputs. Though sowing was delayed by a couple of weeks, it picked up pace subsequently. There were some temporary delays in payment to the farmers due to the cash crunch. Prices of some perishables crashed in December due to a glut in arrivals. However, there was limited effect of demonetisation on prices of major crops such as paddy, soyabean and maize.

Record food grains production after two consecutive drought years

India's production of foodgrains and oilseeds is expected to hit record levels in 2016-2017 on the back of above normal southwest monsoon and normal winter. According to the government's second advance crop estimates for 2016-2017, total foodgrain output at 272 million tonnes will surpass the previous record of 265 million tonnes achieved in 2013-2014. This is a sharp jump from the 252 million tonnes and 251.5 million tonnes in the drought years of 2014-2015 and 2015-2016, respectively.

If the production numbers come true, growth in agriculture and allied sector in 2016-17 will be over 5%. The Central Statistics Office had pegged growth at 4.1% in the first advanced estimate of 2016-17. Agricultural growth in the previous financial year was at 1.2 %.



Record harvests in 2016-2017 were seen in crops such as rice (108.86 million tonnes), wheat (96.64 million tonnes), coarse cereals (44.34 million tonnes) and pulses (22.14 million tonnes). Production of oilseeds is, likewise, estimated at a record 33.60 million tonnes in 2016-2017, recovering from the lows of the preceding years - 25.25 million tonnes and 27.51 million tonnes in 2014-2015 and 2015-2016 respectively.

Union Budget

The Union Budget 2017-2018 underlined the major push to growth stimulation, tax relief to the middle class, affordable housing, curbing black money, digitalisation of the economy, transparency in political funding and simplifying the tax administration in the country.

The Budget significantly increased resource allocation for infrastructure, rural, agricultural and allied sectors. The total allocation for rural, agricultural and allied sectors for 2017-2018 is ₹ 1,87,223 crore, an increase of 24% over the previous year. The Budget also focused on infusing more credit to the rural sector. The target for agricultural credit increased to ₹ 10 lakh crore, which is expected to increase availability of working capital finance in the hands of the farmers and traders.

Around 40% of the small and marginal farmers avail credit from the cooperative sector. Government will be supporting NABARD in the computerisation and integration of all 63,000 functional Primary Agriculture Credit Societies (PACS) with the Core Banking System of District Central Cooperative Banks. This will be done in three years at an estimated cost of ₹ 1,900 crore. Farmers will also benefit from the 60-day interest waiver proposed in the Budget. This will have a positive impact on rural incomes.

The expansion of the national agricultural market to 585 mandis, with scientific assaying and grading facilities, will help in standardization of agri-produce and also raise quality consciousness among farmers. Assistance of up to ₹ 75 lakh will be provided to every e-NAM market for setting up cleaning, grading and packaging facilities. Lowering of corporate taxes for MSMEs with less than ₹ 50 crore revenue will benefit almost all small entrepreneurs and agri-businesses in smaller towns across India.

Goods and Services Tax (GST) bill

The Union Cabinet approved the Central Goods and Services Tax (CGST), Integrated GST (IGST), Union Territory GST (UTGST), and Compensation Bill. The introduction of GST is expected to yield positive outcomes for the country. GST will replace Central excise, service tax, Value Added Tax and other local levies to create a uniform market. It is expected to push India's GDP growth to 8%-10%.

SEBI – efforts to deepen the commodity market

Regulator Securities and Exchange Board of India (SEBI) is driving reforms to bring greater transparency, stronger surveillance and reduce risks in the ecosystem. It has approved the launch of options, a much-awaited developmental move that would deepen the domestic commodity market and provide farmers and other participants a new, more cost effective, hedging tool. SEBI has also announced a single-licence regime, allowing equity brokerages to deal in commodities and vice versa.

Connecting farmers to market - Farmer Producer Organisations

Connecting farmers to the regulated market remained a strategic focus area for the Exchange in FY 2016-2017. The Exchange roped in 29 Farmer Producers Organisations (FPOs) during the financial year for connecting farmers to markets. More than 30,500 farmers belonging from these FPOs have already traded on the Exchange. They used the platform to lock in prices and hedge price risk in maize, soyabean, mustard seed, castor seed, guar seed, wheat and barley. 9440 tonnes were hedged by FPOs during FY 2016-2017. Another 100 FPOs are in the process of opening accounts.

OPPORTUNITIES AND THREATS FOR THE FY 2016-2017

Honourable minister of finance during his Budget Speech FY 2016-2017 focused on commodities market through three major announcements. New derivative products will be developed by SEBI in the Commodity Derivatives market, establishment of Unified Agriculture Marketing Scheme which envisages a common e-market platform that will be deployed in selected 585 regulated wholesale markets and approval for creation of buffer stock of pulses through procurement at Minimum Support Price and at market price through Price Stabilisation Fund.

Exchange contributed significantly through continued dialogue with the regulator and ministry in recognising opportunities in the commodities domain. The government set up a committee headed by Dr. Arvind Subramanian (Chief Economic Advisor) to review the Minimum support price (MSP) and bonus for pulses to incentivize farmers to cultivate pulses. NCDEX was invited for the meeting and had the opportunity to present various scenarios. In his report to the government, Dr Subramanian highlighted that a review of the regulations of Futures trading in the country needed to improve the functioning of the market and recommended serious review of the Essential Commodities Act, 1955 with a view to preserving the objectives.

Exchange also faced the impact of demonetization in Q3 FY 2016-17 and initial half of Q4. With the commodity basket already depleted on account of the suspension of castor seed and chana earlier in the year coupled with higher margins and stock limits in sugar making trading practically unviable, demonetization further dampened the sentiments in the futures markets. Physical markets also came to a standstill with almost no arrivals and insignificant physical trade taking place.

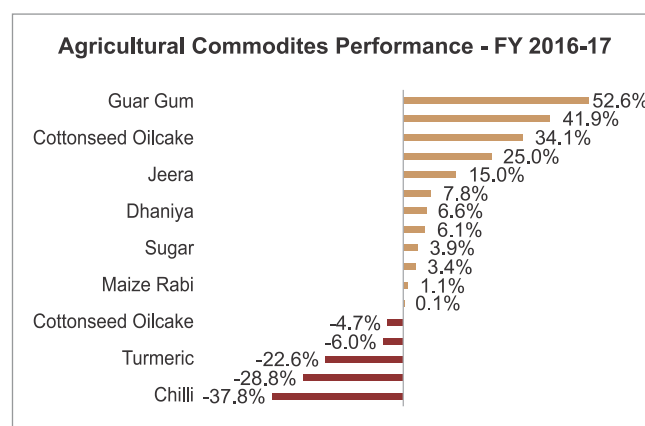
New business opportunity in way of creating a new market intermediary got generated under the aegis of the regulator, Warehouse Development and Regulatory Authority (WDRA). Exchange submitted application as per WDRA's Call for application on 29 Nov 2016 and subsequently formed a new company National E-Repository Limited (NERL). The WDRA will provide certificate of commencement of business to NERL.

SEGEMENT-WISE OR PRODUCT-WISE PERFORMANCE

The domestic and international market showed a mixed trend during 2016-2017. Continued global economic uncertainty, slowdown in China, outflow of speculative funds from commodities and retreat in crude oil prices were the major factors affecting volatility in commodities. Prices of most agricultural commodities increased during the year. Similar uptrend was observed in energy and metals, with zinc rising more than 50% during 2016-2017. Gold remained broadly stable.

Above normal monsoon during 2016-2017 helped farmers harvest record production and recover from the supply shock of two consecutive drought years. Global grain and soybean stockpiles remained high, particularly in China, which holds

around half of the world's stock of corn, about 40% of the global stocks of wheat, and approximately 20% of the soybeans. China also holds an estimated 60% of the global cotton supplies and large stockpiles of sugar.



Source: NCDEX

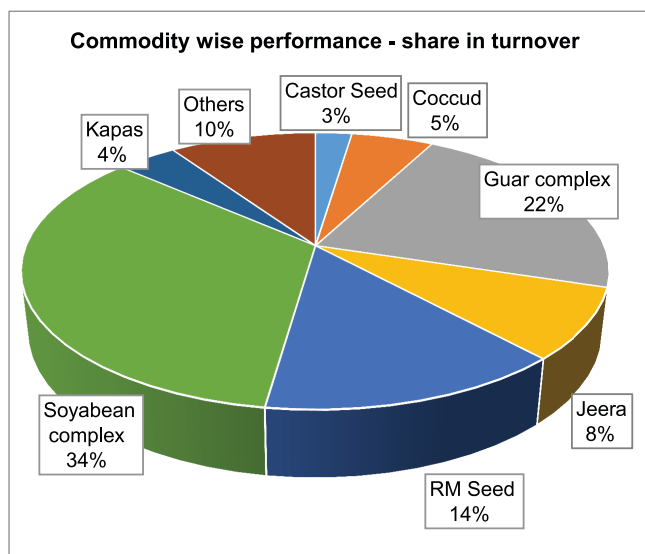
Turnover of top 5 commodities during FY 2016-2017

The Exchange witnessed an average daily turnover of ₹ 2295.6 crore during FY 2016-2017. Soyabean complex contributed 34%, followed by guar complex with a share of 22%. Other major contributors to the turnover were mustard, cottonseed oilcake and jeera. Overall, total turnover decreased by 44.3% in agricultural commodities and by 42.58% for all commodities as compared to the previous fiscal. Suspension of chana futures, price control measures in sugar, unavailability of castor contract for three quarters of the year and demonetisation of large currency notes adversely affected turnover. The segment-wise performance of commodities is as follows:

Grain and pulses

Despite the stock limit on pulses under the Essential Commodities Act, and imports, chana prices rose on the back of a delayed monsoon. This led to suspension of the contract from the Exchange in July, 2017. The contract contributed 15.7% to the total volume during previous financial year.

Turnover of maize increased by 158% as compared to previous fiscal. Turnover of wheat increased by 55% and open interest improved by 15% during FY 2016-2017.



Oil & oilseeds complex

Oil complex saw mixed performance during the year. Higher soyabean production, thanks to a good monsoon, positively impacted open interest, which rose 36% in FY 2016-2017. There was 100% increase in open interest of refined soya oil, with 158% increase in turnover this year compared to FY 2015-2016. Contrary to this, turnover in mustard seed contract fell by 20% as compared to the previous year. The successful launch of soya meal contract in the last quarter of FY 2016-2017 completed the soya portfolio on the Exchange, and provided a complete hedging solution to the feed industry. Castor seed was successfully re-launched in January 2017, within a year since its suspension. It received an encouraging response from the entire value chain - producers, traders, cash-and-carry, processors, and exporters. Within a month of relaunch, the open interest in castor stood at more than 65,000 tonnes.

Guar complex

Guar complex contributed 22% to the total turnover of the Exchange during FY 2016-2017. It has shown a growth of 40.3% in open interest over the previous year though turnover fell by 14% during the same period. Modification of contract specifications in guar gum for better alignment with changing market dynamics helped in increasing interest of participants.

Sugar and spices

The government's decision to impose stock limit on sugar millers to boost supply and curb price rise, adversely affected trading volumes on the Exchange. Turnover of sugar futures fell by 60% during FY 2016-2017 as compared to previous financial year.

In spices, strong demand for jeera from China and Bangladesh lifted prices up during 2016-2017. Spices contributed around 8% to the Exchange's turnover during 2016-2017.

OUTLOOK

The Indian meteorological department forecasts an above average monsoon rainfall in 2017-2018 as concerns over the El Nino weather condition ease out. Higher rainfall in the early part of the monsoon will support sowing whereas adequate rainfall in the second half of the season would be an important driver for yields. With farm output expected to increase, farm income is expected to rise as well, in turn boosting demand for an array of goods and services and easing food inflation.

Notwithstanding the modest contribution of agriculture to the overall GDP, good monsoon augurs well for India's macros and this will give enough leg room to the government to support growth in the economy. The economic survey of FY 2017-2018 predicts an agricultural growth of 4.1 % in the current year as compared to 1.2 % in 2015-2016. International Monetary Fund (IMF) recently forecast India's growth to rebound to 7.2% in financial year 2017-2018 and 7.7 % in 2018-2019.

The temporary disruptions (primarily to private consumption) caused by cash shortages accompanying the currency exchange initiative are expected to gradually dissipate in 2017 as cash shortages ease. Such disruptions would also be offset by tailwinds from a favourable monsoon season and continued progress in resolving supply-side bottlenecks. There was no adverse effect of demonetisation on sowing of major crops and the above normal monsoon ensured that the country witnessed record sowing area and an all-time high farm output, estimated at 273.4 million tonnes of food grains during 2016-2017.

The implementation of the Goods and Services Tax (GST) is an area that may see some teething troubles. The IMF maintains a positive outlook and is confident that the implementation will be smooth.

In a developmental boost to the commodity markets, SEBI has permitted the introduction of options trading, which will not only offer a comprehensive risk management solution to the participants, but is also expected to improve the depth of the market. In its effort to bring in more liquidity, SEBI is considering allowing new participants such as banks, mutual funds, foreign portfolio investors (FPIs) and alternative investment funds hedge funds, to participate in the commodity derivatives market

albeit with riders. Encouraging farmer participation in regulated markets and the focus on integrating the agricultural spot and derivatives markets will improve efficiencies in market access and ease the flow of credit to small farmers and have a positive impact on rural incomes.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the FY 2016-2017, the Exchange registered Average Daily Traded Value (ADTV) of ₹ 2,296 crore, with agri commodities contributing bulk of the volumes. The top 5 performing commodities in financial year 2016-17 were Soyaoil, Guar seed, Rape Mustard seed, Soyabean and Jeera.

The Exchange has ended the year 2016-2017 with Profit After Tax of ₹ 9.42 crore. Out of this, ₹ 3.18 crore is Profit After Tax excluding exceptional items, which is lower than the Profit After Tax of ₹ 40.18 crore excluding exceptional income in the previous year. The total income for the year was ₹ 134.44 crore as compared to the income of ₹ 173.74 crore in the FY 2015-2016. The total expenditure was ₹ 117.16 crore as compared to the expenditure of ₹ 98.49 crore in the FY 2015-2016.

Income:

- The income from transaction charges for FY 2016-2017 from the futures segment was ₹ 44.87 crore at an average realization of approx. ₹ 3.76 per lakh of future's segment trade, as compared to the transaction charges income of ₹ 64.68 crore at an average realization of ₹ 3.15 per lakh of trade in the previous year. The reason for drop in transaction charges income is the decrease of 42% in the ADTV during the year however the average realization per lakh of trade has increased by ₹ 0.51 paisa per lakh of future's segment trade.
- The income from investments for FY 2016-2017 was ₹ 47.17 crore, which is lower by 9% as compared to the income from investment of ₹ 52.12 crore in the previous year.
- The income from membership was ₹ 2.52 crore, which is 40% lower than the previous year on account of decrease in the number of members.
- The other operating income for FY 2016-2017 was ₹ 27.89 crore, which is 35% lower than the previous year. The decrease is largely due to the decrease in risk management fees, delivery charges and COMTRACK income on a year on year basis.

Expenditure:

The total personnel expense for the year was ₹ 45.64 crore, which is almost 19% higher than expense of ₹ 38.40 crore in the previous year. The operating expense for the year was ₹ 71.52 crore, which is higher by 19% as compared to previous year operating expense of ₹ 60.09 crores.

RISK AND CONCERNS

As the Exchange is predominantly having a portfolio of agricultural commodities which are domestic price discovery contracts, a significant price rise in these commodities are seen as a result of excessive speculation. Hence, the Exchange faces the risk of direct or indirect government intervention which may have an impact on trading volume of the commodity. The rise in prices of pulses during the year led regulatory action in suspension of Chana Contract. Similarly, the Sugar contract got impacted due to high margins being imposed by the regulator. Further, agricultural commodities remain politically sensitive and actions such as stock limits hamper efficient market functioning and in price discovery. This year also witnessed unprecedented impact in trading activity due to disruption of trading in the physical market post demonetisation. However, the steps taken by the Exchange in further strengthening of Risk Management and Surveillance has addressed some of the regulatory concerns. The relaunch of Castor Seed contract had a positive impact on the sentiments of the participants. Further, policy measures such as allowing of Options and new set of participants would help mitigate these risks.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Exchange has maintained adequate internal financial controls over financial reporting. These controls include i) recording of transactions in a manner that facilitates preparation of financial statements as per the Generally Accepted Accounting Practices, ii) maintaining records that in reasonable detail, fairly and accurately reflect the transactions of the Exchange, iii) ensuring that all expenditure and income are as per approval of the management, iv) providing reasonable assurance regarding prevention and timely detection of unauthorized acquisition, use or disposition of company's assets that could have material impact on the financials statement of the Exchange. These financial controls were operating effectively as of March 31, 2017.



MATERIAL DEVELOPMENTS IN HUMAN RESOURCES INCLUDING NUMBER OF PEOPLE EMPLOYED

Details of Human Resource activities during the FY 2016-2017 are as follows –

Recruitment

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

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

The number of employees (including all categories, namely, regular, contractual and outsourced) has decreased from 304 as on March 31, 2016 to 290 as on March 31, 2017. The Outsource employees were absorbed on roles of the Exchange. There was decrease in the number of male employees (from 204 to 201) and female employees number increased from 57 to 76. The breakup of employees in the Exchange is as under.

Function	Number of Regular Employees		Number of Outsourced Employees	
	As on March 31, 2016	As on March 31, 2017	As on March 31, 2016	As on March 31, 2017
Business	83	78	5	4
Technology	52	55	20	0
Compliance & Operation	72	79	5	4
Corporate Services	34	44	13	4
Marketing	10	9	0	1
Risk Management	7	9	0	0
*Others	3	3	0	0
**Total	261	277	43	13

*Others- Includes employees from Corporate Office.

** Total - Does not include contractual employees.

However, the above does not include 123 deployed in technology department by TCS, NSE (IT) and other technology firms, who work full time in the Exchange.

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

Employee Attrition Levels

A major challenge for the Exchange has been managing attrition levels. During the period under review, 73 persons (52 regular employees and 21 outsourced persons) left the Exchange. The attrition rate works out to 18.7% for on roll employees.

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

DISCLOSURE ON ACCOUNTING TREATMENT

The Exchange has followed accounting standards in the preparation of Financial Statements for the FY 2016-17. There is no deviation from accounting standards.

Report on Corporate Governance

CORPORATE GOVERNANCE – EXCHANGE'S PHILOSOPHY

Introduction

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

Exchange philosophy on Corporate Governance

The Exchange's corporate governance philosophy is based on transparency and disclosures, integrity and accountability. The Corporate Governance structure of the Exchange is based on an effective independent board, separation of the Board's supervisory role from that of executive management and constitution of Board committees. The Exchange has constituted various committees namely Audit Committee, Nomination and Remuneration Committee, Business Strategy Committee, Risk Management Committee, Members' Default Committee, Disciplinary Action Committee, Stakeholders' Relationship Committee, Technology Standing Committee, Ethics Committee, Settlement Guarantee Fund Committee, Public Interest Directors' Committee, Corporate Social Responsibility Committee, Independent Oversight Committee for Member Regulation, Independent Oversight Committee for Trading & Surveillance function Independent Oversight Committee for Product Design, Membership Selection Committee, Sub-Committee for monitoring of Compliance of suggestions given in SEBI report, Investor Services Committee, Arbitration Committee and Advisory Committee.

As per Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, the disclosure requirements and corporate governance norms as specified for listed company has become mutatis mutandis applicable to the Exchange. The Exchange is also committed to adopting best and transparent practices in letter and in spirit, in the interest of all its stakeholders. Towards this end, the information given in this section constitutes the report on Corporate Governance for the financial year 2016-2017.

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

BOARD OF DIRECTORS

Composition

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

Board Meetings held during the financial year 2016-2017 and attendance record

During the financial year 2016-2017, fourteen meetings of the Board were held on April 07, 2016, May 06, 2016, May 26, 2016, June 07, 2016, June 28, 2016, July 20, 2016, August 02, 2016, August 09, 2016, October 19, 2016, November 21, 2016, January 11, 2017, February 08, 2017, March 22, 2017 and March 30, 2017. Apart from these meetings, the Board of Directors also considered and approved certain matters



by way of circular resolutions. The following table gives the composition of the Board, the category of the Directors and the meetings attended by them.

Name of Director	Number of Board Meetings held	Number of Board Meetings Attended	Whether attended last AGM	Number of Memberships in Board Committees of the Exchange	Number of Directorships in other Indian public Companies as on 31 st March, 2017	Number of shares held as on 31 st March, 2017	Number of Committee positions held in other Public Companies**	
							Chairman	Member
Non-executive, Public Interest Director								
Rabi Narayan Das, Chairman	14	14	Yes	15	1	NIL	1	1
Justice (retd.) Ashok Bhan#	8	5	No	7	NIL	NIL	NIL	NIL
Sidhartha Pradhan	14	14	No	15	NIL	NIL	NIL	NIL
Ashok Gulati	14	12	No	10	3	NIL	NIL	1
Naina Krishna Murthy	14	8	No	5	NIL	NIL	NIL	NIL
Prithvi Raj Bishnoi##	6	4	NA	NA	NA	NA	NA	NA
Non-executive, Shareholder Directors								
Ravi Narain (represents National Stock Exchange of India Limited)	14	14	No	3	8	NIL	NIL	7
Rakesh Kapur (represents Indian Farmers Fertiliser Co Operative Ltd.)	14	14	No	7	17	NIL	1	4
Samir Kumar Mitter (represents Life Insurance Corporation of India)	14	13	Yes	7	2	NIL	NIL	2
Srinath Srinivasan (represents Oman India Joint Investment Fund)	14	11	No	3	NIL	NIL	NIL	NIL
R. M. Kummur (represents National Bank for Agriculture and Rural Development)	14	11	No	4	NIL	NIL	NIL	NIL
Executive Director								
Samir Shah Managing Director & CEO	14	13	Yes	9	4	NIL	NIL	NIL

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

Justice (retd.) Ashok Bhan was appointed with effect from July 21, 2016.

Mr. Prithvi Raj Bishnoi ceased to be the Public Interest Director of the Exchange with effect from July 21, 2016.

Other disclosures

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

COMMITTEES OF THE BOARD

The Board Committees focus on specific areas as per their terms of reference and take informed decisions. Each Committee functions within the given scope and powers as per the delegation of powers by the Board of Directors, applicable provisions

of Companies Act, 2013, Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from time to time. The information with respect to Committees is as follows:

I. AUDIT COMMITTEE

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

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

During the financial year 2016-2017, six meetings of the Committee were held on May 26, 2016, June 28, 2016, July 20, 2016, October 19, 2016, February 08, 2017 and March

30, 2017. The composition and attendance of the Members is given below

Name of the Committee Member	Number of meetings held during the relevant period@	Number of meetings attended
Rabi Narayan Das	6	6
Sidhartha Pradhan	6	6
Rakesh Kapur	6	6
Samir Kumar Mitter	6	6
Dr. Ashok Gulati	3	3
Justice (retd.) Ashok Bhan	2	1
Naina Krishna Murthy*	2	2
Prithvi Raj Bishnoi**	3	2

@ indicates the number of meetings held during the year, after the date of appointment of Committee members/up to the date of retirement or resignation by Committee members

* Ceased to be the member of the Audit Committee with effect from October 19, 2016

** Ceased to be the Public Interest Director of the Exchange with effect from July 21, 2016

II. NOMINATION AND REMUNERATION COMMITTEE

The Committee consists of five Directors which include three Public Interest Directors and two Shareholder Directors. During the financial year 2016-2017, six meetings of the Committee were held on May 06, 2016, May 26, 2016, September 15, 2016, September 30, 2016, December 15, 2016 and March 22, 2017. The terms of reference of the Nomination & Remuneration Committee, inter alia, are as under:

Functions:

- 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.
- Evaluate every Director's performance.
- To lay down policy for compensation of KMP in terms of the compensation norms prescribed by SEBI.
- To determine the tenure of KMP to be posted to a regulatory department.
- 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.
- Succession planning for the Managing Director and Chief Executive Officer.
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority.

The composition and attendance of the Members is given below –

Name of the Committee Member	Number of meetings held during the relevant period@	Number of meetings attended
Sidhartha Pradhan, Chairman	6	6
Rabi Narayan Das	6	6
Ravi Narain	6	6
Rakesh Kapur	6	5
Dr. Ashok Gulati*	1	1
Prithvi Raj Bishnoi**	2	2

@ indicates the number of meetings held during the year, after the date of appointment of Committee members/up to the date of retirement or resignation by Committee members

* Appointed as the member of the Nomination and Remuneration Committee with effect from February 8, 2017

** Ceased to be the Public Interest Director of the Exchange with effect from July 21, 2016

III. RISK MANAGEMENT COMMITTEE

The Committee consists of Mr. Rabi Narayan Das, Dr. Ashok Gulati, Mr. Madan Sabnavis, Mr. Sidhartha Roy and Mr. Vijay Sardana. During the year, four meetings were held on June 28, 2016, September 01, 2016, November 21, 2016 and March 22, 2017. The terms of reference of the Committee, inter-alia, are as under:

- The Risk management committee shall formulate a detailed risk management policy which shall be approved by the board of directors.
- The head of the Risk Management department of the Exchange 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 Exchange.
- The Risk Management committee shall monitor implementation of the risk management policy and keep the Forward Markets Commission and the board of directors informed about its implementation and deviation, if any.
- This Risk Management Committee will be responsible for identification, measurement and monitoring of the risk profile of the Exchange (including business risk, default risk, settlement risk, market risk, legal risk, operational risk, technological risk and delivery risk);
- Overseeing Exchange'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 Exchange and at periodic intervals, monitoring their compliance and suggestions for improvement,
- Formulation and periodically reviewing of the Exchange's financial and risk management policies;
- Determination of maximum exposure limits and borrowing limits of the Exchange;
- Determination of framework to limit exposures of the Exchange to members, commodities and geographies; action taken against defaulting members etc.
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority



- Accreditation of the Warehouse Service Provider (WSP) and Assayers
- Renewal of WSPs based on their performance during accreditation, quality of services and number of client complaints and effective resolutions thereof etc.
- To review the functioning, monitoring and compliance of norms by WSPs, warehouse and assayers.

IV. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee, inter alia, formulates and recommend to the Board, a Corporate Social Responsibility Policy, the amount of expenditure to be incurred on the activities and monitors the implementation of Corporate Social Responsibility Policy of the company from time to time. The Committee consists of Mr. Srinath Srinivasan, Mr. Rabi Narayan Das, Mr. Samir Kumar Mitter, Dr. R. M. Kummur and Mr. Samir Shah. The Committee met twice during the year i.e. on May 26, 2016 and August 02, 2016.

V. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee consists of Justice (retired) Ashok Bhan and Mr. Rakesh Kapur. The terms of reference of the Committee, inter-alia, are as under:

- 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 Exchange;
- To consider and resolve the grievances of the security holders including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.
- To consider, decide and take appropriate action in any matter which may arise between the Exchange and the shareholders as a result of any agreement or otherwise

VI. MEMBERSHIP SELECTION COMMITTEE

The Membership Selection Committee consists of Mr. Sidhartha Pradhan, Mr. Rabi Narayan Das and Mr. Samir Shah. The terms of reference of the Committee, inter-alia,

are as under:

- Selection/ admission of members to the various segments of the Exchange.
- Such other functions as may be specified under by SEBI or any other Statutory or Regulatory Authority.

VII. ADVISORY COMMITTEE

The Advisory Committee consists of Mr. Rabi Narayan Das, Mr. D. K. Aggarwal, Mr. Chirag Shah, Mr. Vivek Bajaj, Mr. Mahesh Gupta and Mr. Rajnikant Rai. The terms of reference of the Committee, inter-alia, are as under:

- 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
- The recommendations of the advisory committee shall be placed in the ensuing meeting of the governing board of the Exchange for consideration and appropriate decision of the governing board, and such recommendations along with the decision of the governing board on the same, shall be disclosed on the website of the Exchange.

VIII. MEMEBERS' DEFAULT COMMITTEE

The Members' Default Committee consists of Justice (retired) Ashok Bhan, Mr. Sidhartha Pradhan, Dr. Ashok Gulati & Mr. Samir Shah. The terms of reference of the Committee, inter-alia, are as under:

- To realize all the assets / deposits of the defaulter / expelled member and appropriate the same amongst various dues and claims against the defaulter / expelled member in accordance with the Rules, Byelaws and Regulations of the Exchange.
- In the event both the clearing member and his constituent trading member are declared defaulter, then the default committee of the Exchange shall work to realize the assets of both the clearing member and the trading member.
- Admission or rejection of claims of client/trading members/clearing members over the assets of the defaulter/expelled member.
- Recommendation in respect of the claims to the Trustees of the IPF on whether the claim is to be paid

out of IPF or otherwise.

- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority.

IX. TECHNOLOGY STANDING COMMITTEE

The Technology Standing Committee consists of Mr. Sidhartha Pradhan, Mr. Pravir Vora and Mr. Nirmalendu Jajodia. The terms of reference of the Committee, inter-alia, are as under:

- To monitor whether the technology used by the exchange remains up to date and meets the growing demands of the markets.
- To monitor the adequacy of systems capacity and efficiency at the Exchange. To look into the changes being suggested by the Exchange to the existing software/hardware.
- To investigate into problems of computerized trading system, such as hanging/ lowdown/ breakdown.
- To ensure that transparency is maintained in disseminating information regarding slowdown/ breakdown in Online Trading System.
- The Committee shall submit a report to the Board of Directors of the Exchange.
- The Board of Directors of the Exchange will deliberate on the report and suitable action/ remedial measure will be taken.
- Any stoppage of trading will be explained and reported to the Board and the Forward Markets Commission. Exchange shall issue a press release specifying the reasons for the breakdown
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority.
- Review technology strategy, review key technology projects in alignment with regulatory guidelines on terms of reference as may be applicable.

X. ETHICS COMMITTEE

The Ethics Committee consists of Mr. Samir Kumar Mitter, Dr. R. M. Kummur, Dr. Ashok Gulati, Mr. Samir Shah & Mr. Jayant Nalawade. The terms of reference of the Committee, inter-alia, are as under:

- To oversee the implementation of the code of ethics for directors and key managerial personnel of Exchange.
- To lay down procedures for the implementation of the code and prescribe reporting formats for the disclosures required under the code.
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority.

XI. PUBLIC INTEREST DIRECTORS' COMMITTEE

The Public Interest Directors' Committee consists of Ms. Naina Krishna Murthy, Mr. Rabi Narayan Das, Mr. Sidhartha Pradhan, Dr. Ashok Gulati and Justice (retired) Ashok Bhan. The terms of reference of the Committee, inter-alia are as under:

- Review Status of compliance with letters/ circulars of SEBI
- Review the functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions
- The independent directors shall prepare a report on the working of the other committees where they are also the members. The report shall be circulated to the other Independent directors
- To review actions to be taken to implement suggestions/observations in SEBI's inspection report
- To then submit a consolidated report to the Board of Directors of the Exchange
- Independent directors shall identify important issues which may involve conflict of interest for the Exchange or may have significant impact on the market and report the same to SEBI
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority

XII. INDEPENDENT OVERSIGHT COMMITTEE FOR MEMBER REGULATION

The Independent Oversight Committee for Member Regulation consists Dr. Ashok Gulati, Mr. Rabi Narayan Das, Mr. Sidhartha Pradhan, Mr. Ravinder Sachdev and Mr. Raj Kumar Nahata. The terms of reference of the Committee, inter-alia, are as under:



- 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 stock exchange against the aforesaid head(s) shall be subject to an appeal to the committee, within such period as may be determined by the governing board.
- Oversee SEBI inspection observations on membership related issues.
- Estimate the adequacy of resources dedicated to member regulation.

XIII. SUB-COMMITTEE FOR MONITORING OF COMPLIANCE OF SUGGESTIONS GIVEN IN SEBI REPORT

The Sub-Committee for Monitoring of Compliance of Suggestions given in SEBI Report consists of Mr. Rabi Narayan Das, Mr. Siddhartha Pradhan, Mr. Samir Kumar Mitter, Justice (retired) Ashok Bhan and Mr. Samir Shah. The terms of reference of the Committee, inter-alia, are as under:

- To review the actions taken to implement the suggestions of SEBI's Inspection Reports.
- To place the same before the Governing Board of the Stock Exchange.
- To follow up and ensure compliance/implementation of the inspection observations.
- Such other functions as may be specified by SEBI or any other Statutory or Regulatory Authority

XIV. INVESTOR SERVICES COMMITTEE

The Investor Service Committee consists of Dr. Ashok Gulati and Mr. Siddhartha Pradhan. The terms of reference of the Committee, inter-alia, are as under:

- Supervising the functioning of Investors' Services Cell of the Exchange which includes review of complaint resolution process, review of complaints remaining unresolved over long period of time, estimate the adequacy of resources dedicated to investor services, etc.

- Such other functions as may be specified by SEBI or any other Statutory or Regulatory Authority

XV. DISCIPLINARY ACTION COMMITTEE

The Disciplinary Action Committee consists of Mr. Siddhartha Pradhan, Mr. Rabi Narayan Das, Ms. Naina Krishna Murthy and Mr. Samir Shah. The terms of reference of the Committee, inter-alia, are as under:

- Formulate the policy for regulatory actions including warning, monetary fine, suspension, withdrawal of Trading, expulsion, to be taken for various violations by the members of the exchange
- Based on the laid down policy, the disciplinary action committee shall consider the cases of violations observed during inspection, etc. and impose appropriate regulatory measure on the members of the Exchange
- While imposing the regulatory measure, the disciplinary action committee shall adopt a laid down process, based on the 'Principles of natural justice'
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority

XVI. ARBITRATION COMMITTEE

The Arbitration Committee consists of Mr. Siddhartha Pradhan, Mr. Rabi Narayan Das, Ms. Naina Krishna Murthy, Dr. R. M. Kummur and Mr. Samir Kumar Mitter. The terms of reference of the Committee, inter-alia, are as under:

- To select persons to be included in the Panel of Arbitrators (arbitration panel) to be formed by the Exchange in accordance with its Byelaws, Regulations and Circulars of SEBI Ref. No. CIR/ MRD/DSA/24/2010 dated August 11, 2010.
- To decide the formats, procedures and other requirements in respect of Exchange arbitration proceedings.
- To estimate the adequacy of resources dedicated to arbitration.
- Such other functions as may be specified by SEBI or any other Statutory or Regulatory Authority

XVII. INDEPENDENT OVERSIGHT COMMITTEE FOR TRADING & SURVEILLANCE FUNCTION

The Independent Oversight Committee for Trading & Surveillance Function consists of Mr. Sidhartha Pradhan, Mr. Rabi Narayan Das, Ms. Naina Krishna Murthy, Mr. Ravinder Sachdev and Mr. J. Sampath. The terms of reference of the Committee, inter-alia, are as under:

- Oversee trading and surveillance related functions such as monitoring of market through order and trade level alerts, security level alerts, processing of alerts, price band changes, rumor verifications, shifting of securities to trade for trade segment, detailed investigations undertaken, disciplinary actions, 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 stock exchange against the aforesaid head(s) shall be subject to an appeal to the committee, within such period as may be determined by the governing board.
- Oversee SEBI inspection observations on surveillance related issues and also decisions taken in the weekly surveillance meeting at SEBI.

- Estimate the adequacy of resources dedicated to trading and surveillance function.

XVIII. SETTLEMENT GUARANTEE FUND COMMITTEE

The Committee consists of Dr. Ashok Gulati, Mr. Mahesh Gupta, Mr. Samir Shah and Ms. Naina Krishna Murthy. The terms of reference of Settlement Guarantee Fund Committee, inter-alia, include looking after the management of Settlement Guarantee Fund.

XIX. INDEPENDENT OVERSIGHT COMMITTEE FOR PRODUCT DESIGN

The Independent Oversight Committee for Product Design consists of Dr. Ashok Gulati, Mr. Rabi Narayan Das, Mr. Sidhartha Pradhan, Mr. D. P. Jhawar and Ms. Susan Thomas. The terms of reference of Independent Oversight Committee for Product Design, inter-alia, are as under:

- To review product design;
- To consider microstructure issues in the contract specification/s;
- To promote international best practices in product design and implementation.



REMUNERATION OF DIRECTORS

The non-executive Directors are paid sitting fees of ₹ 60,000 for attending each meeting of the Board and Audit Committee and ₹ 40,000 for attending each meeting of the Committee. Non-Executive Directors are also reimbursed expenses incurred by them for attending meetings of the Board and its Committees at actuals.

The Board of Directors have revised the sitting fees payable to the Directors for attending the meetings of the Board or any Committee thereof with effect from October 19, 2016 as follows:

Name of the Board/Committee	Sitting Fees (per meeting)	Revised Sitting Fees (per meeting effective October 19, 2016)
Board Meeting	30,000	60,000
Audit Committee	30,000	60,000
Other Committees of the Board	20,000	40,000

The sitting fees paid to the Non-Executive Directors for attending the meetings of the Board and Committees during the FY 2016-2017 is as follows:

Name of the Director	Sitting Fees	
	Board Meetings	Committee Meetings
Rakesh Kapur	6,00,000	6,80,000
Rabi Narayan Das	6,00,000	16,60,000
Ravi Narain	6,00,000	5,00,000
Ashok Gulati	5,10,000	7,20,000
Naina Krishna Murthy	3,30,000	4,00,000
Samir Kumar Mitter	5,70,000	5,60,000
Sidhartha Pradhan	6,00,000	16,40,000
Justice (retd.) Ashok Bhan	2,70,000	3,20,000
R. M. Kummur	4,50,000	1,20,000
Srinath Srinivasan	5,10,000	2,60,000
Prithvi Raj Bishnoi	1,20,000	1,60,000

The details of remuneration paid to Managing Director & CEO during the FY 2016-2017 is given below:

Sl. no.	Particulars of Remuneration	Name of Managing Director & Chief Executive Officer Mr. Samir Shah
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	(a) ₹ 2,67,94,317/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	(b) ₹ 39,600/-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	(c) Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission	Nil
	- as % of profit	
	- others, specify...	
5.	Others, please specify	Nil
	Total (A)	₹ 2,68,33,917/-
	Ceiling as per the Act	The Exchange has obtained approval from the shareholders for the payment of above remuneration.

Other Disclosures

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

DETAILS OF GENERAL MEETINGS

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

Financial Year	Date of AGMs	Time	Venue	Special resolutions adopted
2013-2014	September 11, 2014	11.30 a.m.	Board Room, First Floor, Gayathri Towers, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.	Alteration of Articles of Association
2014-2015	September 11, 2015	11.00 a.m.	Board Room, First Floor, Gayathri Towers, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.	NIL
2015-2016	September 23, 2016	11.30 a.m.	First Floor, Ackruti Corporate Park, Near G. E. Garden, L. B. S. Marg, Kanjurmarg (West), Mumbai 400078.	NIL

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

MEANS OF COMMUNICATION

The Financials Statement are displayed on the website of the Exchange – www.ncdex.com. Other disclosures and announcements are also displayed on the website of the Exchange.

GENERAL INFORMATION FOR SHAREHOLDERS

(i) Annual General Meeting

The Fourteenth Annual General Meeting is convened on September 21, 2017 at Mumbai at 1st Floor, Ackruti Corporate Park, L. B. S. Marg, Kanjurmarg (W). Mumbai-400078 at 11:00 am.

(ii) Financial Year : April 1, 2016 to March 31, 2017.

(iii) Dividend Payment Date: The Board has recommended, subject to the approval of members at the Annual General Meeting, a dividend of ₹ 0.35 per share. The dividend will be paid within the statutory time limit as prescribed in the Companies Act, 2013.

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

(v) Registrar to an issue and share transfer agents – 3i Infotech Limited, Tower#5, 3rd to 6th Floors, International Infotech Park, Vashi, Navi Mumbai 400 703.

(V) Share transfer system – The transfer of equity shares of

the Exchange is as per the provisions of the Companies Act, 2013 and the provisions of the Articles of Association of the Exchange and the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations 2012..

(VI) Distribution of shareholding:

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

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

(VII) Dematerialization of shares and liquidity: All the shares of the Exchange are in demat form, except 10 shares which are held by individual shareholders, as on March 31, 2017.

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

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

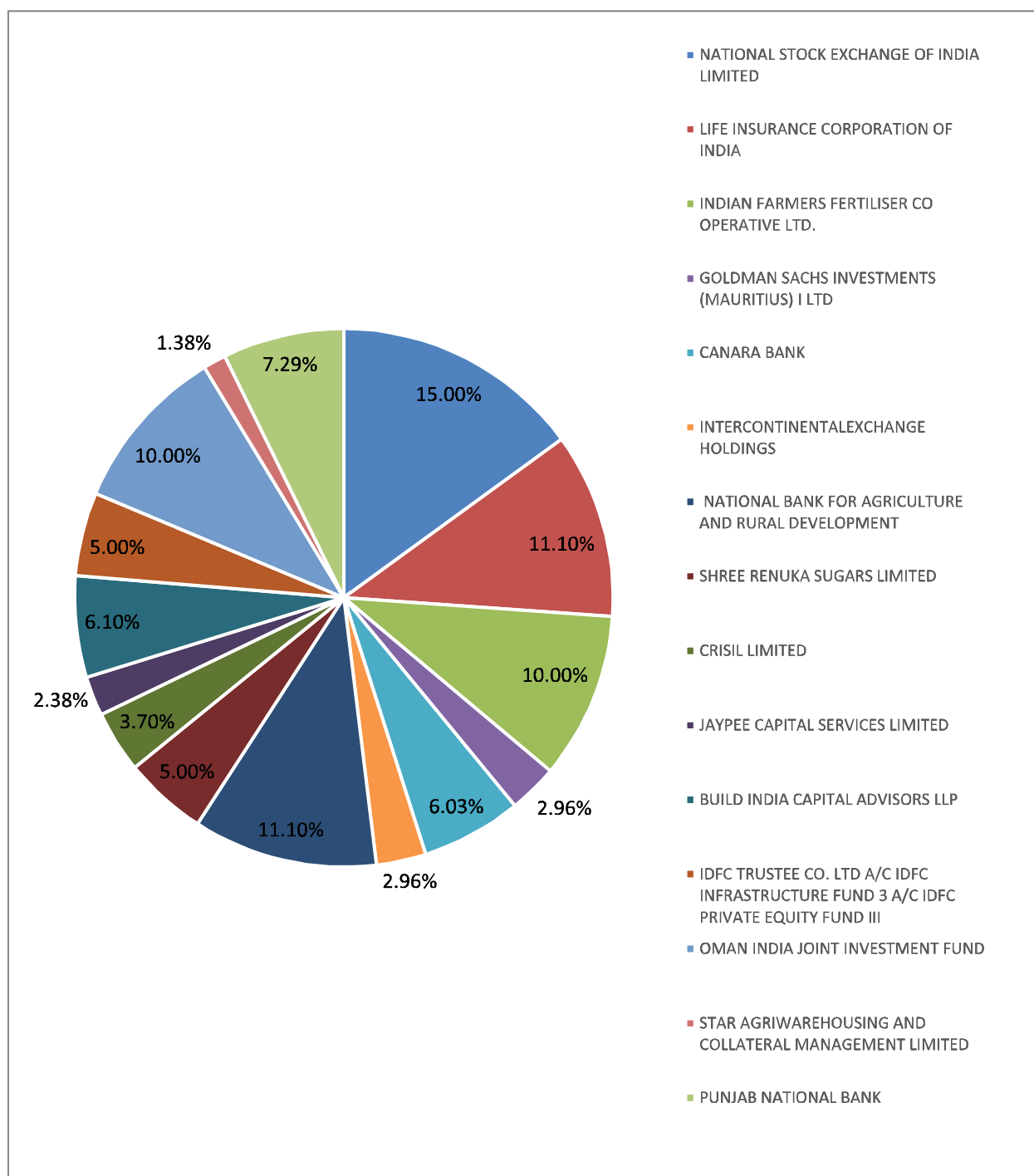


(X) Plant locations: Nil

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

DISCLOSURES

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





Annexure 1

Compliance with the Code of Conduct by the Directors & Members of the Senior Management of the Exchange for the Financial Year 2016-2017

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

Samir Shah

Managing Director & Chief Executive Officer

August 9, 2017

Annexure 2

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

I have examined all relevant records of National Commodity & Derivatives Exchange Limited (the Company) for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the Listed Companies for the financial year ended 31st March 2017. In terms of Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, the disclosure requirements and corporate governance norms as specified for listed companies have become *mutatis mutandis* applicable to a recognised Stock Exchange. I have obtained all the information and explanations to the best of my knowledge and belief, which were necessary for the purpose of this certification.

The compliance with the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

K. R. CHANDRATRE.

Practising Company Secretary
C. P. No. 5144

Date: 30 May, 2017

Place: Pune



Independent Auditor's Report

To the Members of National Commodity & Derivatives Exchange Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **National Commodity & Derivatives Exchange Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to:

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

Independent Auditor's Report

2. Note 29 to the standalone financial statements. In respect of the matters relating to the future contracts of pepper, 'advances recoverable in cash or in kind' as on March 31, 2017, includes various costs amounting to ₹ 1681 lakhs towards cleaning of the pepper stock in warehouses. The order of Hon'ble High Court of Kerala dated August 28, 2014 has allowed the Company to clean the pepper stock in warehouses with a right to recover the aforesaid estimated pepper-cleaning costs and applicable taxes, associated with the same.

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

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Government of India – Ministry of Corporate Affairs, in terms of sub-section (11) of section 143 of the Act, we enclose in annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – refer note 28 and 29;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. the Company has provided requisite disclosures in its financial statements as to holding as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer note 42 to the standalone financial statement.

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

Sachin A. Negandhi
Partner
Membership No.: 112888

Place: Mumbai
Date: May 30, 2017



Independent Auditor's Report

Annexure 'A' to the Auditor's Report

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the standalone financial statements for the year ended on March 31, 2017, of **National Commodity & Derivatives Exchange Limited**)

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

According to the information and explanations given to us, no undisputed amounts payable in respect of above which were outstanding, as at March 31, 2017 for a period of more than six months from the date on which they became payable except as stated below:

Name of Statute (Nature of dues)	Year to which the amount relates	Forum where the dispute is pending	Amount (₹ in lakhs)
Income Tax Act, 1961. (Tax/ Interest)	2006-07	Income Tax Appellate Tribunal – Mumbai	224
Income Tax Act, 1961. (Tax/ Interest)	2007-08		113
Income Tax Act, 1961. (Tax/ Interest)	2008-09		61
Income Tax Act, 1961. (Tax/ Interest)	2009-10		162

Name of Statute (Nature of dues)	Year to which the amount relates	Forum where the dispute is pending	Amount (₹ in lakhs)
Income Tax Act, 1961. (Tax/ Interest)	2010-11	Commissioner of Income Tax (Appeals) – Mumbai	123
Income Tax Act, 1961. (Tax/ Interest)	2011-12		224
Income Tax Act, 1961. (Tax/ Interest)	2012-13		162
Income Tax Act, 1961. (Tax/ Interest)	2013-14		62

- (b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not taken any money from any financial institution, bank, Government or debenture holder, and accordingly clause 3 (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, clause 3 (ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds by the Company or on the Company by any of its employees or officers noticed or reported during the course of our audit.
- (xi) In our opinion, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sachin A. Negandhi
Partner
Membership No.: 112888

Place: Mumbai
Date: May 30, 2017



Annexure - B

To the Independent Auditor's Report of even date on the Financial Statements of National Commodity & Derivatives Exchange Limited

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

We have audited the internal financial controls over financial reporting of **National Commodity & Derivatives Exchange Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K. S. Aiyar & Co.

Chartered Accountants

ICAI Firm Registration No: 100186W

Sachin A. Negandhi

Partner

Membership No.: 112888

Place: Mumbai

Date: May 30, 2017



Balance Sheet as at March 31, 2017

(₹ in Lakhs)

	Note	As at March 31, 2017	As at March 31, 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	5,068	5,068
Reserves and surplus	4	40,300	39,358
		45,368	44,426
Non - current liabilities			
Deferred tax liabilities (net)	13	256	4
Other Non - current liabilities	5	8,275	7,099
Long - term provisions	6	116	90
		8,647	7,193
Current liabilities			
Trade payables	7		
Dues to Micro and Small Enterprises		-	-
Dues to others		2,212	1,689
Other current liabilities	8	26,571	16,371
Short - term provisions	9	104	1,629
		28,887	19,689
Total		82,902	71,308
Assets			
Non - current assets			
Fixed assets			
Tangible assets	10	1,983	1,921
Intangible assets	11	4,470	861
Intangible assets under development		7	1,812
Non - current investments	12	7,537	6,352
Long - term loans and advances	14	3,317	3,177
Other non - current assets	15	1,520	1,873
		18,834	15,996
Current assets			
Current investments	16	36,120	25,489
Trade receivables	17	1,262	855
Cash and bank balances	18	23,497	25,938
Short - term loans and advances	19	2,106	1,721
Other current assets	15	1,083	1,309
		64,068	55,312
Total		82,902	71,308

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

As per our report of even date

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

Sachin A. Negandhi
Partner
Membership No.112888

Place : Mumbai
Date : May 30, 2017

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

Samir Shah
Managing Director & Chief Executive Officer
DIN - 00912693

M. K. Ananda Kumar
Company Secretary
FCS - 6819

Rabi Narayan Das
Director
DIN - 03582925

Komal Shahani
Chief Financial Officer

Statement of Profit and Loss for the year ended March 31, 2017

(₹ in Lakhs)

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations	20	7,528	11,166
Other income	21	5,916	6,208
Total revenue (I)		13,444	17,374
Expenditure			
Employee benefits expense	22	4,564	3,840
Other expenses	23	7,152	6,009
Depreciation and Amortization expenses	24	1,281	1,172
Total expenses (II)		12,997	11,021
Profit / (Loss) before exceptional item and tax III (I-II)		447	6,353
Exceptional item			
Total Exceptional item (IV)	39	954	3,635
Profit / (Loss) before tax V (III+IV)		1,401	9,988
Tax expense			
Current tax		270	3,103
MAT credit entitlement		(63)	-
Deferred tax	13	252	4
Total tax expense (IV)		459	3,107
Profit after tax (III - IV)		942	6,881
Earnings per share	33		
Basic		1.86	13.58
Diluted		1.86	13.58

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

As per our report of even date

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

Sachin A. Negandhi
Partner
Membership No.112888

Place : Mumbai
Date : May 30, 2017

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

Samir Shah
Managing Director & Chief Executive Officer
DIN - 00912693

M. K. Ananda Kumar
Company Secretary
FCS - 6819

Rabi Narayan Das
Director
DIN - 03582925

Komal Shahani
Chief Financial Officer



Cash Flow Statement for the year ended March 31, 2017

(₹ in Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
A. Cash flow from operating activities		
Profit before tax	1,401	9,988
<u>Adjustments for:</u>		
Depreciation & amortisation	1,281	1,172
Provision for leave encashment	28	71
Provision for gratuity	54	60
Provision no longer required	-	(1,508)
Provision for doubtful debts and advances	-	3
Loss/(Profit) on sale of fixed asset	(11)	(3)
(Profit) / Loss on sale of investments	(2,625)	(6,109)
Interest income	(1,529)	(2,140)
Provision for diminution in value of investment	-	2,000
Income transferred to Settlement Guarantee fund	-	-
Operating profit before working capital changes	(1,401)	3,534
Movements in working capital:		
Decrease / (Increase) in trade receivables	(407)	354
Decrease / (Increase) Current loans and advances	(322)	(809)
Decrease / (Increase) non - current loans and advances	(137)	187
Decrease / (Increase) in inter corporate loans	(15)	(153)
Decrease / (Increase) other non current assets	36	28
Decrease / (Increase) other current assets	(23)	(17)
Increase / (Decrease) in non - current liabilities	1,176	(1,483)
Increase / (Decrease) in long term provision	26	10
Increase / (Decrease) in trade payables	522	(43)
Increase / (Decrease) in Short term provision	(83)	(67)
Increase / (Decrease) in current liabilities	10,200	4,688
Cash generated/(used) from operations	9,572	6,229
Direct taxes paid (net of refunds)	272	3,306
Net cash generated/(used) in operating activities (A)	9,300	2,923
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets and CWIP	(3,155)	(2,864)
Proceeds from sale / disposal of fixed assets	19	9
Proceeds from sale of shares of National Collateral Management Services Limited	-	4,332
Investment in shares of NeRL Limited	(2,600)	-
Purchase of current investments	(587,448)	(657,826)
Proceeds from sale of current investments	580,858	647,857
Interest received	1,792	2,182
Investment in fixed deposits (original maturity of more than three months)	(21,792)	(26,351)
Redemption/Maturity of fixed deposits (original maturity of more than three months)	25,654	30,501
Net cash generated/(used) in investing activities (B)	(6,672)	(2,160)

Cash Flow Statement for the year ended March 31, 2017 (continued)

(₹ in Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
C. Cash Flows from financing activities		
Dividend paid	(1,267)	(760)
Dividend tax paid	(258)	(155)
Net cash generated/(used) from financing activities (C)	(1,525)	(915)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	1,103	(152)
Cash and cash equivalents at the beginning of the period	284	436
Cash and cash equivalents at the end of the period	1,387	284
Components of cash and cash equivalents (Refer note 18)		
Cash and cheques on hand	0	0
With Banks		
- on current accounts *	1,387	284
- on fixed deposits (Original maturity being three months or less)	-	-
Total	1,387	284

- * Includes Includes
- NCDEX Joint Price Dissemination fund of ₹ 3 lakhs (March 31, 2016 : ₹ 3 lakhs) which can be utilized only for Joint Price Dissemination project along with FMC
 - Settlement Guarantee Fund of ₹ 37 lakhs (March 31, 2016 : ₹ 39 lakhs) which can be utilized for completion of settlement, in case of member default

As per our report of even date

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

Sachin A. Negandhi
Partner
Membership No.112888

Place : Mumbai
Date : May 30, 2017

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

Samir Shah
Managing Director & Chief Executive Officer
DIN - 00912693

M. K. Ananda Kumar
Company Secretary
FCS - 6819

Rabi Narayan Das
Director
DIN - 03582925

Komal Shahani
Chief Financial Officer



Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

1 Nature of Operations

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

2 Basis of preparation

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

2.1 Summary of significant accounting policies

a Use of estimates

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

b Tangible fixed assets

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

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

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

c Depreciation and amortisation

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

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

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

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

d Intangible assets

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

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

Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

e Impairments

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

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

f Operating Leases

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

g Investments

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

h Revenue Recognition

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

Transaction charges

Transaction charges are recognized as income on trade date basis.

Annual subscription charges

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

Admission fees

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

Delivery Charges

Delivery charges are recognised as income on delivery of commodities.

Interest Income

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

Dividends

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

Risk Management Fees

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

Comtrack Charges

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

Warehouse Charges

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

Insurance Claim

Insurance claim is recognized on the basis of actual receipt



Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

i Foreign currency transactions

Initial Recognition

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

Conversion

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

Exchange Differences

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

j Income taxes

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

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

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

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

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

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

k Retirement and other employee benefits

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

Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

other obligations other than the contribution payable to the provident fund.

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

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

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

l Earnings per share

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

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

m Provisions

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

n Cash and cash equivalents

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

o Employee stock compensation cost

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

p Settlement Guarantee Fund (SGF)

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

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

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

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



Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

3 Share Capital

Share Capital	As at March 31, 2017	As at March 31, 2016
Authorised		
60,000,000 (March 31, 2016: 60,000,000) Equity shares of ₹ 10/- each	6,000	6,000
10,000,000 (March 31, 2016: 10,000,000) 5% Cumulative Redeemable Preference Shares of ₹ 10/- each	1,000	1,000
	7,000	7,000
Issued, subscribed and fully paid up shares		
50,676,000 (March 31, 2016: 50,676,000) Equity shares of ₹ 10/- each fully paid up	5,068	5,068
Total	5,068	5,068

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

	March 31, 2017		March 31, 2016	
Equity Shares of ₹ 10 each fully paid	No. of Shares	₹ In lakhs	No. of Shares	₹ In lakhs
At the beginning of the year	50,676,000	5,068	50,676,000	5,068
Issued during the year	-	-	-	-
Outstanding at the end of the year	50,676,000	5,068	50,676,000	5,068

b. Terms/Rights attached to equity share

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

During the year ended March 31, 2017, the amount of dividend per share recognized as distributions to equity shareholders was ₹ 0.35 (March 31, 2016: ₹ 2.50)

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

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

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% holding	No. of Shares	% holding
Equity Shares of ₹ 10 each fully paid				
National Stock Exchange of India Limited	7,601,377	15.00%	7,601,377	15.00%
Life Insurance Corporation of India	5,625,000	11.10%	5,625,000	11.10%
National Bank for Agriculture and Rural Development	5,625,000	11.10%	5,625,000	11.10%
Indian Farmers Fertiliser Cooperative Limited	5,068,000	10.00%	5,068,000	10.00%
Oman India Joint Investment Fund	5,067,600	10.00%	5,067,600	10.00%
Punjab National Bank	3,694,446	7.29%	3,694,446	7.29%
Build India Capital Advisors LLP	3,091,236	6.10%	3,091,236	6.10%
Canara Bank	3,055,519	6.03%	3,055,519	6.03%
IDFC Private Equity Fund II	2,533,800	5.00%	2,533,800	5.00%
Shree Renuka Sugars Limited	2,533,700	5.00%	2,533,700	5.00%

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

Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

d. Shares reserved for issue under options

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

4 Reserves and Surplus

	As at March 31, 2017	As at March 31, 2016
General Reserve		
Balance as per last financial statements	1,110	1,110
Closing balance	1,110	1,110
Settlement Guarantee Fund		
Balance as per last financial statements	5,875	4,867
Add : Net Additions during the year	528	1,008
Closing balance	6,403	5,875
Securities Premium Account		
Balance as per last financial statements	13,956	13,956
Closing balance	13,956	13,956
Surplus in Statement of Profit and Loss		
Balance as per last financial statements	18,417	14,069
Profit for the year	942	6,881
Less : Appropriations		
Proposed Dividend*	-	1,267
Dividend distribution tax*	-	258
Transfer to Settlement Guarantee Fund	528	1,008
Total appropriations	528	2,533
Net surplus in the Statement of Profit and Loss	18,831	18,417
Total reserves and surplus	40,300	39,358

* The Board of Directors have recommended a dividend of 3.5 Per Cent (₹ 0.35/- per equity shares) for the year subject to the approval of the members of the Company at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events Occurring after the Balance Sheet date' as notified by the Minister of Corporate Affairs through Amendments to the Companies (Accounting Standard) Amendments, Rules 2016 dated March 30, 2016, Company has not accounted for proposed dividend as a liabilities as at March 31, 2017. Accordingly, the proposed dividend of ₹ 177 Lakhs and tax thereon ₹ 36 Lakhs are not recognized as liability in the financial statements for the year ended March 31, 2017

5 Other Non current liabilities

	As at March 31, 2017	As at March 31, 2016
Deposits from members	6,780	5,363
Settlement Guarantee Fund		
- Base Minimum Capital	1,495	1,736
Total	8,275	7,099

6 Long - term provisions

	As at March 31, 2017	As at March 31, 2016
Provision for leave encashment	116	90
Total	116	90



Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

7 Trade payables

	As at March 31, 2017	As at March 31, 2016
a) Total outstanding due of Micro and Small Enterprises (refer note 26)	-	-
b) Total outstanding dues of creditors other than Micro and Small Enterprises	2,212	1,689
Total	2,212	1,689

8 Other current liabilities

	As at March 31, 2017	As at March 31, 2016
Settlement Guarantee Fund		
- Base Minimum Capital	905	938
	905	938
Deposit from members	19,701	9,314
Deposits from clearing banks	3,300	3,300
Deposits from depository participants	715	495
Deposits from warehouse service providers	589	641
Income received in advance	132	116
Dues to members	637	792
Investor Protection Fund**	232	126
Payable towards purchase of fixed assets / intangibles	81	75
SEBI Turnover Fees	131	177
Other Liabilities	148	397
Total	26,571	16,371

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

9 Short term provisions

	As at March 31, 2017	As at March 31, 2016
Provision for leave encashment	94	104
Provision for gratuity	10	-
Proposed dividend	0	1,267
Dividend distribution tax	-	258
Total	104	1,629

Notes to the financial statements for the year ended March 31, 2017

10 Fixed Assets

(Amount in ₹ Lakhs unless otherwise stated)											
	Gross Block				Depreciation				Net Block		
	Opening as on April 1, 2016	Additions during the year	Deletions during the year	Adjustments	As at March 31, 2017	Opening as on April 1, 2016	During the year	Deletions during the year	Adjustments (Debit to Reserves)	As at March 31, 2017	As at March 31, 2016
Computer Hardware	3,157	441	105	-	3,493	2,347	345	101			810
Improvement to Lease hold Property	1,583	39	-	-	1,622	1,397	47	-	-	1,444	186
Telecommunication Equipments	1,250	220	-	-	1,470	639	163	-		802	611
Office Equipments (Refer Note below)	561	2	3	-	560	502	21	3		520	59
Electrical Installations	595	-	-	-	595	431	56	-		487	164
Furniture & Fixtures	188	17	39	-	166	130	14	35		109	58
Motor Car	34	-	-	-	34	1	3	-		4	33
Total	7,368	719	147	-	7,940	5,447	649	139	-	5,957	1,921
Previous Year	6,798	930	359	-	7,368	5,223	578	353	-	5,447	1,575

Note : Gross Block of Office Equipment includes assets carried net of grants received from Forward Market Commission, aggregating to ₹ 164 lakhs (March 31, 2016 : ₹ 164 lakhs)

11 Intangible Assets

	Gross Block				Depreciation				Net Block		
	Opening as on April 1, 2016	Additions during the year	Deletions during the year	Adjustments	As at March 31, 2017	Opening as on April 1, 2016	During the year	Deletions during the year	Adjustments (Debit to Reserves)	As at March 31, 2017	As at March 31, 2016
Computer Software	6,986	4,241	-	-	11,227	6,125	632	-	-	6,757	861
Total	6,986	4,241	-	-	11,227	6,125	632	-	-	6,757	861
Previous Year	6,809	177	-	-	6,986	5,530	595	-	-	6,125	1,279



Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

12 Non current investments

	As at March 31, 2017		As at March 31, 2016	
	Quantity	Amount	Quantity	Amount
Trade (Valued at cost unless stated otherwise)				
Unquoted Shares				
In Subsidiary Companies				
Equity shares of ₹10/- each fully paid up in NCDEX e Markets Limited *	23,499,400	2,350	23,499,400	2,350
5% Cumulative Redeemable Preference Shares of ₹10/- each fully paid up in NCDEX e Markets Limited *	12,000,000	1,200	12,000,000	1,200
Equity Shares of ₹10/- each fully paid up in NCDEX Institute of Commodity Markets & Research	50,000	5	50,000	5
Equity shares of ₹10/- each fully paid up in National Commodity Clearing Limited	4,750,000	810	4,750,000	810
Equity shares of ₹10/- each fully paid up in National e Repository Limited (refer note 43)	26,000,000	2,600	-	-
In Associates				
Equity Shares of ₹10/- each fully paid up in Power Exchange India Limited	15,000,000	1,500	15,000,000	1,500
Less: Provision for diminution in value of Investment		(1,500)		(1,500)
		-		-
10% Optionally Convertible Cumulative Preference Shares of ₹10/- each fully paid up in Power Exchange India Limited.	5,000,000	500	5,000,000	500
Less: Provision for diminution in value of Investment		(500)		(500)
		-		-
In Others				
Equity shares of ₹10/- each fully paid up in National Collateral Management Services Limited	-	-	-	-
		6,965		4,365
Non Trade (At lower of cost and fair value)				
Mutual Funds (Unquoted)				
NTPC Bonds 2015 Series 1 A for 10 years @ 7.11% p.a.	-	-	12,491	125
PFC Tax Free Bonds Series 1 A for 10 years @ 7.11% p.a.	-	-	12,835	128
IRFC LTD Tax Free Bonds Tranche I Series II A for 15 years @ 7.28%	-	-	60,400	604
NHAI Bonds 2015 Tax Free Bonds Tranche I Series II A for 15 years @ 7.35% p.a.	57,140	572	57,140	572
NHAI Bonds 2015 Tax Free Bonds Tranche II Series II A for 15 years @ 7.39% p.a.	-	-	23,128	231
NABARD Bonds Tax Free Bonds Series IIA for 15 years @ 7.35% p.a.	-	-	15,030	150
IRFC Tax Free Bonds Tranche II Issue Series IIA for 15 years @ 7.35% p.a.	-	-	17,635	177
		572		1,987
Total		7,537		6,352
Aggregate amount of unquoted investments		7,537		6,352
Aggregate provision for diminution in value of unquoted investments		2,000		2,000

* The Company has investments of ₹ 2350 lacs (March 31, 2016: ₹ 2350 lakhs) in equity shares of ₹10 each and ₹ 1200 lakhs (March 31, 2016: ₹ 1,200 lakhs) in 5% cumulative convertible preference shares of ₹10 each, in NCDEX e Markets Ltd (NeML) (erstwhile NCDEX Spot Exchange Limited), a wholly owned subsidiary company. The Company believes that business segment in which NeML operates is a new concept across the globe and the market is still in a nascent stage. The management considers these investments as strategic in nature and considering the nature of the industry it will have longer gestation period. In view of the foregoing and based on the improvements in the business in terms of growth in revenue, profitability and future projections of the subsidiary's business, the Management is of the opinion that the decline in value is temporary and hence no provision is considered necessary for diminution in value of investments.

Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

13 Deferred tax

	As at March 31, 2017	As at March 31, 2016
Deferred tax assets components		
Employee benefits	76	55
Expenditure disallowed u/s 40(a) of the Income Tax Act, 1961	-	-
Unabsorbed Capital Loss	-	-
Other items	50	44
Depreciation and Amortisation	-	-
Gross deferred tax asset	126	99
Deferred tax liabilities components		
Depreciation and amortisation	382	103
Gross deferred tax liabilities	382	103
Net deferred tax asset/(liability) *	(256)	(4)

14 Long term loans and advances

	As at March 31, 2017	As at March 31, 2016
Unsecured, Considered Good		
Capital Advances	18	3
Advance income tax paid including tax deducted at source receivable (net of provision)	2,710	2,708
Advance fringe benefit tax paid (net of provision for fringe benefit tax)	21	21
Security deposits	420	405
Prepaid Expenses	148	40
Total	3,317	3,177

15 Other assets

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Deposits with bank - original maturity more than 12 months	1,520	1,838	-	-
Interest accrued on fixed deposits	-	-	724	987
Others receivables considered doubtful	32	32	0	17
Less: Provision for doubtful receivables	32	32		
	-	-		
Other assets	-	35	-	-
Recoverable from subsidiaries	-	-	319	279
Loans and advances to subsidiaries				
Unsecured, considered good	-	-	40	26
Unsecured, considered doubtful	-	-	111	111
Less: Provision for doubtful advances	-	-	(111)	(111)
	-	-	40	26
Total	1,520	1,873	1,083	1,309



Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

16 Current Investments

	As at March 31, 2017		As at March 31, 2016	
	Units	Amount	Units	Amount
Current Investment (At lower of cost and fair value)				
Mutual Funds (Unquoted)				
Axis Liquid Fund Direct Growth	83,223	1,500		
Axis Short Term Fund Direct Plan Growth	2,717,199	500	-	-
Birla Sun Life Saving Fund-Direct Plan-Growth Option * NEW	52,824	169	-	-
Birla Sun Life Saving Fund-Direct Plan-Growth Option *	93,923	300	-	-
Birla Sunlife Cash Plus Growth Direct Plan *	44,698	109	54,492	130
Birla Sunlife Savings Fund-Direct Plan-Growth Option	469,441	1,500	683,094	2,000
Birla Sunlife Savings Fund-Direct Plan-Growth Option *	22,275	64	17,927	50
Birla Sunlife Short Term Fund-Direct Plan-Growth	799,447	500	878,218	500
DSP Blackrock Liquidity Fund Direct Plan Growth Option	35,266	820	41,570	900
HDFC Floating Rate Income Fund-Short Term Plan-Direct Plan-Wholesale Option-Growth Option	-	-	7,691,065	2,000
HDFC FRIF-Short Term Plan-Direct Plan-Wholesale Option-Growth Option	5,289,233	1,500	-	-
HDFC -Short Term Opportunities fund-Direct Plan-Growth Option	2,762,355	500	3,018,522	500
ICICI Prudential Flexible Income - Direct Plan Growth	333,489	1,040	349,603	1,000
ICICI Prudential Ultra Short Term - Direct Plan Growth	4,972,621	840	12,858,677	2,000
IDFC SSIF-ST Direct Plan Growth	-	-	1,589,744	500
IDFC Ultra Short Term Fund Direct Plan Growth	5,691,411	1,310	4,706,170	1,000
Invesco India Liquid Fund Direct Plan Growth Option	111,727	2,500	-	-
Kotak Floater ST Direct Plan Growth Option	68,780	1,835	60,385	1,500
Kotak Floater ST Direct Plan Growth Option *	3,741	100	5,929	146
Kotak Treasury Advantage Fund - Direct Plan - Growth Option *	1,595,400	416	1,396,660	319
Kotak Treasury Advantage Fund Direct Plan Growth Option	5,757,590	1,515	-	-
L & T Liquid Fund - Growth Option	95,602	2,131		
LIC Nomura MF Liquid-Direct Plan-Growth Option	84,796	2,500	54,651	1,500
Principal Cash Mgmt Fund Direct plan Growth	-	-	37,334	550
Prudential ICICI Money Market Fund - Direct Plan Growth Option	889,050	2,000	-	-
Relaince Liquid Fund Treasury Plan- Direct Plan Growth Option	25,213	1,000	-	-
Reliance Fix Horizon Fund-Xxx-Series 4- Direct Plan Growth Option	5,000,000	500	5,000,000	500
Reliance Frf St Direct Plan Growth Option	1,908,820	500	-	-
Reliance Medium Term Fund-Direct Plan-Growth Option	6,701,855	2,306	6,325,546	2,000
Religare Invesco Credit Opportunites Fund Direct Plan Growth Option	-	-	57,394	1,000
Religare Invesco Liquid Fund Direct Plan Growth Option	-	-	47,994	1,000
SBI Short Term Debt Fund-Direct Plan-Growth Option	2,599,942	500	2,858,956	500
SBI Ultra Short Term Debt Fund-Direct Plan-Growth Option	71,160	1,500	51,401	1,000
Sundaram Ultra Short Term Fund Direct plan Growth	-	-	524,329	110
Tata Floater Direct Plan - Growth Option	60,551	1,500	-	-
TATA Floater Fund Direct Plan-Growth Option *	-	-	13,031	284
TATA Liquid Fund Direct Plan - Growth Option	-	-	53,689	1,500
Tata Ultra ST Fund-Direct Plan-Growth Option *	16,152	400	-	-
UTI FRF STP Direct Plan Growth	50,504	1,355	80,608	2,000
UTI Money Market Direct plan Growth Option	54,835	1,000	-	-
UTI Treasury Advantage Fund Institutional Plan Direct Plan Growth	84,886	1,910	48,218	1,000
Total - Current Investments		36,120		25,489
Aggregate amount of unquoted investments		36,120		25,489
Aggregate provision for diminution in value of unquoted investments		-		-

* Represents investment earmarked for Settlement Guarantee Fund

Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

17 Trade Receivables

	As at March 31, 2017	As at March 31, 2016
Receivables outstanding for a period exceeding six months		
Secured, considered good *	70	69
Unsecured, considered good	5	4
Unsecured, considered doubtful	32	32
Less: Provision for doubtful debts	(32)	(32)
	75	73
Other Receivables		
Secured, considered good *	1,031	712
Unsecured, considered good	156	70
	1,187	782
Total	1,262	855

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

18 Cash and Bank Balances

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents				
Cash in hand	-	-	0	0
Balances with bank				
On current accounts *	-	-	1,387	284
Deposits with original maturity of three months or less	-	-	-	-
	-	-	1,387	284
Other bank balances				
Deposits with original maturity more than 12 months **	1,520	1,838	20,056	13,538
Deposits with original maturity for more than 3 months but less than 12 months ***	-	-	2,054	12,116
	1,520	1,838	22,110	25,654
Amounts disclosed under Non - Current assets (Note 14)	(1,520)	(1,838)		
Total	-	-	23,497	25,938

* Includes ₹ 3 lakhs (March 31,2016 : ₹ 3 lakhs) in Escrow account "NCDEX Joint Price Dissemination Account" and Settlement Guarantee Fund of ₹ 37 lakhs (March 31, 2016 : ₹ 39 lakhs)

** Current Fixed Deposit Includes Fixed Deposit earmarked for Settlement Guarantee Fund of ₹ 6,136 lakhs (March 31,2016 : ₹ 4,673 Lakhs)

*** Includes Fixed Deposits of ₹ 7,301 lakhs (March 31,2016 : ₹ 8,691 lakhs) pledged with Banks for Overdraft facilities and includes Fixed Deposit earmarked for Settlement Guarantee Fund of ₹ 2,054 lakhs (March 31,2016 : ₹ 2,874 lakhs)



Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

19 Short term loans and advances

	As at March 31, 2017	As at March 31, 2016
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received	2,043	1,721
MAT Credit Entitlement	63	-
Total	2,106	1,721

20 Revenue from operations

	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of services		
Transaction charges	4,487	6,468
Annual subscription fees	227	377
Admission fees	25	40
Risk Management Fees	815	1,305
Delivery Charges	581	1,255
Comtrack charges	482	850
Warehouse charges	518	466
Data info feed charges	201	194
	7,336	10,955
Charges for Technology Services		
Computer to computer link charges	29	31
Internet trading fees	58	79
Port charges	105	101
	192	211
Total	7,528	11,166

21 Other income

	For the year ended March 31, 2017	For the year ended March 31, 2016
Investment income	3,996	4,517
Investment income on SGF	721	695
Exchange charges	56	80
Interest on advance given to subsidiaries	12	49
Recovery of administrative cost	105	108
Settlement Penalties SGF	87	132
Recovery of charges from subsidiaries	471	468
Profit on sale/scrap of fixed assets (net)	11	3
Provision no longer required	-	7
Insurance Claim	247	-
Miscellaneous income	210	149
Total	5,916	6,208

Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

22 Employee benefits expense

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, allowances and bonus	3,988	3,350
Contribution to Provident and other funds	317	251
Staff welfare expenses	259	239
Total	4,564	3,840

23 Other expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent	777	662
Rates and taxes	1	7
Technology expenses	2,590	1,887
Clearing and settlement charges	452	418
Repair and maintenance:		
- Leasehold improvements	132	91
- Plant and Machinery	182	203
- Others	135	205
Insurance	79	90
Communication expenses	88	110
Advertisement and publicity	178	253
Printing and stationery	45	52
Legal and professional fees	674	708
Travelling and conveyance expenses	321	246
Payment to Auditors		
- As Auditors	19	15
- For other services	3	6
- For reimbursement of expenses	1	0
Electricity charges	394	343
Directors' sitting fees and expenses	189	54
Committee member sitting fees and expenses	17	34
Warehousing charges	-	4
Polling expenses	166	148
Research and Testing	97	58
Provision for doubtful debts and advances	-	3
Club membership fees	2	2
Sebi Regulatory Fees	100	50
Contribution to Investor Protection Fund	25	25
Corporate Social Responsibility	130	99
Books Periodicals & Subscription	32	42
Other expenses	323	194
Total	7,152	6,009



Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

24 Depreciation and Amortisation

	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of tangible assets	649	578
Amortisation of intangible assets	632	595
	1,281	1,172

25 The total deposits from members including margin money with the Company as on March 31, 2017 is ₹ 160,149 lakhs (March 31, 2016: ₹ 146,009 lakhs) which consists of cash, bank guarantees, securities and fixed deposit receipts.

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

Particulars	March 31, 2017	March 31, 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

27 Operating lease

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

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

Lease obligations	March 31, 2017	March 31, 2016
Minimum Lease Payments :		
Not later than one year	822	860
Later than one year but not later than five years	3,308	2,093
Later than five years	1,242	968

Total lease payments recognised in Statement of Profit and Loss is ₹ 777 lakhs included in Rent in Note 23 (March 31, 2016: ₹ 662 Lakhs)

Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

28 Contingent Liabilities

Particulars	March 31, 2017	March 31, 2016
On account of Income taxes (Refer Note 1 below)	1131	1,069
On account of Legal claim (Refer Note 2 below)	185	185
On account of payment of Bonus for the F.Y. 2014-15 (Refer Note 3 below)	11	11
On account of Bank Guarantee (Refer Note 4 below)	50	-

Particulars	Assessment Year	Amount of Tax	Forum before which case is pending
Disallowance u/s 14A	AY 07-08	53	ITAT
Investor Protection Fund	AY 07-08	171	
Investor Protection Fund	AY 08-09	113	ITAT
Investor Protection Fund	AY 09-10	61	ITAT
Investor Protection Fund	AY 10-11	162	ITAT
Investor Protection Fund	AY 11-12	123	CIT
Investor Protection Fund	AY 12-13	224	CIT
Investor Protection Fund	AY 13-14	162	CIT
Investor Protection Fund	AY 14-15	62	CIT
Total		1,131	

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

The Company had received an assessment order in respect of A.Y. 2007-08, A.Y. 2008-09, A.Y. 2009-10, A.Y. 2010-11, A.Y. 2011-12, A.Y. 2012-13 and A.Y. 2013-14, A.Y. 2014-15 wherein the Assessing officer has made an addition in taxable income of the Company the penalty collected on behalf of Investor Protection Fund (IPF). The Company has filed an appeal with CIT(Appeals) for all these years. The CIT(Appeals) has given order for all the years in favour of the Company. However the Income Tax Department has filed an appeal against the CIT(Appeals) order with ITAT.

The above contingent liability represents the additional tax liability for Sec 14A disallowance for A.Y. 2007-08 and for IPF addition for A.Y. 2007-08, A.Y. 2008-09, A.Y. 2009-10, A.Y. 2010-11, A.Y. 2011-12, A.Y. 2012-13, A.Y. 2013-14 and A.Y. 2014-15.

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

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

- Due to the retrospectively amendment in "The Payment of Bonus Act, 1965" which is deemed to have come into force from 1st April, 2014. Kerala and Karnataka High Court have passed stay on the implementation and the matter is pending in Court of Law for the hearing. Considering the other facts that books of FY 2014-15 has been closed and return of bonus already filed for said period. As the matter is under litigation it is considered as contingent.
- The Company has given bank guarantee to the Warehousing Development and Regulatory Authority (WDRA) for ₹ 50 lakhs on behalf of National e-Repoistry Limited.



Notes to the financial statements for the year ended March 31, 2017

29 Pepper futures contract was traded on the Exchange till May 2013. However, based on complaints of presence of 'Mineral Oil' in some of the stocks, the warehouses having pepper stock were sealed by Food Safety and Standard Authority of India (FSSAI) and deliveries were stopped from these warehouses till further notice. The presence of mineral oil is not a part of the Exchange specifications and therefore any liability arising on account of the same cannot be under the settlement process of the Exchange. However, in order to retain market integrity, the Exchange has offered to facilitate improvement of pepper stock, which is approximately 6,400 MT, subject to recovering the costs of improvement and accordingly requested the Hon. Kerala High Court to allow the same. Based on this, the Hon. Kerala High Court vide its order dated August 28, 2014, allowed the Exchange to clean the pepper stock lying in the warehouse with a right to recover the costs associated with the same. Subsequently, some of the holders of the stocks had requested FSSAI to permit the reference of a second sample to the referral laboratory viz. The Central Food Laboratory, Kolkata. Based on the test results of 5,193 MT sent to the referral laboratory, 4,096 MT has been tested as free of mineral oil. Further, Hon. High Court of Kerala, vide its order dated May 12, 2015 has directed release of such quantity of pepper which is found free from impurities and contamination. Based on this, 3,783 MT of pepper out of the quantity found free of mineral oil on testing by Central Food Laboratory, Kolkata, has been released to the holders. As the percentage of stock tested free of mineral oil is substantially high, it is estimated that the total costs required to be incurred will be approximately ₹ 1,558 lakhs (excluding taxes), as compared to the earlier estimate of ₹ 4,300 lakhs. Out of the same, ₹ 1200 lakhs plus taxes is towards cleaning costs. Till March 31, 2017, the Exchange has paid ₹ 1200 lakhs plus taxes towards cleaning costs. The total amount paid till March 31, 2017 is ₹ 1,681 lakhs (including taxes) towards cleaning and other related costs. These payments are included in advances recoverable in cash or kind. In order to recover the costs for cleaning and other related expenses, the Exchange is in discussions with the local trade association, concerned members and other counterparties. The Management is of the opinion that there is no further exposure to the Exchange and therefore, there is no requirement to make any further provision with respect to these costs in the Company's accounts in addition to the provision made in earlier year of ₹ 260 lakhs.

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

30 Capital Commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 127 lakhs (March 31, 2016: ₹ 89 lakhs).

Other Commitments

Cost of cleaning of pepper ₹ Nil (March 31, 2016 : ₹ 300 lakhs plus taxes) (refer note 29).

Commitments on account of NextGen project is ₹ 6,675 lakhs (March 31, 2016: ₹ 8,503 lakhs).

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

Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

32 Related Party Disclosures

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

Particulars	Subsidiaries												Associates					Key Managerial Personnel #					
	NeML			NICR			NERL			NCCL			Power Exchange			Samir Shah		IPF trust		Total			
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17		
Remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	274	285	-	-	274	285		
Fees Paid	-	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	452	427		
Recovery of expenses	318	323	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	471	468		
Expenses paid on behalf of Subsidiaries/Associates	1	1	2	3	3	65	-	-	-	-	-	-	-	-	-	-	-	-	0	68	4		
Transfer of asset between Subsidiaries	2	-	-	-	-	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-		
Amount received for Expenses incurred	-	-	2	3	3	-	-	-	-	-	19	1	-	-	-	-	-	-	0	21	4		
Investment in Equity Shares	-	-	-	-	-	2,600	-	-	-	-	-	-	-	-	-	-	-	-	-	2,600	-		
Conversion of Loan in to Equity	-	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500		
Provision no longer required	-	1,508	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,508		
Transfer to IPF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	725	924	924		
Interest on advance	-	37	12	11	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12	49		
Advance/Loan given	-	-	4	6	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	6		
Repayment on Interest on advance	124	45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	124	45		
Repayment of Loan amount	-	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8		

Balance outstanding at the year end	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17
Investments in Equity Shares (Note 12)	2,350	2,350	5	5	5	2,600	-	810	-	810	1,500	1,500	1,500	-	-	-	-	-	-	7,265	4,665
Investments in Preference Shares (Note 12)	1,200	1,200	-	-	-	-	-	-	-	-	500	500	500	-	-	-	-	-	-	1,700	1,700
Provision for diminution in the value of Investment	-	-	-	-	-	-	-	-	-	-	2,000	2,000	2,000	-	-	-	-	-	-	2,000	2,000
Loans and Advances (Note 14)	-	-	151	137	137	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151	137
Provision for Advances	-	-	111	111	111	-	-	-	-	-	-	-	-	-	-	-	-	-	-	111	111
Other Receivables (Note 15)	254	279	-	-	-	65	-	-	-	-	(0)	17	-	-	-	-	-	-	-	319	296
Trade Payables (Note 7)	-	-	-	-	-	-	-	38	25	-	-	-	-	99	121	-	-	-	-	137	146
Other current liabilities (Note 8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	232	126



Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

33 Earnings per share (EPS)

Particulars	March 31, 2017	March 31, 2016
Net Profit/(Loss) after tax as per Statement of Profit and Loss	942	6,881
Less: Preference dividend and tax thereon	-	-
Net Profit for calculation of EPS (A)	942	6,881
Weighted average no. of equity shares for calculating EPS (B)	50,676,000	50,676,000
Basic/Diluted earnings per equity share(in Rupees) (Face value of ₹ 10/- per share) (A) / (B)	1.86	13.58

Particulars	March 31, 2017	March 31, 2016
Weighted average number of equity shares for calculating EPS	50,676,000	50,676,000
Add: Equity shares for no consideration arising on grant of stock options under ESOP	Nil	Nil
Weighted average number of equity shares in calculation diluted EPS	50,676,000	50,676,000

34 Employee Stock Option Plans ('ESOP')

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

The details of Series I have been summarized below:

Particulars	March 31, 2017	March 31, 2016
Number of stock options		
Outstanding at the beginning of the year	Nil	Nil
Add: Granted during the year	Nil	Nil
Less: Forfeited during the year	Nil	Nil
Less: Lapsed during the year	Nil	Nil
Less: Expired during the year	Nil	Nil
Outstanding at the end of the year	Nil	Nil
Exercisable at the end of the year	Nil	Nil
Weighted average remaining contractual life (in years)	-	-
Weighted average exercise price (₹ per share)	192	192
Weighted average fair value of options granted	53.58	53.58

Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

The details of Series II have been summarized below

Particulars	March 31, 2017	March 31, 2016
Number of stock options		
Outstanding at the beginning of the year	Nil	29,000
Add: Granted during the year	Nil	Nil
Less: Forfeited during the year	Nil	2,000
Less: Lapsed during the year	Nil	27000
Less: Expired during the year	Nil	Nil
Outstanding at the end of the year	Nil	Nil
Exercisable at the end of the year	Nil	Nil
Weighted average remaining contractual life (in years)	-	-
Weighted average exercise price (₹ per share)	203	203
Weighted average fair value of options granted	56.71	56.71

There were no stock options exercised during the period ended March 31, 2017 (March 31, 2016: Nil)

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

March 31, 2017

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

March 31, 2016

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

Stock Options granted

Series I

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

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



Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

Series II:

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

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

Since the company used the intrinsic value method and the exercise price being the same as fair value of the shares of the Company, there is no compensation cost recognized in the Statement of Profit and Loss during the year ended March 31, 2017. (March 31, 2016: ₹ Nil)

35 Employment Benefit Plans

- Defined Contribution Plans-Amount recognised and included in Note 22 "Contribution to Provident and other funds" of Statement of Profit and Loss ₹ 143 lakhs (March 31, 2016 : ₹ 122 lakhs)
- The Company has a defined benefit gratuity plan. Every employee who has completed five years or more and less than or equal to nine years of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. Every employee who has completed more than ten years of service gets a gratuity on departure at 26 days salary (last drawn salary) for each completed year of service.

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

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost)

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
Current service cost	49	38
Interest cost on benefit obligation	20	18
Expected return on plan assets	(22)	(23)
Net actuarial (gain) / loss recognized in the year	48	27
Past service cost	Nil	Nil
Net benefit expense	95	60
Actual return on plan assets	18	13

Balance Sheet

Details of Provision for Gratuity

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
Defined benefit obligation	324	262
Fair value of plan assets	314	297
	10	35
Less: Unrecognized past service cost	Nil	Nil
Plan asset / (liability)	10	35

Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

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

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
Opening defined benefit obligation	262	224
Interest cost	20	18
Current service cost	49	38
Liabilities transferred in/Aquisitions/(out/Divestments)	Nil	4
Benefits paid	(50)	(39)
Actuarial (gains) / losses on obligation	43	17
Closing defined benefit obligation	324	262

Changes in the fair value of plan assets are as follows

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
Opening Fair Value of Plan Assets	297	287
Expected return	22	23
Contributions by employer	50	32
Assets transferred in/Acquisitions(out/Divestments)	(0)	4
Benefits paid	(50)	(39)
Actuarial gains / (losses)	(5)	(10)
Closing fair value of plan assets	314	297

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

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
	%	%
Investments with insurer	100	100

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

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
Discount Rate	6.85%	7.54%
Expected rate of return on assets	6.85%	7.54%
Increase in compensation cost	10% for first 5 years, 7% for next 5 years and 5% thereafter	10% for first 5 years, 7% for next 5 years and 5% thereafter
Employee Turnover	20.00%	20.00%

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



Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

Amounts for the current period are as follows

Particulars	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Defined benefit obligation	324	262	224	188	162
Plan assets	314	297	287	156	171
Surplus /(deficit)	(10)	35	63	(32)	9
Experience adjustments on plan liabilities	34	13	(3)	22	39
Experience adjustments on plan assets	(5)	(10)	-	(1)	-

36 Expenditure in foreign currency

Particulars	March 31, 2017	March 31, 2016
Intangible assets	1721	1243
Technology expenses	37	49
Travelling	11	55
Professional & consultation fees	20	62
Others	19	11
Total	1,808	1,421

37 Net Dividend remitted in foreign exchange

Particulars	March 31, 2017	March 31, 2016
Period for which it relates	2015-16	2014-15
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	1,500,000	1,500,000
Amount remitted	37.5	22.5

38 Settlement Guarantee Fund (SGF) as constituted by the Company, is the amount earmarked for completion of the settlement, in case of a default by a member. The Erstwhile Forward Markets Commission has issued Guidelines dated March 14, 2014 (in revision to the Guidelines dated August 23, 2013) in respect of Settlement Guarantee Fund (SGF). The Company has worked out the Corpus of SGF as on March 31, 2017 at ₹ 12,291 lakhs as disclosed below:

	Particulars	March 31, 2017	March 31, 2016
Settlement Guarantee Fund (A)	Balance as per last financial statements	5,875	4,867
	Add: Additions during the period (Appropriation net of Tax)	57	86
	Add: Contribution @ 5% of gross revenue of 2014-15 (Appropriation net of Tax)	-	469
	Add: Income on SGF Investment (Appropriation net of Tax)	471	453
	Total (A) (refer note 4)	6,404	5,875
Non current liabilities (B)	- Base Minimum Capital	1,495	1,736
	Total (B)(refer note 5)	1,495	1,736
Other current liabilities ('C)	- Base Minimum Capital	905	938
	Total (C)(refer note 8)	905	938
	Total Cash (A) + (B) + ('C)	8,804	8,549
	Total Non Cash *	3,487	4,126
	Total SGF	12,291	12,675

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

Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

As per SEBI circular dated September 01, 2016, the Company is required to determine the adequacy of SGF based on stress test computation on quarterly basis. If there is a shortfall, the Company has to make additional contribution to meet the shortfall. The SGF as per the stress test prescribed in the said guidelines as on March 31, 2017 is ₹. 6,134 lakhs (March 31, 2016 : ₹ 8,458 lakhs) and SGF corpus with exchange is ₹ 12,291 lakhs (March 31, 2016 : ₹ 12,675 lakhs).

39 Details of Exceptional items are as follows:

Particulars	March 31, 2017	March 31, 2016
Profit on sale of shares of non current investments *	-	3,732
Provision no longer required **	-	1,508
Liquidated Damages ***	954	395
Provision for diminution in value of Investment ****	-	(2,000)
Total	954	3,635

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

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

*** As per the terms stated in the Share Purchase Agreement with an investor, the Company has to receive ₹ 7,592 lakhs as Liquidated Damages (LD) for non achievement of business milestones. During the year ₹ 954 lakhs (₹ 395 lakhs received in year 2015-16 and ₹ 5,810 lakhs received in year 2013-14) has been received as per the said agreement.

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

40 Corporate Social Responsibility (CSR)

Gross amount required to be spent by the Company on Corporate Social Responsibility activities during the financial year 2016-17 is ₹ 131 lakhs

Details of amount spent during the year are as follows:

CSR project or activity identified	Projects or programs	Sector in which the project is covered	Amount spent
Training Programs for farmers' family members	The project is planned to be implemented in the states of Rajasthan and Madhya Pradesh.	Agriculture Education	₹ 80 lakhs
Swachh Bharat Abhiyan	Contribution to the Swachh Bharat Abhiyan project initiated by the PM	Public Health	₹ 50 lakhs

41 In the opinion of the Management, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess of what is required.



Notes to the financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

42 Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	10,000	657	10,657
(+) Permitted receipts	0	38,188	38,188
(-) Permitted payments	0	37,877	37,877
(-) Amount deposited in Bank	10,000	0	10,000
Closing cash in hand as on December 30, 2016	0	968	968

43 The Company has incorporated a new company, National E Repository Limited (NERL) to provide the Repository services as per the Warehouse Development Regulatory Authority (WDRA) guidelines. NERL is regulated by WDRA. The Company has invested ₹ 2,600 lakhs in NERL towards equity capital.

44 The Board of the Company has decided to sell its Comtrack business undertaking (undertaking) by way of slump sale to its newly incorporated subsidiary National E Repository Limited (NERL). The consideration for transfer of Comtrack business undertaking is ₹ 4,610 lakhs as per the independent valuation report. Directly attributable revenue from Comtrack business undertaking for the financial 2016-17 is ₹ 737 lakhs (previous year ₹ 1,108 lakhs) and directly attributable expenses is ₹ 168 lakhs (previous year ₹ 192 lakhs). Apart from these revenue and expenses, assets such as software, hardware, current assets, current liabilities, etc. directly attributable / identifiable with the Comtrack business undertaking will be transferred to NERL as a part of sell of business undertaking at a later date.

45 Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary.

As per our report of even date

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

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

Sachin A. Negandhi
Partner
Membership No.112888

Samir Shah
Managing Director & Chief Executive Officer
DIN - 00912693

Rabi Narayan Das
Director
DIN - 03582925

Place : Mumbai
Date : May 30, 2017

M. K. Ananda Kumar
Company Secretary
FCS - 6819

Komal Shahani
Chief Financial Officer

Independent Auditor's Report

To the Members of National Commodity & Derivatives Exchange Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **National Commodity & Derivatives Exchange Limited** (hereinafter referred to as 'the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the NCDEX Group'), its associates and jointly controlled entities, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.



Independent Auditor's Report

Emphasis of Matter

We draw attention to:

1. Note 30 to the consolidated financial statements. In respect of the matters relating to the future contracts of pepper, 'advances recoverable in cash or in kind' as on March 31, 2017, includes various costs amounting to ₹ 1681 lakhs towards cleaning of the pepper stock in warehouses. The order of Hon'ble High Court of Kerala dated August 28, 2014 has allowed the Company to clean the pepper stock in warehouses with a right to recover the aforesaid estimated pepper-cleaning costs and applicable taxes, associated with the same.

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

2. The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the year ended March 31, 2017, have drawn attention to a matter wherein in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), in the opinion of the joint venture's management, service tax is not applicable on the transaction charges billed by ReMSPL. Hence the provision for service tax has not been made in the books of accounts for the same. The financial impact, if any, due to applicability of service tax on the consolidated financial statement of the Group is ₹ 871.61 lakhs exclusive of interest and other imposition.
3. The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the year ended March 31, 2017, have drawn attention to the matter stated in note 47 (b) to the consolidated financial statements wherein in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), a joint venture of NeML, balances under sundry debtors have not been confirmed by few parties and we are unable to comment on the adjustments, if any, arising out of reconciliation / confirmation of such balances on the consolidated financial statements.

Our opinion is not qualified in respect of these matters.

Other Matters

- (a) We did not audit the financial statements of two subsidiary companies and a jointly controlled company whose financial statements reflect total assets of ₹ 19691.94 lakhs as at March 31, 2017, total revenues of ₹ 6562.78 lakhs and net cash outflows amounting to ₹ 5199.01 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements of a subsidiary company whose financial statements reflect total assets of ₹ 2600.51 lakhs as at March 31, 2017, total revenues of ₹ 0.30 lakhs and net cash inflows of ₹ 2600.51 lakhs for the period ended on that date. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements.
- (c) The consolidated financial statements do not include the Group's share of net loss of ₹ 60.48 lakhs for the year ended March 31, 2017 in respect of an associate company. This has not been considered in the consolidated financial statements, in respect of this associate, whose financial statements have not been audited by us, as the equity investment in this associate has been eroded on consolidation. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements.

Independent Auditor's Report

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiaries and jointly controlled entities, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act. The financial statements of a subsidiary and an associate are unaudited as referred to in sub-paragraph (b) of the Other Matters paragraph above and hence disqualification under Section 164 (2) of the Act for those entities is not commented upon.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities – Refer Note 29 and 30 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.
 - iv. The Group has provided requisite disclosures in its financial statements as to holding as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer note 48 to the financial statement.

For K. S. Aiyar & Co.

Chartered Accountants

ICAI Firm Registration No: 100186W

Sachin A. Negandhi

Partner

Membership No.: 112888

Place: Mumbai

Date: May 30, 2017



Annexure 'A' to the Independent Auditor's Report

of even date on the consolidated financial statements of National Commodity & Derivatives Exchange Limited

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

In conjunction with our audit of the consolidated financial statements of **National Commodity & Derivatives Exchange Limited** (hereinafter referred to as 'the Holding Company') and its subsidiaries, its associate company and jointly controlled company as of and for the year ended March 31, 2017, We have audited the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, associate and jointly controlled entity which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its two subsidiary companies and jointly controlled company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies and one jointly controlled company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary and an associate company does not cover these companies as the financial statements for the year ended March 31, 2017 of these companies are unaudited and the corresponding auditors' report is unavailable.

For K. S. Aiyar & Co.
Chartered Accountants

ICAI Firm Registration No: 100186W

Sachin A. Negandhi
Partner

Membership No.: 112888

Place: Mumbai
Date: May 30, 2017



Consolidated Balance Sheet as at March 31, 2017

(₹ in Lakhs)

Particulars	Note no.	As at March 31, 2017	As at March 31, 2016
Equity and Liabilities			
Shareholders' funds			
Share capital	2	5,068	5,068
Reserves and surplus	3	40,096	38,082
		45,164	43,150
Non-current liabilities			
Deferred tax liabilities (net)	4	232	46
Other long term liabilities	5	8,275	7,773
Long-term provisions	6	151	116
		8,658	7,935
Current liabilities			
Trade payables	7		
Dues to Micro and Small Enterprises		-	-
Dues to others		2,522	1,940
Other current liabilities	8	41,027	24,421
Short-term provisions	9	482	1,775
		44,031	28,136
TOTAL		97,853	79,221
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	2,368	2,217
Intangible assets	11	5,576	1,795
Intangible assets under development		8	1,954
Non-current investments	12	577	1,992
Long-term loans and advances	13	3,456	3,330
Other non current assets	14	1,964	2,022
		13,949	13,310
Current assets			
Current investments	15	36,739	25,952
Trade receivable	16	2,529	1,796
Cash and bank balances	17	40,968	34,787
Short-term loans and advances	18	2,605	2,210
Other assets	19	1,063	1,166
		83,904	65,911
TOTAL		97,853	79,221
Summary of significant accounting policies	1		

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

As per our report of even date

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

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

Sachin A. Negandhi
Partner
Membership No.112888

Samir Shah
Managing Director & Chief Executive Officer
DIN - 00912693

Rabi Narayan Das
Director
DIN - 03582925

Place : Mumbai
Date : May 30, 2017

M. K. Ananda Kumar
Company Secretary
FCS - 6819

Komal Shahani
Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	Note no.	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations	20	12,852	14,511
Other income	21	6,232	6,396
Total revenue		19,084	20,907
Expenditure			
Employee benefits expense	22	5,708	4,742
Finance costs	23	-	-
Depreciation and amortization expense	24	1,750	1,531
Other expenses	25	9,603	7,499
Total expenses		17,061	13,772
Profit/(loss) before exceptional items and tax		2,023	7,135
Exceptional Items		954	3,627
Profit before tax		2,977	10,762
Tax expenses			
Current tax		782	3,350
MAT credit entitlement		(70)	-
Deferred tax		186	(18)
Total tax expense		898	3,332
Profit/(loss) for the year ended		2,079	7,430
Profit/(loss) of Associate		-	-
Profit/(loss) for the year carried to Balance sheet		2,079	7,430
Earnings per equity share of ₹ 10 each	36		
Basic		4.10	14.66
Diluted		4.10	14.66
Summary of significant accounting policies	1		

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

As per our report of even date

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

Sachin A. Negandhi
Partner
Membership No.112888

Place : Mumbai
Date : May 30, 2017

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

Samir Shah
Managing Director & Chief Executive Officer
DIN - 00912693

M. K. Ananda Kumar
Company Secretary
FCS - 6819

Rabi Narayan Das
Director
DIN - 03582925

Komal Shahani
Chief Financial Officer



Consolidated Cash Flow Statement for the year ended March 31, 2017

(₹ in Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
A. Cash flow from operating activities		
Profit before exceptional item & tax	2,977	10,762
<u>Adjustments for:</u>		
Depreciation & amortisation	1,751	1,531
Dividend income	(25)	-
Provision for leave encashment	28	71
Provision for gratuity	54	60
Provision for interest on income tax	-	(1,508)
Provision for doubtful debts and advances	-	3
Loss/(Profit) on sale of fixed asset	(11)	(3)
(Profit) / Loss on sale of investments	(2,970)	(6,156)
Interest income	(1,930)	(2,758)
Provision for diminution in value of investment	-	2,010
Operating profit before working capital changes	(126)	4,012
Movements in working capital:		
Decrease / (Increase) in trade receivables	(706)	(147)
Decrease / (Increase) Current loans and advances	(368)	(857)
Decrease / (Increase) non - current loans and advances	(139)	191
Decrease / (Increase) in inter corporate loans	(15)	126
Decrease / (Increase) other non current assets	(256)	178
Decrease / (Increase) other current assets	154	(30)
Increase / (Decrease) in non - current liabilities	1,176	(1,465)
Increase / (Decrease) in long term provision	36	18
Increase / (Decrease) in trade payables	408	106
Increase / (Decrease) in Short term provision	89	(99)
Increase / (Decrease) in current liabilities	15,797	6,059
Cash generated/(used) from operations	16,050	8,092
Direct taxes paid (net of refunds)	754	3,647
Net cash generated/(used) in operating activities (A)	15,296	4,445
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets and CWIP	(3,743)	(3,494)
Proceeds from sale / disposal of fixed assets	19	9
Proceeds from sale of shares of National Collateral Management Services Limited	-	4,332
Investment in shares of National Commodity Clearing Limited	(2,600)	-
Purchase of current investments	(587,941)	(657,826)
Proceeds from sale of current investments	581,540	647,762
Dividend Income	25	10
Interest received	2,192	2,796
Purchase of shares in associates	-	-
Investment in fixed deposits (original maturity of more than three months)	(25,727)	(26,840)
Redemption/Maturity of fixed deposits (original maturity of more than three months)	26,166	30,501
Net cash generated/(used) in investing activities (B)	(10,069)	(2,750)

Consolidated Cash Flow Statement for the year ended March 31, 2017

(₹ in Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
C. Cash Flows from financing activities		
Proceeds from issuance of equity share capital	2,600	-
Repayment of long-term borrowings	-	(8)
Loan from National Commodity & Derivatives Exchange Ltd (Holding Company)	-	-
Dividend paid	(1,267)	(760)
Dividend tax paid	(258)	(155)
Net cash generated/(used) from financing activities (C)	1,075	(923)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	6,302	772
Cash and cash equivalents at the beginning of the period	5,584	4,812
Cash and cash equivalents at the end of the period	11,886	5,584
Components of cash and cash equivalents		
Cash and cheques on hand	0	0
With Banks		
- on current accounts *	11,586	5,284
- on fixed deposits (Original maturity being three months or less)	300	300
Total	11,886	5,584

* Includes

- NCDEX Joint Price Dissemination fund of ₹ 3 lakhs (March 31,2016 : ₹ 3 lakhs) which can be utilized only for Joint Price Dissemination project along with FMC
- Settlement Guarantee Fund of ₹ 37 lakhs (March 31,2016 : ₹ 39 lakhs) which can be utilized for completion of settlement, in case of member default

As per our report of even date

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

Sachin A. Negandhi
Partner
Membership No.112888

Place : Mumbai
Date : May 30, 2017

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

Samir Shah
Managing Director & Chief Executive Officer
DIN - 00912693

M. K. Ananda Kumar
Company Secretary
FCS - 6819

Rabi Narayan Das
Director
DIN - 03582925

Komal Shahani
Chief Financial Officer



Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

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

Basis of consolidation

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

Basis of Accounting

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

Principles of Consolidation

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

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

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

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

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

The financials statements of subsidiary companies, joint ventures and associate companies used in consolidation are drawn upto the same reporting date as that of the Company i.e. year ended March 31, 2017.

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

Name of Company	w. e. f.	Country of Incorporation	Percentage of voting power	Percentage of voting power
			as at 31st March 2017	as at 31st March 2016
Subsidiaries				
NCDEX e Markets Limited (NeML)	13-Nov-06	India	100%	100%
National Commodity Clearing Limited (NCCL)	22-Jul-13	India	100%	100%
National E-Repoistry Limited	30-Mar-17	India	100%	100%
Associates				
Power Exchange India Limited (PXIL)	20-Feb-08	India	30.95%	30.95%

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

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

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

Summary of significant accounting policies

a Use of estimates

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

b Tangible fixed assets

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

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

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

c Depreciation and amortisation

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

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

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

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

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

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

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



Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

d Intangible assets

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

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

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

e Impairments

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

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

f Operating Leases

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

g Investments

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

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

h Revenue Recognition

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

Transaction charges

Transaction charges are recognized as income on trade date basis.

Annual subscription charges

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

Clearing & Settlement Charges

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

Admission fees

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

Delivery Charges

Delivery charges are recognised as income on delivery of commodities.

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

Interest Income

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

Dividends

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

Risk Management Fees

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

Comtrack Charges

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

Warehouse Charges

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

Insurance Claim

Insurance claim is recognized on the basis of actual receipt

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

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

Registration Fees

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

i Foreign currency transactions

Initial Recognition

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

Conversion

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

Exchange Differences

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

j Income taxes

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

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

At each reporting date the Company reassesses unrecognized deferred tax assets. It recognizes unrecognized deferred



Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

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

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

k Retirement and other employee benefits

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

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

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

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

l Earnings per share

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

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

m Provisions, Contingent Liabilities & Contingent Assets

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

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

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

n Cash and cash equivalents

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

o Employee stock compensation cost

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

p Settlement Guarantee Fund (SGF)

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

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

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

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



Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

2. Share Capital

	As at March 31, 2017	As at March 31, 2016
Authorised Shares [Shares are in number (Nos.)]		
60,000,000 (March 31, 2016:60,000,000) Equity shares of ₹ 10/- each	6,000	6,000
10,000,000 (March 31, 2016:10,000,000) 5% Cumulative Redeemable Preference Shares of ₹ 10/- each	1,000	1,000
	7,000	7,000
Issued, subscribed and fully paid up shares		
50,676,000 equity shares of ₹ 10/-	5,068	5,068
Total fully paid-up share capital	5,068	5,068

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ In lakhs	No. of Shares	₹ In lakhs
At the beginning of the quarter	50,676,000	5,068	50,676,000	5,068
Issued during the year	-	-	-	-
Outstanding at the end of the quarter	50,676,000	5,068	50,676,000	5,068

(b) Terms/ rights attached to equity shares

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

During the year ended 31 March 2017, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.50 (31 March 2016: ₹ 2.50).

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

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

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% holding	No. of Shares	% holding
Equity Shares of ₹ 10 each fully paid				
Shree Renuka Sugars Limited	2,533,700	5.00%	2,533,700	5.00%
Life Insurance Corporation of India	5,625,000	11.10%	5,625,000	11.10%
National Bank for Agriculture and Rural Development	5,625,000	11.10%	5,625,000	11.10%
National Stock Exchange of India Limited	7,601,377	15.00%	7,601,377	15.00%
Oman India Joint Investment Fund	5,067,600	10.00%	5,067,600	10.00%
Indian Farmers Fertiliser Cooperative Limited	5,068,000	10.00%	5,068,000	10.00%
Punjab National Bank	3,694,446	7.29%	3,694,446	7.29%
Build India Capital Advisors LLP	3,091,236	6.10%	3,091,236	6.10%
Canara Bank	3,055,519	6.03%	3,055,519	6.03%
IDFC Private Equity Fund II	2,533,800	5.00%	2,533,800	5.00%

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

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

(d) Shares reserved for issue under options

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

3. Reserves and Surplus

	As at March 31, 2017	As at March 31, 2016
General Reserve		
Opening balance	1,110	1,110
Add : during the year	-	-
Closing Balance	1,110	1,110
Settlement Guarantee Fund		
Opening balance	5,875	4,867
Add : during the year	528	1,008
Closing Balance	6,404	5,875
Risk Management Fund		
Opening balance	5	7
Add : during the year	(5)	(2)
Closing Balance	-	5
Securities / Share Premium account		
Opening balance	13,956	13,956
Add : Premium on issue of shares	-	-
Closing Balance	13,956	13,956
Transaction Charges Special Reserve		
Opening balance	64	-
Add/(Less) : during the year	(64)	64
Closing Balance	-	64
Surplus/ (deficit) in the statement of profit and loss		
Opening balance	17,072	12,281
Profit/ (Loss) for the year	2,079	7,430
Less : Appropriations		
Transfer to Settlement Guarantee Fund	528	1,008
Transfer to/(from) Transaction Charges Special Reserve	(64)	64
Proposed dividend of step down entity	50	35
Distribution tax on dividend of step down entity	10	7
Proposed Dividend	-	1,267
Distribution tax on dividend	-	258
Net surplus / (deficit)	18,627	17,072
Total reserves and surplus	40,096	38,082



Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

4. Deferred Tax

	As at March 31, 2017	As at March 31, 2016
Deferred tax assets components		
Employee benefits	76	55
Unabsorbed loss including unabsorbed depreciation	265	-
Other items	68	44
Gross deferred tax asset	409	99
Deferred tax liabilities components		
Depreciation and amortisation	641	145
Other items	-	-
Gross deferred tax liabilities	641	145
Net deferred tax asset/(liability)	(232)	(46)

5. Other Long-term Liabilities

	As at March 31, 2017	As at March 31, 2016
Deposits from members	6,780	6,037
Base Minimum Capital	1,495	1,736
Interest free deposit from Clearing Banks	-	-
	8,275	7,773

6. Long - term provisions

	As at March 31, 2017	As at March 31, 2016
Provision for Leave encashment	151	116
	151	116

7. Trade payable

	As at March 31, 2017	As at March 31, 2016
Trade payables	2,522	1,940
	2,522	1,940

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

8. Other current liabilities

	As at March 31, 2017	As at March 31, 2016
Base Minimum Capital	905	938
Deposit from members	32,274	15,735
Deposits from clearing banks	4,800	4,600
Deposits from depository participants	715	495
Deposits from warehouse service providers	609	666
Income received in advance	145	118
Dues to members	637	792
Bank overdraft	-	-
Investor Protection Fund	232	126
Payable towards purchase of fixed assets / intangibles assets	198	191
SEBI Turnover Fees	131	177
Others	381	583
	41,027	24,421

9. Short term provisions

	As at March 31, 2017	As at March 31, 2016
Provision for gratuity	10	10
Provision for leave benefits	100	110
Other provisions	96	72
Provisions for tax	216	38
Proposed dividend	50	1,292
Dividend distribution tax	10	253
	482	1,775



Notes to consolidated financial statements for the year ended March 31, 2017

10. Fixed Assets

(Amount in ₹ Lakhs unless otherwise stated)

	Gross Block					Depreciation				Net Block		
	Opening as on April 1, 2016	Additions during the year	Deletions during the year	Adjustments	As at March 31, 2017	Opening as on April 1, 2016	During the year	Deletions during the year	Adjustments (Debit to Reserves)	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Computer Hardware	3,681	622	111	-	4,192	2,637	432	107	-	2,962	1,230	1,044
Improvement to Lease hold Property	1,604	39	-	-	1,643	1,398	52	-	-	1,450	193	206
Telecommunication Equipments	1,251	220	-	-	1,471	640	163	-	-	803	668	611
Office Equipments (Refer Note below)	565	5	3	-	567	503	21	3	-	521	46	62
Electrical Installations	595	-	-	-	595	431	56	-	-	487	108	164
Furniture & Fixtures	195	20	39	-	176	130	15	35	-	110	66	65
Motor Car	68	-	-	-	68	3	8	-	-	11	57	65
Total	7,959	906	153	-	8,712	5,742	747	145	-	6,344	2,368	2,217

Note : Gross Block of Office Equipment includes assets carried net of grants received from Forward Market Commission, aggregating to ₹ 164 Lakhs (March 31, 2016 : ₹ 164 Lakhs)

11. Intangible Assets

	Gross Block				Depreciation				Net Block		
	Opening as on April 1, 2016	Additions during the year	Deletions during the year	Adjustments	As at March 31, 2017	Opening as on April 1, 2016	During the year	Deletions during the year	Adjustments (Debit to Reserves)	As at March 31, 2017	As at March 31, 2016
Computer Software	8,795	4,785	-	-	13,580	7,000	1,004	-	-	8,004	5,576
											1,795
Total	8,795	4,785	-	-	13,580	7,000	1,004	-	-	8,004	5,576
											1,795

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

12. Non current investments

	As at March 31, 2017	As at March 31, 2016
In Subsidiaries		
Equity Shares of ₹10/- each fully paid up in NCDEX Institute of Commodity Markets & Research	5	5
In Associates		
Equity Shares of ₹10/- each fully paid up in Power Exchange India Limited *	-	-
Less : Share of Loss till March 31, 2014		-
Less : Share of Loss for the year ended on March 31, 2015		-
	-	-
10% Optionally Convertible Cumulative Preference Shares of ₹10/- each fully paid up in Power Exchange India Limited. *	500	500
Less: Provision for diminution in value of Investment	(500)	(500)
	-	-
In Others		
Equity shares of ₹ 10/- each fully paid up in National Collateral Management Services Limited	-	-
National Warehousing Corporation Pvt. Ltd.	10	10
Less: Provision for diminution in value of Investment	(10)	(10)
	-	-
Non Trade (At lower of cost and fair value)		
Mutual Funds (Unquoted)		
NTPC Bonds 2015 Series 1 A for 10 years @ 7.11% p.a.	-	125
PFC Tax Free Bonds Series 1 A for 10 years @ 7.11% p.a.	-	128
IRFC LTD Tax Free Bonds Tranche I Series II A for 15 years @ 7.28%	-	604
NHAI Bonds 2015 Tax Free Bonds Tranche I Series II A for 15 years @ 7.35% p.a.	572	572
NHAI Bonds 2015 Tax Free Bonds Tranche II Series II A for 15 years @ 7.39% p.a.	-	231
NABARD Bonds Tax Free Bonds Series IIA for 15 years @ 7.35% p.a.	-	150
IRFC Tax Free Bonds Tranche II Issue Series IIA for 15 years @ 7.35% p.a	-	177
	577	1,992

* In the first time consolidated financials as on March 31, 2015, the carrying value of equity investment in PXIL was nil. This was on account of adjustment of Exchange's share of losses in PXIL, which included goodwill of ₹ 1,004 lakhs. During the year, PXIL has incurred a loss of ₹ 195 lakhs. The Company's share of loss of ₹ 60 lakhs is not factored as the investment value is already wiped out.

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

13. Long term loans and advances

	As at March 31, 2017	As at March 31, 2016
Loans and advances to subsidiaries		
Unsecured, considered good	-	26
Unsecured, considered doubtful	21	111
Less: Provision for doubtful advances	(21)	(111)
	-	26
Advance income-tax (net of provision for taxation)	2,775	2,808
Advance fringe benefit tax paid (net of provision for fringe benefit tax)	21	21
Prepaid expenses	159	49
Capital Advances	18	3
MAT Credit Entitlement	63	18
Security deposits	420	405
	3,456	3,330



Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

14. Other non current assets

	As at March 31, 2017	As at March 31, 2016
Deposits with bank - original maturity more than 12 months	1,952	1,978
Others receivables	-	32
Less: Provision for doubtful receivables	-	(32)
	-	-
Other assets	12	44
	1,964	2,022

15. Current investments

	As at March 31, 2017	As at March 31, 2016
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Axis Liquid Fund Direct Growth	1,500	-
Axis Short Term Fund Direct Plan Growth	500	-
Birla Sun Life Saving Fund-Direct Plan-Growth Option *	300	-
Birla Sun Life Saving Fund-Direct Plan-Growth Option * NEW	169	-
Birla Sunlife Cash Plus Growth Direct Plan *	109	130
Birla Sunlife Savings Fund-Direct Plan-GROWTH OPTION	1,500	2,000
Birla Sunlife Savings Fund-Direct Plan-GROWTH OPTION *	64	50
Birla Sunlife Short Term Fund-Direct Plan-Growth	500	500
DSP Blackrock Liquidity Fund Direct Plan Growth Option	820	900
HDFC Floating Rate Income Fund-Short Term Plan-Direct Plan-Wholesale Option-Growth Option	1,500	2,000
HDFC -Short Term Opportunities fund-Direct Plan-Growth Option	500	500
ICICI Prudential Flexible Income - Direct Plan Growth	1,040	1,000
ICICI Prudential Ultra Short Term - Direct Plan Growth	840	2,000
IDFC SSIF-ST Direct Plan Growth	-	500
IDFC Ultra Short Term Fund Direct Plan Growth	1,310	1,000
Invesco India Liquid Fund Direct Plan Growth Option	2,500	-
Kotak Floater ST Direct Plan Growth Option	1,835	1,500
Kotak Floater ST Direct Plan Growth Option *	2	-
Kotak Floater ST Direct Plan Growth Option BMC	98	146
Kotak Treasury Advantage Fund - Direct Plan - Growth Option *	334	319
Kotak Treasury Advantage Fund Direct Plan Growth Option	1,515	-
Kotak Treasury Advantage Fund Direct Plan Growth Option *	82	-
L & T Liquid Fund - Growth Option	2,131	-
LIC Nomura MF Liquid-Direct Plan-Growth Option	2,500	1,500
Principal Cash Mgmt Fund Direct Growth Option	-	550
Prudential ICI Money Market Fund - Direct Plan Growth Option	2,000	-
Reliance Liquid Fund Treasury Plan- Direct Plan Growth Option	1,000	-
Reliance Fix Horizon Fund-Xxx-Series 4- Direct Plan Growth Option	500	500
Reliance Frf St Direct Plan Growth Option	500	-
Reliance Medium Term Fund-Direct Plan-Growth Option	2,306	2,000
Religare Invesco Credit Opportunites Fund Direct Plan GROWTH OPTION	-	1,000
Religare Invesco Liquid Fund Direct Plan GROWTH OPTION	-	1,000
SBI Short Term Debt Fund-Direct Plan-Growth Option	500	500
SBI Ultra Short Term Debt Fund-Direct Plan-Growth Option	1,500	1,000
Sundaram Ultra Short Term Fund Direct plan Growth	-	110
Tata Floater Direct Plan - Growth Option	1,500	-

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016
TATA Floater Fund Direct Plan-Growth Option *	-	284
TATA Liquid Fund Direct Plan - Growth Option	-	1,500
Tata Ultra ST Fund-Direct Plan-Growth Option *	400	-
UTI FRF STP Direct Plan-Growth	1,355	2,000
UTI Money Market Direct plan Growth Option	1,000	-
UTI Treasury Advantage Fund Institutional Plan Direct Plan Growth	1,910	1,000
Axis Liquid Fund-Dp-Growth Option	45	-
Birla SI Saving Fund -Direct-Growth	100	100
Birla SL Short Term Fund -Direct-Growth	50	-
HDFC FRF Short Term Plan-Direct-Growth	-	80
ICICI Pru Flexible Income Plan-Direct Plan-Growth	87	-
ICICI Pur Ultra Short Term Plan-Direct Plan-Growth	-	35
IDFC Ultra Short Term-Direct-Growth	-	65
IDFC Ultra Short Term-Direct-Growth	65	-
Kotak Floater-St - Direct-Growth Option	20	-
Kotak Treasury Advantage Fund - Direct Growth	-	41
Reliance Medium Term Fund-Direct-Growth	-	64
Reliance Medium Term Fund-Direct-Growth	89	-
Reliance Money Manager Fund - Direct - Growth	-	25
Reliance Money Manager Fund - Direct - Growth	25	-
SBI Magnum Insta Cash - Direct - Growth	-	5
UTI FRF- Stp- Direct Plan- Growth	-	49
UTI FRF- Stp- Direct Plan- Growth	88	-
UTI Treasury Advantage Fund - Growth	50	-
	36,739	25,952
Market Value of quoted investments	-	-
Aggregate amount of unquoted investments	36,739	25,952
Aggregate provision made for diminution in value of investments	-	-

* Represents investment earmarked for Settlement Guarantee Fund

16. Trade receivables

	As at March 31, 2017	As at March 31, 2016
Receivables outstanding for a period exceeding six months		
Secured, considered good *	70	69
Unsecured, considered good	732	158
Unsecured, considered doubtful	33	37
Less: Provision for doubtful debts	(33)	(37)
	802	227
Other Receivables		
Secured, considered good *	1,031	712
Unsecured, considered good	696	857
	1,727	1,569
	2,529	1,796



Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

17. Cash and bank balances

	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents		
Balances with banks	11,586	5,284
Cash on hand	0	-
Deposits with original maturity for less than 3 months	2,900	300
	14,486	5,584
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	6,423	14,925
Deposits with original maturity for more than 12 months	20,059	14,278
Margin money deposit with Banks	-	-
	26,482	29,203
	40,968	34,787

18. Short term Loans and advances

	As at March 31, 2017	As at March 31, 2016
Other loans and advances	2,605	2,210
	2,605	2,210

19. Other current assets

	As at March 31, 2017	As at March 31, 2016
Interest accrued on fixed deposits	866	1,132
Others Assets	197	34
	1,063	1,166

20. Revenue from operations

	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from operations		
Transaction charges	8,933	9,007
Annual subscription fees	277	412
Admission fees	111	130
Risk Management Fees	815	1,305
Delivery Charges	581	1,255
Comtrack charges	482	850
Warehouse charges	518	466
Data info feed charges	201	194
Pledge Finance Charges	390	299
Other service	544	593
	12,852	14,511

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

21. Other income

	For the year ended March 31, 2017	For the year ended March 31, 2016
Investment Income	4,436	5,177
Investment income on SGF	721	695
Exchange charges	56	80
Interest on advance given to subsidiaries	12	11
Recovery of administrative cost	106	108
Settlement Penalties SGF	88	132
Recovery of charges from subsidiaries	1	16
Profit on sale/scrap of fixed assets (net)	11	3
Miscellaneous income	554	167
Insurance Claim	247	-
Provision no longer required	-	7
	6,232	6,396

22. Employee benefits expense

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	5,002	4,127
Contribution to provident and other funds	372	305
Staff welfare expenses	334	310
	5,708	4,742

23. Finance costs

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expenses	0	-
	0	-

24. Depreciation and amortization expense

	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of tangible assets	746	632
Amortisation of Intangible assets	1,004	899
	1,750	1,531



Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

25. Other expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Technology expenses	3,150	2,346
Legal, Professional & Consultancy Fees	1,613	1,399
Travelling & Conveyance	485	376
Advertisement expenses	877	595
Communication Expenses	176	155
Insurance Charges	77	90
Printing & Stationery	49	58
Rates & Taxes	3	8
Payment to Auditors		
- As Auditors	31	21
- For other services	3	6
Repair and Maintenance - Leasehold Premises	132	91
Repair and Maintenance - Others	317	409
Electricity Charges	394	343
Rent	811	679
Directors' sitting fees and expenses	205	63
Committee member sitting fees and expenses	17	34
Warehousing charges	-	4
Polling expenses	166	148
Research and Testing	145	65
Loss on sale/scrap of fixed assets (net)	-	-
Provision for doubtful debts and advances	(2)	8
Contribution to Investor Protection Fund	25	25
Books Periodicals & Subscription	32	42
Other expenses	472	249
Licence Fees	122	126
Provison for Diminution	2	10
Preliminary expenses	65	-
Sebi Regulatory Fees	100	50
Corporate Social Responsibility	136	99
	9,603	7,499

- 26** The total deposits from members including margin money with the Company as on March 31, 2017 is ₹ 160,149 lakhs (March 31, 2016: ₹ 146,009 lakhs) which consists of cash, bank guarantees, securities and fixed deposit receipts.

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

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

Particulars	March 31, 2017	March 31, 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

28. Operating lease

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

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

Lease obligations	March 31, 2017	March 31, 2016
Minimum Lease Payments :		
Not later than one year	1,078	1,081
Later than one year but not later than five years	3,361	2,166
Later than five years	1,242	968

Total lease payments recognised in Statement of Profit and Loss is ₹ 1,036 lakhs included in Rent in Note 23 (March 31, 2016: ₹ 660 Lakhs)

29. Contingent Liabilities

Particulars	March 31, 2017	March 31, 2016
On account of Income taxes (Refer Note 1 below)	1131	1,069
On account of Legal claim (Refer Note 2 below)	185	185
On account of payment of Bonus for the F.Y. 2014-15 (Refer Note 3 below)	16	16
On account of Bank Guarantee (Refer Note 4 below)	50	-



Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

1	Particulars	Assessment Year	Amount of Tax	Forum before which case is pending
	Disallowance u/s 14A	AY 07-08	53	ITAT
	Investor Protection Fund	AY 07-08	171	
	Investor Protection Fund	AY 08-09	113	ITAT
	Investor Protection Fund	AY 09-10	61	ITAT
	Investor Protection Fund	AY 10-11	162	ITAT
	Investor Protection Fund	AY 11-12	123	CIT
	Investor Protection Fund	AY 12-13	224	CIT
	Investor Protection Fund	AY 13-14	162	CIT
	Investor Protection Fund	AY 14-15	62	CIT
	Total		1,131	

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

The Company had received an assessment order in respect of A.Y. 2007-08, A.Y. 2008-09, A.Y. 2009-10, A.Y. 2010-11, A.Y. 2011-12, A.Y. 2012-13 and A.Y. 2013-14, A.Y. 2014-15 wherein the Assessing officer has made an addition in taxable income of the Company the penalty collected on behalf of Investor Protection Fund (IPF). The Company has filed an appeal with CIT(Appeals) for all these years. The CIT(Appeals) has given order for all the years in favour of the Company. However the Income Tax Department has filed an appeal against the CIT(Appeals) order with ITAT.

The above contingent liability represents the additional tax liability for Sec 14A disallowance for A.Y. 2007-08 and for IPF addition for A.Y. 2007-08, A.Y. 2008-09, A.Y. 2009-10, A.Y. 2010-11, A.Y. 2011-12, A.Y. 2012-13, A.Y. 2013-14 and A.Y. 2014-15.

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

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

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

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

- The Company has given bank guarantee to the Warehousing Development and Regulatory Authority (WDRA) for ₹ 50 lakhs on behalf of National e-Repoistry Limited.

- Pepper futures contract was traded on the Exchange till May 2013. However, based on complaints of presence of 'Mineral Oil' in some of the stocks, the warehouses having pepper stock were sealed by Food Safety and Standard Authority of

Notes to consolidated financial statements for the year ended March 31, 2017

India (FSSAI) and deliveries were stopped from these warehouses till further notice. The presence of mineral oil is not a part of the Exchange specifications and therefore any liability arising on account of the same cannot be under the settlement process of the Exchange. However, in order to retain market integrity, the Exchange has offered to facilitate improvement of pepper stock, which is approximately 6,400 MT, subject to recovering the costs of improvement and accordingly requested the Hon. Kerala High Court to allow the same. Based on this, the Hon. Kerala High Court vide its order dated August 28, 2014, allowed the Exchange to clean the pepper stock lying in the warehouse with a right to recover the costs associated with the same. Subsequently, some of the holders of the stocks had requested FSSAI to permit the reference of a second sample to the referral laboratory viz. The Central Food Laboratory, Kolkata. Based on the test results of 5,193 MT sent to the referral laboratory, 4,096 MT has been tested as free of mineral oil. Further, Hon. High Court of Kerala, vide its order dated May 12, 2015 has directed release of such quantity of pepper which is found free from impurities and contamination. Based on this, 3,783 MT of pepper out of the quantity found free of mineral oil on testing by Central Food Laboratory, Kolkata, has been released to the holders. As the percentage of stock tested free of mineral oil is substantially high, it is estimated that the total costs required to be incurred will be approximately ₹ 1,558 lakhs (excluding taxes), as compared to the earlier estimate of ₹ 4,300 lakhs. Out of the same, ₹ 1200 lakhs plus taxes is towards cleaning costs. Till March 31, 2017, the Exchange has paid ₹ 1200 lakhs plus taxes towards cleaning costs. The total amount paid till March 31, 2017 is ₹ 1,681 lakhs (including taxes) towards cleaning and other related costs. These payments are included in advances recoverable in cash or kind. In order to recover the costs for cleaning and other related expenses, the Exchange is in discussions with the local trade association, concerned members and other counterparties. The Management is of the opinion that there is no further exposure to the Exchange and therefore, there is no requirement to make any further provision with respect to these costs in the Company's accounts in addition to the provision made in earlier year of ₹ 260 lakhs.

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

31. Capital Commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 127 lakhs (March 31, 2016: ₹ 89 lakhs).

Other Commitments

Cost of cleaning of pepper ₹ Nil (March 31, 2016 : ₹ 300 lakhs plus taxes) (refer note 29).

Commitments on account of NextGen project is ₹ 6,675 lakhs (March 31, 2016: ₹ 8,503 lakhs).

- 32.** In case of the subsidiary company NeML, Members holding membership of the Exchange for more than three years can terminate their membership and withdraw deposit. These deposit is payable on demand therefore membership deposit of such members is classified as current liability



Notes to consolidated financial statements for the year ended March 31, 2017

33 The disclosure in respect of Segment information as per Accounting Standard - 17 on "Segment Reporting" notified under the Companies (Accounting Standards) Rules, 2006 for the period ended 31st March, 2017 is given as follows:

Particulars	Trading Services related to Commodity		Clearing Services related to Commodity		Trading & Clearing Services related to Spot Exchange		Repoistry Services		Elimination		Total	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
REVENUE :												
External Revenue	12,974	16,884	73	89	6,038	3,934	0	-	-	-	19,084	20,907
Inter-segment Revenue	470	489	452	418	-	9	-	-	(922)	(916)	-	-
Total Revenue	13,444	17,374	525	506	6,038	3,943	0	-	(922)	(916)	19,084	20,907
RESULT												
Segment Result	1,400	9,979	105	120	1,536	662	(65)	-	-	-	2,977	10,762
Less: Finance Charge											-	-
Profit before tax											2,977	10,762
Less: Provision for current tax											(782)	(3,350)
Less: Deferred tax											(186)	18
Less: MAT Credit Entitlement											70	-
Profit after tax and before minority interest and share of loss of associate											2,079	7,429
Less: Minority Interest											-	-
Add / (Less): Share of profit (net) of associate(s)											-	-
Profit after tax											2,079	7,429
OTHER INFORMATION												
Segment Assets	75,622	66,668	1,293	1,269	18,337	11,284	2,601	-	-	-	97,853	79,221
Unallocable Assets											(0)	0
Total Assets											97,853	79,221
Segment Liabilities	37,431	26,856	28	60	15,165	9,155	65	-	-	-	52,690	36,071
Unallocable Liabilities											0	0
Total Liabilities											52,690	36,071
Capital Expenditure												
Segment Capital Expenditure	4,960	1,107	-	-	730	554	-	-	-	-	5,690	1,661
Unallocable Capital Expenditure											0	-
Total Capital Expenditure											5,690	1,661
Depreciation/Amortisation												
Segment Depreciation / Amortisation	1,282	1,172	109	110	360	249					1,751	1,531
Unallocable Depreciation / Amortisation											0	-
Total Depreciation / Amortisation											1,751	1,531

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

34. Related Party Disclosures

Subsidiaries	NCDEX Institute of Commodity Markets and Research (NICR)
Associates	Power Exchange India Limited (PXIL)
Key Managerial Personnel	Samir Shah -Managing Director & Chief Executive Officer
Trust for Protection, Awareness and Education of Investors of the Exchange	NCDEX Investor (Client) Protection Fund Trust (NICPFT)
Joint Venture of NeML	Rashtriya e Market Services Private Limited (ReMS)

Particulars	Key Managerial Personnel #									
	Associates					Key Managerial Personnel #				
	NICR		Power Exchange		IPF trust		ReMS		Total	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Remuneration	-	-	-	-	-	-	-	-	274	285
Fees Paid	-	-	-	-	-	-	-	-	-	-
Recovery of expenses	-	-	1	16	-	-	-	-	1	16
Expenses paid on behalf of Subsidiaries/Associates	2	3	-	-	-	0	-	-	2	3
Transfer of asset between Subsidiaries	-	-	-	-	-	-	-	-	-	-
Amount received for Expenses incurred	2	3	19	1	-	0	-	-	21	4
Investment in Equity Shares	-	-	-	-	-	-	-	-	-	-
Conversion of Loan in to Equity	-	-	-	-	-	-	-	-	-	-
Provision no longer required	-	-	-	-	-	-	-	-	-	-
Transfer to IPF	-	-	-	-	725	924	-	-	725	924
Interest on advance	12	11	-	-	-	-	-	-	12	11
Advance/Loan given	4	6	-	-	-	-	-	-	4	6
Services Rendered	-	-	-	-	-	-	379	114	379	114
Dividend Received	-	-	-	-	-	-	250	10	250	10

Balance outstanding at the year end	Key Managerial Personnel #									
	Associates					Key Managerial Personnel #				
	NICR		Power Exchange		IPF trust		ReMS		Total	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Investments in Equity Shares (Note 12)	5	5	1,500	1,500	-	-	500	500	2,005	2,005
Investments in Preference Shares (Note 12)	-	-	500	500	-	-	-	-	500	500
Provision for diminution in the value of Investment	-	-	2,000	2,000	-	-	-	-	2,000	2,000
Loans and Advances (Note 14)	151	137	-	-	-	-	-	-	151	137
Provision for Advances	111	111	-	-	-	-	-	-	111	111
Other Receivables (Note 16)	-	-	(0)	17	-	-	64	-	64	17
Trade Payables (Note 7)	-	-	-	-	-	-	-	-	99	121
Other current liabilities (Note 8)	-	-	-	-	232	127	-	-	232	127



Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

35. Earnings per share (EPS)

Particulars	March 31, 2017	March 31, 2016
Net Profit/(Loss) after tax as per Statement of Profit and Loss	2,079	7,430
Less: Preference dividend and tax thereon	-	-
Net Profit for calculation of EPS (A)	2,079	7,430
Weighted average no. of equity shares for calculating EPS (B)	50,676,000	50,676,000
Basic/Diluted earnings per equity share(in Rupees)(Face value of ₹ 10/- per share) (A) /(B)	4.10	14.66

Particulars	March 31, 2017	March 31, 2016
Weighted average number of equity shares for calculating EPS	50,676,000	50,676,000
Add: Equity shares for no consideration arising on grant of stock options under ESOP	Nil	Nil
Weighted average number of equity shares in calculation diluted EPS	50,676,000	50,676,000

36. Employee Stock Option Plans ('ESOP')

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

The details of Series I have been summarized below:

Particulars	March 31, 2017	March 31, 2016
Number of stock options		
Outstanding at the beginning of the year	Nil	17,000
Add: Granted during the year	Nil	Nil
Less: Forfeited during the year	Nil	2,000
Less: Lapsed during the year	Nil	15,000
Less: Expired during the year	Nil	Nil
Outstanding at the end of the year	Nil	Nil
Exercisable at the end of the year	Nil	Nil
Weighted average remaining contractual life (in years)	-	-
Weighted average exercise price (₹ per share)	192	192
Weighted average fair value of options granted	53.58	53.58

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

The details of Series II have been summarized below

Particulars	March 31, 2017	March 31, 2016
Number of stock options		
Outstanding at the beginning of the year	Nil	29,000
Add: Granted during the year	Nil	Nil
Less: Forfeited during the year	Nil	2,000
Less: Lapsed during the year	Nil	27000
Less: Expired during the year	Nil	Nil
Outstanding at the end of the year	Nil	Nil
Exercisable at the end of the year	Nil	Nil
Weighted average remaining contractual life (in years)	-	-
Weighted average exercise price (₹ per share)	203	203
Weighted average fair value of options granted	56.71	56.71

There were no stock options exercised during the period ended March 31, 2017 (March 31, 2016: Nil)

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

March 31, 2017

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

March 31, 2016

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

Stock Options granted

Series I

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

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



Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

Series II:

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

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

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

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

Particulars	March 31, 2017	March 31, 2016
Profit/(Loss) as reported (net of preference dividend and tax thereon)	941	6,881
Add: Employee stock compensation under intrinsic value method	Nil	Nil
Less: Employee stock compensation under fair value method	Nil	Nil
Pro forma profit (net of preference dividend and tax thereon)	941	6,881
Earnings per share		
Basic		
- As reported	1.86	13.58
- Pro forma	1.86	13.58
Diluted		
- As reported	1.86	13.58
- Proforma	1.86	13.58

37. Employment Benefit Plans

- Defined Contribution Plans-Amount recognised and included in Note 22 "Contribution to Provident and other funds" of Statement of Profit and Loss ₹ 143 lakhs (March 31, 2016 : ₹ 122 lakhs)
- The Company has a defined benefit gratuity plan. Every employee who has completed five years or more and less than or equal to nine years of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. Every employee who has completed more than ten years of service gets a gratuity on departure at 26 days salary (last drawn salary) for each completed year of service.

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

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

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost)

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
Current service cost	62	47
Interest cost on benefit obligation	23	20
Expected return on plan assets	(27)	(27)
Net actuarial (gain) / loss recognized in the year	55	26
Past service cost	Nil	Nil
Net benefit expense	112	66
Actual return on plan assets	23	17

Balance Sheet

Details of Provision for Gratuity

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
Defined benefit obligation	386	304
Fair value of plan assets	398	364
	10	60
Less: Unrecognized past service cost	Nil	Nil
Plan asset / (liability)	10	60

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

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
Opening defined benefit obligation	305	253
Interest cost	23	20
Current service cost	62	47
Liabilities transferred in/Aquisitions/(out/Divestments)	Nil	8
Benefits paid	(54)	(40)
Actuarial (gains) / losses on obligation	46	16
Closing defined benefit obligation	382	304

Changes in the fair value of plan assets are as follows

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
Opening Fair Value of Plan Assets	364	334
Expected return	27	27
Contributions by employer	67	45
Assets transferred in/Acquisitions(out/Divestments)	(0)	8
Benefits paid	(54)	(40)
Actuarial gains / (losses)	(6)	(10)
Closing fair value of plan assets	398	364



Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

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

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
	%	%
Investments with insurer	100	100

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

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
Discount Rate	6.85%	7.54%
Expected rate of return on assets	6.85%	7.54%
Increase in compensation cost	10% for first 5 years, 7% for next 5 years and 5% thereafter	10% for first 5 years, 7% for next 5 years and 5% thereafter
Employee Turnover	20.00%	20.00%

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

Amounts for the current period are as follows

Particulars	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Defined benefit obligation	386	304	253	179	167
Plan assets	398	364	334	174	179
Surplus /(deficit)	(34)	60	81	(23)	12
Experience adjustments on plan liabilities	37	12	1	22	56
Experience adjustments on plan assets	(4)	(10)	-	(1)	-

38. Expenditure in foreign currency

Particulars	March 31, 2017	March 31, 2016
Intangible assets under development	1721	1243
Technology expenses	37	49
Travelling	11	55
Professional & consultation fees	20	62
Others	19	11
Total	1,808	1,421

39. Net Dividend remitted in foreign exchange

Particulars	March 31, 2017	March 31, 2016
Period for which it relates	2015-16	2014-15
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	1,500,000	1,500,000
Amount remitted	37.5	22.5

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

- 40.** Settlement Guarantee Fund (SGF) as constituted by the Company, is the amount earmarked for completion of the settlement, in case of a default by a member. The Forward Markets Commission has issued Guidelines dated March 14, 2014 (in revision to the Guidelines dated August 23, 2013) in respect of Settlement Guarantee Fund (SGF). The Company has worked out the Corpus of SGF as on March 31, 2017 at ₹ 12,291 lakhs as disclosed below:

	Particulars	March 31, 2017	March 31, 2016
Settlement Guarantee Fund (A)	Balance as per last financial statements	5,875	4,867
	Add: Additions during the period (Appropriation net of Tax)	57	86
	Add: Contribution @ 5% of gross revenue of 2014-15 (Appropriation net of Tax)	-	469
	Add: Income on SGF Investment (Appropriation net of Tax)	471	453
	Total (A) (refer note 4)	6,404	5,875
Non current liabilities (B)	- Base Minimum Capital	1,495	1,736
	Total (B) (refer note 5)	1,495	1,736
Other current liabilities ('C')	- Base Minimum Capital	905	938
	Total (C) (refer note 6)	905	938
	Total Cash (A) + (B) + ('C')	8,804	8,549
	Total Non Cash *	3,487	4,126
	Total SGF	12,291	12,675

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

As per the revised guidelines dated March 14, 2014, the Company is required to determine the adequacy of SGF based on stress test computation on quarterly basis. If there is a shortfall, the Company has to make additional contribution, not exceeding 5% of the gross revenues of the previous year. The SGF corpus as per the stress test prescribed in the said guidelines works out to ₹ 13,665 lakhs as on June 30, 2015. Since the SGF Corpus was lower than the required level of ₹ 13,665 lakhs, the Company has contributed 5% of gross revenue of the 2014-15 (net of tax) to SGF amounting to ₹ 469 lakhs. The SGF as per the stress test prescribed in the said guidelines as on March 31, 2017 is ₹ 6,134 lakhs (March 31, 2016 : ₹ 8,458 lakhs) and SGF corpus with exchange is ₹ 12,291 lakhs (March 31, 2016 : ₹ 12,675 lakhs).

- 41.** In case of the subsidiary company NeML, Risk Management Fund as constituted by it is the amount earmarked for completion of the settlement, in case of a default by a member. NeML has policy to transfer 40% of penalty received to Risk Management Fund. During the year, amount of ₹ 5.14 lakhs utilized directly from the said fund.
- 42.** In case of ReMS, Joint venture of subsidiary company NeML, Transaction Charges Special Reserve, as constituted by the ReMS, is the amount earmarked for fluctuations in completion of post tender activities. ReMS has a policy of transferring 5% of the Transaction charges billed during the year. The ReMS has utilized ₹ 128 lakhs (50% is ₹ 64 lakhs) accordingly for the financial year 2015-16

43. Details of Exceptional items are as follows:

Particulars	March 31, 2017	March 31, 2016
Profit on sale of shares of non current investments *	-	3,732
Liquidated Damages **	954	395
Provision for diminution in value of Investment ***	-	(500)
Total	954	3,627

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

** As per the terms stated in the Share Purchase Agreement with an investor, the Company has to receive ₹ 7,592 lakhs as Liquidated Damages (LD) for non achievement of business milestones. During the year ₹ 954 lakhs (₹ 395 lakhs received in year 2015-16 and ₹ 5,810 lakhs received in year 2013-14) has been received as per the said agreement.

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



Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

44. Corporate Social Responsibility (CSR)

Gross amount required to be spent by the Company on Corporate Social Responsibility activities during the financial year 2016-17 is ₹ 131 lakhs

Details of amount spent during the year are as follows:

CSR project or activity identified	Projects or programs	Sector in which the project is covered	Amount spent
Training Programs for farmers' family members	The project is planned to be implemented in the states of Rajasthan and Madhya Pradesh.	Agriculture Education	₹ 80 lakhs
Swachh Bharat Abhiyan	Contribution to the Swachh Bharat Abhiyan project initiated by the PM	Public Health	₹ 50 lakhs

In case of the subsidiary company NeML, the Company has not contributed any amount towards Corporate Social Responsibility (CSR) in term of section 135 as there are no profits attributable to CSR.

45. In case of the subsidiary company NeML:

- The Company has written off certain amounts towards old outstanding totaling to ₹ 1 thousand (Previous year ₹ 1 Lakhs) which were due but not received. Further, the Company has written off ₹ 3 Lakhs (Previous year -Nil) and reversed the provision of doubtful debts of ₹ 3 lakhs (Previous year -Nil) out of provision of doubtful debts created in FY 2015-16. During the year company also have created a provision of ₹ 1 lakhs (Previous year ₹ 6 lakhs). Hence Profit and loss account credited (net) with ₹2 lakhs. The above has been done in line with policy as approved by the Board of Directors.
- The Company has also written back certain payables, which is outstanding for more than 2 years, for which no claim was received amounting to ₹ Nil (Previous year ₹ 6 Lakhs).

46. In case of the subsidiary company NeML, The Company has made Investment of ₹ 10 lakhs on November 2, 2007 in a National Warehousing Corporation Private Limited (NWCPL). The accumulated losses of NWCPL have exceeded its net worth as per its audited consolidated financial statements as at March 31, 2015, hence the Company has made a provision for ₹ 10 Lakhs in FY 2015-16 for diminution in the value of investments.

- In the opinion of the Management, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess of what is required.
- In case of the subsidiary company NeML, the account of Trade receivables, Trade payables, Loans and Advances are subject to confirmation / reconciliation and adjustments, if any. The management does not expect any material differences affecting the current year consolidated financial statements.

48. Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	34,000	5,720	39,720
(+) Permitted receipts	0	78,188	78,188
(-) Permitted payments	0	75,264	75,264
(-) Amount deposited in Bank	34,000	0	34,000
Closing cash in hand as on December 30, 2016	0	8,644	8,644

Notes to consolidated financial statements for the year ended March 31, 2017

(Amount in ₹ Lakhs unless otherwise stated)

- 49.** The Company has incorporated a new company, National E Repository Limited (NERL) to provide the Repository services as per the Warehouse Development Regulatory Authority (WDRA) guidelines. NERL is regulated by WDRA. The Company has invested ₹ 2,600 lakhs in NERL towards equity capital.
- 50.** The Board of the Company has decided to sell its Comtrack business undertaking (undertaking) by way of slump sale to its newly incorporated subsidiary National E Repository Limited (NERL). The consideration for transfer of Comtrack business undertaking is ₹ 4,610 lakhs as per the independent valuation report. Directly attributable revenue from Comtrack business undertaking for the financial 2016-17 is ₹ 737 lakhs (previous year ₹ 1,108 lakhs) and directly attributable expenses is ₹ 168 lakhs (previous year ₹ 192 lakhs). Apart from these revenue and expenses, assets such as software, hardware, current assets, current liabilities, etc. directly attributable / identifiable with the Comtrack business undertaking will be transferred to NERL as a part of sell of business undertaking at a later date.
- 51.** Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary.

As per our report of even date

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

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

Sachin A. Negandhi
Partner
Membership No.112888

Samir Shah
Managing Director & Chief Executive Officer
DIN - 00912693

Rabi Narayan Das
Director
DIN - 03582925

Place : Mumbai
Date : May 30, 2017

M. K. Ananda Kumar
Company Secretary
FCS - 6819

Komal Shahani
Chief Financial Officer



NOTES





National Commodity & Derivatives Exchange Limited

Akruti Corporate Park, 1st Floor, Near G.E. Garden, L.B.S. Marg,
Kanjurmarg (West), Mumbai - 400 078.

T: (+91-22) 66406609-13 | **F:** (+91-22) 66406899.

E: askus@ncdex.com | **W:** www.ncdex.com

CIN: U51909MH2003PLC140116