NCDEX

Pragati ka Solid Exchange

ADVANCING with technology. DELIVERING more.

Annual Report 2019-20

ACROSS THE PAGES

YEAR AT A GLANCE

21
Commodity offered for trading

375
Members

2.910 MILLION
Client base

10,768
Terminals

MORE THAN 200
WRDA approved warehouses

99
FPO's traded

7,66,273
Storage capacity (MT)

260
FPO registered

30
Pledgees

OTHER SALIENT HIGHLIGHTS FOR 2019-20

₹ 3,389.90 CRORE **Highest Turnover Achieved in a Day**

₹ 1,789.00 CRORE **Average Daily Trade Value (ADTV)**

₹ 4,616.19 CRORE **Average Daily Open Interest (ADOI)**

5,88,298 TONNES **Commodities Deposited**

6.31 LAKHS TONNES **Commodities Delivered**

MD & CEO'S MESSAGE

> While there is undoubted short term pain felt across the ecosystem, this could also be an opportunity for transformation in the way physical markets function. Institutions such as NERL & NeML could play a pivotal role in this transformation as the relevance of physical institutions such as APMCs is challenged and farmers look for better opportunities to access markets. As a Group, the NCDEX family is poised to play a key role in this transformation.

DEAR STAKEHOLDERS,

The Financial Year 2020 has been unprecedented in terms of the challenges as well as the opportunities presented to the ecosystem from multiple fronts. I would like to start by appreciating the role played by our partners in this journey – our trading fraternity, warehouse service providers, repository participants, as well as the Farmer Producer Organizations who have stood with us during this journey.

Like every other part of the economy, the agricultural ecosystem has been severely impacted by the pandemic. While there is undoubtedly some short term pain felt across the ecosystem, this could also be an opportunity for transformation in the way physical markets function. Institutions such as NERL & NeML could play a pivotal role in this transformation as the relevance of physical institutions such as APMCs is challenged and farmers look for better opportunities to access markets. As a Group, the NCDEX Group is poised to play a key role in this transformation.

Your Exchange has also invested time and efforts during the past year to onboard a newer set of participants as well as design products which can serve diverse needs. We have seen Mutual Funds and Alternate Investment Funds start participating in our markets. The entry of intellectual capital would in the future transform the quality of participation in these markets. The Exchange has designed products such as Indices on commodities, which attract a different set of participants looking to diversify their portfolio. The Regulator has also issued norms for Options on Goods as an instrument with a view to increase participation. Futures trading has also been introduced in three additional commodities – Bajra, Paddy – Basmati, and Moong during FY 2020. A broader bouquet of instruments &commodities and a diversified set of participants would add multiple dimensions into the participation on your Exchange.

The Exchange has also continued to maintain its stronghold in the Agricultural derivatives ecosystem with 82% share in Open Interest. This is no mean achievement considering the advent of competition from pedigreed stock exchanges. This augurs well for your Exchange to take advantage of the opportunities that the transformation of the Agricultural ecosystem is likely to undergo in the near future. It would be further aided by the promulgation of the three agri-ordinances pertaining to Essential Commodities Act, Contract Farming and sale outside APMCs.

> We continue to maintain our sharp focus on integrating Farmers with the Exchange ecosystem. The Regulator has significantly bolstered this initiative by waiving Regulatory Fee and utilization of the same to encourage the participation by Farmers/Farmer Producer Organizations (FPOs) in agricultural commodity derivatives markets.

Our subsidiary NCCL provides warehousing services to the clients for physical settlement of the trades executed in NCDEX, through nine empaneled Warehouse Service Providers ('WSP'). As on March 31, 2020, NCCL has 201 WDRA approved warehouses across the country for fresh deposits and withdrawal of commodities traded on the exchange platform. NCCL successfully delivered 6,31,309 MT with a value of ₹ 2,684.43 Crores for the period from April 2019 to March 2020.

During the year we migrated completely to settlement via e-NWRs. Our subsidiary NERL has developed a network of 32 leading Banks, private, PSUs and NBFCs acting as Pledgees, and issued around 1,17,317 eNWRs during FY 2020.

We continue to maintain our sharp focus on integrating Farmers with the Exchange ecosystem. The Regulator has significantly bolstered this initiative by waiving Regulatory Fee and utilization of the same to encourage the participation by Farmers/Farmer Producer Organizations (FPOs) in agricultural commodity derivatives markets. The Government too has emphasized the importance of FPOs through its target of setting up 10,000 FPOs with a total budgetary provision of ₹ 4,496 Crores for five years.

During the year, your Exchange has further strengthened linkages with newly registered as well as existing active FPOs. Today, cumulative 260 FPOs representing around 5,26,451 farmers from 13 states, are connected with the Exchange platform. As many as 99 FPOs have utilized Exchange platform to trade a quantum of around 34,219 MT of 17 commodities worth ₹ 8,455 Lakhs, while 24 FPOs have also utilized the Exchange delivery ecosystem and successfully delivered 5,292 MT of produce valued at ₹ 1,151 Lakhs.

NeML, our Group Company in the spot market space, has developed e-Samriddhi- a unified procurement portal - which has helped NAFED achieve record procurement in pulses and oilseeds during the year. This has not only led to enhanced efficiency and transparency in procurement activities but also benefited more than 0.9 million small holder farmers getting remittances directly into their bank accounts.

During the FY2020, your exchange filed a draft red herring prospectus dated February 10, 2020 with the Securities Exchange Board of India. It comprises a fresh issue of up to ₹ 100 Crores and an offer for sale of up to 14,453,774 Equity Shares by the selling shareholders.

As we all are aware, we are going through a challenging phase with the unprecedented impact of the pandemic felt across the economy. However, crisis can provide an opportunity for transformational change. The recently announced ordinances by the Government could transform the agricultural marketing ecosystem in the near future. We are confident that your Exchange and the NCDEX group is well positioned to play a pivotal role in this transformation.

I hope that you and your loved ones are in good health.

Mr. Vijay Kumar

MD & CEO, NCDEX

FPO ACTIVITIES

63

Total number of promoting/resource institutions engaged

5,26,451

Total number of farmers who are members of FPOs supported by above institutions

13 STATES

Locations across Andhra Pradesh, Bihar, Chhattisgarh, Uttar Pradesh, Rajasthan, Karnataka, Kerala, Gujarat, Madhya Pradesh, Maharashtra, Punjab, Jharkhand and Telangana

99

Farmer Producer Organizations (FPC & PACs) participated on NCDEX platform

2,34,721

Number of farmers represented

161

FPOs who have opened accounts but are yet to trade

34,219 MT TRADED ACROSS 17 COMMODITIES.

Commodities traded by the farmer collectives on the exchange platform

As at 31st, March 2020

COMPANY INFORMATION

Board of Directors	Mr. Chaman Kumar (Appointed as Chairman with effect from May 4, 2020)	: Chairman and Public Interest Director
	Mr. Vijay Kumar V.	: Managing Director & CEO
	Dr. Purvi Mehta	: Public Interest Director
	Mr. Nirmalendu Jajodia	: Public Interest Director
	Mr. Prem Kumar Malhotra	: Public Interest Director
	Dr. Ashok Gulati	: Public Interest Director
	Mr. Ashish Bahuguna (with effect from June 15, 2020)	: Public Interest Director
	Mr. Rakesh Kapur	: Shareholder Director
	Mr. Srinath Srinivasan	: Shareholder Director
	Mr. Sunil Kumar	: Shareholder Director
	Mr. B. Venugopal	: Shareholder Director
	Mr. J. Ravichandran (up to February 04, 2020)	: Shareholder Director
	Mr. Ravindra Kumar Roye (Chairman up to May 3, 2020 & Public Interest Director up to June 14, 2020)	: Public Interest Director
Company Secretary	Mr. Harish Kumar	
Chief Financial Officer	Mr. Atul Roongta	
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, Akruti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg West, Mumbai 400 078.	
Branch Offices	**Ahmedabad:** 502, Kaivanna Complex, Off. C. G. Road, Near Panchvati Circle, Central Mall, Ambavadi, Ahmedabad 380 015. **Indore:** 4th 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 302 021. Vinayak Heights, 5th Floor, Plot No 105 / 106, Goms Defence Colony, Gautam Marg, Vaishali Nagar, Jaipur 302 021. **Kolkata:** Jasmine Tower, 5th Floor, Unit No.503B, 31 Shakespeare Sarani (Theater Road), above HSBC Bank, Kolkata 700 017. **New Delhi:** 2nd Floor, Jeevan Vihar Building, 3 Parliament Street, New Delhi 110 001. **Mumbai:** Dextrus, A-802, Crescenzo, C/38-39, G-Block, Bandra Kurla Complex, Mumbai 400 051.	
Registrar and Share Transfer Agents	Link Intime India Private Limited *(with effect from July 20, 2019)* C-101, 24*7 park, L.B.S. Marg, Vikhroli (West), Mumbai 400083. 3i Infotech Limited *(up to July 19, 2019)* Tower # 5, 3rd to 6th Floors, International Infotech Park, Vashi, Navi Mumbai 400 703	

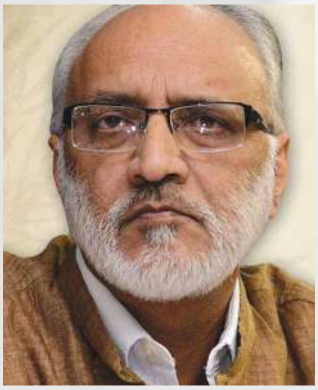
BOARD OF DIRECTORS

Mr. Chaman Kumar
appointed as Chairman
w.e.f. 04.05.2020

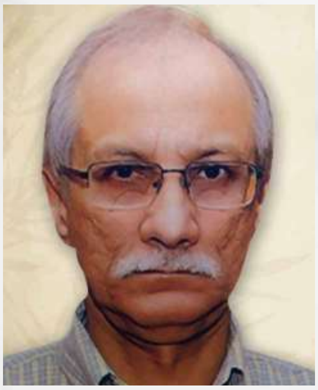
Dr. Purvi Mehta
Public Interest Director

Mr. Nirmalendu Jajodia
Public Interest Director

Mr. Prem Kumar Malhotra
Public Interest Director



Dr. Ashok Gulati
Public Interest Director



Mr. Ashish Bahuguna
Public Interest Director
w.e.f 15.06.2020

Mr. Rakesh Kapur
Shareholder Director

Mr. Srinath Srinivasan
Shareholder Director

Mr. Sunil Kumar
Shareholder Director

Mr. B. Venugopal
Shareholder Director

Mr. J. Ravichandran
Shareholder Director
upto 04.02.2020

Mr. Ravindra Kumar Roye
Chairman up to 03.05.2020
& Public Interest Director
upto 14.06.2020

Mr. Vijay Kumar V
Managing Director & CEO

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Seventeenth Annual Report and Audited Financial Statements of the National Commodity & Derivatives Exchange Limited (henceforth called NCDEX / the Exchange) for the financial year (FY) ended March 31, 2020.

PERFORMANCE

The following table shows the summary of financial performance of the Exchange on standalone as well as consolidated basis for the FY 2019–20:

(₹ in lakhs)

Particulars	Standalone (the Exchange)		Consolidated (NCDEX Group)	
	FY 2019–20	FY 2018–19	FY 2019–20	FY 2018–19
Total income	8,187	10,781	17,459	19,318
Total expenses	10,272	11,642	17,797	18,030
Profit before exceptional items and tax	**(2,085)**	**(861)**	**(338)**	**1,288**
Share of net profit from joint venture and associate	-	-	955	322
Exceptional item including contribution to core SGF	1,835	(3,118)	(377)	-
Profit before tax	**(250)**	**(3,979)**	**240**	**1,610**
Tax expenses	(736)	(1,281)	(606)	(195)
Profit after tax	**486**	**(2,698)**	**846**	**1,805**
Other comprehensive income	10	(14)	(47)	(36)
Total comprehensive income for the year	**496**	**(2,712)**	**799**	**1,769**

Table 1: Summary of financial performance of the Exchange on standalone and consolidated basis for the FY 2019–20

I. Standalone Results

The total income of the Exchange for FY 2019–20 was ₹ 8,187 lakhs, reflecting a reduction of 24% over FY 2018–19. This was mainly on account of the transfer of income relating to the clearing and settlement functions to the National Commodity Clearing Limited (NCCL), in compliance with the directions of the Securities and Exchange Board of India (SEBI), and lower average daily traded value (ADTV) of ₹ 1,789 crores in FY 2019–20, as compared to ₹ 2,143 crores in FY 2018–19.

The total expenses of the Exchange for FY 2019–20 were ₹ 10,272 lakhs, 13% lower than ₹ 11,642 lakhs for FY 2018–19. The reduction was mainly on account of the transfer of expenses relating to clearing and settlement functions to the NCCL and various cost management initiatives undertaken by the Exchange.

Profit/(loss) before exceptional item and tax during FY 2019–20 was ₹ (2,085) lakhs for FY 2019–20 as compared to ₹ (861) lakhs for FY 2018–19.

During FY 2019–20, exceptional item of ₹1,835 lakhs was on account of the Exchange's contribution of ₹ 165 lakhs to the Core Settlement Guarantee Fund setup by the NCCL, as per SEBI Regulations, whereas ₹ 2,000 lakhs was towards the reversal of impairment loss in the Power Exchange India Limited (PXIL) investment. PXIL is an associate company of the NCDEX. During FY 2018–19, exceptional item included ₹ 3,118 lakhs on account of the Exchange's contribution to the Core Settlement Guarantee Fund setup by the NCCL, as per SEBI Regulations.

Profit after tax was ₹ 486 lakhs for FY 2019-20 as compared to a loss of ₹ (2,698) lakhs for FY 2018-19.

II. Consolidated Results

The total income of the NCDEX Group for FY 2019-20 was ₹ 17,459 lakhs, reflecting a reduction of 10% over that of FY 2018–19. The reduction was mainly on account of lower ADTV, average daily open interest (ADOI) and investible corpus.

The total expenses of the NCDEX Group stood at ₹ 17,797 lakhs, which was 1% lower than that in FY 2018–19. The reduction was mainly on account of the various cost management initiatives undertaken by the group.

The share in net profit from the Rashtriya e Market Services Private Limited (ReMS), a joint venture between the State Government of Karnataka and NCDEX e-Markets Limited (NeML) for FY 2019–

20, was ₹ 432 lakhs as compared to ₹ 322 lakhs in FY 2018–19. The share in net profit from the PXIL was ₹ 523 lakhs as compared to Nil in FY 2018–19.

Exceptional item of ₹ (377) lakhs during FY 2019–20 was on account of ₹ (668) lakhs shortfall in pay-out to counter parties and a ₹ 291 lakhs reversal of impairment loss in the PXIL investment.

The profit after tax was ₹ 846 lakhs during FY 2019–20, whereas it was ₹ 1,805 lakhs during FY 2018–19.

REVIEW OF OPERATIONS

Highlights

- The highest turnover achieved in a day during FY 2019–20 was ₹ 3,389.90 crores.
- The top five traded commodities on the Exchange were guar seed, soybean, castor seed, soy oil and chana.
- The ADTV in FY 2019–20 stood at ₹ 1,789.00 crores, vis-à-vis ₹ 2,143.00 crores in FY 2018–19.

During FY 2019–20, the agricultural ecosystem continued to struggle with multiple years of bearishness. The Exchange, however, managed to consolidate its strong position in the agricultural commodity derivatives ecosystem. This was despite increased competition from pedigreed equity exchanges that were making forays into the commodity space. The Exchange also managed to successfully mitigate a settlement crisis at the clearing corporation owing to a sharp fall in castor prices, caused by a healthy crop of castor in the coming season. In fact, the Exchange emerged stronger from the crisis with stronger risk mitigation measures.

The major highlights of the FY 2019–20 are given below:

Capital Structure:

During the year, the authorized share capital of the Exchange was reclassified from the existing ₹ 70.00 crores divided into 6 crores equity shares of ₹ 10.00 each, aggregating to ₹ 60.00 crores and 1 Crore 5% cumulative redeemable preference shares of ₹10.00 each aggregating to ₹ 10.00 crores to ₹ 70.00 crores divided into 7 crores equity shares of ₹ 10.00 each.

Initial Public Offering:

The Board of Directors of the Exchange (pursuant to resolutions dated December 14, 2018 and August 9, 2019) and the shareholders of the Exchange (pursuant to their resolution dated September 26, 2019) authorized the Exchange's initial public offering (IPO) of equity shares at a face value of ₹ 10.00 each ("Equity Shares"). It comprised a fresh issue of up to ₹ 100.00 crores and an offer for sale of up to 14,453,774 Equity Shares by the selling shareholders, as defined in the draft red herring prospectus (DRHP). The Exchange has, in consultation with the book running lead managers (BRLMs)—namely, ICICI Securities Limited and SBI Capital Markets Limited - and the selling shareholders filed a DRHP dated February 10, 2020, with the SEBI.

Business:

The Exchange recorded an ADTV of ₹ 1,789 crores in FY 2019-20, which is approximately 16.5 % lower than the ₹ 2,143 crores ADTV in FY 2018–19. The drop in the volumes can be attributed to some fundamental factors such as surplus supply in most of the commodities, general bearishness and limited financial opportunities in the agri-commodity market. The second half of the FY saw a drop in volumes owing to the reduction in the production of key Kharif crops such as soybean, a bearishness in the guar and pulses' basket, the near term impact of the tear-up of castor seed positions, incidents of defaults by a few members across stock exchanges, and finally the impact of COVID-19 towards the end of the FY.

Despite a fall in volume, however, the Exchange has maintained its leadership in agri futures trading in the country, with a market share of 76% and 84% in volume and open interest, respectively. With a view to improve participation in farther months, the Exchange redesigned the transaction charges with a unique offering to charge lower transaction charge for participation in futures contracts beyond four calendar months. The Exchange also introduced special category of commodities to facilitate participation in commodities such as refined soy oil, paddy, wheat and maize.

Physical deliveries continue to be the backbone of trading on the Exchange platform. Over the years, the Exchange / clearing corporation, in partnership with its channel partners, Warehouse Service Providers (WSPs), has created an ecosystem of state-of-the-art storage facilities across the country, which help participants on the Exchange platform effect physical delivery. This, in turn, ensures that prices in the derivatives contracts are firmly anchored to the underlying physical trade. In FY 2019–20, the Exchange saw deliveries of close to 6.31 lakhs MT of commodities, valued at ₹ 2,684 crores. Till date, the Exchange has seen deliveries of approximately 11 million MT through its settlement process.

FY 2019–20 saw an increased competition in the agricultural derivatives space, as pedigreed equity exchanges launched contracts in commodities traded on the Exchange. Despite their larger reach and size, the Exchange held its own in the face of competition and maintained its dominant share in the agricultural derivatives space. With the largest market share in agricultural derivatives contracts, varied contracts in complexes including grains, oilseeds, pulses, spices and guar and a strong physical delivery backbone, the Exchange is well poised to expand its business in the years ahead. In the past year, the Exchange also launched futures trading in commodities such as bajra, basmati rice and moong. The Exchange continues to work to developing contracts in commodities that are economically relevant to the Indian economy. The Exchange is also working on launching Options on Goods, which has been permitted by the Regulator in FY 2019–20.

The Exchange has continued its endeavour to educate market participants about commodities futures market through various knowledge-sharing programmes and investor education programmes (IEP). In FY 2019–20, the Exchange conducted 102 IEPs, 12 investor awareness programmes, 16 webinar sessions and 1 regional seminar. The Exchange has also engaged with the social media, TV and print media to create awareness about the commodity derivatives market.

Key Developments:

In the past year, the Exchange and the commodity space saw a number of key developments, which are encapsulated below:

Tear-up in castor seed: The Exchange initiated a tear-up of positions in the castor seed contract in October 2019, following a sharp fall in prices and subsequent inability of some members and clients to meet their pay in obligations to the clearing corporation. This process was in line with the risk management framework put in place by the clearing corporation, based on norms issued by the Regulator. It facilitated an exit for participants and helped regain a matched order book.

Approach to margins: The Regulator and the clearing corporations have holistically reviewed the margin framework across the commodity ecosystem. A broad classification based on historic volatility has been put in place to determine the volatility-based margins. Additionally, for narrow commodities, an event-based additional surveillance margin (E-ASM) structure has been put in place. This robust margining structure should help commodity markets withstand the shocks that are occasionally seen in commodity cycles and instil greater confidence in the market as a whole.

Developmental initiatives: The year saw a steady slew of developmental initiatives, which will help deepen the participation and broaden the basket of instruments available in the commodity markets. A few of the measures are given below:

- ✓ Participation of mutual funds and portfolio managers in commodity derivatives market in India
- ✓ Permission for and launch of futures on commodity indices
- ✓ Approval for custodians in the commodities' ecosystem, which is a prerequisite for institutional participation
- ✓ Waiver of regulatory fee and its utilization to encourage the participation by Farmers/Farmer Producer Organizations (FPOs) in the agricultural commodity derivatives markets
- ✓ Another important announcement was made by the Ministry of Consumer affairs, Government of India which decided to provide exemption from the stock limit for commodities kept in Warehousing Development and Regulatory Authority (WDRA) approved warehouses for delivery on exchange platforms. This is a significant step as it establishes the importance of the Exchange ecosystem, Electronic Negotiable Warehouse Receipts (eNWR) and brings more comfort among trade participants while using futures platform for delivery transactions.

DIRECTORS' REPORT (Contd.)

Farmer outreach: In recent years, the Indian agriculture sector has witnessed several transformations. A number of structural reforms, coupled with technological advancements and favourable monsoon years, have ensured that India has now moved from a food-scarce to food-surplus nation. However, record production often brings a new set of challenges, one in which farmers are unable to realize remunerative prices for their produce. Aggregation of their produce through the FPOs is seen as one way to access transparent market ecosystem. To this end, the Exchange has invested considerable time and resources to bring awareness, train and hand-hold the FPOs for participating in the Exchange. The Exchange has constantly strived to engage with the FPOs to provide them with an alternate market channel for a transparent price discovery and access to a price risk management platform.

In fact, the Exchange has been working with the FPOs since 2016, having successfully on-boarded 260 FPOs till March 2020. Of these, 99 FPOs have traded on the Exchange platform and represent 526,451 farmers from 13 states. They successfully traded 17 commodities and 34,219 MT of their produce.

In FY 2019–20, 36 FPOs representing a farmers' base of 262,875 opened their account with the Exchange. A quantity of 3,700 MT of 10 commodities representing a combine value of ₹ 1,399 lakhs was traded by 31 FPOs for their price risk management and for finding a transparent alternate market place. Eleven FPOs have also utilized the Exchange delivery ecosystem and successfully delivered 617 MT of produce valued at ₹ 309 lakhs in 6 commodities.

Being aware of the prevailing prices is one step closer to informed decision making. Continuing with the Exchange's efforts of price dissemination through free SMS services, 68,665 farmers' phone numbers are registered for receiving future prices. In FY 2019–20, the Exchange conducted 139 awareness and training programmes, with 6,499 farmers participating in them; the Exchange also conducted 2 residential programmes in association with Institute of Rural Management Anand (IRMA) for Gujarat-based FPOs, with a focus on business plan preparation. The Exchange also sponsored a national event for FPO financing in March 2020 to connect financial institutions and FPOs.

SEBI has, vide its circular no. SEBI/HO/CDMRD/DMP/CIR/P/2019/40, dated March 20, 2019, directed the Exchanges to draw up an action plan for the full utilization of regulatory fee foregone by SEBI (for FY 2018–19). SEBI guidelines specified that the regulatory fee forgone by SEBI shall be deposited and utilized exclusively for the benefit of and easy participation by farmers and FPOs in the agri-commodity derivatives market. Under this scheme, a total reimbursement of ₹ 9.40 lakhs was made to 10 FPOs for delivering 488 MT of 6 commodities till January 2020. The Exchange will continue to work with FPOs and partner with relevant stakeholders to continue to provide an alternate market place, which is transparent and robust in nature.

FPO engagement continues to be a focus area for the Government of India. It has announced the formation of 10,000 more FPOs through NABARD, Small Farmers' Agribusiness Consortium (SFAC) and National Co-operative Development Corporation (NCDC). The Exchange, in partnership with these promoting institutions, will continue to focus on FPOs and bring in the benefits of a transparent alternate market place to Indian farmers.

The path ahead:

FY 2020–21 promises to be an unprecedented year, with the shadow of the global pandemic impacting the functioning of every segment of the real economy and consequently the Exchange as well. During these difficult times, the Government has initiated path-breaking reforms in the agri sector. Three ordinances have been promulgated, which we believe will have a far reaching impact on the future of the agri ecosystem:

- The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020;
- The Farmers' Produce Trade and Commerce (Protection and Facilitation) Ordinance, 2020; and
- The Essential Commodities (Amendment) Ordinance, 2020.

These ordinances look to collectively unshackle the farming ecosystem by empowering farmers to engage directly with the industry and a wider set of potential buyers for their produce rather than be dependent on local 'mandi' participants. Till date, the Essential Commodities Act acted as a dampener to investments by large participants in the agri-sector value chain. However, recent amendments made by the Essential Commodities (Amendment) Ordinance, 2020 should create a liberalized ecosystem for value chain participants across the agriculture sector and increase overall investment in agriculture and allied activities. This would also help the Exchange along with its subsidiaries, National E-Repository Limited (NERL) and NeML, engage with these players for enhanced participation in its electronic derivatives and spot market platforms.

The introduction of products such as Options on Goods and increased benefits for FPOs would in our opinion further encourage FPO participation in the Exchange ecosystem by using put options.

The launch of the first Agri-based Index, AGRIDEX, and the on-boarding of financial participants such as Mutual Funds and Portfolio Managers may provide the necessary depth to derivatives markets as well as introduce the much-needed research insights in this ecosystem.

The Exchange also looks to broaden the bouquet of commodities on offer for trading by introducing sectoral indices and derivatives on more commodities in the coming FY.

MEMBERSHIP

As on the March 31, 2020, there were 375 members on the Exchange platform across the country.

CUSTOMER SERVICE GROUP

During the year, the customer service group (CSG) initiated numerous initiatives to improve customer experience. These initiatives were in addition to the internal process improvements, which have helped the Exchange in resource optimization and cost savings while providing better service. The Authorized Person registration process has been automated and made online ensuring cost saving and effort optimization at the members and the Exchange's end. It has also resulted in reduction of calls for status inquiry. Owing to various measures undertaken by the Exchange—such as increasing the UCC white listing runs, online password reset option, increase in permissible user access count for Web NCDEX Clearing Front End (NCFE), online Authorized Person registration, report to check application status and numerous training sessions—there has been an almost 20% drop in the volumes of calls and emails received by the Exchange in the last FY. The Exchange also started knowledge-sharing sessions via webinars since September 2019. The Exchange has also rolled out a quiz competition for dealers with a view to create interest and awareness about commodity and derivative markets.

The login process for extranet portal (member portal for accessing files pertaining to trading) has been simplified and made more secure by moving it to "Https" protocol, thus removing the need for a VPN. The option to create multiple user IDs has been introduced in the NCFE Web portal. Ncharts, which is an advanced charting tool, has been incorporated in the mandi.com app. Exchange has also initiated a customer satisfaction CSAT survey to improve the service levels and quality by acting on member feedback. Numerous visits were undertaken and training sessions initiated for members. Training sessions were also conducted for various educational institutes to impart knowledge and create brand awareness.

Furthermore, the implementation of a new contract centre solution has given an edge to the services provided to our members. With capabilities such as auto identification of members, recent communication history between members and CSAT survey features, the new software has not only simplified the process but also equipped the customer service executives to serve better.

DIVIDEND AND APPROPRIATIONS

For the FY ended March 31, 2020, your Directors have pleasure in recommending a dividend of 5 per cent (₹ 0.50 per equity share) on the equity shares issued by the Exchange. The Dividend on equity shares, when approved by the shareholders would amount to ₹ 253 lakhs.

TRANSFER TO RESERVES

No amount is proposed to be transferred to the General Reserve out of the amount available for appropriations.

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, 2020.

CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of the business of the Exchange during the FY 2019-20.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Mr. Sunil Kumar retired by rotation at the Sixteenth Annual General Meeting held on September 26, 2019 and was re-appointed subject to approval of SEBI. SEBI vide its letter dated October 10, 2019 approved the appointment of Mr. Sunil Kumar as a Shareholder Director. Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Srinath Srinivasan (DIN: 0010718) will be retiring by rotation at the ensuing Annual General Meeting and has offered himself for re-appointment as Director. The Board recommends the name of Mr. Srinath Srinivasan for re-appointment as Director of the Exchange in the "Shareholder Director" category. His appointment is subject to approval of SEBI.

During the FY, Mr. J. Ravichandran resigned as Shareholder Director of the Exchange with effect from February 04, 2020. The Board wishes to place on record its sincere appreciation for the valuable advice and guidance provided by Mr. J. Ravichandran.

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 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the Independent Directors have also given the declarations that they satisfy "fit & proper" criteria as stipulated under Regulation 20 of Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ('SECC Regulations, 2018'). The Board is of the opinion that the Independent Directors of the Exchange possess requisite qualifications, experience and expertise in the fields of finance and accounting, economics, risk management, management and administration, financial market, technology, market infrastructure, co-operatives, legal, agriculture markets, agriculture economics, macroeconomics, post-harvest technologies, international development; and they hold highest standards of integrity. Skills/ expertise/ competence of the Board of Directors is provided in the Corporate Governance Report which forms part of the Annual Report. All the Independent Directors have also given the declarations that they have registered themselves with Indian Institute of Corporate Affairs (IICA) in terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014. Further, in terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake online proficiency self-assessment test conducted by the IICA within a period of one year from the date of inclusion of their names in the data bank. The said online proficiency self-assessment test will be undertaken by the Independent Directors of the Exchange within the prescribed timelines.

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, Regulation 17, 19 and Schedule II of the SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015, SECC Regulations, 2018 read with SEBI circulars dated January 5, 2017, January 10, 2019 and February 5, 2019. 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.

BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2019-20

During the FY 2019-20, five meetings of the Board of Directors were held. Details of the meetings of the Board of Directors are provided in the Corporate Governance Report which forms part of the Annual Report

BOARD COMMITTEES

Details of the composition of Committees of the Board, meetings held, terms of reference and attendance of the Directors at such meetings during the FY 2019-20 are provided in the Corporate Governance Report which forms part of the Annual Report.

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 are 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 are provided in the Corporate Governance Report which forms part of the Annual Report. The Exchange has in place a 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 and other employees. The Nomination and Remuneration Policy is available on Exchange's website at https://ncdex.com/AboutUs/Disclosures.aspx

DETAILS OF MEETING OF SHAREHOLDERS

The Sixteenth Annual General Meeting of the Exchange was held on September 26, 2019. The Seventeenth Annual General Meeting of the Exchange will be held on September 25, 2020 in Mumbai.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management 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. In terms of Regulation 33 of SECC Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies are mutatis mutandis applicable to a recognized stock exchange. Pursuant to Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on Corporate Governance for the FY 2019-20 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 (CSR) policy to implement its 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, are provided in **Annexure 1**.

As per Section 135(5) of Companies Act, 2013, in pursuance to the CSR Policy, the Board of Directors of a company should ensure that in every FY the company spends at least 2% (two percent) of average net profits it made during 3 (three) immediately preceding financial years.

As the Exchange's 2% of its average net profits showed a negative balance, no CSR funds were available for the FY 2019–20. However, in FY 2018–19, under its CSR programme, the Exchange supported six FPOs with cleaning and grading units and some related equipment. The support was to provide and create capacities at the FPO level through their resource institutes for generating quality produce at farm-gate. The equipment had been selected on need-based demand raised by specific Producer Organization Promoting Institutions (POPIs). The six FPOs have a catchment area of 67 villages, covering more than 7,000 acres and representing 2,600 farmers in the states of Maharashtra and Rajasthan.

Five of the Farmer Producer Companies (FPCs) inaugurated the units provided to them under NCDEX's CSR program and have already started working on them. The sixth one, Kamalnayan Jamnalal Bajaj Foundation (KJBF) in Maharashtra, couldn't inaugurate its machine owing to a technical glitch in obtaining financial support from a public sector bank, which it needed for constructing the platform for establishing the unit. It was scheduled to be inaugurated on March 25, 2020 though it couldn't take place in the wake of the national lockdown as a result of the COVID-19. The five units, however, have been used by more than 300 farmers to clean and grade around 2,000 quintals of commodities, includes wheat, soybean, urad, moong and tur amongst major commodities. As per initial reports received from the FPCs, their farmers reported to have fetched premium prices on graded produce, ranging from 10% to 40% over the prevailing market prices. Price of green gram is a case in point for Watershed Organization Trust (WOTR/ Maharashtra) farmers who took their crop to the 'mandis' after cleaning and grading from the unit during the third quarter. The average price fetched by them was ₹ 5,600 per quintal vis-à-vis ₹ 4,100 per quintal prevalent at local 'mandis' in the same period—a premium of 36.5%. Likewise, Samdarshi Gramin Vikas Sansthan (SGVS) from Chechat, Rajasthan, has reported that a lot of soybean, which was priced at ₹ 1,800 in 'mandis', was finally sold at around ₹ 3,200 after cleaning and grading—a premium of 77%.

DIRECTORS' REPORT (Contd.)

It is heartening to note that the farmers are not only getting better prices, but also understanding the importance of farm-gate quality upgrade of their crops. The word-of-mouth among farmers and traders about the usage of the cleaning and grading units is creating an atmosphere that helps farmers from other groups and villages to realize the direct impact of these post-harvest management activities on their income levels.

AUDITORS

A. STATUTORY AUDITORS

M/s. K. S. Aiyar & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Exchange for a period of 5 (Five) consecutive Financial Years from the conclusion of the Fourteenth Annual General Meeting of the Exchange until the conclusion of the Nineteenth Annual General Meeting of the Exchange.

As required under the provisions of section 139 (1) of the Companies Act, 2013, the Exchange has received a Certificate from the Auditors to the effect that their appointment is within the prescribed limit under Section 141 of the Companies Act, 2013 and that they are not disqualified for such appointment. There is no qualification, reservation or adverse remarks or disclaimer in the report given by M/s. K. S. Aiyar & Co., on the financial statements of the Exchange for the year ended March 31, 2020.

The Auditors have not observed any frauds in the course of the performance of their duties as auditor. This is reported in compliance with the provisions under sub-section (12) of section 143 of the Companies Act, 2013.

B. 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 FY 2019-20. In terms of sub-section (3) of section 134 of the Companies Act, 2013, Secretarial Audit Report issued by M/s. Makarand M. Joshi & Co. in Form MR-3 is attached as **Annexure 2**. There is no qualification, reservation or adverse remarks or disclaimer in the report given by M/s. Makarand M. Joshi & Co. in Form MR-3.

C. 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. KPMG as Internal Auditors of the Exchange for the FY 2019-20.

COMPLIANCE WITH SECRETERIAL STANDARDS

The Exchange complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

EXTRACT OF THE ANNUAL RETURN

The extract of annual return under sub section (3) of section 92 of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 in Form MGT 9 as on the FY ended March 31, 2020 is enclosed as **Annexure 3**.

The Extract of annual return is also available on the website of the Exchange at the link: https://www.ncdex.com/AboutUs/ Annual_Reports.aspx

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

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 THE COMPANIES ACT, 2013

All the transactions with related parties are in the ordinary course of business and on an arms length basis. The details of the related party transactions as required under the Accounting Standard-18 are set out in Note no. 33 to the standalone financial statements.

PARTICULARS OF EMPLOYEES

The information on the particulars of the employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 and SECC Regulations, 2018, a statement containing the remuneration details is enclosed as **Annexure 4**.

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 5**.

RISK MANAGEMENT

The Exchange is focused on providing a transparent trading platform and is committed to working on strengthening the risk management framework of the commodity derivatives market. As a measure of de-risking the Exchange from the settlement risk and in compliance with SEBI requirements in this regard, the Exchange had, during the previous year FY 2018–19 transferred all its clearing- and settlement-related activities to an independent clearing corporation, viz., the NCCL, which is a wholly owned subsidiary of the Exchange. Consequent to such a transfer and segregation of the clearing and settlement activity, the Exchange has modified its Risk Management Framework and Policy in line with its revised risk profile.

The Exchange has an independent risk governance structure for integrated risk management covering various categories of enterprise risk including business, operational, financial, regulatory, and reputational and is cognizant of the management of group risks. At the top of the risk management hierarchy is the Board of Directors (Board) of the Exchange, which provides broad strategic direction to the risk management function. In accordance with SEBI guidelines, the Board has formed a Risk Management Committee (RMC), which is a sub-committee of the Board comprising Public Interest Directors and Independent External Experts. The RMC functions as per SEBI's terms of reference and oversees the risk management function of the Exchange. The Exchange also has a Risk Management Department (RMD), which looks after enterprise risk, group governance and information security including cyber security and coordinates the operational and internal audit of the Exchange by independent third party auditors. The head of the RMD reports to the Managing Director & CEO of the Exchange and the RMC, in accordance with the SEBI guidelines.

The Exchange Risk Management Framework envisages a combination of a top–down and bottom–up approach for an integrated risk management process. While the Board and the RMC provide broad direction and guidance and supervise the entire process, the Exchange management identifies key risks by using a granular approach with the active involvement of functional heads of various departments, the entire process being coordinated and monitored by the RMD. Risk management in the Exchange is a comprehensive, disciplined and continuous process in which risks are identified, analysed and consciously accepted or mitigated within the Board-approved risk appetite.

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. NCDEX e Markets Limited, the subsidiary of the Exchange also has a joint venture company: Rashtriya e Market Services Private Limited. The details in respect of these companies are provided hereunder. A statement containing the salient features of the financial statements of the above companies is given in Form AOC – 1, which is enclosed as **Annexure 6**. The Financial statements of the subsidiary companies have been displayed on the website of the Exchange. In addition, the Exchange has an associate company namely, Power Exchange India Limited.

NCDEX e Markets Limited (NeML)

The NeML continued its journey of positively impacting the lives of the smallholder farmers (SHF) and consumers who depend on Government support for food security. Its impact broadened in perishable segments, mainly in dairy and fresh fruit and vegetables.

During the FY, NeML launched Emission Permit Trading System for Particulate Matter (EPTS-PM) in Gujarat. Globally, this is the first initiative of its kind. Gujarat Pollution Control Board took the initiative and was supported by prestigious global institutions including Harvard University, University of Chicago and MIT, Boston. This pioneering initiative with the textile cluster in Surat, Gujarat, helped reduce pollution by 28%, thus helping the vulnerable sections of the society whose health is worst affected owing to the particulate matter emissions from the industry.

During the year, NeML initiated its work to facilitate trading of e-NWR and facilitate trading for FPOs with the help of ecosystem partners such as National E-Repository Limited (NERL). These initiatives would help in enhancing digital inclusion of the farmers.

Its joint initiative with the Karnataka Government, Rashtriya e Market Services Private Limited (ReMS), continued to positively impact the income of farmers in regulated APMC markets of the state. NeML launched six mobile apps to help farmers, and registered market functionaries, thus further enhancing the features of the State Agriculture Market (SAM). ReMS completed its full integration with eNational Agriculture Market (e-NAM), a platform launched by the Central Government.

NeML continued its work with the Central Government and the State Governments to enhance efficiencies of procurement and sale of commodities under its food security programmes. The key commodities covered under the initiatives included pulses, oilseeds, paddy, sugar and salt amongst others.

NeML plans to leverage its expertise in creating national markets by connecting farmer aggregators including FPOs for enhancing income of smallholder farmers.

National Commodity Clearing Limited (NCCL)

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

The table below gives the statistics of trade, settlement and collateral processed during the FY 2019–20.

Trades	
Particulars	**2019–20**
Number of trades	79,85,297
Trading quantity	9,44,84,391
Trading value (₹ in crores)	4,41,967.35
Settlement	
Particulars	2019–20
MTM settlement (₹ in crores)	4,135.48
Physical settlement (₹ in crores)	1,836.96

Collateral processed	2019–20	
Instrument processed	Count	Amount (₹ in crores)
Bank guarantee	720	979.99
Fixed deposit receipts	2,069	1,993.83

Table 2: Statistics of trade, settlement and collateral processed during the FY 2019–20

National E-Repository Limited (NERL)

Background

NERL started its operations on September 26, 2017 and is regulated by the WDRA as a Repository and Platform for Creation and Management of eNWRs.

The main business of NERL is to offer a digital platform for the creation and management of eNWR issued in warehouses registered with the WDRA.

Exchange and Emerging Business:

FY 2019–20 was the second full year of operation for NERL after receiving the Permanent Certificate of Registration from WDRA. This year, considerable effort and time was devoted for e-Repository application enhancement, development and introduction of new features to address emerging markets and exchange settlement requirements. Simplistic reporting structure for easy understanding and comfort of using the application for transactions through uploads by various users like repository participants, warehouse service providers, banks and clearing members was taken up on priority. The API integration with NCCL, WDRA and daily reporting to SEBI with certain risk-mitigating validations controlling the eNWR generation, as suggested by WDRA, was completed this year. NERL successfully launched the 'NERL Warehouse Space Reservation system' for NCDEX deposits in November 2019.

During the year, NERL has witnessed a number of landmark achievements, including the following:

1. On-boarded more than 1,600 depositors onto the NERL platform, which includes more than 450 farmer accounts and 34 FPO accounts;
2. Successfully facilitated and got the in-principal approval for South Indian Bank (the first bank) to become repository participant for client account maintenance. NERL has signed agreements with 20 banks and financial institutions as on March 31, 2020 to come onboard as repository participants—pledgee. (Currently, NERL has 30 banks and financial institutions as pledgees);
3. Successfully on-boarded Andhra Pradesh State Warehousing Corporation, Tamil Nadu State Warehousing Corporation and Uttar Pradesh State Warehousing Corporation apart from Central Warehousing Corporation in 9 states to use NERL platform for issuance of eNWR;
4. Facilitated the Pledgee Agreement with 32 Primary Agriculture Credit Cooperative Societies (PACCS) at Namakkal District in Tamil Nadu, out of which 5 have been on-boarded;
5. NERL has been regularly conducting awareness and training programmes across 14 states and has managed to successfully conduct 327 programmes, as on March 31, 2020. These programmes are attended by all value chain participants of NERL such as farmers, traders, warehousemen, banks and RPs;
6. It is for the first time that SBI has done a pledging on the basis of an eNWR issued by a private warehouse in Tamil Nadu, viz. it is a benchmark in this direction; and
7. More than 50 individual warehouses have been facilitated and on boarded on NERL platform.

The result for FY 2019–20 is as below:

	No. of eNWR	Quantity of eNWR (MT)	Value (crores)
Exchange	122,765	802,186.95	3,722.49
Emerging business*	2,246	52,915.75	251.11
Total	**1,25,011**	**8,55,102.7**	**3,973.6**
Loan against eNWRs ₹120.46 crores (Emerging) + ₹ 200.20 crores (Exchange) = ₹ 320.66 crores			

*Note: All businesses other than Exchange are termed as "Emerging Business".

Since inception (as on March 31, 2020)

	Value (crores)
RPs (account maintenance)	88
RPs (pledgee)	30
Number of active depositors/ client accounts	3,463

NCDEX Institute of Commodity Markets and Research (NICR)

NICR is a wholly owned subsidiary of NCDEX and is registered under Section 25 of the erstwhile Companies Act, 1956. It offers a variety of certification courses, open-enrolment courses, as well as customised educational programmes and training, data analytics, research and consultancy projects under four thematic areas viz., education; research & data analytics; consultancy and events & workshops.

In FY 2019–20 under the education programme, NICR offered eight commodity certification courses in different formats and two languages, viz., English and Hindi. Commodity Traders Certification Course, designed especially for broking fraternity, remained one of the most preferred courses in commodity derivatives segment across the market participants. These courses are available in digital form with an online test assessment partner. NICR also launched Option Certification Course in two modules, basic and intermediate, and made them available through the NICR website in digital form.

NICR approached several educational institutes in Delhi and NCR, Uttar Pradesh and Maharashtra, and successfully enrolled candidates. Further, NICR hosted awareness programmes for college students on commodity derivatives and price risk management. NICR prepared course content for Commodity Market Module course offered by NSE Academy Limited (NAL) and offered courses in partnership with Kredent Infoedge Private Limited, a Kolkata-based online educational firm. NICR provided training/faculty support to institutions of NABARD such as National Bank Staff College, Bankers Institute of Rural Development & NABKISAN and also to Directorate of Marketing and Inspection (DMI) in various training programmes organized by them for their employees as well as farmers / FPOs. Over 1,500 candidates were registered in various courses during FY 2019-20. However, a major hurdle in getting candidates registered to these courses was faced in late 2019 when SEBI mandated the NISM certificate for the registered traders of the broking community in December 2019. After this, a steep downfall was witnessed in the registration for these courses.

In order to promote financial literacy and awareness about commodity derivatives and fundamentals affecting demand and supply of commodities, NICR produced research reports covering various commodities. These reports are generated on different frequencies viz., monthly commodity report covering exhaustive fundamentals of various exchange-traded commodities; fortnightly reports covering fundamentals of specific commodities over the fortnight; monsoon report on a weekly basis during the monsoon season and daily commodity performance report providing a glimpse of performances of not only commodities traded on NCDEX but also liquid commodities on other exchanges and equity indices.

These reports are shared not only with the internal stakeholders but also with the industry, the relevant governmental departments and other influencers in the ecosystem; they are further appreciated by the industry.

During FY 2019–20, NICR bagged three consultancy projects viz., a project from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, a German development agency, provided NICR to develop a Guidebook for FPOs to participate in Commodity Derivative Market; an assignment from NABARD to publish a booklet on success stories of FPOs participating in commodity derivatives market and an assignment from Deloitte Touche Tohmatsu India LLP for a WORLD Bank-funded project with Assam State Agricultural Marketing Board ("Client") to provide technical advisory services on development of e-market place in Assam.

NICR will continue to build on the reputation of the Exchange as a parent organization, provide research reports to market and access consultancy and research projects on the commodities ecosystem. To prepare the next generation of young informed decision-makers, NICR will continue its focus on education on price risk management in partnership with reputed educational institutions across the country.

Rashtriya e Market Services Private Limited (ReMS)

ReMS - an equal-shareholding joint venture company between the Government of Karnataka and NeML—was incorporated on January 20, 2014. ReMS provides a complete technology and management solution for restructuring of agricultural marketing operations in the State of Karnataka.

ReMS has been conceived to blend public interest with the initiative of a private enterprise for establishing, operating, managing a specialized electronic trading platform called the Unified Market Platform (UMP) for auctioning of farmers' produce and to implement the ambitious reform agenda envisaged in the Karnataka State Agricultural Marketing Policy 2013.

Leveraging technology, ReMS has introduced UMP for competitive price discovery of commodities offered for sale by farmers in the agricultural markets and to carry out post-auction processes (weighing, invoicing, market fee collection and e-permit generation). UMP has brought in transparency in market operations by providing real-time information to market participants about the produce brought by the farmers for sale and facilitating equal chance for every lot for being bid through a wider participation of buyers.

The wider reach of the electronic platform facilitates participation of buyers across the country and provides information to farmers on ruling prices across markets, enabling them to decide when to sell and if so at what price. UMP technology seamlessly covers all operations of the Agricultural Produce Market Committee (APMC), starting from goods entering the market to them exiting and beyond.

To educate the stakeholders about the online trading and its advantages, ReMS conducted workshops and training programmes in villages.

Karnataka's path-breaking reform in agricultural marketing has brought transparency in agriculture trading. ReMS is reckoned as the lead player in the country for reforming agricultural markets. The Government of India has adopted the Karnataka model for its National Agricultural Market programme, (e-NAM).

ReMS has been working in close coordination with the Department of Agricultural Marketing and APMCs in Karnataka and is striving to improve the agricultural marketing system in Karnataka.

The "Unified Agricultural Market," the ReMS' platform for conducting operations in agricultural markets, has bagged several awards including the prestigious CAPAM International Innovation Award in Guyana in the Innovation in Public Service Management category. The award is instituted by the Commonwealth Association of Public Administration and Management. The captioned nomination was also awarded as the best project in the overall category. ReMS also received Indian Agribusiness Award 2018 from the Indian Council of Food and Agriculture.

ReMS has been undertaking several initiatives year after year to implement the reforms agenda, as envisaged in the Karnataka Agricultural Marketing Policy 2013. During FY 2019–20, the ReMS spent a sum of ₹ 1,325 lakhs for various market initiatives and market support activities. The initiatives undertaken during the year under review include (i) providing IT equipment such as laptops, desktops to 32 markets/sub-markets for conducting efficient market operations; (ii) installing Video Ticker Boards at 11 selected markets to disseminate information to farmers, traders and other stake holders about the prevailing prices of various commodities at different markets and the quantum of arrival of commodities at each market to facilitate farmers and traders to take informed decisions of sale/purchase; (iii) establishing video conferencing equipment for effective monitoring of operations in all markets; (iv) refurbishing of Raitha Bhavans in 40 APMCs to improve living conditions; and (v) outsourcing maintenance work of Raitha Bhavans at two major markets on pilot basis to improve the hygienic conditions etc.

ReMS has undertaken the following major activities during FY 2019–20:

i) migrating the UMP platform from .Net to Java technologies to enable faster operations, enhanced look, security and increased ease in use and navigation, leading to performance optimization;

ii) developing a bridge software "Single Sign on approach" to carry out interoperability between interstate markets connecting UMP with e-NAM platforms;

iii) carrying out advance e-tender on pilot basis in Bidar APMC for toor commodity, which enabled farmers' produce to fetch higher price;

iv) developing and introducing in the markets a farmers app called "MARBEL", in both Kannada and English languages to provide to farmers and other stakeholders information such as market- and commodity-wise arrivals, sales, minimum–maximum–modal prices, status of lots offered for sale and lots active, traded, settled and exited

v) automating transaction charges-invoicing and calculating penalty for late remittance of market fee.

The ReMS trading platform, UMP, is being operated in 162 main markets and 31 sub-markets in the state. Traded quantity and value of commodities traded during the year 2019–20 were 1.32 Crore MTs and ₹ 44,924 crores, respectively.

Power Exchange India Limited (PXIL)

PXIL is one of the only 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 PXIL platform is also utilized for trading in Renewable Energy Certificates (RECs).

The trading in electricity on PXIL happens under two product categories: The first is the collective segment in which buyers and sellers submit their bids on a Day-Ahead basis for meeting their next day's power requirements. The second product category is the Term-Ahead segment, in which electricity is traded bilaterally between buyer(s) and seller(s) for different delivery periods. The Term-Ahead segment comprises four products, viz. 24 × 7 Intra-Day, Day-Ahead Contingency, Week-Ahead and Any Day Products.

In FY 2019–20, the market size of 56.45 Billion Units was 5.5% more than the market size of 53.52 Billion Units in FY 2018–19. PXIL had trading volumes of 2.57 Billion Units in FY 2019–20, representing a market share of nearly 4.5% when compared to a market share of 2.5% in FY 2018–19. In the REC segment, the market size reduced by 29%, from 126.09 lakhs RECs in FY 2018–19 to 89.28 lakhs RECs in FY 2019–20, of which nearly 29 lakhs RECs were traded at PXIL, resulting in a market share of 32.49% in this segment.

PXIL filed a petition with the Hon'ble Commission, requesting for extension of meeting the net-worth criteria under CERC (Power Market) Regulations, 2010. The Hon'ble Commission, vide order dated April 24, 2019, provided additional time of two years from the date of Order for meeting the prescribed net-worth norms, and provided three years additional time from the date of issuance of Order to meet the shareholding norms. The Hon'ble Commission also relaxed provision of Regulation 19 (1) of CERC (Power Market) Regulations, 2010 regarding maximum shareholding of each of the promoter shareholders from 25% to 35% for a period of two years.

The promoters NSE Investments Limited and NCDEX, vide their letters dated May 7, 2019, each, accorded their consent for the conversion of Optionally Convertible Redeemable Preference Shares (OCRPS) of ₹ 10 each, amounting to ₹ 5 crores to equity shares of ₹ 10 each, in turn amounting to ₹ 5 crores. With conversion of OCRPS to equity shares, the shareholding of NCDEX and NSE Investments Limited has increased from 30% to 34.21% in PXIL.

PXIL entered a software supply and services agreement on February 28, 2019 for purchasing the P-NEST trading software from NeML, a subsidiary of NCDEX. After completion of 'User Acceptance Test' (UAT) and three rounds of mock session with market participants, the new IT-based trading system PRATYAY (earlier P-NEST) was launched at 00:00 hrs on January 20, 2020.

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 and Redressal) Act, 2013 are as follows:

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

VIGIL MECHANISHM

Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the principles of good governance, the Exchange has devised and implemented a vigil mechanism, in the form of "Whistle Blower Policy". The purpose of Whistle Blower Policy is to allow the Employees, Directors and/or others associated with the Exchange to freely communicate their concerns about illegal or unethical practices and to raise concerns about unacceptable improper practices being followed in the organization.

The Whistle Blower Policy is available on website of the Exchange at https://ncdex.com/AboutUs/Disclosures.aspx

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position occurred subsequent to the close of the Financial Year ended March 31, 2020 and the date of the report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDER PASSED BY THE REGULATORS OR COURT OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

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.

ALTERATION TO MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE EXCHANGE

During the year, the Exchange altered clause V (a) of the Memorandum of Association pursuant to reclassification of the Authorized Share Capital of the Exchange. Further, the Exchange also amended its Articles of Association (AOA) to ensure that the AOA are in conformity with the requirements of applicable laws, prior to filing of the draft red herring prospectus (DRHP) with SEBI and the Stock Exchanges.

CHANGE IN REGISTERED OFFICE ADDRESS OF THE COMPANY

The pin code in the office address of the Exchange registered with the ROC did not match with the postal pin code of the area. In view of the same, during the year under review, the Registered Office address of the Exchange was changed from 1st Floor, Akruti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg (West), Mumbai – 400079, Maharashtra, to 1st Floor, Akruti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg (West) Mumbai – 400078, Maharashtra.

INTERNAL FINANCIAL CONTROL AND ITS 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 Indian accounting standards (INDAS),

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 financial statements of the Exchange.

These financial controls were operating effectively as of March 31, 2020.

RESOURCES COMMITTED TOWARDS STRENTHENING REGULATORY FUNCTIONS AND TOWARDS ENSURING COMPLIANCE WITH REGULATORY REQUIRMENTS

The Exchange being a recognized stock exchange is governed by SEBI. SEBI from time to time has issued various regulations and guidelines applicable to the Exchange. The Exchange ensures compliances with the same and aims to remain at the forefront by creating a precedent for others to follow, in terms of compliance by implementing the best governance practices and disclosures.

During the year under review, the Exchange's regulatory division comprised departments, details of which are given below, taking care of various critical aspects of regulatory compliances.

Each such department is headed by a senior official of the Exchange, reporting to the Managing Director & CEO, who reports to Board of Directors. The total salary cost paid to employees of the Regulatory department, during Financial Year 2019-20, was ₹ 11,66,95,438/-.

Department	Count
Membership & Compliance	11
Inspection & Enforcement	19
Investor Services Cell	5
Total	35
Market Watch	12
Surveillance & Investigation	
Market Intelligence	8
Surveillance & Investigation	17
Total	37
Grand Total	72

STATUTORY DISCLOSURES

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 digital UPS, installing blanking panels in server racks and replacing existing lights with LED lights. The other ongoing measures for conserving energy undertaken by the Exchange include regular servicing, periodic maintenance of all electrical equipment and prompt switching off of equipment when not required.

Technology Absorption

The Exchange is happy to announce that the uptime of Trading system for FY 2019–20 was 100%, and there were no outages.

Launch of AGRIDEX

NCDEX tied up with the NSE Indices to launch AGRIDEX, India's first agri index in the month of November 2019. All the system changes for the above were seamlessly completed under strict timelines, including integrating with NSE Indices' systems for computing the Index.

The Exchange has also received the required approvals from SEBI to launch futures contract on ARGIDEX. System readiness for the same was ensured well before the regulatory approvals. The Exchange launched Futures on ARGIDEX on May 26, 2020.

Upgrade of Trading System

The trading system provided by Millennium IT went live in December 2016. Since then, there has been much advancement in the product and underlying infrastructure software. The Exchange plans to upgrade the version of its trading system software. The project has already been initiated during the FY 2019–20, with the implementation expected to be completed in by Q2 of FY 2020–21.

With the upgrade, NCDEX can leverage some of the product enhancements, which are part of the new upgraded product. The latest version of the product is also compatible with the latest hardware technologies in the market, facilitating easier hardware upgrades and certifications. The consolidation of the NCDEX specific code base into the latest version of the product has also resulted in commercial benefits in terms of reduced AMCs.

Product upgrade is notably a major activity as there are third party and inter-process dependencies as well as changes in all the downstream systems of the Exchange as well as the clearing corporation. All the associated systems need to re-align with the upgraded version. The Market CTCL systems used by the members will also require changes. Effectively, the system will be re-architected.

To ensure smooth upgrade and testing of all components, NCDEX has created a test setup to simulate production like environment. The test setup will help provide performance figures and compatibility with existing application and identify bottlenecks, if any. The test setup will also be extended early to members to ensure system changes and readiness at their end.

Since the setup is complex and large, the trading systems with product and infra upgrade will go live first, followed by the Exchange's surveillance systems, which also will have operating system and database upgrades.

Enhanced Spread Functionality

NCDEX currently has a simple spread contract model. There are separate spread contracts available for trading. The spread contracts have no linkage with the leg books or outright books. Spread books function separately as a different contract.

Along with the product upgrade, NCDEX is also planning to introduce enhanced spread functionality with implied pricing capability, for each of its Futures and Spread Contracts. Implied pricing matching engine fully implies (IN and OUT) prices for the markets.

<u>Advantages of implied matching engine:</u>

- It links the spread book directly with the underlying book.
- It works as a liquidity providing mechanism as it pools liquidity from outrights to the spread books and transfers liquidity of spread books to the outright contracts.
- It provides benefits to the hedgers and other value chain participants by increasing the fill rate for orders as well as tighter spreads.

Secured Communication Protocol for Websites

The Exchange migrated all Web applications that were on legacy http mode to a more secure and robust https mode of communication. This, in turn, addressed all the vulnerabilities on a non-secure mode of connection, providing data encryption in transit.

Cloud Adoption

The Hybrid Cloud is now an integral part of infrastructure for the Exchange. The Exchange has successfully migrated its Dev and Test environment to Cloud, which has resulted in a substantial improvement in turn-around time for servicing infrastructure requirements. A few of the important advantages of cloud are as follows:

- Flexibility to scale instantly
- Reduced need of investing in high-end infrastructure
- Built in High Availability
- Reduced deployment time and faster roll-out of applications

Integrated Member Mock Environment

The Exchange provides a Customer Development System (CDS) to its members to do functional testing, empanelment process and certifications. Earlier, a CDS environment consisted only of MIT Trading system, which facilitates the members to execute orders and trades for their testing.

The members had requested to further extend the CDS environment to cover the risk management and post-trade functionalities as well. Accordingly, the Exchange has setup a new fully integrated test environment on Cloud to facilitate it.

VSAT Decommissioning

The Exchange has completely moved out of legacy VSAT mode of connectivity, and is the first and only exchange in India to have successfully ensured migration of all member VSAT links to an alternative faster, advanced and more robust mode of connectivity.

Modernization of Backup Infrastructure

The Exchange has completely moved out of legacy tape-based backup solution to a modern disk-to-disk to cloud architecture for data backups. This has not only optimized space and power requirements but also enabled fully automated backups. Owing to advance dedup and compression technology, there is a significant reduction in storage disk requirements as well as faster turnaround time for taking and retrieval of backups.

Foreign Exchange Earnings and Outgo

During the year under review, there has been a foreign exchange inflow to the extent of ₹ 166 lakhs. There has been foreign exchange outgo to the extent of ₹ 608 lakhs on account of technology expenses, professional and consultation fees, travelling and other expenses.

ACKNOWLEDGEMENTS

Your Directors express their gratitude for the support and advice received from SEBI, the 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.

They also acknowledge the service provided by software and hardware service providers, the 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, book running lead managers and counsels and all other service providers the Exchange has been working with.

By order of the Board of Directors

Vijay Kumar V.	**Chaman Kumar**
Managing Director & Chief Executive Officer	Chairman
DIN: 06651068	DIN: 02064012

Place: Mumbai
Date: August 12, 2020

ANNEXURE 1

Annual Report on CSR activities

1. The CSR policy of the Exchange is aimed at actively contributing to the social and economic development of farmers by helping them gain better access to markets and in so doing build a better, sustainable way of life for rural communities.

   As a part of its CSR drive, the Exchange implements welfare measures that build farmer capability and trains them to become suave marketers, by helping them enhance the marketability of crops through knowledge in post-harvest crop management, cleaning and sorting produce and establishing supply-chain linkages.

   As per Section 135(5) of Companies Act, 2013, the Board of Directors of a Company should ensure that the Company, in every financial year spends at least 2% (two percent) of average net profits of the Company made during 3 (three) immediately preceding financial years in pursuance to the CSR Policy. Since 2% of the average net profits had a negative balance, no funds were available for CSR for the FY 2019-20. Due to which the Exchange was not required to undertake any CSR activity in the FY 2019-20.

2. The Composition of CSR Committee: Mr. Srinath Srinivasan – Chairman, Mr. Chaman Kumar, Mr. Sunil Kumar and Mr. Vijay Kumar V.

3. Average net profit of the company for last three Financial Years: ₹ (1244) lakhs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Nil

5. Details of CSR spent during the Financial Year

   a) Total amount spent during Financial Year: Not Applicable

   b) Amount unspent, if any: Not Applicable

   c) Manner in which the amount spent during the Financial Year is detailed below: Not Applicable

6. Responsibility statement of the CSR Committee

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

By order of the Board of Directors

Vijay Kumar V.	**Chaman Kumar**
Managing Director & Chief Executive Officer	Chairman
DIN: 06651068	DIN: 02064012

Place: Mumbai
Date: August 12, 2020

ANNEXURE 2

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2020

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

To
The Members,
National Commodity & Derivatives Exchange Limited
1st Floor, Akruti 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 & Derivatives Exchange Limited** (hereinafter called as 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, 2020 (hereinafter called as the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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, 2020 according to the provisions of:

(i) The Companies Act, 2013 **('the Act')** and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The 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 to the Company**)

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the Audit Period)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not Applicable to the Company during the Audit Period)**

(c) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Audit Period)**

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**

(g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **(Not Applicable to the Company during the Audit Period)**

(h) 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;

(i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the Audit Period) and**

(j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company 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 33 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

We further report that, having regard to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof on test check basis, the company has complied with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 which is specifically applicable.

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

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.

We further report that during the audit period

i. The Shareholders of the Company at their Annual General Meeting held on September 26, 2019, have approved;

- Re-classification of the authorized share capital of the Company from ₹ 70,00,00,000 divided into 6,00,00,000 equity shares of ₹ 10/- each and 1,00,00,000 5% Cumulative Redeemable Preference Shares of ₹ 10/- each to ₹ 70,00,00,000 divided into 7,00,00,000 equity shares of ₹ 10/- each.
- Fresh issue of such number of Equity Shares aggregating to ₹ 100 crores
- Alteration of Clause 2, 10, 20(1), 21(1), 22, 31, 43, 48A(7), 50, 53, 64, 70, 74, 83, 129, 173 and 184 of its Articles of Association.

ii. The Company has filed an application for Compounding of offences with the Registrar of Companies, Maharashtra, Mumbai, in respect to Allotments made on August 09, 2004 and December 16, 2004, which were partially not in compliance with the provisions of erstwhile Companies Act 1956.

iii. SEBI vide its letters dated May 23, 2019 and February 05, 2020 had directed the Exchange to freeze voting rights and restrict entitlement to any corporate benefits, including dividend over and above 5% of the paid up capital of the Exchange, of two shareholders, till compliance with SECC Regulations, 2018 or upto August 03, 2020. Accordingly, in order to give effect to said SEBI direction, the Exchange has freezed and restricted the voting rights and corporate benefits of the above mentioned non-compliant shareholders over and above 5% of the paid up capital of the Company till compliance of shareholding with SECC Regulations, 2018 or upto August 3, 2020.

iv. The Company has filed Draft Red Heading Prospectus with the Securities and Exchange Board of India on February 11, 2020.

For Makarand M. Joshi & Co
Practicing Company Secretaries

Makarand Joshi
Partner
FCS No.: 5533
C P No.: 3662
UDIN: F005533B000571780
Peer Review No. P2009MH007000

Place: Mumbai
Date: 12th August, 2020

This report is to be read with our letter of even date which is annexed as “Annexure A” and forms an integral part of this report.

'ANNEXURE A'

To
The Members,
National Commodity & Derivatives Exchange Limited
1st Floor, Akruti Corporate Park,
Near G E Garden, L B S Road,
Kanjurmarg (West) Mumbai 400078

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
Practicing Company Secretaries

Makarand Joshi
Partner
FCS No.: 5533
C P No.: 3662
UDIN: F005533B000571780
Peer Review No. P2009MH007000

Place: Mumbai
Date: 12th August, 2020

ANNEXURE 3

FORM NO. MGT. 9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U51909MH2003PLC140116
ii)	Registration Date	:	23/04/2003
iii)	Name of the Company	:	National Commodity & 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	:	First Floor, Akruti Corporate Park, Near G. E. Garden, L.B.S. Road, Kanjurmarg West, Mumbai 400 078. 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	:	Link Intime India Private Limited Address: C 101, 247 Park, LBS Rd, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083. Contact details: 022 - 4918 6270

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	66%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	NCDEX e Markets Limited Add.: Unit No. 101 & 101 T, First Floor, Akruti Corporate park, L.B.S. Marg, Next to G E Garden, Kanjurmarg (W) Mumbai - 400079	U93090MH2006PLC165172	Subsidiary	99.92%	Section 2 sub section 87(ii)
2	National Commodity Clearing Limited Add.: First Floor, Akruti Corporate Park, L.B.S Road, Kanjurmarg (W) Mumbai - 400078	U74992MH2006PLC163550	Subsidiary	100%	Section 2 sub section 87(ii)
3	NCDEX Institute of Commodity Markets and Research Add.: First Floor, Akruti Corporate Park, L. B.S. Road, Kanjurmarg (W) Mumbai - 400078	U74900MH2007NPL174229	Subsidiary	100%	Section 2 sub section 87 (ii)

Annexure 3 (Contd.)

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
4	National E-Repository Limited Add.: First Floor, Akruti Corporate Park, Near G.E Garden, Kanjurmarg (W), Mumbai - 400078	U93090MH2017PLC291035	Subsidiary	67.22%	Section 2 sub section 87 (ii)
5	Power Exchange India Limited Add.: Unit No. 901, 9th Floor, Summer Plaza, Marol Maroshi Road, Andheri (E), Mumbai - 400059	U74900MH2008PLC179152	Associate	Equity: 34.21%	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	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a) Individual/ HUF									
b) Central Govt									
c) State Govt									
d) Bodies Corp.									
e) Banks/FI									
f) Any Other…									
Sub-total (A) (1):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	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)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks/FI	1,79,99,965	Nil	1,79,99,965	35.52	1,79,99,965	Nil	1,79,99,965	35.52	0.00
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds	76,01,400	Nil	76,01,400	15.00	76,01,400	Nil	76,01,400	15.00	0.00
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):	2,56,01,365	Nil	2,56,01,365	50.52	2,56,01,365	Nil	2,56,01,365	50.52	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2,20,74,613	Nil	2,20,74,613	43.56	21,517,176	Nil	21,517,176	42.46	1.1
ii) Overseas	30,00,000	Nil	30,00,000	5.92	Nil	Nil	Nil	Nil	5.92
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	12	10	22	0.00	22	Nil	22	0.00	0.00
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakhs					35,57,437	Nil	35,57,437	7.02	7.02
c) Others (specify)									

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	
Sub-total (B)(2):	2,50,74,625	10	2,50,74,635	49.48	**2,50,74,635**	**Nil**	**2,50,74,635**	**49.48**	**0.00**
Total Public Shareholding (B) = (B)(1) + (B)(2)	5,06,75,990	10	5,06,76,000	100.00	**5,06,76,000**	**Nil**	**5,06,76,000**	**100.00**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Grand Total (A+B+C)	5,06,75,990	10	50,676,000	100.00	**5,06,76,000**	**Nil**	**50,676,000**	**100.00**	**0.00**

(ii) Shareholding of Promoters - Not Applicable

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
	-	-	-	-	-	-	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change) - Not Applicable

Sr. 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	-	-	-	-
2	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	-	-	-	-
3	At the End of the year	-	-	-	-

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

Sr. No.	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	National Stock Exchange of India Limited	76,01,377	15.00	-	76,01,377	15.00
2	Life Insurance Corporation of India	5,625,000	11.10	-	5,625,000	11.10
3	National Bank for Agriculture and Rural Development	5,625,000	11.10	-	5,625,000	11.10
4	*Indian Farmers Fertilizer Cooperative Ltd.	5,068,000	10.00	-	5,068,000	10.00
5	*Oman India Joint Investment Fund	5,067,600	10.00	-	5,067,600	10.00
6	Punjab National Bank	3,694,446	7.29	-	3,694,446	7.29
7	Canara Bank-Mumbai	3,055,519	6.03	-	3,055,519	6.03
8	Investcorp Private Equity Fund I (formerly known as 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
9	Build India Capital Advisors LLP	3,091,236	6.10	-	2,533,799	5.00
10	Shree Renuka Sugars Limited	2,533,700	5.00	-	2,533,700	5.00

** SEBI vide its letter No. SEBI/HO/CDMRD/DEA/OW/P/2019/12974/1 dated May 23, 2019 directed the Exchange to freeze voting rights and restrict entitlement to any corporate benefits, including dividend to Oman India Joint Investment Fund ('OIJIF's') and Indian Farmers Fertilizer Cooperative Limited ('IFFCO's') shareholding in the Exchange over and above the permitted limits under SECC Regulations, 2018 till compliance with SECC Regulations, 2018 or a period of nine months.*

Annexure 3 (Contd.)

Further, SEBI vide its letter No. SEBI/HO/CDMRD/DEA/OW/P/2020/4678/1 dated February 5, 2020 has granted time upto August 3, 2020 or till compliance of shareholding with SECC Regulations, 2018 to OIJIF and IFFCO. In case of inability in complying with the requisite shareholding limits within 6 months, appropriate regulatory action may be initiated by SEBI against OIJIF and IFFCO.

In view of the directives of SEBI in above letters, the equity shares held by OIJIF and IFFCO are restricted for voting and for receiving corporate benefits including dividend/Bonus etc. over and above 5% of the paid-up capital of the Exchange till compliance of shareholding with SECC Regulations, 2018 or upto August 3, 2020.

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	Nil	Nil	**Nil**	**Nil**
2.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Nil	Nil	**Nil**	**Nil**
3.	At the End of the year	Nil	Nil	**Nil**	**Nil**

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of Managing Director & Chief Executive Officer
		Mr. Vijay Kumar V.
1.	Gross salary	
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	(a) ₹1,46,74,696/-
(b)	NPS contribution, Motor Car Expense Reimbursement and Value of perquisites u/s 17(2) Income-tax Act, 1961	(b) ₹ 6,71,026/-
(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	
	- as % of profit	Nil
	- others, specify...	Nil
5.	Others, please specify	Nil
Total (A)		₹ 1,53,45,722/-
Ceiling as per the Act		The Exchange has obtained approval from the shareholders for the payment of above remuneration.

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of the Directors						Total Amount in ₹
1.	**Independent Directors**	**Mr. Ravindra Kumar Roye**	**Dr. Purvi Mehta**	**Mr. Chaman Kumar**	**Mr. Nirmalendu Jajodia**	**Mr. Prem Kumar Malhotra**	**Dr. Ashok Gulati**	
	• Fee for attending board/ committee meetings	20,80,000	10,60,000	14,80,000	9,80,000	11,40,000	6,40,000	73,80,000
	• Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total (1)								**73,80,000**

Sr. No.	Particulars of Remuneration	Name of the Directors					Total Amount in ₹
2.	**Other Non-Executive Directors**	**Mr. Rakesh Kapur**	**Mr. Srinath Srinivasan**	**Mr. J. Ravichandran***	**Mr. Sunil Kumar**	**Mr. B. Venugopal**	
	• Fee for attending board/ committee meetings	10,00,000	4,40,000	3,80,000	4,20,000	2,40,000	24,80,000
	• Commission	Nil	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
Total (2)							**24,80,000**
Total (B) = (1 + 2)							**98,60,000**
Total Managerial Remuneration							**98,60,000**
Overall Ceiling as per the Act							₹ 1,00,000 per member per meeting

**Resigned from the directorship w.e.f. February 4, 2020*

Annexure 3 (Contd.)

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Atul Roongta Chief Financial Officer	Mr. Harish Kumar Company Secretary	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 1,21,34,790/-	₹ 31,57,939/-	₹ 1,52,92,729/-
	(b) NPS contribution, Motor Car expense reimbursement and Value of perquisites u/s 17(2) Income-tax Act, 1961	₹ 9,48,670/-	₹ 3,10,662/-	₹ 12,59,332/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission			
	- as % of profit	Nil	Nil	Nil
	- others, specify...	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
Total (A)		₹1,30,83,460/-	₹34,68,601/-	₹1,65,52,061/-

Note: The above mentioned remuneration is exclusive of any provision or payment made towards Gratuity and Employer's contribution towards Provident Fund.

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	--	--	--	--	--
Compounding	Section 81 of the erstwhile Companies Act, 1956 read with erstwhile Unlisted Public Companies (Preferential Allotment) Rules, 2003	(a) Allotment of 3,128,970 equity shares of ₹ 10 each of the Exchange made on August 09, 2004, was made beyond the 12 months period from the special resolution passed on July 22, 2003 authorising such issuance; and (b) Allotment of 111,000 equity shares of ₹ 10 each of the Exchange made on December 16, 2004, where the explanatory statement to the notice for the Extra Ordinary General meeting ('EGM') did not contain the prescribed disclosures	As on March 31, 2020, no penalty/ punishment/ compounding fees was imposed as the application was under process as on March 31, 2020	RD	--

Annexure 3 (Contd.)

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

ANNEXURE 4

INFORMATION REQUIRED UNDER REGULATION 27 (5) & (6) OF SECC REGULATIONS, 2018, FOR THE PERIOD FROM APRIL 1, 2019 TO MARCH 31, 2020.

Sr. No.	Name of Key Management Personnel	Designation	Compensation (Amount in ₹)	Ratio of the Compensation of Key Management Personnel to median Compensation
1	Mr. Vijay Kumar V.	Managing Director & CEO	16,055,554	24.24
2	Mr. Atul Roongta	Chief Financial Officer	13,658,897	20.62
3	Ms. Seema Pramod Nayak	Chief Compliance Officer	7,709,479	11.64
4	Mr. Kapil Dev	Executive Vice President & Head - Business and Products	5,733,321	8.66
5	Mr. Hitesh Savla	Executive Vice President & Head - Market Watch	5,072,831	7.66
6	Mr. Viral Davda	Executive Vice President & Head - Technology	5,121,419	7.73
7	Mr. Avinash Mohan	Executive Vice President & Head - Surveillance & Investigation	4,837,918	7.30
8	Ms. Ramadevi Srinivasan	Executive Vice President & Head - Enterprise Risk & Governance	3,725,000	5.62
9	Ms. Aditi Mukherjee	Executive Vice President & Head - Human Resources	2,689,475	4.06

INFORMATION REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES 2014

Sr. No.	Employee's Name	Designation	Remuneration received during the FY 2019-20 * (Inclusive of Salary as per Provisions contained in Section 17(1)+ Employer's PF contribution + NPS contribution + Motor Car Expense Reimbursement + Perquisite Value) (Amount in ₹)	Nature of employment	Qualifications	Total Experience as on March 31, 2020	Date of commencement of employment	Age (Completed Yrs. of Age)	Name of the previous employer
1	Mr. Vijay Kumar V.	Managing Director& CEO	16,055,554	Full Time	MBA, B.Tech	33 years	January 18, 2018	58	Sharp Mint Limited
2	Mr. Atul Roongta	Chief Financial Officer	13,658,897	Full Time	CA	26 Years	July 3, 2017	49	Boi Axa Investment Managers Private Limited
3	Ms. Seema Pramod Nayak	Chief Compliance Officer	7,709,479	Full Time	MBA (Marketing)	20 years	October 10, 2016	46	National Stock Exchange of India Limited
4	Mr. Aleen Mukherjee	Chief Operating Officer - NICR	5,014,302	Full Time	MSc (Agri)	25 years	December 18, 2009	51	IGNA Farms Ghana Limited
5	Mr. Kapil Dev	Executive Vice President & Head-Business and Products	5,733,321	Full Time	MBA (Agri Business)	13 years	May 19, 2018	35	Glencore Ltd
6	Mr. Hitesh Savla	Executive Vice President & Head-Market Watch	5,072,831	Full Time	CA	22 years	April 25, 2005	42	BSE Limited
7	Mr. Viral Davda	Executive Vice President & Head-Technology	5,121,419	Full Time	B. Com, PGDIT	17 years	December 29, 2008	40	Datamatics Limited
8	Mr. Avinash Mohan	Executive Vice President & Head-Surveillance & Investigation	4,837,918	Full Time	B.Com, MMS	20 years	May 17, 2005	42	National Stock Exchange of India Limited
9	Ms. Ramadevi Srinivasan*	Executive Vice President & Head - Enterprise Risk & Governance	3,725,000	Full Time	IIB, CA	34 years	June 3, 2019	57	National Commodity & Derivatives Exchange Limited
10	Mr. Harish Kumar Sharma	Senior Vice President & Company Secretary	3,619,717	Full Time	CS, LLB	13 years	March 12, 2019	43	Yes Bank Limited
11	Ms. Aditi Mukherjee*	Executive Vice President & Head -Human Resources	2,689,475	Full Time	B.Sc, EPHRM	20 years	September 18, 2019	45	Tata Steel Limited

*employed for part of the year

Note

:The above mentioned remuneration is exclusive of provision or payment made towards Gratuity

: None of the employees mentioned above is holding equity shares in the Exchange within the meaning of Rule 5 (2) (iii) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

:None of the employees mentioned above are related to any of the Directors of the Exchange.

ANNEXURE 5

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

RULE 17 (1)(a) CHANGES IN RULES AND BYE-LAWS

The Exchange has amended its Bye Laws ('amendment documents') pursuant to the approval of SEBI vide its letter No. SEBI/HO/CDMRD/DEA/OW/P/2019/18489/1, dated July 22, 2019 to the amendments in the Bye laws of the Exchange in compliance with the directions by SEBI vide its letter No. SEBI/HO/CDMRD/DEA/OW/P/2018/33226/1, dated December 4, 2018 duly published in the State Gazette in Part -II Sankirna, Thursday to Wednesday, June 20 – June 26, 2019 and in the Central Gazette in Part – IV, June 22- June 28, 2019.

A list of clauses which have been added/amended in the existing Byelaws of the Exchange, pursuant to approval letter are prescribed in the below mentioned table.

Sr. No.	Reference of SEBI Directives	Existing clauses to be amended	Bye Laws amended	Clause No. in amendment Notification
1	SEBI/HO/ CDMRD/DEA/ OW/P/2019/18489/1, dated July 22, 2019	**Clause No. 11.1.8:** **"Investor Grievance Redressal Committee"** shall mean a Committee consisting of Independent persons, identified for the purpose of addressing Investor Grievances of the participants trading on the Exchange platform.	The existing clause is replaced with new clause.	**Clause No. 11.1.8:** **"Investor Grievance Redressal Committee or Investor Grievance Redressal Panel"** shall mean a Committee or Panel consisting of Independent persons, identified for the purpose of addressing Investor Grievances of the participants trading on the Exchange platform."
		NA	New clauses have been inserted after Clause no. 11.5	**Clause No. 11.5A: "Empanelment of arbitrators and segregation of arbitration and appellate arbitration panel"** There shall be separate panels for arbitration and appellate arbitration. Further, for appellate arbitration, at least one member of the panel shall be a Retired Judge. Exchanges shall obtain prior approval of SEBI before empanelment of arbitrators/ appellate arbitrators." **Clause No. 11.5B : "Empanelment of IGRP/ IGRC members"** Exchanges shall empanel IGRP/IGRC members, however, no arbitrator/ appellate arbitrator shall be empaneled as IGRP/IGRC member." **Clause No. 11.5C : "Automatic Process and Common Pool of Arbitrators"** (i) The Exchange shall put in place an automatic computerized process for selection of Arbitrators in the manner as may be prescribed by SEBI from time to time. (ii) The Exchange shall also maintain a Common Pool of Arbitrators in the manner and as may be prescribed by SEBI from time to time"

Annexure 5 (Contd.)

Sr. No.	Reference of SEBI Directives	Existing clauses to be amended	Bye Laws amended	Clause No. in amendment Notification
		NA	New Clause have been inserted after Clause No. 11.7	**Clause No. 11.7A: "Code of Conduct for Arbitrators"** An arbitrator shall: i. act in a fair, unbiased, independent and objective manner; ii. maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of his duties; iii. disclose his interest or conflict in a particular case, i.e., whether any party to the proceeding had any dealings with or is related to the arbitrator; iv. not engage in acts discreditable to his responsibilities; v. avoid any interest or activity which is in conflict with the conduct of his duties as an arbitrator; vi. avoid any activity that may impair, or may appear to impair, his independence or objectivity; vii. conduct arbitration proceedings in compliance with the principles of natural justice and the relevant provisions of the Arbitration and Conciliation Act, 1996, the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956 and the Rules, Regulations and Bye-laws framed thereunder and the circulars, directions issued by the Government / SEBI; viii. endeavour to pass arbitral award expeditiously and in any case not later than the time prescribed in this circular; and ix. pass reasoned and speaking arbitral awards. x. any and such other condition as may be prescribed by SEBI from time to time."

Annexure 5 (Contd.)

RULE 17 (1)(b) CHANGES IN THE COMPOSITION OF THE GOVERNING BODY

During the year, Mr. J. Ravichandran resigned as Shareholder Director of the Exchange on February 04, 2020.

RULE 17 (1)(c) SUB-COMMITTEES SET UP, CHANGES IN THE COMPOSITION OF EXISTING ONES

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

1. Audit Committee
2. Nomination and Remuneration Committee
3. Risk Management Committee
4. Technology Standing Committee
5. Public Interest Directors' Committee
6. Corporate Social Responsibility Committee
7. Regulatory Oversight Committee
8. Stakeholders Relationship Committee
9. Member and Core Settlement Guarantee Fund Committee
10. Advisory Committee
11. Business Strategy Committee
12. Capital Raising Committee
13. Farmer Engagement Group

Changes in the composition of the Committees

1. Audit Committee

Sr. No.	MEMBERS AS ON MARCH 31, 2019	MEMBERS AS ON MARCH 31, 2020
1	Mr. Ravindra Kumar Roye	Mr. Ravindra Kumar Roye
2	Mr. Chaman Kumar	Mr. Chaman Kumar
3	Mr. Rakesh Kapur	Mr. Rakesh Kapur

2. Nomination and Remuneration Committee

Sr. No.	MEMBERS AS ON MARCH 31, 2019	MEMBERS AS ON MARCH 31, 2020
1	Mr. Ravindra Kumar Roye	Mr. Ravindra Kumar Roye
2	Mr. Chaman Kumar	Mr. Chaman Kumar
3	Dr. Purvi Mehta	Dr. Purvi Mehta
4	Dr. Ashok Gulati	Dr. Ashok Gulati

3. Risk Management Committee*

Sr. No.	MEMBERS AS ON MARCH 31, 2019	MEMBERS AS ON MARCH 31, 2020
1	Mr. Prem Kumar Malhotra	Mr. Prem Kumar Malhotra
2	Dr. Purvi Mehta	Dr. Purvi Mehta
3	Mr. Nirmalendu Jajodia	Mr. Nirmalendu Jajodia
4	Ms. Susan Thomas	Ms. Susan Thomas
5	Mr. Vijay Sardana	Mr. Sanjeev Shukla

*re-constituted w.e.f. May 22, 2019

Annexure 5 (Contd.)

4. Technology Standing Committee

Sr. No.	MEMBERS AS ON MARCH 31, 2019	MEMBERS AS ON MARCH 31, 2020
1	Mr. Ravindra Kumar Roye	Mr. Ravindra Kumar Roye
2	Mr. Nirmalendu Jajodia	Mr. Nirmalendu Jajodia
3	Mr. Pravir Vohra	Mr. Pravir Vohra
4	Mr. Chaman Kumar	Mr. Chaman Kumar
5	Mr. Hemant Adarkar	Mr. Hemant Adarkar

5. Public Interest Directors' Committee

Sr. No.	MEMBERS AS ON MARCH 31, 2019	MEMBERS AS ON MARCH 31, 2020
1	Mr. Chaman Kumar	Mr. Chaman Kumar
2	Dr. Ashok Gulati	Dr. Ashok Gulati
3	Mr. Ravindra Kumar Roye	Mr. Ravindra Kumar Roye
4	Dr. Purvi Mehta	Dr. Purvi Mehta
5	Mr. Prem Kumar Malhotra	Mr. Prem Kumar Malhotra
6	Mr. Nirmalendu Jajodia	Mr. Nirmalendu Jajodia

6. Corporate Social Responsibility Committee

Sr. No.	MEMBERS AS ON MARCH 31, 2019	MEMBERS AS ON MARCH 31, 2020
1	Mr. Srinath Srinivasan	Mr. Srinath Srinivasan
2	Mr. Vijay Kumar V.	Mr. Vijay Kumar V.
3	Mr. Sunil Kumar	Mr. Sunil Kumar
4	Mr. Chaman Kumar	Mr. Chaman Kumar

7. Regulatory Oversight Committee

Sr. No.	MEMBERS AS ON MARCH 31, 2019	MEMBERS AS ON MARCH 31, 2020
1	Mr. Prem Kumar Malhotra	Mr. Prem Kumar Malhotra
2	Mr. Ravindra Kumar Roye	Mr. Ravindra Kumar Roye
3	Mr. Nirmalendu Jajodia	Mr. Nirmalendu Jajodia
4	Dr. Purvi Mehta	Dr. Purvi Mehta
5	Mr. Ravinder Sachdev	Mr. Ravinder Sachdev

8. Stakeholders Relationship Committee*

Sr. No.	MEMBERS AS ON MARCH 31, 2019	MEMBERS AS ON MARCH 31, 2020
1	Mr. Prem Kumar Malhotra	Mr. Prem Kumar Malhotra
2	Mr. J. Ravichandran	-----
3	Mr. Sunil Kumar	Mr. Sunil Kumar
4	-----	Mr. Nirmalendu Jajodia

*re-constituted w.e.f. February 10, 2020

9. Member and Core Settlement Guarantee Fund Committee*

Sr. No.	MEMBERS AS ON MARCH 31, 2019	MEMBERS AS ON MARCH 31, 2020
1	Mr. Ravindra Kumar Roye	Mr. Ravindra Kumar Roye
2	Mr. Chaman Kumar	Mr. Chaman Kumar
3	Mr. Vijay Kumar V.	Mr. Vijay Kumar V.
4	Mr. Prem Kumar Malhotra	Mr. Prem Kumar Malhotra
5	Mr. J. Sampath	Mr. J. Sampath

*re-named from Member Selection Committee to Member and Core Settlement Guarantee Fund Committee w.e.f. August 09, 2019

Annexure 5 (Contd.)

10. Advisory Committee*

Sr. No.	MEMBERS AS ON MARCH 31, 2019	MEMBERS AS ON MARCH 31, 2020
1	Mr. Ravindra Kumar Roye	Mr. Ravindra Kumar Roye
2	Mr. Nirmalendu Jajodia	Mr. Nirmalendu Jajodia
3	Dr. Purvi Mehta	Dr. Purvi Mehta
4	Mr. Chaman Kumar	Mr. Chaman Kumar
5	Ms. Rajini Panicker – Philip Commodities India Private Limited	Ms. Rajini Panicker – PhilipCapital (India) Private Limited
6	Mr. Suresh Arora – Raghunandan Industries Private Limited	Mr. Suresh Arora – Raghunandan Industries Private Limited
7	Mr. Ravikant Kanoongo – Hindustan Technosol Private Limited	Mr. Ravikant Kanoongo – Hindustan Technosol Private Limited
8	------	Mr. Sunil Katke – Axis Securities Limited

*re-constituted w.e.f. November 14, 2019

11. Business Strategy Committee*

Sr. No.	MEMBERS AS ON MARCH 31, 2019	MEMBERS AS ON MARCH 31, 2020
1	Mr. Rakesh Kapur	Mr. Rakesh Kapur
2	Mr. Ravindra Kumar Roye	Mr. Ravindra Kumar Roye
3	Mr. Srinath Srinivasan	Mr. Srinath Srinivasan
4	Mr. Vijay Kumar V.	Mr. Vijay Kumar V.
5	Mr. Sunil Kumar	Mr. Sunil Kumar
6	Mr. J. Ravichandran	------
7	Dr. Ashok Gulati	Dr. Ashok Gulati

*re-constituted w.e.f. February 10, 2020

12. Capital Raising Committee*

Sr. No.	MEMBERS AS ON MARCH 31, 2019	MEMBERS AS ON MARCH 31, 2020
1	Mr. Srinath Srinivasan	Mr. Srinath Srinivasan
2	Mr. Ravindra Kumar Roye	Mr. Ravindra Kumar Roye
3	Mr. Rakesh Kapur	Mr. Rakesh Kapur
4	Mr. J. Ravichandran	-----
5	Mr. Vijay Kumar V.	Mr. Vijay Kumar V.
6	-------	Mr. B. Venugopal
7	-------	Mr. Sunil Kumar

*re-constituted w.e.f February 4, 2020

RULE 17 (1)(d) ADMISSIONS, RE-ADMISSIONS, DEATHS OR RESIGNATIONS OF MEMBERS

Details for FY 2019-20 are given below –

	Total	Trading Cum Clearing Member (TCM)	Trading Member (TM)	Strategic Trading Cum Clearing Member (STCM)
		Members		
Members as on March 31, 2019	383	164	213	6
Surrendered/Expelled/Defaulter/ Ceased during the year	36	17	18	1
New members added	28	13	14	1
Members as on March 31, 2020	375	151*	218*	6

*13 members converted from TCM to TM and 4 members converted from TM to TCM

RULE 17 (1)(e) DETAILS OF DISCIPLINARY ACTION TAKEN AGAINST MEMBERS

The Exchange has imposed fines/penalties on members and taken other disciplinary actions (viz. declared the concerned member(s) as defaulter) for violation of rules, Bye Laws, Regulations/ circulars issued by the Exchange/ pursuant to SEBI directives.

RULE 17 (1)(f) ARBITRATION OF DISPUTES (NATURE AND NUMBER) BETWEEN MEMBERS AND NON-MEMBERS

I) Status of Arbitration of cases for the year 2019-20:

1	**Type of cases – Arbitration**	
	1) Non payment of dues by clients	
	2) Non refund of money by Member	
2	Number of cases referred for arbitration	24
3	Number - Cases of Non payment of dues by clients	22
4	Number - Cases of Non refund of money by Member.	2
5	Number of Cases in which Award is passed in Arbitration	4
6	Number of Cases in which case is withdrawn before Award	0
7	Number of Cases in progress on March 31, 2020 in Arbitration	20

II) Status of Appellate Arbitration of cases for the year 2019-20:

1	**Type of cases – Appellate Arbitration**	
	1) Non payment of dues by clients	
	2) Non refund of money by Member	
2	Number of cases referred for Appellate arbitration	3
3	Number - Cases of Non payment of dues by clients	1
4	Number - Cases of Non refund of money by Members	2
5	Number of Cases in which Award is passed.	1
6	Number of Cases in which case is withdrawn before Award	0
7	Number of Cases in progress on March 31, 2020 in Appellate Arbitration	2

RULE 17 (1)(g) DEFAULTS COMMITTED BY MEMBERS

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

RULE 17 (1)(h) ACTION TAKEN TO COMBAT ANY EMERGENCY IN TRADE

There was no incident of any emergency in trade during the financial year 2019-20.

RULE 17 (1)(i) SECURITIES LISTED AND DE-LISTED

Not Applicable

RULE 17 (1)(j) SECURITIES BROUGHT ON OR REMOVED FROM THE FORWARD LIST

Not Applicable

ANNEXURE 6

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

(Amount in lakhs)

Name of the subsidiary	National Commodity Clearing Limited	NCDEX Institute of Commodity Markets and 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	11,550	5	3,553	8,100
Other Equity	9,200	(200)	2,419	(1,187)
Total Liabilities	22,827	(195)	5,972	6,913
Total Assets	43,577	36	18,331	8,005
Investments (including Fixed deposits)	37,519	-	12,119	3,687
Turnover (Revenue from operations)	1,843	119	5,442	665
Profit before taxation	198	(5)	1,569	(1,082)
Provision for taxation	75	-	275	(267)
Profit after taxation	123	(5)	1,294	(814)
Other Comprehensive Income	(14)	-	(36)	(4)
Total Comprehensive Income	109	(5)	1,258	(818)
Proposed Dividend	-	-	-	-
% of shareholding	100%	100%	99.92%	67.22%

Notes:

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

1. Names of subsidiaries which are yet to commence operations: None
2. 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, 2020
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	Equity shares -20,000,000 Preference shares – NIL
Amount of Investment in Associates/Joint Venture	Equity shares -200,000,000 Preference shares – NIL
Preference shares – NIL	
Extend of Holding %	Equity shareholding -34.21 % Preference shareholding – NIL
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.

Annexure 6 (Contd.)

Name of Associates/Joint Ventures	Power Exchange India Limited
4. Reason why the associate/joint venture is not consolidated	Not applicable Consolidation as per Equity method as prescribed under Ind AS 28
5. Networth attributable to Shareholding as per latest audited Balance Sheet	₹ 809 lakhs (Audited figure as on March 31, 2020)
6. Profit / Loss for the year	Audited figure as on March 31, 2020 Profit/Loss for the year after Tax is ₹ 1,523 lakhs (Exchange's share of profit after tax is ₹ 521 lakhs)
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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GDP performance during FY 2019–20

The year 2019 has been a bit challenging in terms of economic growth and development, globally and domestically. Domestically, uncertainties ahead of the general election and tighter credit conditions weighed on manufacturing activities and investments, resulting in India's economic growth declining to less than 5% in 2019 as compared to an earlier estimate of 7%. General weakness in the income growth and a rising unemployment rate also undermined consumer sentiments. Exports were affected by global trade tensions.

According to *Economic Survey 2020*, the annual growth rate in real terms in agriculture and its allied sectors remained 2.88% from FY 2014–15 to FY 2018–19, whereas the estimated growth rate in FY 2019–20 remained at 2.9%.

Agricultural production

According to the second advance estimates of production of food grains, oilseeds and commercial crops, food grains production in FY 2019–20 was estimated at 291.9 million tonne as against 285.2 million tonne in FY 2018–19. Despite a huge 33% deficit in the first month of the south-west monsoon, the country witnessed an overall monsoon rainfall of 968.3 mm (110% of long period average [LPA]), which has been higher than the IMD forecast of 880.6 mm (96% of LPA). Thus, appropriate soil moisture for Rabi crops combined with optimum winter temperature led to a bumper Rabi production this year. For the first time, the wheat production in 2019–20 is expected to surpass the rice production.

However, towards the end of the year, the national lockdown owing to the COVID-19 pandemic disrupted the agricultural operation to some extent and harvesting got delayed by a couple of weeks in many regions. Despite these challenges, crop yields and production are not expected to be affected significantly. Pulses production is projected to increase further to 23.02 million tonnes as compared to 22.08 million tonnes in the previous year. The Government predicts cotton production to increase sharply by around 24% to 34.9 million bales of 170 kg each. Further, production of oilseed is estimated at 34.2 million tonnes (up by 8.5% over the previous year), whereas production of sugarcane is estimated at 353.8 million tonnes (down by 12.7% over last year's 405.4 million tonne).

Focus on farmer producer organizations (FPOs)

To help small and marginal farmers to realize economies of scale, i.e., better prices for their produce and lower rates for their inputs, the government announced the formation of 10,000 FPOs in the next five years (2019–20 to 2023–24). A new central sector scheme titled "Formation and Promotion of Farmer Producer Organizations" was announced to promote these FPOs, with a total budgetary provision of ₹ 4,496 crores for five years.

Connecting farmers to the regulated markets has continued to remain a strategic focus area for the Exchange since 2016. With its concentrated efforts towards promoting farmer's inclusion to ensure better market access for small farmers, the Exchange has registered around 260 FPOs since 2016, which represents over 5.2 lakhs farmers. In the current FY 2019–20, the Exchange has on-boarded 36 new FPOs, representing over 2.6 lakhs farmer members. Further, during the fiscal, 31 FPOs representing more than 1.8 lakhs farmers have already traded on the Exchange, while hedging a price risk of 3,700 tonne of various commodities such as soybean, maize, chana and RM seed.

Union budget 2020

Focusing on the importance of agriculture, the Union Budget 2020–21 prescribed a 16-point action plan for holistic agricultural development. Around ₹ 2.83 lakhs crore was allocated for agricultural and rural development for the year 2020–21. Further, state governments were advised to encourage various central schemes viz., Model Agricultural Land Leasing Act, 2016; Model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017; and Model Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) Act, 2018, which has the potential to bring positive changes in supply and value chains.

Agricultural credit is one of the critical factors of production. To increase the credit to agriculture, the target was enhanced to ₹ 15 lakhs Crore. Further, setting up a new "Kisan Rail" was announced to facilitate the speedier movement of farm goods. Negotiable warehousing receipts financing was also mentioned in the budget by the Finance Minister. Additionally, the integration of eNWRs with National Agriculture Market (eNAM) is expected to provide a fillip to issuance of eNWR.

Opportunities and threats for the FY 2019–20

The Exchange has maintained its leadership in agri futures trading in the country, with a market share of 76% and 84% in volume and open interest, respectively. In spite of their much larger reach and size, NCDEX has stood strong in the face of competition and maintained its dominant share in the agricultural derivatives space. In FY 2019–20, the Exchange broadened its product basket and launched futures trading in new commodities such as bajra, paddy and moong. The Exchange continues to work to develop futures contracts in commodities, which are economically relevant and needed on the futures platform by value chain participants apart from instruments such as “Index trading” and “Options on Goods”, which were approved by the Regulator in FY 2019–20

Over the last two years, the regulator has opened the commodity derivatives segment to institutional participants such as Category III AIFs, Mutual Funds and Portfolio Management services. However, the lack of custodial services had been a key deterrent to institutional participation in this segment. After months of deliberations between the regulator, interested custodians and Exchanges, the first custodian to offer services across commodity derivatives segment was approved in the first week of March 2020. Institutional participation has played an important role in channelizing retail participation into various financial segments where they currently operate. Commodity derivatives space is also looking at them with similar expectations. Another important category of institutional participation, the bank broking entities are also in the process of activating broking in agri derivatives markets and are enabling their technology and operations to activate trading on the Exchange. The Exchange has actively supported the registered bank broking members to groom their commodity business through staff training sessions.

One of the key focus areas of the Exchange has been in enhancing its engagement with the top value chain participants especially in broad-based commodities such as wheat, maize and the soybean complex. The objective of these interactions was to push hedging and price risk management to their core team and to educate them on the regulatory requirement for all listed entities to ensure that their commodity exposure is hedged, thereby increasing participation in broad based commodities.

Government institutions have started playing a crucial role in the agricultural commodities during the last few years. Their decisions such as procurement at MSP and offloading of stocks impact the trade dynamics of many commodities. With the Government’s focus on doubling farmer income, increasing MSP and MSP procurement, it is all the more important that procuring institutions understand the importance of derivatives markets and explore using futures and options for price risk management for both agency and farmers. The Exchange has been continuously engaging with these institutions at various levels during last two to three years. NCDEX is part of several working groups and committees set up by various agencies and departments. These working groups and committees have been discussing various concepts in derivatives market and ways to use different derivative tools as an alternative or in addition to MSP operations.

The year saw a steady flow of developmental initiatives, which will help deepen the participation and broaden the basket of instruments available in the commodities ecosystem. The most important initiative was the waiver of regulatory fee and its utilization to encourage the participation by FPOs in agricultural commodity derivatives markets. Another important announcement was made by the Ministry of Consumer affairs, Government of India, to provide exemption from the stock limit for commodities that are kept in WDRA-approved warehouses for delivery on exchange platforms. This is a significant step, as it establishes the importance of Exchange ecosystem, eNWR, and provides adequate comfort to trade participants to use the Exchange futures platform for hedging and delivery transactions.

During the year, the Exchange also faced challenges owing to certain unavoidable events such as the castor seed incident, member–client settlement issues, and the most recent lockdown owing to the COVID-19 pandemic. These events have impacted not only some key market participants but also trade sentiments and the comfort between members and clients. These events have led the Exchanges, CCLs and members to revisit their risk framework and introduce more risk management measures, though it has impacted margin levels across commodities and participation on the Exchange. However, in the long term, it will help to regain market confidence in the commodity ecosystem and provide comfort to offer and trade commodity derivatives.

The Exchange supports the Central Government's initiative of notifying all WDRA-approved warehouses as deemed markets, thereby facilitating the benefits to accrue to the primary producers. With this decision, the farmers will not only be able to trade on eNAM right from the warehouse, but also use eNWR for their trade. These eNWRs can be pledged with banks and other financial institutions to manage problems of financing, especially when the market is operating in unprecedented tough times owing to COVID-19. Our repository platform is integrated with eNAM, enabling farmers to participate in auctions, by storing quality produce in registered warehouses of WDRA, widening the scope of market yards and marking the beginning of warehouse-based sales in India.

The Exchange has registered around 260 FPOs and has already facilitated the trade of more than 34,000 MT across 17 commodities. Additionally, the Exchange has more than 200 WDRA-approved warehouses with around 7.7 lakhs MT capacity in its network. So, after the latest notification by the Government, farmers can sell exchange-grade eNWRs for delivery on a future date on the Exchange's futures platform. Alternatively, if they require immediate cash, they can also sell these eNWRs to the participants in the future market, stockist or processors using the spot platform of NeML.

The Exchange's strong connect with the value chain participants and increasing traction with FPOs/farmers, will help the Exchange to further the changes required to ensure smoother operations and deepen participation levels.

PRODUCT-WISE PERFORMANCE

In FY 2019–20, commodity markets were buffeted by a host of uncertainties and risks such as US–China trade dispute, competitive monetary policy easing by various central banks and looming growth concerns, among others. The COVID-19 pandemic outbreak in the last quarter of the fiscal caused commodity prices to plunge. While crude oil and industrial metals were affected most, agricultural commodities faced the brunt to some extent.

On the domestic front, while Refined soy oil, Soybean, RMseed and Wheat gained slightly, most of the other commodities ended the year on a negative note. Falling Crude oil prices weighed heavily on the Guar complex. A commodity-wise performance (based on the futures prices) of major commodities during FY 2019–20 is given in the chart below:

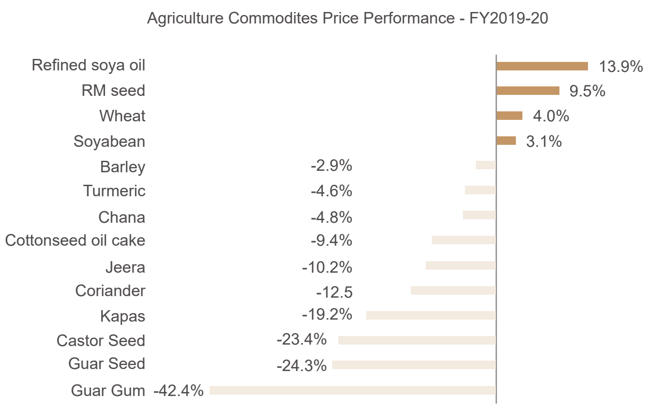
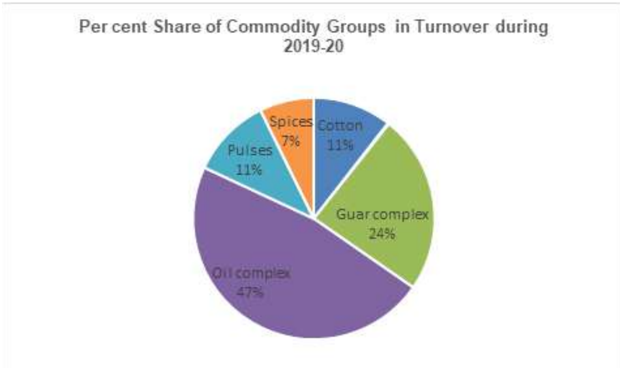
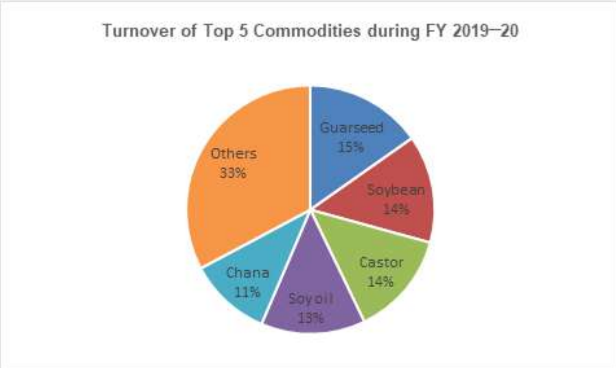


Fig. 1: Commodity-wise performance (based on the futures prices) of major commodities during FY 2019–20 (Source: NCDEX)

Turnover of Top Five Commodities during FY 2019–20

The Exchange witnessed an average daily turnover of ₹ 1,797 crores in FY 2019–20, which was down by approximately 16.5% from ₹ 2,143 crores during FY 2018–19. Oil complex with 47% share was the largest contributor to the total turnover during the fiscal. Guar complex contributed 24% to the total turnover, followed by pulses and cotton. Among individual commodities, guar seed had the highest share of 15%, followed by soybean and castor (both with 14%) and refined soy oil (13%). Other major contributors to the turnover were Chana, Guar gum, Cottonseed oilcake, RM seed and Coriander. The segment-wise performance of commodities traded at the Exchange is as follows:





Cereals, Pulses and Cotton Complex

During the FY 2019-20, the Exchange launched three new commodities, viz., paddy, bajra and moong, among grains and pulses. These contracts are steadily gaining acceptance in the market. Both, cereals and pulses witnessed a downfall in turnover by 36% and 10%, respectively.

On the Exchange, the turnover of wheat futures contracts witnessed a marginal gain of around 12% this year. If we compare the peak open interest during last two fiscals, peak open interest of wheat and chana, respectively, remained 50% and 19% higher than that of these commodities during the previous year. The chana futures contract secured its place in the top five commodities while attaining a peak open interest of over 200,000 tonne.

While the production of wheat in 2019–20 is expected to surpass 116 million tonne, chana production is expected to remain over 100 lakhs tonne for the third consecutive year.

Significant procurement of food grains is expected by the Government during the next marketing year to support farmers during the challenging period of the COVID-19 pandemic. Globally, the current COVID-19 pandemic situation could pose significant export restrictions of grains, such as wheat and rice by producing countries around the globe causing food security crisis in importing countries.

In cotton complex, according to United States Department of Agriculture (USDA) report, India's 2019–20 production is estimated at 29.5 million bales, up more than 14% from the preceding year on higher area and yields. As a result, India surpassed China as the world's largest producer. Higher production estimates of cotton crop led to a decline in cotton prices. With a peak open interest of 3.34 lakhs tonne, cotton seed oil cake turnover increased by 30% as compared to the FY 2018–19.

Oil and Oilseeds Complex

The US exports of soybeans are still reeling from the lingering trade war with China. Meanwhile, the COVID-19 pandemic created a disruption in the movement of goods. Brazil, one of the major producers of soybean, is one of the worst-hit countries because of the pandemic. Strict stay-at-home orders in Brazil inhibited the timely shipment of soybean to international markets.

On the Exchange, oil complex has seen a robust performance during the year. While oil complex contributed 47% to the Exchange turnover, soybean contracts remained the second largest contributor (14% share) to the overall turnover in value terms during 2019–20. The peak open interest of soybean (3.7 lakhs tonne) and refined soy oil (1.2 lakhs tonne) increased by 4% and 18%, respectively, as compared to peak open interest during the previous year.

Castor seed production is expected to increase sharply by over 70% in 2019–20 on account of higher acreage and improved yields. Castor seed futures contract remained the second highest contributor (14% share) to the turnover at the Exchange, along with soybean. During this fiscal year, the peak Open Interest of castor seed futures increased by 59% to over 3.2 lakhs tonne.

Guar and spices

With around 24% share, guar complex remained the second largest contributor to the total turnover of the Exchange during FY 2019–20. However, during this fiscal, both the turnover and peak open interest declined as compared to those in the previous year.

Among spices, turmeric witnessed a 4% increase in peak open interest during FY 2019–20 as compared to the previous year. However, peak open interest for dhaniya and jeera declined by 12% and 14%, respectively, for the corresponding period.

OUTLOOK

FY 2020–21 promises to be an unprecedented year, with the shadow of the global pandemic impacting the functioning of every segment of the real economy and consequently the Exchange as well. During these difficult times, the Government has initiated path-breaking reforms in the agri sector. Three ordinances have been promulgated, which we believe will have a far reaching impact on the future of the agri ecosystem:

- The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020;
- The Farmers' Produce Trade and Commerce (Protection and Facilitation) Ordinance, 2020; and
- The Essential Commodities (Amendment) Ordinance, 2020.

These ordinances look to collectively unshackle the farming ecosystem by empowering farmers to engage directly with the industry and a wider set of potential buyers for their produce rather than be dependent on local 'mandi' participants. Till date, the Essential Commodities Act acted as a dampener to investments by large participants in the agri-sector value chain. However, recent amendments made by the Essential Commodities (Amendment) Ordinance, 2020 should create a liberalized ecosystem for value chain participants across the agriculture sector and increase overall investment in agriculture and allied activities. This would also help the Exchange along with its subsidiaries—NERL and NeML—engage with these players for enhanced participation in its electronic derivatives and spot market platforms.

The introduction of products such as Options on Goods and increased benefits for FPOs would in our opinion further encourage FPO participation in the Exchange ecosystem by using put options.

The launch of the first agri-based Index, AGRIDEX, and the on-boarding of financial participants such as Mutual Funds and Portfolio Managers may provide the necessary depth to derivatives markets as well as introduce the much-needed research insights in this ecosystem.

The Exchange also looks to broaden the bouquet of commodities on offer for trading by introducing sectoral indices and derivatives on more commodities in the coming financial year.

RISK AND CONCERNS

The Exchange business is largely dependent on strong fundamentals in the economy particularly in the agri sector. Adverse economic conditions including market trends and other factors beyond our control could have an adverse impact on our business, financial condition and results of operations. Our Risk Management Framework recognizes this as a business or strategic risk and the management is working on strategic business plans under the overall guidance of the Board of Directors and the Business Strategy Committee. The Exchange operations are almost entirely technology-driven and our systems require continuous upgrading, and technology costs form a significant portion of total costs for the Exchange. The Exchange operates in a highly regulated environment and increase in compliance and regulatory costs are outside our control. Further, as the Exchange operates predominantly in the agri space, which is a politically sensitive area, the Exchange is vulnerable to changes in Government policies that could significantly affect trading volumes. However, the Exchange is actively working with Government agencies to bring about policy reforms for the development of commodity markets in general, which in turn would have a favourable impact on the Exchange business.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Exchange has an Internal Control Framework commensurate with the size and nature of operations. Its internal control procedures and processes are designed to comply with industry best practices and to ensure compliance with applicable statutory and legal requirements. The Audit Committee of the Exchange, which is a sub-committee of the Board of Directors, has oversight on the Internal Control Framework. The Exchange has appointed an independent third party firm of chartered accountants as its internal auditors to review the effectiveness of the internal control systems and submit its observations, if any, to the Audit Committee of the Board. The scope of the internal audit function includes not only compliance with applicable regulatory and statutory framework, but also comments/suggestions to improve process efficiencies. As such, the internal auditors review the operational processes in various departments of the Exchange and carry out the internal audit of the financial reporting function. The Audit Committee periodically reviews the reports of the internal auditors along with the management responses on observations/ suggestions made by the auditors. The Committee also periodically meets the internal auditors and statutory auditors to review the adequacy of the internal controls in the Exchange.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES INCLUDING NUMBER OF PEOPLE EMPLOYED

Human resource

The Exchange is an organization with strong values aligned to its mission and strategy. The human resources strategy of the Exchange is deployed through the various policies and processes and are periodically reviewed on the basis of overall business goals, employee feedback and benchmarking exercise undertaken from time to time.

Workforce Demographics

The Exchange is an equal-opportunity employer and hires talent with strong domain and industry knowledge, through diverse sourcing channels. As on March 31, 2020, the Exchange workforce of 202 comprises majorly Generation X, with a healthy female gender ratio. Employees of the Exchange are all skilled and largely qualified professionals like CA/MBA/BE/BTech and PG.

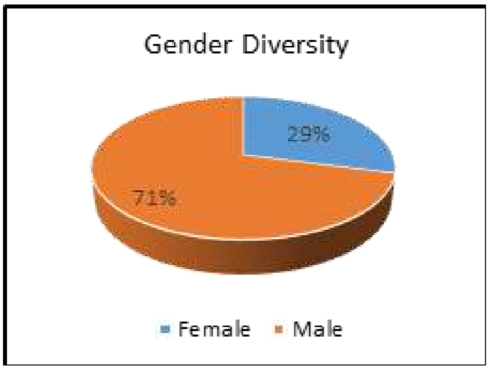


Fig. 3 a: Gender diversity percentage at the Exchange

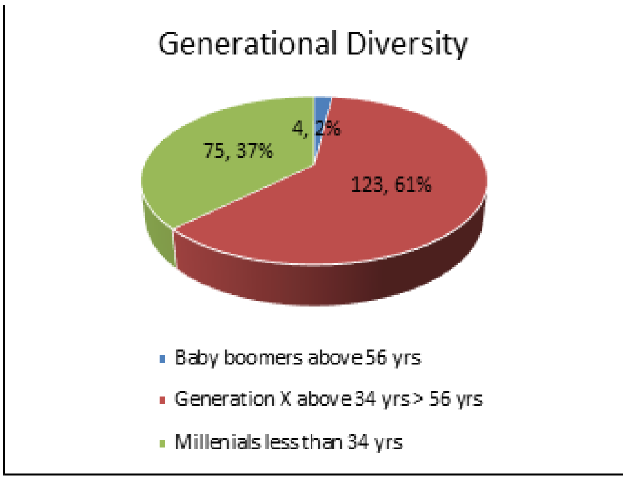


Fig. 3b: Generational diversity percentage at the Exchange

The workforce of the Exchange comprises mostly professionals and skilled manpower. The break-up of our full-time employees is as shown in the chart.

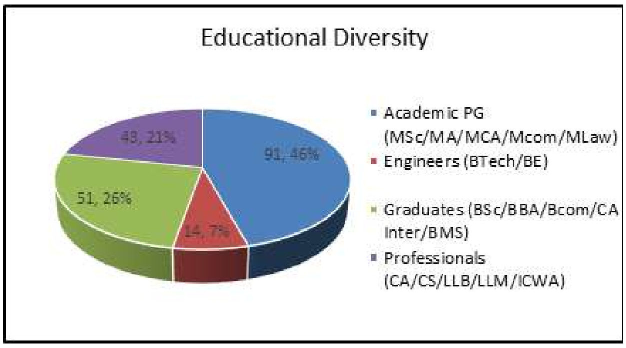


Fig. 3c: Break up of education diversity among full-time employees at the Exchange

Recruitment

The Exchange employs people, keeping in focus, the skill needs of the organization. These skill requirements include high technology orientation, diverse product domain expertise in agriculture and operational knowledge in similar sectors or various segments of the financial sector, with requisite or analogous work background.

The Exchange has a well-documented framework and process driven approach towards recruitment and on-boarding. We encourage referral programmes and internal job postings to fulfil our junior- to middle-level talent needs. This year, the Exchange increased its focus on our Campus Connect, with the objective of building a sustainable partnership with agri business education institutions in India to produce “industry ready” recruits and to enhance the quality of the agri talent-pool to sustain the growth of the agriculture industry.

Our senior management hiring process is guided by the recruitment policy approved by the Nomination and Remuneration Committee of the Exchange. All new joiners undergo a week-long induction programme for better assimilation of the organization’s culture and understanding of the business.

The Exchange has outsourced routine jobs while retaining strategic and critical activities in-house. To the extent feasible, routine tasks are being continuously automated. Primarily in the technology department, there is a mix of in sourcing and outsourcing. The Exchange constantly fine-tunes this mix to improve organizational efficiency.

The number of employees, as on March 31, 2020 was 202. The breakup of employees in the Exchange is, as under.

Function	Number of Employees	
	As on March 31, 2019	As on March 31, 2020
Business	35	39
Quant and market structure	4	8
Farmer producer organization	8	5
Corporate office	2	2
Corporate services	29	29
Enterprise risk and governance	1	7
Human resources	4	6
NICR	3	4
Regulatory group	70	72
Technology	35	30
Total	**191**	**202**

Table 4: Break-up of the number of employees at the Exchange

HR Policies and Framework

The Exchange has clearly defined policies for all key HR functions, Code of Conduct guidelines, Whistle-blower Policy and a structured consequence management framework for disciplinary processes. These provide the appropriate platform for all employees to take informed decision-making.

Occupational Health and Retirals

The HR policies of the Exchange cover a wide range of benefits from retiral, health, death and disability to canteen subsidies. The benefits are deployed through insurance policies such as Group Mediclaim Policy, Group Personnel Accident Insurance Policy, Group Term Life Insurance Policy and Annual Health Checks. Such policies keep the organization invested in the well-being of employees both within and outside the workplace.

Performance Management Framework

The Exchange has a structured process of performance evaluation which is called “Unnati”. The performance management process (PMS) is automated and captures goals, targets, achievements and development needs. The performance evaluation is carried out through a transparent and consultative process.

As an outcome of the fair performance assessment process, career growth of employees are addressed through promotions and internal rotations.

Learning and Development

As an organization, the Exchange advocates self-learning and conducts training sessions for its employees. The certification policy of the Exchange encourages employees to add to their skills and qualifications.

Employee awareness sessions on various compliances, such as Information Security, Code of Conduct, Prevention of Money Laundering and Prevention of Sexual Harassment (POSH) have been conducted periodically.

Additionally, behavioural and competency-based training programmes such as Business Communication and Writing Skills, First Time Managers, Managerial Effectiveness Workshops, Behavioural Event Interview Training were held to address the development needs of our managerial cadres.

Domain-based workshops to enhance critical thinking and analytical skills have been added this year; a total 58 employees have undergone Power BI & Python skills. Peer group learning on products and derivatives was conducted by the business team of the Exchange for internal employees to keep them updated on product development and business understanding.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Exchange has recorded an ADTV of ₹ 1,789 crores for FY 2019–20. The top five performing commodities in the Financial Year 2019–20 are guar seed, soybean, castor seed, soy oil and chana.

During the FY 2019–20, the Exchange achieved profit/ (loss) after tax of ₹ 412 lakhs. The total income for the year was ₹ 8,179 lakhs as compared to ₹10,781 lakhs in FY 2018–19. The total expenditure was ₹ 10,264 lakhs as compared to ₹ 11,642 lakhs in FY 2018–19.

Income

The income from transaction charges for FY 2019–20 was ₹ 4,639 lakhs as compared to ₹ 5,720 lakhs in FY 2018–19, which is a decrease of 18.9% owing to the lower traded value.

Management Discussion And Analysis Report (Contd.)

The income from investments for FY 2019–20 was ₹ 1,364 lakhs as compared to ₹ 2,090 lakhs in FY 2018–19, which is lower by 34.7%. The fall in investment income was primarily because of the reduction in average investible corpus from ₹ 308 crores to ₹ 178 crores. During the FY 2018–19, the NCCL, the wholly owned subsidiary of the Exchange, commenced operations as a recognized clearing corporation on September 27, 2018. This was as per SEBI's mandate that all the commodity derivative exchanges shall transfer the functions of clearing and settlement of trade to a separate clearing corporation by September 28, 2018. Owing to transfer of the clearing and settlement function, there was a transfer of member margin money, additional base capital, clearing bank deposits, warehouse service provider deposits and settlement guarantee fund to the clearing corporation, which led to a reduction in the average investible corpus of FY 2019–20.

The other operating income for FY 2019–20 was ₹ 2,176 lakhs, which is 26.8 % lower than FY 2018–19. The reason for the fall of income was mainly owing to transfer of income streams such as risk management fees, physical delivery charges and warehouse charges to the clearing corporation, with effect from September 27, 2018.

Expenditure

The total personnel expense for FY 2019–20 was ₹ 3,376 lakhs as compared to ₹ 3,578 lakhs in FY 2018–19, a decrease of 5.65 %. The personnel expenses are lower primarily owing to transfer of resources from the Exchange to the clearing corporation during FY 2018–19.

Other operating expenses for the year were ₹ 5,078 lakhs as compared to ₹ 6,746 lakhs in FY 2018–19. The reduction in operating expenses is because of the various cost management initiatives taken by the Exchange and the reduction in expenditure related to transfer of clearing and settlement functions to the clearing corporation in FY 2018–19.

Disclosure on Accounting Treatment

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

Details of significant changes in Key Financial Ratios:

The Exchange has identified the following ratios as key financial ratios:

Key Financial Ratios	Consolidated	
	FY 2019-20	FY 2018-19
Debtors Turnover	4.09	8.26
Current ratio	1.67	1.97
Net Profit Margin ratio	5%	9%
Return on Net worth	2%	4%

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE – EXCHANGE'S PHILOSOPHY

Introduction

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

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 Board committees namely Audit Committee, Nomination and Remuneration Committee, Regulatory Oversight Committee, Member and Core Settlement Guarantee Fund Committee (erstwhile Member Selection Committee), Risk Management Committee, Technology Standing Committee, Public Interest Directors' Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Advisory Committee, Business Strategy Committee, Capital Raising Committee and Farmer Engagement Group.

As per Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed company are mutatis mutandis applicable to the Exchange. The Exchange is also committed to adopting best and transparent practices in letter and spirit. Towards this end, the information given in this section constitutes the report on Corporate Governance as on March 31, 2020.

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

BOARD OF DIRECTORS

Composition

The Board comprises of eleven Directors, of whom five are Shareholder Directors including Managing Director & Chief Executive Officer and six are Public Interest Directors.

Board Meetings held during the Financial Year 2019-20 and attendance record

During the Financial Year 2019-20, five meetings of the Board were held on May 22, 2019, August 9, 2019, November 14, 2019, February 10, 2020 and February 12, 2020. 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 during tenure	Number of Board Meetings Attended	Whether attended last AGM	Number of Memberships in Board Committees of the Exchange including Voluntary Committees	Number of Directorships in other Indian public Companies as on March 31, 2020	Number of shares held in the Exchange as on March 31, 2020	Number of Committee positions held in other Public Companies**	
							Chairman	Member
Non-executive, Public Interest Directors								
Mr. Ravindra Kumar Roye	5	5	Yes	10	Nil	Nil	Nil	Nil
Dr. Purvi Mehta	5	5	No	6	Nil	Nil	Nil	Nil
Mr. Chaman Kumar	5	5	No	8	1	Nil	Nil	Nil
Mr. Nirmalendu Jajodia	5	5	Yes	6	Nil	Nil	Nil	Nil
Mr. Prem Kumar Malhotra	5	5	Yes	5	Nil	Nil	Nil	Nil
Dr. Ashok Gulati	5	4	No	4	2[1]	Nil	Nil	Nil
Non-executive, Shareholder Directors								
Mr. Rakesh Kapur	5	5	No	4	7[2]	Nil	Nil	3
Mr. Srinath Srinivasan	5	4	No	3	2	Nil	Nil	Nil

Report On Corporate Governance (Contd.)

Name of Director	Number of Board Meetings held during tenure	Number of Board Meetings Attended	Whether attended last AGM	Number of Memberships in Board Committees of the Exchange including Voluntary Committees	Number of Directorships in other Indian public Companies as on March 31, 2020	Number of shares held in the Exchange as on March 31, 2020	Number of Committee positions held in other Public Companies**	
							Chairman	Member
Mr. Sunil Kumar	5	3	No	5	Nil	Nil	Nil	Nil
Mr. J. Ravichandran[3]	3	3	No	NA	NA	NA	NA	NA
Mr. B. Venugopal	5	4	No	1	1[4]	Nil	Nil	2[4]
Executive Director								
Vijay Kumar V. Managing Director & CEO	5	5	Yes	5	3	Nil	Nil	2

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

1. Includes directorship in Reserve Bank of India and National Bank for Agriculture and Rural Development (not considered as public companies pursuant to provisions of the Companies Act, 2013)
2. Includes directorship in Indian Farmers Fertiliser Cooperative Limited (not considered as a public company pursuant to provisions of the Companies Act, 2013)
3. Mr. J. Ravichandran resigned from the Board of the Exchange with effect from February 4, 2020
4. Includes directorship and committee membership in State Bank of India (SBI) (not considered as a public company pursuant to provisions of the Companies Act, 2013).

Directorship of Directors in Listed Entities other than the Exchange as on March 31, 2020

Name of Director	Directors in Listed Entities other than the Exchange	Category of Directorship held in listed entities other than the Exchange
Mr. Chaman Kumar	Engineers India Limited	Independent Director
Mr. B. Venugopal	State Bank of India	Shareholder Director

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: https://www.ncdex.com/AboutUs/Disclosures.aspx

Skills/ expertise/ competence of the Board of Directors

The list of core skills/ expertise/ competencies/ identified by the Board of Directors of the Exchange essential for effective functioning of the Exchange, currently available with the Exchange, is as under:

Name of Director	Skills/ expertise/ competence
Mr. Chaman Kumar	Management & Administration, Cooperatives and Finance & Accounting
Dr. Ashok Gulati	Agricultural Economist and Macro Economics and other relevant experience
Mr. Nirmalendu Jajodia	Management & Administration, Risk Management, Financial Market, Technology, Market Infrastructure, Operations and Process Management
Mr. Prem Kumar Malhotra	Legal and Management & Administration
Dr. Purvi Mehta	Economics, Market Infra, Cooperatives, International Development, Post-Harvest Technologies and other relevant experience
Mr. Ravindra Kumar Roye	Finance & Accounting, Management & Administration, Financial Market and Economics

Name of Director	Skills/ expertise/ competence
Mr. B. Venugopal	Economics, Finance & Accounting, Management & Administration, Risk Management, Financial Market and Information Technology
Mr. Rakesh Kapur	Economics, Finance & Accounting, Management & Administration, Risk Management, Financial Markets, Agriculture Markets & Cooperatives.
Mr. Sunil Kumar	Market Infra, Cooperatives, Management & Administration, Risk Management and other relevant experience
Mr. Srinath Srinivasan	Economics, Finance & Accounting, Management & Administration, Risk Management, Financial Market and Market Infra
Mr. Vijay Kumar V.	Economics, Finance and Accounting, Management & Administration, Risk Management, Financial Market and Market Infra

Confirmation by Public Interest Directors on Independence

The Board of the Exchange confirms that all the Public Interest Directors fulfil the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and are independent of the Management.

Resignation of Independent Director

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

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 the Companies Act, 2013, Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 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 three Directors which include two Public Interest Directors and one Shareholder Director. 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 the 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 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 utilization 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
- The audit committee shall mandatorily review the following information:
  - management discussion and analysis of financial condition and results of operations;
  - statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - management letters / letters of internal control weaknesses issued by the statutory auditors;
  - internal audit reports relating to internal control weaknesses; 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
- To review the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances / investments existing as on the date of coming into force of this provision
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority

During the Financial Year 2019-20, five meetings of the Committee were held on May 21, 2019, August 9, 2019, November 13, 2019, February 10, 2020 and February 11, 2020. 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
Mr. Ravindra Kumar Roye, Chairman of the Committee	5	5
Mr. Chaman Kumar	5	5
Mr. Rakesh Kapur	5	5

II. NOMINATION AND REMUNERATION COMMITTEE

The Committee consists of four Public Interest Directors. During the Financial Year 2019-20, four meetings of the Committee were held on May 22, 2019, July 16, 2019, August 9, 2019 and February 11, 2020. 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
- To specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance
- To lay down policy for compensation of KMP under SECC Regulations, 2018 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
- Identifying a Key management personnel, other than personnel as specifically provided in its definition under SECC Regulations, 2018
- Laying down the policy for compensation of key management personnel in terms of the compensation norms prescribed by SEBI
- Determining the compensation of KMPs in terms of the compensation policy
- Selecting the Managing Director
- Framing & reviewing the performance review policy to carry out evaluation of every director's performance, including that of Public Interest Director
- Recommending whether to extend the term of appointment of the Public Interest Director
- Recommending to the Board, all remuneration, in whatever form, payable to senior management
- 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
Mr. Chaman Kumar, Chairman of the Committee	4	4
Mr. Ravindra Kumar Roye	4	4
Dr. Purvi Mehta	4	3
Dr. Ashok Gulati	4	3

III. RISK MANAGEMENT COMMITTEE

The Committee consists of Dr. Purvi Mehta, Chairperson of the Committee, Mr. Prem Kumar Malhotra, Mr. Nirmalendu Jajodia, Ms. Susan Thomas and Mr. Sanjeev Shukla. During the year, four meetings were held on May 21, 2019, August 8, 2019, November 13, 2019 and February 11, 2020. The terms of reference of the Risk Management Committee, inter-alia, are as under:

- To formulate a detailed risk management policy which shall be approved by the Board of the Exchange
- To review the Risk Management Framework & risk mitigation measures from time to time
- To Monitor and review enterprise-wide risk management plan and lay down procedures to inform Board members about the risk assessment and minimization procedures
- The head of the risk management department 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 SEBI and the Board of the Exchange informed about its implementation and deviation, if any
- Such other functions as may be specified by SEBI or any other Statutory or Regulatory Authority

IV. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee consists of Mr. Srinath Srinivasan, Chairman of the Committee, Mr. Chaman Kumar, Mr. Sunil Kumar and Mr. Vijay Kumar V. During the year, one meeting of the Committee was held on August 9, 2019.The terms of reference of the CSR Committee, inter-alia, are as under:

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.

V. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee consists of Mr. Prem Kumar Malhotra, Chairman of the Committee, Mr. Nirmalendu Jajodia and Mr. Sunil Kumar. During the year, one meeting of the Committee was held on November 14, 2019. The terms of reference of the Stakeholders Relationship Committee, inter-alia, are as under:

- To approve transfer, transmission, dematerialization, rematerialization, 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/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- 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
- To review the measures taken for effective exercise of voting rights by shareholders
- To review the adherence to the service standards adopted by the entity in respect of various services being rendered by the Registrar & Share Transfer Agent
- To review of the various measures and initiatives taken by the entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority

VI. MEMBER AND CORE SETTLEMENT GUARANTEE FUND COMMITTEE (ERSTWHILE MEMBER SELECTION COMMITTEE)

The Member and Core Settlement Guarantee Fund Committee consists of Mr. Chaman Kumar, Chairman of the Committee, Mr. Ravindra Kumar Roye, Mr. Prem Kumar Malhotra, Mr. J. Sampath and Mr. Vijay Kumar V. The terms of reference of the Member and Core Settlement Guarantee Fund Committee, inter-alia, are as under:

- To scrutinize, evaluate, accept or reject applications for admission of members and transfer of membership and approve voluntary withdrawal of membership
- Formulate the policy for regulatory actions including warning, monetary fine, suspension, withdrawal of trading, declaring a member as defaulter, expulsion, to be taken for various violations by the members of the exchange
- Based on the laid down policy, consider the cases of violations observed during inspection, etc. and impose appropriate regulatory measures on the members of the exchange
- While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice'
- 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 the constituent trading member are declared defaulter, then the membership selection committee of the stock exchange and that of the clearing corporation shall work together to realise 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
- To oversee contribution towards Core Settlement Guarantee Fund (SGF) of the Clearing Corporation
- Such other functions as may be specified by SEBI or any other Statutory or Regulatory Authority

VII. ADVISORY COMMITTEE

The Advisory Committee consists of Mr. Ravindra Kumar Roye, Chairman of the Committee, Mr. Chaman Kumar, Mr. Nirmalendu Jajodia, Dr. Purvi Mehta, Mr. D.K. Aggarwal, Ms. Rajini Panicker, Mr. Suresh Arora, Mr. Ravikant Kanoongo and Mr. Sunil Katke. The terms of reference of the Advisory Committee, inter-alia, are as under:

- 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

VIII. TECHNOLOGY STANDING COMMITTEE

The Technology Standing Committee consists of Mr. Nirmalendu Jajodia, Chairman of the Committee, Mr. Ravindra Kumar Roye, Mr. Chaman Kumar, Mr. Pravir Vohra & Mr. Hemant Adarkar. The terms of reference of the Committee, inter-alia, are as under:

- Monitor whether the technology used remains up to date and meets the growing demands of the markets
- Monitor the adequacy of systems capacity and efficiency
- To look into the changes being suggested by the Exchange to the existing software/hardware
- Investigate into problems of computerized trading system, such as hanging/ slowdown/ breakdown
- Ensure that transparency is maintained in disseminating information regarding slowdown/ breakdown in Online Trading System
- Submit a report to the Board of Directors of the Exchange who shall deliberate on the report and take suitable action/ remedial measure
- Explain any stoppage beyond five minutes and report to SEBI. The Exchange shall issue a press release specifying the reasons for the breakdown

- Review the implementation of Board approved Cyber Security and Resilience policy and its framework
- Such other matters as may be referred by the Board of the Exchange and/or SEBI

IX. PUBLIC INTEREST DIRECTORS' COMMITTEE

The Public Interest Directors' Committee consists of Mr. Ravindra Kumar Roye, Chairman of the Committee, Mr. Chaman Kumar, Mr. Nirmalendu Jajodia, Dr. Purvi Mehta, Mr. Prem Kumar Malhotra and Dr. Ashok Gulati. The terms of reference of the Public Interest Directors' Committee, inter-alia are as under:

- To review and exchange views on critical issues
- To identify important issues which may involve conflict of interest for the Exchange, or may have significant impact on the functioning of the Exchange, or may not be in the interest of securities market. The same shall be reported to the SEBI
- Review Status of compliance with SEBI Letters/ circulars
- Review the functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions
- The Public Interest Directors shall prepare a report on the working of the Committees of which they are Members and circulate the same to other Public Interest Directors
- A consolidated report shall then be submitted to the Board of Directors of the Exchange
- To review actions to be taken to implement suggestions/observations in SEBI's inspection report
- All the independent directors shall necessarily attend every meeting of the committee
- To review the performance of non-independent directors and the Board as a whole
- To review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors
- To assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority

X. REGULATORY OVERSIGHT COMMITTEE

The Regulatory Oversight Committee consists of Mr. Prem Kumar Malhotra, Chairman of the Committee, Mr. Ravindra Kumar Roye, Mr. Nirmalendu Jajodia, Dr. Purvi Mehta and Mr. Ravinder Sachdev. The terms of reference of the Regulatory Oversight Committee, inter-alia, are as under:

- Oversee matters related to member regulation such as admission of members, inspection, disciplinary action, etc.
- Oversee SEBI inspection observations on membership related issues
- Estimate the adequacy of resources dedicated to member regulation
- Oversee matters related to listing of securities such as admission of securities for trading, suspension/revocation, etc.
- Oversee SEBI inspection observations on listing related issues
- Estimate the adequacy of resources dedicated to listing related function
- 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, rumour verifications, shifting of securities to trade for trade segment, action against listed companies as a part of Surveillance Action, detailed investigations undertaken, disciplinary actions, etc., as may be applicable to the relevant segments of the Exchange
- Oversee SEBI inspection observations on surveillance related issues and also decisions taken in the periodic surveillance meeting at SEBI

- Estimate the adequacy of resources dedicated to trading and surveillance function
- Oversee matters related to product design and review the design of the already approved and running contracts
- Oversee SEBI inspection observation on Product Design related issues
- Estimate the adequacy of resources dedicated to Product design related function
- Review the actions taken to implement the suggestions of SEBI's Inspection Reports, place the same before the Board of the Exchange
- To follow up, ensure compliance/implementation of the inspection observations
- 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.
- Supervise Investor Service Fund, including its utilization
- Annual review of arbitrators and arbitration awards (both quantum and quality of the awards)
- Lay down procedures for the implementation of the Ethics Code
- Prescribe reporting formats for the disclosures required under the Ethics Code
- Oversee the implementation of the code of ethics
- Periodically monitor the dealings in securities of the Key Management Personnel
- Periodically monitor the trading conducted by firms/corporate entities in which the directors hold twenty percent or more beneficial interest or hold a controlling interest
- Monitor implementation of SECC Regulations and other applicable rules and regulations along-with SEBI Circulars and other directions issued thereunder
- Review the fees and charges levied by the Exchange
- The head(s) of department(s) handling above matters shall report directly to the committee and also to the Managing Director. Any action against the head(s) of dept. shall be subject to an appeal to the committee, within such period as may be determined by the Board of the Exchange
- Such other functions as may be specified by SEBI or any other Statutory or Regulatory Authority

XI. BUSINESS STRATEGY COMMITTEE

The Business Strategy Committee consists of Mr. Rakesh Kapur, Chairman of the Committee, Mr. Ravindra Kumar Roye, Dr. Ashok Gulati, Mr. Srinath Srinivasan, Mr. Sunil Kumar and Mr. Vijay Kumar V. The terms of reference of the Business Strategy Committee, inter-alia, are as under:

- Evolve business goals and business policies
- Consider and approve annual business plans, budgets and other cross functional business initiatives
- Allocate resources, both Capital and revenue
- Monitor market, competitive and regulatory developments and provide feedback
- Any other functions, specifically directed by the Board
- Perform any other act, duty as stipulated by the Companies Act, SEBI or any other regulatory authority, as prescribed from time to time

XII. FARMER ENGAGEMENT GROUP

The Farmer Engagement Group consists of Mr. Sunil Kumar, Chairman of the Group, Dr. Ashok Gulati, Mr. Ravindra Kumar Roye, Dr. Purvi Mehta, Mr. Rakesh Kapur, Mr. Rajesh Kumar Sinha, Mr. Rohtash Mal, Mr. M. Srinivas Rao and Mr. Vijay Kumar V. The Farmer Engagement Group is formed with the objective to connect farmers to reliable markets, which would unlock income opportunities for smallholder farmers by facilitating their access to correct price signals before planting begins, managing price risk at harvest time, and giving them other forms of support including post-harvest training on quality standards, financing and warehousing.

XIII. CAPITAL RAISING COMMITTEE

The Capital Raising Committee consists of Mr. Srinath Srinivasan, Chairman of the Committee, Mr. Ravindra Kumar Roye, Mr. Chaman Kumar, Mr. B. Venugopal, Mr. Rakesh Kapur, Mr. Sunil Kumar and Mr. Vijay Kumar V. The terms of reference of the Capital Raising Committee, inter-alia, are as under:

Strategic review

1. To review the marketing strategy of the IPO/ capital raising/capital structure plan as presented by the management of the exchange.

Capital Structure Program Governance Review

2. To review the roadmap and timelines for execution of IPO/capital raising/capital structure plan of the Exchange;

3. To review and provide inputs to all the documents in connection with the pre-IPO placement / IPO/ capital raising/capital structure plan such as the information memorandum (if applicable), draft red herring prospectus, red herring prospectus, prospectus, etc. as may be required;

Other operational matters

4. To review and recommend to the board of directors the terms of appointment (including fees payable to them) of the IPO advisors, book running lead managers, underwriters to the issue, bankers to the issue, registrar, advertising agency, printers and legal counsel etc.

5. To review and recommend all the expenditure in connection with the IPO/capital raising/capital structure plan of the Exchange.

Additional Matters in relation to the IPO and the pre-IPO placement, as applicable

6. to make applications to the stock exchanges for in-principle approval for listing of its equity shares and file, execute and to deliver or arrange to deliver necessary documentation, including a copy of the draft red herring prospectus filed with Securities and Exchange Board of India ("SEBI"), as may be required for the purpose and seeking the listing of the equity shares on any Indian stock exchange, and taking all actions that may be necessary in connection with obtaining such listing;

7. to finalise and send to the shareholders, the letter of invitation to participate in the IPO, including any modification, revisions and amendments thereto;

8. to receive and exercise, all powers that may be delegated upon the Exchange by selling shareholders in relation to the IPO;

9. authorizing and empowering any concerned person, for and on behalf of the Exchange, to execute and deliver, on a several basis, any declarations, affidavits, certificates, consents and arrangements, as well as amendments or supplements thereto, as may be required from time to time, in connection with the IPO;

10. to seek, if required, the consent/ waiver of the lenders to the Exchange and/or the lenders to the subsidiaries of the Exchange, industry data providers, parties with whom the Exchange has entered into various commercial and other agreements including without limitation, customers, suppliers, strategic partners of the Exchange, any concerned government and regulatory authorities in India or outside India, and any other consent, approval or waiver that may be required in connection with the IPO or any actions connected therewith, if any;

11. to make applications to, seek clarifications and obtain approvals from, if necessary, the Reserve Bank of India, SEBI or any other statutory or governmental authorities in connection with the pre-IPO placement and IPO and, wherever necessary, accept and incorporate such modifications/ amendments/ alterations/ corrections as may be required in the information memorandum (if applicable), draft red herring prospectus, the red herring prospectus and the prospectus, on behalf of the board of directors;

12. to negotiate, finalise, settle, execute and deliver or arrange the delivery of the book running lead managers' mandate or engagement letter(s), the offer agreement, registrar agreement, syndicate agreement, underwriting agreement, cash escrow and sponsor bank agreement, share escrow agreement and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever,

13. to open and operate any bank account(s) and share escrow accounts required of the Exchange for the purposes of the IPO and the pre-IPO placement, including the cash escrow account, the public issue account and refund account as may be required;

14. finalising, settling, approving, adoption and filing the information memorandum (if applicable) and, in consultation with the book running lead managers, where applicable, the draft red herring prospectus, red herring prospectus and the prospectus (including amending, varying or modifying the same, as may be considered desirable or expedient) and the preliminary and final international wrap for the IPO together with any addenda, corrigenda and supplements thereto as finalised in consultation with the book running lead managers, in accordance with all applicable laws, rules, regulations, notifications, circulars, orders and guidelines and take all such actions as may be necessary for filing of these documents including incorporating such alterations/corrections/modifications as may be required by and to submit undertakings/ certificates or provide clarifications to SEBI or any other relevant governmental and statutory authority in accordance with applicable laws;

15. arranging for the submission of the information memorandum (if applicable) and the draft red herring prospectus to be submitted to the SEBI and the stock exchanges for receiving comments, the red herring prospectus and the prospectus to be registered with the Registrar of Companies, Maharashtra at Mumbai, and any corrigendum, amendments supplements thereto;

16. to issue receipts/allotment letters/confirmation of allocation notes either in physical or electronic mode representing the underlying equity shares in the capital of the Exchange with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices, regulations and applicable law, including listing on one or more stock exchanges, with power to authorise one or more officers of the Exchange to sign all or any of the aforestated documents;

17. authorise and approve notices and advertisements in relation to the IPO in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations") in consultation with the relevant intermediaries appointed for the IPO;

18. finalise the basis of allotment of the equity shares;

19. accept and appropriate proceeds of the fresh issue in accordance with the applicable laws;

20. to do all such deeds and acts as may be required to dematerialise the equity shares of the Exchange and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the Exchange to execute all or any of the aforestated documents;

21. to settle all questions, remove any difficulties or doubts that may arise from time to time with respect to the IPO, including with respect to the issue, offer or allotment of the equity shares, terms of the IPO, utilization of the IPO proceeds, appointment of intermediaries for the IPO and such other issues as it may, in its absolute discretion deem fit;

22. to take such action, give such directions, as may be necessary or desirable as regards the IPO and to do all such acts, matters, deeds and things, including but not limited to the allotment of equity shares against the valid applications received in the IPO, as are in the best interests of the Exchange;

23. to negotiate, finalise, settle, execute and deliver any and all other documents or instruments and doing or causing to be done any and all acts or things as may be deemed necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the IPO. Any documents or instruments so executed and delivered or acts and things done or caused to be done by the board of directors

shall be conclusive evidence of the authority of the board of directors in doing so; and

24. to delegate any of the powers mentioned in 1 to 23 to such persons as the Capital Raising Committee may deem necessary.

PERFORMANCE EVALUATION CRITERIA OF THE BOARD

The performance evaluation of the Board is governed by the provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations, 2018, read with various circulars issued in this regard. The performance evaluation includes performance evaluation of:

(i) Board as a whole

(ii) Assessment of quality, quantity and timeliness of the flow of information to the Board

(iii) Various Committees of the Board

(iv) Chairperson of the Board

(v) Individual Directors (viz., Shareholder Directors, Public Interest Directors and Managing Director)

The criteria for evaluation of each of the above is as under:

(i) Performance Evaluation of Board as a whole

The criteria for performance evaluation of Board of Directors inter-alia includes:

- Board Composition (adequate representation of Independent Directors, optimum combination of knowledge, competencies, experience and skill)
- Board Meetings (The Board meetings are regularly held and the Board meets frequently, the Board receive agenda of the meeting on time and the agenda has all relevant information to take decision on the matter, outstanding items of the previous meetings are followed up and taken up in subsequent agenda, able to finish discussion and decision on all agenda items in the meetings, discussions generally add value to the decision making, all members actively participate in discussions, functions constructively as a team, the minutes of the meeting are recorded properly and circulated on time and dissenting views are recorded in the minutes, all the information pertaining to the meeting are disseminated to the members timely, frequently, accurately and regularly)
- Function of the Board and Board's participation (The Board understands the business well enough to guide the short and long term performance, reviews and knows the vision, strategy and business plan, devotes significant time on the management of current and potential strategic issues, overall reviews and guides corporate strategy, major plans of action, risk policy, annual budgets and business plans, sets performance objectives, monitored implementation and corporate performance, and oversees major capital expenditures, acquisitions and divestments, investment proposals, related party transactions, internal financial controls, reviews key appointments, monitors and manages potential conflict of interest of management and directors, constructively challenges the Management with respect to strategy and performance, the atmosphere (of the Boardroom) encourages critical thinking, the discussions reach closure, Board ensures that the Management has put in place a proper risk management process, ensures its Committees are functioning properly, ensures that there is an effective investor relations policy which provides for investor grievance mechanism and CSR policy in place, overall ensures high standards in compliance and Corporate Governance, works towards creation of stakeholders value, ensures mechanism of communication with various stakeholders, acts on a fully informed basis and in good faith with diligence in the best interest of the company)
- Board and management (The Board dialogue is of high quality and the Board has sufficient and adequate dialogue with the management, the Directors share their knowledge and experience to help the CEO and the Company, the Board evaluates and monitors management, especially the CEO regularly and fairly and provides constructive feedback and strategic guidance, reviews the level of independence of management from the Board to ensure that the level of independence is adequate, the Board and the management are able to actively access each other and exchange information, the Board ensure that an appropriate and adequate succession plan is in place and is being reviewed and overseen regularly by the Board, there is a good focus of the Board with the

Management on the few high impact subjects, the Board is receiving information particularly on new laws, regulations, etc from time to time)

- Professional development (Whether adequate induction and professional development programmes are made available to new and old directors, whether continuing directors training is provided to ensure that the members of the Board of directors are kept upto date, the Board is receiving information particularly on new laws, regulations, etc from time to time)

(ii) Assessment of quality, quantity and timeliness of the flow of information to the Board

The criteria inter-alia includes vision and strategy, people development, safety, health and environment, Risk Management, financial performance and Financial results reporting, Investments, Internal audit, Board and Committee meetings and Annual report and flow of information to the Board, Committees thereof.

(iii) Performance evaluation of various Committees of the Board

The criteria for performance evaluation of various Committees inter-alia includes Committees effectiveness in carrying out its mandate and confronting important, meaningful issues, whether Composition of the Committee is in compliance with the provisions of applicable laws and the Committee meets regularly as per its terms of reference and requirements of law, whether Committee has fulfilled its functions as assigned by the Board and laws as may be applicable, whether members of the Committee receives complete and timely agenda and provide an independent opinion on agenda items while respecting the assent or dissent of other members, whether minutes of the Committee meetings are effectively prepared, whether Committee encourages two way communication between the Committee and Management of the Exchange, whether adequate independence of the Committee is ensured from the Board and whether significant recommendations of the Committee are communicated to the Board.

(iv) Performance evaluation of Chairperson of the Board

The performance evaluation of Chairperson of the Board inter-alia includes Qualifications and experience, Knowledge and Competency, Fulfilment of functions, Ability to function as a team, Initiative, Availability and attendance, Commitment, Contribution, Integrity, Independence, Independent views and judgment, Effectiveness of leadership and ability to steer the meetings and ability to keep shareholders' interest in mind.

(v) Individual Directors (viz., Public Interest Directors, Shareholder Directors and Managing Director)

Public Interest Directors

The performance evaluation of Public Interest Directors is governed by the Policy of Performance Review by Public Interest Directors. The performance evaluation criteria for Public Interest Directors inter-alia includes qualifications and experience, knowledge and competency, fulfilment of functions, ability to function as a team, initiative, availability and attendance, commitment, contribution, integrity, independence, independent view and judgement.

Shareholder Directors

The performance evaluation criteria for Shareholder Directors inter-alia includes engagement, leadership, analytical skills, quality of decision-making, interaction, governance and ethic and stakeholders' responsibility.

Managing Director

The performance evaluation criteria for Managing Directors inter-alia includes leadership performance and execution, financial planning, governance and relationship with the Board, people development, stakeholders' responsibility and analytical thinking and competitive edge.

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 other than Audit Committee. Non-Executive Directors are also reimbursed expenses incurred by them for attending meetings of the Board and its Committees at actuals.

Name of the Board/Committee	Sitting Fees (per meeting) (Amount in ₹)
Board Meeting	60,000
Audit Committee	60,000
Other Committees of the Board	40,000

Report On Corporate Governance (Contd.)

The sitting fees paid to the Non-Executive Directors for attending the meetings of the Board and Committees during the Financial Year 2019-20 is as follows:

Name of the Director	Sitting Fees		
	Board Meetings	Committee Meetings	Total
Mr. Ravindra Kumar Roye	3,00,000	17,80,000	20,80,000
Dr. Purvi Mehta	3,00,000	7,60,000	10,60,000
Mr. Chaman Kumar	3,00,000	11,80,000	14,80,000
Mr. Nirmalendu Jajodia	3,00,000	6,80,000	9,80,000
Mr. Prem Kumar Malhotra	3,00,000	8,40,000	11,40,000
Dr. Ashok Gulati	2,40,000	4,00,000	6,40,000
Mr. Rakesh Kapur	3,00,000	7,00,000	10,00,000
Mr. Srinath Srinivasan	2,40,000	2,00,000	4,40,000
Mr. Sunil Kumar	1,80,000	2,40,000	4,20,000
Mr. J. Ravichandran*	1,80,000	2,00,000	3,80,000
Mr. B. Venugopal	2,40,000	N.A.	2,40,000

* Mr. J. Ravichandran ceased to be a Director with effect from February 4, 2020

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

Sr. No.	Particulars of Remuneration	Name of Managing Director & CEO
		Mr. Vijay Kumar V.
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	(a) ₹1,46,74,696/-
	(b) NPS contribution, Motor Car Expenses and Value of perquisites u/s 17(2) Income-tax Act, 1961	(b) ₹6,71,026/-
	(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 - as % of profit - others, specify...	Nil
5.	Others, please specify	Nil
Total (A)		**₹ 1,53,45,722/-**
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 Exchange.
- None of the Non-Executive Directors have entered into any service contract with the Exchange.

Stakeholders' Grievance Committee:

The Exchange has a Stakeholders Relationship Committee which considers and resolves the grievances of the stakeholders.

(a) Name of Non-Executive Director heading the Committee: Mr. Prem Kumar Malhotra, Chairman of the Committee

(b) Name and designation of Compliance Officer: Mr. Harish Kumar, Company Secretary (appointed as the Compliance Officer w.e.f. August 9, 2019)

(c) Number of shareholders' complaints received so far: Nil

(d) Number not solved to the satisfaction of shareholders: Nil

(e) Number of pending complaints: Nil

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
2016-17	September 21, 2017	11:00 a.m.	First Floor, Akruti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg (West), Mumbai 400078	Nil
2017-18	September 26, 2018	10:00 a.m.	Windsor, 503, 5th Floor, Off CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai 400098	Nil
2018-19	September 26, 2019	10:30 a.m.	First Floor, Akruti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg (West), Mumbai 400078	Yes

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

MEANS OF COMMUNICATION

The Financial Statements 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 Seventeenth Annual General Meeting will be held on Friday, September 25, 2020, at 11:00 a.m. through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM')

(ii) Financial Year: April 1, 2019 to March 31, 2020.

(iii) Dividend Payment Date: The Board has recommended, subject to the approval of members at the Annual General Meeting, a dividend of Rs. 0.50/- per equity 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:

Link Intime India Private Limited - C-101, 247 park, L.B.S. Marg, Vikhroli (West), Mumbai 400083. *(With effect from July 20, 2019)*

3i Infotech Limited - Tower # 5, 3rd to 6th Floors, International Infotech Park, Vashi, Navi Mumbai 400703. *(Up to July 19, 2019)*

(vi) 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 Corporations) Regulations, 2018.

(vii) Distribution of shareholding:

Categories	Shareholding	Percentage
Individuals	35,57,459	7.02
Corporates	1,64,49,176	32.46
Financial Institutions	11,250,000	22.20
Banks	6,749,965	13.32
Venture Capital	7,601,400	15.00
Any Other (specify) - (Co-Operative Society)	5,068,000	10.00
Total	**50,676,000**	**100.00**

(viii) Dematerialization of shares and liquidity: All the shares of the Exchange are in demat form.

(ix) Outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity: Not Applicable

(x) Commodity price risk or foreign exchange risk and hedging activities: Not Applicable

(xi) Plant locations: Nil

(xii) Address for correspondence: First Floor, Akruti Corporate Park, Near G. E. Garden, L.B.S. Road, Kanjurmarg West, Mumbai 400078

(xiii) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant Financial Year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the entity involving mobilization of funds, whether in India or abroad: Not applicable

DISCLOSURES

(i) There were no significant related party transactions of material nature that may have potential conflict with the interest of the Exchange.

Report On Corporate Governance (Contd.)

(ii) 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: Not Applicable.

(iii) 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.

(iv) 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 unmodified audit opinion, separate posts of Chairperson and Chief Executive Officer and reporting of internal auditor.

(v) Web link where policy for determining 'material' subsidiaries is disclosed: http://www.ncdex.com/About Us/Disclosures

(vi) Web link where policy on dealing with related party transactions: http://www.ncdex.com/AboutUs/Disclosures

(vii) Disclosure of commodity price risks and commodity hedging activities: Not Applicable

(viii) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): Not Applicable

(ix) Certificate from a Company Secretary in practice that none of the Directors on the Board of the Exchange have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI/ Ministry of Corporate Affairs or any such statutory authority: Certificate from Company Secretary in practice is attached as **Annexure 1**.

(x) Disclosure where the Board has not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant Financial Year, with reasons thereof: None

(xi) Total fees for all services paid by the Exchange and its Subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/ network entity of which Statutory auditor is part is provided herein below:

(₹ in lakhs)

Payment to Auditors	
As Auditors	41
For other services	13
For reimbursement of expenses	1
Total	**55**

(xii) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

No. of Complaints filed during the Financial Year	No. of Complaints disposed of during the Financial Year	No. of Complaints pending as on end of the Financial Year	Action taken by the Employer
Nil	Not Applicable	Not Applicable	Not Applicable

(xiii) Non-compliance of any requirement of corporate governance report: The Exchange has complied with the applicable provisions relating to Corporate Governance Report.

(xiv) The Exchange is in compliance with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.

(xv) 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 2**.

(xvi) Compliance certificate from practicing company secretary confirming compliances with the conditions of Corporate Governance is attached as **Annexure 3**.

(xvii) Disclosure with respect to demat suspense account/ unclaimed suspense account: Nil

ANNEXURE 1

To,
The Members of **National Commodity & Derivatives Exchange Limited**
1st Floor, Akruti Corporate Park, Near G E Garden,
L B S Road, Kanjurmarg (West), Mumbai 400078

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **National Commodity & Derivatives Exchange Limited having CIN U51909MH2003PLC140116** and having registered office at 1st Floor, Akruti Corporate Park, Near G E Garden, L B S Road, Kanjurmarg (West), Mumbai 400078 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from to time). In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its Officers, I hereby certify that none of the Directors on the Board of the Company as stated below have been debarred or disqualified from being appointed or continuing as Directors of Company for the Financial Year ending March 31, 2020, by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of the Director	Designation	DIN
1.	Mr. Ravindra Kumar Roye	Chairman & Public Interest Director	07304930
2.	Dr. Ashok Gulati	Public Interest Director	07062601
3.	Mr. Chaman Kumar	Public Interest Director	02064012
4.	Mr. Nirmalendu Jajodia	Public Interest Director	01937128
5.	Mr. Prem Kumar Malhotra	Public Interest Director	07731762
6.	Dr. Purvi Mehta	Public Interest Director	01596457
7.	Mr. B. Venugopal	Shareholder Director	02638597
8.	Mr. Rakesh Kapur	Shareholder Director	00007230
9.	Mr. Srinath Srinivasan	Shareholder Director	00107184
10.	Mr. Sunil Kumar	Shareholder Director	07740252
11.	Mr. Vijay Kumar V.	Managing Director & CEO	06651068

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

For U. HEGDE &ASSOCIATES,
Company Secretaries

Umashankar K. Hegde
Proprietor
C.P. No- 11161 # M.No- ACS 22133
ICSI UDIN: A022133B000399576

Place: Mumbai
Date: June 30, 2020

ANNEXURE 2

Compliance with the Code of Conduct by the Directors & Members of the Senior Management of the Exchange for the Financial Year 2019-20

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.

Vijay Kumar V.
Managing Director & Chief Executive Officer

ANNEXURE 3

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
National Commodity & Derivatives Exchange Limited,
First Floor, Akruti Corporate Park,
L. B. S. Marg, Near G. E. Garden,
Kanjurmarg (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 March 31, 2020. In terms of Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 the disclosure requirements and corporate governance norms as specified for listed companies have become mutatis mutandis applicable to 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.

DR. K. R. CHANDRATRE
Practising Company Secretary
C. P. No. 5144
FCS No. 1370.
Date: 12 August 2020
Place: Pune

UDIN-F001370B000572930.

INDEPENDENT AUDITOR'S REPORT

To the Members of National Commodity & Derivatives Exchange Limited

REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

Opinion

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, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of cash flows for the year then ended, and notes to financial statements, including a summary of the significant accounting policies and other explanatory information.

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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit(including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to:

Note 32 to the standalone financial statements. In respect of the matters relating to the future contracts of pepper, 'other receivable' as on March 31, 2020, includes various costs amounting to ₹ 1700 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 modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matter as Key Audit Matter/s for the year.

Key Audit Matter - Litigation, Claims and Contingent Liabilities:

(Refer Notes 31(a) and 32, to be read along with Emphasis of Matter in Independent Auditor's Report of the standalone financial statements)

The Company is exposed to a variety of different laws and regulations thereof which encompasses legal matters. In the normal course of business, provisions and contingent liabilities may arise from legal proceedings, including regulatory and other Governmental proceedings, constructive obligations and commercial claims.

Independent Auditor's Report (Contd.)

Based on the nature of regulatory and legal cases management applies significant judgment when considering whether, and how much, to provide for the potential exposure of each matter. These estimates could change substantially over time as new facts emerge as each legal case or matters progresses.

Given the different views possible, basis the interpretations, complexity and the magnitude of the potential exposures, and the judgment necessary to determine required disclosures, this is a key audit matter.

Auditor's Responses - Principal audit procedures performed:

- We understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the Company's controls over the recording and re-assessment of uncertain legal positions, claims and contingent liabilities.
- We held discussions with senior management including the person responsible for legal and compliance to obtain an understanding of the factors considered by management in classification of the matter as 'probable', 'possible' and 'remote'.
- Examined the Company's legal expenses on sample basis and read the minutes of the board meetings and the regulatory oversight committee in order to ensure completeness.
- We considered legal opinion obtained by the management from external law firms to challenge the basis used for provisions recognised or the disclosures made in the standalone financial statements.
- For those matters where management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Company's disclosures made in relation to contingent liabilities.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report including annexures thereto and Management Discussion Analysis but does not include the financial statements and our auditor's report thereon. The Directors' Report including annexures thereto and Management Discussion Analysis is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Directors' Report including annexures thereto and Management Discussion Analysis, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of the Management 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND AS) specified under Section 133 of the Act read with the rules made thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Independent Auditor's Report (Contd.)

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 the annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

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 including Other Comprehensive Income, the Statement of Changes in Equity 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.

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

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements 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 the requirements of section 197(16) of the Act, as amended:

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

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 the pending litigations its financial position in its financial statements – refer notes 31(a) and 32 to the financial statements.

      (ii) The Company does not have any long-term contracts for which there were any material foreseeable losses. The Company does not have any derivative contracts.

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

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

Sachin A. Negandhi
Partner
Membership No: 112888
UDIN: 20112888AAAABU7125

Place: Mumbai
Date: June 12, 2020

ANNEXURE 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 financial statements for the year ended on March 31, 2020, of **National Commodity & Derivatives Exchange Limited**)

In our opinion, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us during the normal course of audit, which were necessary to the best of our knowledge and belief, we report that:

(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, goods and services tax, duty of customs, 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, 2020 for a period of more than six months from the date on which they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, goods and services tax and duty of customs which have not been deposited on account of any dispute except as stated below:

Annexure to the Auditor's Report (Contd.)

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	High Court	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
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

(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. Accordingly, clause 3 (xiv) of the Order is not applicable to the Company.

(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
UDIN: 20112888AAAABU7125

Place: Mumbai
Date: June 12, 2020

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 with reference to financial statements of **National Commodity & Derivatives Exchange Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements 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.

Annexure - B to the Independent Auditor's Report of even date on the Financial Statements of National Commodity & Derivatives Exchange Limited (Contd.)

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sachin A. Negandhi
Partner
Membership No: 112888
UDIN: 20112888AAAABU7125

Place: Mumbai
Date: June 12, 2020

BALANCE SHEET

as at March 31, 2020

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	1,088	1,482
Capital work-in-progress	2	117	-
Right to use assets	41	985	-
Intangible assets	3	3,647	4,155
Intangible assets under development	3	194	56
Financial assets			
- Investment in subsidiaries, associates and joint ventures	4	22,885	19,910
- Other financial assets			
- Bank balances	5(a)	2,664	-
- Others	5(b)	379	308
Deferred tax assets (net)	15	1,595	831
Income tax assets (net)	6	3,867	2,958
Other non-current assets	7	50	126
Total non-current assets		**37,471**	**29,826**
Current Assets			
Financial assets			
- Investment	8	3,703	4,827
- Trade receivables	9	596	826
- Cash and cash equivalents	10	2,783	215
- Bank balances other than cash and cash equivalents	11	6,964	14,562
- Others	5(b)	626	674
Other current assets	7	2,464	2,073
Total current assets		**17,136**	**23,177**
TOTAL ASSETS		**54,607**	**53,003**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	5,068	5,068
Other equity	13	39,995	39,870
Total Equity		**45,063**	**44,938**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Lease Liabilities	41	488	-
Provisions	14	129	53
Total non-current liabilities		**617**	**53**
Current liabilities			
Financial liabilities			
- Deposits	16	5,254	5,344
- Trade payables			
Total Outstanding dues of micro enterprises and small enterprises	17	43	12
Total Outstanding dues of other than micro enterprises and small enterprises	17	1,368	832
- Lease Liabilities	41	559	-
- Other Financial liabilities	18	709	760
Other current liabilities	19	896	976
Provisions	14	98	88
Total current liabilities		**8,927**	**8,012**
TOTAL LIABILITIES		**9,544**	**8,065**
TOTAL EQUITY AND LIABILITIES		**54,607**	**53,003**
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

Vijay Kumar V.
Managing Director & Chief Executive Officer
DIN - 6651068

Chaman Kumar
Chairman and Public Interest Director
DIN - 07304930

Harish Kumar
Company Secretary
Membership No. - 20844

Atul Roongta
Chief Financial Officer

Place : Mumbai
Date : June 12, 2020

STATEMENT OF PROFIT & LOSS
for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from operations	20	5,418	7,511
Other Income	21	2,769	3,270
		8,187	**10,781**
EXPENSE			
Employee benefits expense	22	3,376	3,578
Finance cost	23	106	-
Depreciation & amortization expense	24	1,704	1,318
Other expenses	25	5,086	6,746
Total expenses		10,272	11,642
Profit / (loss) before exceptional items, contribution to Core SGF and income tax		**(2,085)**	**(861)**
Contribution to Core SGF Including exceptional contribution	37	(165)	(3,118)
Profit / (loss) before exceptional items and income tax		**(2,250)**	**(3,979)**
Exceptional item	26	2,000	-
Profit / (Loss) before tax		**(250)**	**(3,979)**
Tax expense			
Current tax	27	-	(40)
Deferred tax expense/ (credit)	27	(736)	(1,241)
Profit / (Loss) for the year (A)		**486**	**(2,698)**
Other Comprehensive Income:			
Items that will not be reclassified to the Statement of profit and loss;			
Remeasurement of post-employment benefit obligations		(37)	9
Income tax impact on above		11	(3)
Item that will be reclassified to the Statement of profit and loss;			
Debt instruments through Other Comprehensive Income		46	(26)
Income tax impact on above		(10)	6
Other comprehensive income for the year, net of taxes (B)		**10**	**(14)**
Total comprehensive income for the year (A+B)		**496**	**(2,712)**
Earnings per share (Face Value of ₹ 10 each)			
(1) Basic (₹)		0.96	-5.32
(2) Diluted (₹)		0.96	-5.32
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 : June 12, 2020

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

Vijay Kumar V.
Managing Director & Chief Executive Officer
DIN - 6651068

Chaman Kumar
Chairman and Public Interest Director
DIN - 07304930

Harish Kumar
Company Secretary
Membership No. - 20844

Atul Roongta
Chief Financial Officer

STATEMENT OF CASH FLOW

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash flow from operating activities			
Profit before tax		(250)	(3,979)
Adjustments for:			
Depreciation & amortisation		1,704	1,318
Provision for leave encashment		5	(24)
Provision for gratuity		44	27
(Profit) / Loss on sale of fixed asset		8	(25)
(Profit) / Loss on sale of investments		(124)	(777)
Interest income		(1,239)	(1,312)
Reversal of impairment loss of PXIL Investment		(2,000)	-
Interest expenses on lease liability		106	-
Operating profit before working capital changes		**(1,746)**	**(4,772)**
Movements in working capital:			
Decrease / (Increase) in trade receivables		230	390
Decrease / (Increase) in other current assets		(408)	(41)
Decrease / (Increase) in other non current assets		46	39
Decrease / (Increase) in inter corporate loans		(25.00)	(29)
Decrease / (Increase) in other financial assets		(21)	11
Increase / (Decrease) in trade payables		565	(809)
Increase / (Decrease) in current financial liabilities		(339)	(18,583)
Increase / (Decrease) in other current liabilities		(80)	104
Cash generated / (used) from operations		(1,778)	(23,690)
Direct taxes paid (net of refunds)		(908)	(624)
Net cash generated / (used) in operating activities	**(A)**	**(2,686)**	**(24,314)**
B. Cash flows from investing activities			
Purchase of fixed assets, including intangible assets, CWIP and capital advances		(280)	(664)
Proceeds from sale / disposal of fixed assets		0	73
Investment in shares of NCCL Limited		(975)	(1,000)
Purchase of current investments		(29,668)	(439,977)
Proceeds from sale of current investments		30,962	464,771
Interest received		1,262	1,312
Investment in fixed deposits (original maturity of more than three months)		(10,541)	(16,851)
Redemption / Maturity of fixed deposits (original maturity of more than three months)		15,476	16,656
Net cash generated / (used) in investing activities	**(B)**	**6,236**	**24,320**

STATEMENT OF CASH FLOW

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

(₹ in Lakhs)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
C. Cash Flows from financing activities			
Dividend paid		(228)	(152)
Dividend tax paid		(52)	(31)
Payment of lease Liabilities		(702)	-
Net cash generated / (used) from financing activities	**(C)**	**(982)**	**(183)**
Net increase / (decrease) in cash and cash equivalents	**(A + B + C)**	**2,568**	**(177)**
Cash and cash equivalents at the beginning of the year		**215**	**392**
Cash and cash equivalents at the end of the year		**2,783**	**215**
Components of cash and cash equivalents (Refer note - 10)			
Cash and cheques on hand			
With Banks			
- on current accounts (Note-1)		172	215
- on fixed deposits (Original maturity being three months or less)		2,611	-
Total		**2,783**	**215**

Note-1 Includes ₹ 3 lakh (March 31, 2019 : ₹ 3 lakh) in Escrow account "NCDEX Joint Price Dissemination Account". Includes ₹ 0.07 lakh (March 31,2019 : ₹ 1 lakh) for Investor Service Fund.

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

Vijay Kumar V.
Managing Director & Chief Executive Officer
DIN - 6651068

Chaman Kumar
Chairman and Public Interest Director
DIN - 07304930

Harish Kumar
Company Secretary
Membership No. - 20844

Atul Roongta
Chief Financial Officer

Place : Mumbai
Date : June 12, 2020

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

(A) Equity Share Capital

(₹ in Lakhs)

Particulars	Amount
Balance as at April 01, 2019	5,068
Changes in equity share capital during the year	-
Balance as at March 31, 2020	**5,068**

(B) Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus				Items of Other Comprehensive Income	Total
	Securities Premium Reserve	General reserve	Settlement Guarantee Fund	Retained Earnings	FVTOCI Debt instrument	
Balance as at April 01, 2018	**13,956**	**1,110**	**6,744**	**20,919**	**36**	**42,765**
Addition in current year	-	-	326	(2,698)	-	(2,372)
Remeasurement benefit of defined benefit plans	-	-	-	6	-	6
Net fair value gain on investment in debt instruments through Other Comprehensive Income (OCI)	-	-	-	-	(20)	(20)
Payment of Dividend (Transaction with owners in their capacity as owners)	-	-	-	(152)	-	(152)
Dividend distribution tax (Transaction with owners in their capacity as owners)	-	-	-	(31)	-	(31)
Transfer to Settlement Guarantee Fund	-	-	-	(326)	-	(326)
Transfer to retained earnings	-	-	(7,070)	-	-	(7,070)
Transfer from Settlement Guarantee Fund	-	-	-	7,070	-	7,070
Balance as at March 31, 2019	**13,956**	**1,110**	**-**	**24,788**	**16**	**39,870**
Addition in current year	-	-	-	486	-	486
Remeasurement benefit of defined benefit plans	-	-	-	(26)	-	(26)
Net fair value gain on investment in debt instruments through Other Comprehensive Income (OCI)	-	-	-	-	36	36
Payment of Dividend (Transaction with owners in their capacity as owners)	-	-	-	(253)	-	(253)
Dividend distribution tax (Transaction with owners in their capacity as owners)	-	-	-	(52)	-	(52)
Transitional Impact Lease accounting				(66)		(66)
Balance as at March 31, 2020	**13,956**	**1,110**	**-**	**24,877**	**52**	**39,995**
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 : June 12, 2020

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

Vijay Kumar V.
Managing Director & Chief Executive Officer
DIN - 6651068

Chaman Kumar
Chairman and Public Interest Director
DIN - 07304930

Harish Kumar
Company Secretary
Membership No. - 20844

Atul Roongta
Chief Financial Officer

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2020

Background and Significant Accounting Policies

Background

National Commodity & Derivatives Exchange Limited (“the Company” or “the Exchange” or “NCDEX”) is a national level, technology driven de-mutualised on-line commodity exchange. The Company is a public limited company, which is domiciled and incorporated in the Republic of India with its registered office situated at First Floor, Akruti Corporate Park, Near G. E. Garden, L.B.S. Road, Kanjurmarg West, Mumbai 400 078. The Company was incorporated on April 23, 2003, under the provisions of the Companies Act, 1956. NCDEX is regulated by Securities and Exchange Board of India.

1 Significant Accounting Policies

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

a Statement of Compliance

The financial statements as at and for the year ended March 31, 2020 and March 31, 2019 have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under section 133 of the Companies act 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provision of the act to the extent applicable.

The financial statements are approved for issue by the Company’s Board of Directors on June 12, 2020.

b Historical Cost Convention

The Standalone Financial Statements have been prepared on the historical cost basis except for the following:

i. certain financial assets and liabilities and contingent consideration that is measured at fair value;

ii. assets held for sale measured at lower of cost or fair value less cost to sell;

iii. defined benefit plans - plan assets measured at fair value less present value of defined benefit obligation.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

c Foreign Currencies

Items included in the Financial Information of the Company are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The Financial Information is presented in Indian currency (₹), which is the Company’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is recognized in the Statement of profit and loss as income or expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or Statement of profit and loss are also recognised in OCI or Statement of profit and loss, respectively).

d Use of estimates and judgment

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the accounting policies. Changes in the estimates are accounted for in the year when actual figures are known and not as a restatement to the comparable figures. Application of accounting policy that require critical accounting estimates and assumptions having the most significant effect on the amounts recognised in the financial statements are:

Estimated useful life of property, plant and equipment and intangible assets

Useful life of property, plant and equipment, intangible assets and investment property are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are estimated by management based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

Recognition of deferred tax assets

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Contingent liabilities

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

e Current and Non-current classification

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

An asset is treated as current when it is:

i. Expected to be realised or intended to be sold or consumed in normal operating cycle i.e. twelve months

ii. Held primarily for the purpose of trading, or

iii. Expected to be realised within twelve months after the reporting period other than for (i) above, or

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

v. Current assets also includes current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when:

i. It is expected to be settled in normal operating cycle i.e twelve months

ii. It is held primarily for the purpose of trading

iii. It is due to be settled within twelve months after the reporting period other than for (i) above, or

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

All other liabilities are classified as non-current.

f Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture are carried at cost less accumulated impairment losses, if any.

When the Company issues financial guarantees on behalf of subsidiaries, initially it measures the financial guarantees at their fair value and subsequently measures at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

The Company records the initial fair value of financial guarantee as deemed investment with a corresponding liability recorded as deferred revenue. Such deemed investment is added to the carrying amount of investment in subsidiaries.

Deferred revenue is recognized in the Statement of profit and loss over the remaining period of financial guarantee issued.

g Non-current assets held for sale

Non-current assets & disposal group classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, Plant and Equipment (PPE) and intangible assets, are not depreciated or amortized once classified as held for sale.

h Fair Value Measurement

The Company measures financial instruments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company categorizes assets and liabilities measured at fair value into one of three levels as follows:

• Level 1 — Quoted (unadjusted)
This hierarchy includes financial instruments measured using quoted prices.

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

Level 2 inputs include the following:

a) quoted prices for similar assets or liabilities in active markets.

b) quoted prices for identical or similar assets or liabilities in markets that are not active.

c) inputs other than quoted prices that are observable for the asset or liability.

d) Market – corroborated inputs.

• Level 3
They are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

i Revenue Recognition

Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

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

Transaction charges
Transaction charges are recognised as income on trade date basis.

Annual subscription charges
Annual subscription charges are recognised 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 or provisional member.

Delivery Charges
Delivery charges are recognized as income at the point when the service is rendered i.e.delivery of commodities.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

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 at the point when open interest is increased as compared to previous day.

Warehouse Charges

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

j Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Statement of profit and loss over the period in which depreciation of the related assets will be charged to the statement of profit and loss.

k Income taxes

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

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

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amount will be available to utilise those temporary differences and losses. At each reporting date the Company reassesses unrecognized deferred tax assets and recognizes the same to the extent it has become probable that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

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

Minimum alternate tax (MAT) paid in a year is charged to the Statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent it is probable 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 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 that it is not probable that the Company will pay normal tax during the specified period.

I Property, Plant and Equipment (PPE)

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

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

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

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

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

Leasehold improvement is amortized over the lease term i.e. the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain.

The residual value of all assets is taken to be “NIL”.

The useful life of property, plant and equipment are as follows :

Asset Class	Useful Life
Improvement to Lease hold Property	Over the period of lease
Furniture & Fixtures	10 years
Electrical Installations	10 years
Computer Hardware	3 – 6 years
Office Equipment’s	5 years
Motor Car	8 years

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

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

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

m Intangible Asset

Recognition of intangible assets

a. Computer software

Purchase of computer software used for the purpose of operations is capitalized. However, any expenses on software support, maintenance, upgrade etc. payable periodically is charged to the Statement of profit & loss.

Costs capitalised are amortized on a straight line basis over its expected useful life based on management's estimate. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends & has ability to complete the software and use or sell it
- software will be able to generate probable future economic benefits
- the expenditure attributable to the software during its development can be reliably measured.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use. The estimated useful life (5-10 years) of subsequent development of already capitalised intangible assets is evaluated independent of the estimated life of the original assets.

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

De-recognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, 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.

Intangible assets under development

All costs incurred in development, are initially capitalized as Intangible assets under development - till the time these are either transferred to Intangible Assets on completion or expensed as Software Development cost (including allocated depreciation) as and when determined of no further use.

n Lease

As a lessee

Leases of property, plant and equipment that substantially transfers all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

(a) Finance leases

Finance leases when acquired, are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Operating Leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Effective April 01, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 01, 2019.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

(1) the contract involves the use of an identified asset

(2) the group has substantially all of the economic benefits from use of the asset through the period of the lease and

(3) the group has the right to direct the use of the asset."

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

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

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

Right to use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right to use asset reflects that the Company expects to exercise a purchase option, the related right to use asset is depreciated over the useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right to use asset if the group changes its assessment if whether it will exercise an extension or a termination option. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

As a lessor

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Statement of Assets and Liabilities based on their nature.

Transition

Effective April 1, 2019, the company adopted Ind AS 116 "Leases" and applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right to use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019

o Borrowing Costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of a qualifying asset which necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

p Provisions, Contingent liabilities and Contingent assets

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of time value of money is material, provisions are discounted using current pre tax rate that reflects, when appropriate, the risk specific to the liability.

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

Contingent liabilities are not recognised but disclosed in the Financial Statements, unless possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets are not recognised but disclosed in the Financial Statements when an inflow of economic benefits is probable.

q Employee Benefit

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured at the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in Statement of profit and loss in the period in which the related service is rendered. The liabilities are presented as current employee benefit obligations in the Standalone Balance sheet.

Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of profit and loss.

The obligations are presented as current liabilities in the Standalone Statement of Assets and Liabilities since the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Company operates the following post-employment schemes:

a. defined benefit plans such as gratuity, and

b. defined contribution plans such as provident fund.

Defined benefit Plan

- **Gratuity obligations**

  The Company has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the Standalone Statement of Assets and Liabilities in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to yields on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation.

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

  Measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the Balance sheet.

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

Defined Contribution Plan

- **Provident fund**

  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 obligations other than the contribution payable to the provident fund.

Leave Encashment

Leave encashment is measured on the basis of actuarial report.

r Cash and cash equivalents

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

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

s Impairment of non-financial assets

The Company assesses, on annual basis, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the Statement of profit and loss.

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

A previously recognized impairment loss (except for goodwill) is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to the carrying amount of the asset.

t Financial Instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories based on the Company's business model :

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the Statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

Investment in subsidiaries, joint ventures and associates

Investment in subsidiaries, joint ventures and associates are carried at cost in the standalone financial statements.

Equity investments

All equity investments are measured at fair value. For equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. This amount is not recycled from OCI to the Statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

Trade receivables

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

Cash and Cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

De-recognition

A financial asset is de-recognized only when :

i. The Company has transferred the rights to receive cash flows from the financial asset or

ii. Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de- recognized.

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

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of Impairment loss on the following financial assets and credit risk exposure:

i. Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

ii. Financial assets that are debt instruments and are measured as at FVTOCI.

iii. Lease receivables under Ind AS 17

iv. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

v. Loan commitments which are not measured as at FVTPL

vi. Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

i. Trade receivables or contract revenue receivables; and

ii. All lease receivables resulting from transactions within the scope of Ind AS 17.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss.

Financial liabilities

Classification as debt or equity

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

Initial recognition and measurement

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

Subsequent measurement

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

Trade and other payables

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the Statement of profit and loss when the liabilities are derecognized. Interest expenses on these financial liabilities is included in finance cost using EIR method.

Financial guarantee contracts

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

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

u Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

v Settlement Guarantee Fund (SGF)

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

Income on SGF Investment and settlement penalties is transferred to SGF as per the regulatory directives.

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.

From September 27, 2018, Clearing & Settlement function is carried out by National Commodity Clearing Limited (NCCL). Further, as per SEBI requirement Core SGF is set up by NCCL. Contribution by the Exchange i.e.. September 27, 2018 to Core SGF maintained by NCCL is debited to statement of Profit & Loss.

w Rounding of amounts

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

x Cash flow statement

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

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2 PROPERTY, PLANT AND EQUIPMENT & CAPITAL WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	Computer Hardware	Improvement to Lease hold Property	Telecommunication Equipment's	Office Equipment's	Electrical Installations	Furniture and Fixtures	Motor Car	Total	Capital work-in-progress
Cost or Deemed Cost									
Opening as at April 01, 2018	1,712	225	1,054	64	164	71	33	3,323	-
Additions	90	35	122	11	9	24	-	291	-
Disposals / Adjustments	93	-	-	3	3	5	-	104	-
Closing gross carrying amount	**1,709**	**260**	**1,176**	**72**	**170**	**90**	**33**	**3,510**	**-**
Accumulated depreciation and impairment									
Opening as at April 01, 2018	783	100	345	37	111	26	9	1,411	-
Depreciation for the year	389	58	206	16	15	9	4	697	-
Disposals / Adjustments	73	-	-	2	3	2	-	80	-
Closing accumulated depreciation	**1,099**	**158**	**551**	**51**	**123**	**33**	**13**	**2,028**	**-**
Net carrying amount as at March 31, 2019	**610**	**102**	**625**	**21**	**47**	**58**	**20**	**1,482**	**-**
Cost or Deemed Cost									
Opening as at April 01, 2019	1,709	260	1,176	72	170	90	33	3,510	-
Additions	16	-	-	15	38	8	-	77	117
Disposals / Adjustments	5	46	-	1	2	2	-	56	-
Closing gross carrying amount	**1,720**	**214**	**1,176**	**86**	**206**	**96**	**33**	**3,531**	**117**
Accumulated depreciation and impairment									
Opening as at April 01, 2019	1,099	158	551	51	123	33	13	2,028	-
Depreciation for the year	179	60	189	14	8	8	4	462	-
Disposals / Adjustments	4	39	-	1	2	1	-	47	-
Closing accumulated depreciation	**1,274**	**179**	**740**	**64**	**129**	**40**	**17**	**2,443**	**-**
Net carrying amount as at March 31, 2020	**446**	**35**	**436**	**22**	**77**	**56**	**16**	**1,088**	**117**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

3 INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Computer Software	Total	Intangible assets under development	Total
Cost or Deemed Cost				
Opening as at April 01, 2018	5,944	5,944	55	55
Additions	236	236	161	161
Disposals / Adjustments	91	91	16	16
Capitalised during the year	-	-	144	144
Closing gross carrying amount	**6,089**	**6,089**	**56**	**56**
Accumulated amortisation and impairment losses				
Opening as at April 01, 2018	1,396	1,396	-	-
Amortisation for the year	621	621	-	-
Disposals / Adjustments	83	83	-	-
Closing accumulated amortisation	**1,934**	**1,934**	**-**	**-**
Net carrying amount as at March 31, 2019	**4,155**	**4,155**	**56**	**56**
Cost or Deemed Cost				
Opening as at April 01, 2019	6,089	6,089	56	56
Additions	120	120	220	220
Disposals / Adjustments	-	-		-
Capitalised during the year	-	-	82	82
Closing gross carrying amount	**6,209**	**6,209**	**194**	**194**
Accumulated amortisation and impairment losses				
Opening as at April 01, 2019	1,934	1,934	-	-
Amortisation for the year	628	628	-	-
Disposals / Adjustments	-	-	-	-
Closing accumulated amortisation	**2,562**	**2,562**	**-**	**-**
Net carrying amount as at March 31, 2020	**3,647**	**3,647**	**194**	**194**

4 NON CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Quantity	Amount	Quantity	Amount
Investment in subsidiaries, associates and joint ventures				
I Investment in unquoted equity Shares				
(i) In Subsidiary Companies				
Equity shares of ₹10/- each fully paid up in NCDEX e Markets Limited	35,499,400	3,550	35,499,400	3,550
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”	118,850,000	11,885	105,750,000	10,910
Equity shares of ₹10/- each fully paid up in National E-Repository Limited	54,451,000	5,445	54,451,000	5,445

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Quantity	Amount	Quantity	Amount
(ii) In Associates				
Equity Shares of ₹10/- each fully paid up in Power Exchange India Limited (Refer note - 37(3))”	20,000,000	2,000	15,000,000	-
II Investments in preference shares (fully paid up)				
(i) In Associates				
10% Optionally Convertible Cumulative Preference Shares of ₹10/- each fully paid up in Power Exchange India Limited (Refer note no. 37(3))	-	-	5,000,000	-
Total (a)		**22,885**		**19,910**
Aggregate amount of investments		**22,885**		**19,910**
***Aggregate provision for diminution in value of unquoted investments (Refer note - 37(3))**		**-**		**2,000**

5 OTHER FINANCIAL ASSET

(₹ in Lakhs)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
(a) Non-current bank balances				
Deposits with bank - original maturity more than 12 months	2,664	-	-	-
Total (a)	**2,664**	**-**	**-**	**-**
(b) Others				
Considered Good- Unsecured				
Recoverable from subsidiaries	-	-	257	239
Interest accrued on fixed deposits	66	-	290	379
Security Deposit	313	308	-	-
Other assets	-	-	25	27
Recoverable from trade payables	-	-	-	-
Receivables - credit impaired				
Others receivables - credit impaired	32	32	-	-
Less: Allowance for expected credit loss	(32)	(32)	-	-
	-	-	-	-
Loans and advances to subsidiaries				
Unsecured, considered good	-	-	54	27
Unsecured, credit impaired	-	-	173	175
Less: Allowance for expected credit loss	-	-	(173)	(173)
	-	-	54	29
Total (b)	**379**	**308**	**626**	**674**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

6 INCOME TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax paid including tax deducted at source receivable (net of provision)	3,867	2,958
Total	**3,867**	**2,958**

7 OTHER ASSETS

(₹ in Lakhs)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Unsecured, Considered Good				
Capital Advances	1	-	-	-
Prepaid Expenses *	49	95	538	251
Deferred Rent	-	31	-	17
Balances with Government authorities	-	-	173	99
Other Receivables	-	-	1,753	1,706
Total	**50**	**126**	**2,464**	**2,073**

* Current prepaid expenses included IPO expenses of ₹ 265.19 lakh

8 CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2019
	Units	Amount	Units	Amount
A) Investment in bonds				
Bonds (Quoted)				
NHAI Bonds 2015 Tax Free Bonds Tranche I Series II A for 15 years @ 7.35% p.a.	57,140	646	57,140	612
7.35% NABARD Tax free bonds Maturity dated March 23 2031@annualized YTM 6.01%	67,475	777	67,475	751
8.48% NTPC Tax free bonds Maturity dated December 16,2028 at 6.005% p.a.	44,799	560	44,799	574
Total Bonds (a)		**1,983**		**1,937**
B) Investment in mutual funds				
Mutual Funds (Unquoted)				
Aditya Birla Sunlife Cash Plus Growth Direct Plan	57,942	185	15,819	48
Aditya Birla Sunlife Cash Plus Growth Direct Plan *	16,580	53	15,480	47
Axis Liquid Fund Direct Growth	7,743	171	24,143	501
Axis Liquid Fund Direct Growth **	4,310	95	-	-
HDFC- Liquid Fund -Direct Plan -Growth	5,139	201	-	-
HDFC- Liquid Fund -Direct Plan -Growth *	198	8	-	-
ICICI Prudential Liquid Plan - Direct Plan Growth Option 2017-18	-	-	18,372	51
ICICI Prudential Liquid Plan - Direct Plan Growth Option 2016-17	29,019	85	29,019	80
ICICI Prudential Liquid Plan - Direct Plan Growth Option	43,728	128		
Kotak Liquid Scheme- Direct Plan-Growth Option ***			-	-

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2019
	Units	Amount	Units	Amount
Kotak Liquid Scheme- Direct Plan-Growth Option	2,073	83	2,540	96
Kotak Liquid Scheme- Direct Plan-Growth Option	-	-	12,694	480
Reliance Fix Horizon Fund Direct Plan Growth Option	-	-	5,000,000	641
Reliance Fixed Horizon Fund Direct Plan Growth Option	-	-	5,000,000	546
Reliance Fixed Horizon Fund - XXXV - Series 14	5,000,000	596	-	-
SBI Liquid Fund - Direct Growth	3,700	115	-	-
TATA Liquid Fund Direct Plan - Growth Option	-	-	13,599	400
Total - Current Investments (b)		**1,720**		**2,890**
Aggregate amount of total investments(a+b)		3,703		4,827
*Represents investment earmarked for Investor Service Fund				
**Represents Investment earmarked For SEBI Regulatory 18-19				
***Represents investment earmarked for Base Minimum Capital (BMC)				

9 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
a) Trade Receivables considered good - Secured*	380	549
b) Trade Receivables considered good - Unsecured	216	277
c) Trade Receivables - credit impaired	-	-
	596	**826**
Less: Expected credit loss allowance	-	-
Total	**596**	**826**

* Secured by deposits received from members

10 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Cash in hand	-	-
Balances with bank		
In current accounts (Note-1)	172	215
Deposits with original maturity of three months or less	2,611	-
Total	**2,783**	**215**

Note-1 Includes ₹3 lakh (March 31, 2019 : ₹ 3 lakh) in Escrow account "NCDEX Joint Price Dissemination Account". Includes ₹ 0.26 lakh (March 31, 2019 : ₹ 1.10 lakh) for Investor Service Fund.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

11 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
Deposits with maturity for more than 3 months but less than 12 months*	6,964	14,562
Total	**6,964**	**14,562**

* Includes Fixed Deposits of ₹ 400 lakh (March 31, 2019 : ₹ 1,866 lakh) pledged with Banks for Overdraft facilities

12 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
70,000,000 Equity shares of ₹ 10/- each (Previous Years : 70,000,000 Equity shares of ₹ 10/- each)	7,000	6,000
5% Cumulative Redeemable Preference Shares of ₹ 10/- each (Previous Years:10,000,000 5% Cumulative Redeemable Preference Shares of ₹ 10/- each	-	1,000
	7,000	7,000
Issued, subscribed and fully paid up shares		
50,676,000 Equity shares of ₹ 10/- each fully paid up (Previous Years: 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

Equity Shares of ₹ 10 each fully paid	March 31, 2020		March 31, 2019	
	No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)
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. Reconciliation of the authorised equity shares outstanding at the beginning and at the end of the reporting year.

	March 31, 2020		March 31, 2019	
Equity Shares of ₹ 10 each fully paid	No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)
At the beginning of the year	60,000,000	6,000	60,000,000	6,000
Conversion of Preference share into equity share capital	10,000,000	1,000	-	-
Outstanding at the end of the year	70,000,000	7,000	60,000,000	6,000

c. 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.

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.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

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

	As at March 31, 2020		As at March 31, 2019	
	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 (IFFCO)*	5,068,000	10.00%	5,068,000	10.00%
Oman India Joint Investment Fund (OIJIF) *	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	2,533,799	5.00%	3,091,236	6.10%
Canara Bank	3,055,519	6.03%	3,055,519	6.03%
Investcorp Private Equity Fund - I (previously known as IDFC Private Equity Fund III)	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.

*SEBI vide its letters dated May 23, 2019 and February 05, 2020 had directed the Exchange to freeze voting rights and restrict entitlement to any corporate benefits, including dividend over and above 5% of the paid up capital of the Exchange, of two shareholders (IFFCO & OIJIF), till compliance with SECC Regulations, 2018 or upto August 03, 2020. Accordingly, in order to give effect to said SEBI direction, the Exchange has freezed and restricted the voting rights and corporate benefits of the above mentioned non-compliant shareholders over and above 5% of the paid up capital of the Company till compliance of shareholding with SECC Regulations, 2018 or upto August 3, 2020.

13 OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus				Items of Other Comprehensive Income	Total
	Securities Premium Reserve	General reserve	Settlement Guarantee Fund	Retained Earnings	FVTOCI Debt instrument	
Balance as at April 01, 2018	**13,956**	**1,110**	**6,744**	**20,919**	**36**	**42,765**
Addition in current year	-	-	326	(2,698)	-	(2,372)
Items of Other Comprehensive Income for the year, net of tax						
Remeasurement benefit of defined benefit plans	-	-	-	6	-	6
Net fair value gain on investment in debt instruments through Other Comprehensive Income (OCI)	-	-	-	-	(20)	(20)
Payment of Dividend (Transaction with owners in their capacity as owners)	-	-	-	(152)	-	(152)
Dividend distribution tax (Transaction with owners in their capacity as owners)	-	-	-	(31)	-	(31)
Transfer to Settlement Guarantee Fund	-	-	-	(326)	-	(326)

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

(₹ in Lakhs)

Particulars	Reserves and Surplus				Items of Other Comprehensive Income	Total
	Securities Premium Reserve	General reserve	Settlement Guarantee Fund	Retained Earnings	FVTOCI Debt instrument	
Transfer to retained earnings	-	-	(7,070)	-	-	(7,070)
Transfer from Settlement Guarantee Fund	-	-	-	7,070	-	7,070
Balance as at March 31, 2019	**13,956**	**1,110**	**-**	**24,788**	**16**	**39,870**
Addition in current year			-	486	-	486
Items of Other Comprehensive Income for the year, net of tax						
Remeasurement benefit of defined benefit plans	-	-	-	(26)	-	(26)
Net fair value gain on investment in debt instruments through Other Comprehensive Income (OCI)	-	-	-	-	36	36
Payment of Dividend (Transaction with owners in their capacity as owners)	-	-	-	(253)	-	(253)
Dividend distribution tax (Transaction with owners in their capacity as owners)	-	-	-	(52)	-	(52)
Transitional Impact Lease accounting	-	-	-	(66)	-	(66)
Balance as at March 31, 2020	**13,956**	**1,110**	**-**	**24,877**	**52**	**39,995**

Description of nature and purpose of reserve

Securities Premium Reserve

Securities premium is used to record the premium on issue of shares i.e. the amount received in excess of the par value of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

General Reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Settlement Guarantee Fund

Settlement Guarantee Fund (SGF) - SGF was constituted by the Company as per the regulatory requirement. The amount was earmarked for completion of the settlement, in case of a default by a member.

Retained Earnings

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

Reserve for debt instruments through other comprehensive income

“This reserve represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or impairment losses on such instruments.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

14 PROVISIONS

(₹ in Lakhs)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Employee benefits obligation				
a) Provision for gratuity	89	17	86	77
b) Provision for leave encashment	40	36	12	11
Total	**129**	**53**	**98**	**88**

15 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets components		
Employee benefits	66	41
Financial assets at fair value through OCI	11	-
Unabsorbed loss including unabsorbed depreciation	1,730	1,070
Deferred tax assets on SEBI Regulatory Fees	16	-
Deferred tax assets on ISF liabilities	20	14
MAT Credit Entitlement	333	333
Cumulative catch-up lease accounting Ind AS 116	27	-
Rent Expenses IND AS 116	(0)	-
Gross deferred tax asset	**2,203**	**1,458**
Deferred tax liabilities components		
Depreciation and amortisation	559	559
Financial assets at fair value through P&L	34	61
Financial assets at fair value through OCI	15	7
Gross deferred tax liabilities	608	627
Net deferred tax asset/(liability)	**1,595**	**831**

16 DEPOSITS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Base Minimum Capital	1,776	1,825
Deposit from members	3,478	3,519
Total	**5,254**	**5,344**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

17 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Total outstanding due of micro and small enterprises	43	12
b) Total outstanding dues of creditors other than micro and small enterprises	1,368	832
Total	**1,411**	**844**

18 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
a) Payable towards purchase of PPE / Intangible Assets	-	-	173	-
b) Dues to members	-	-	343	349
c) Other payable	-	-	191	409
d) Interest payable to MSME	-	-	2	2
	-	**-**	**709**	**760**
e) Lease Liabilities	488	-	559	-
Total	**488**	**-**	**1,268**	**760**

19 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Revenue received in advance	230	288
b) SEBI turnover and regulatory fees payable	91	138
c) Investor protection fund*	166	203
d) Statutory dues payable **	317	288
e) Investor Service fund	69	47
f) Others	23	12
Total	**896**	**976**

1 * Includes ₹ 19 lakh (March 31, 2019 : ₹ 19 lakh) payable to Investor Protection Fund Trust, in view of the freeze order on the security deposit of the member Bhavishya Advisory and Comtrade (India) Pvt. Ltd. However, Forward Market Commission(FMC) has directed that NCDEX shall get the freeze order lifted by the police authorities and reimburse the amount to the Trust towards settlement of award and arbitration cost which the Trust has paid.

** Includes dividend payable ₹ 25.34 lakh (March 31, 2019 : ₹ NIL) (Refer Note 12(d))

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

20 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of services		
Transaction charges	4,639	5,720
Annual subscription fees	138	169
Admission fees	70	40
Risk Management fees	-	413
Delivery charges	-	490
Warehouse charges	20	137
Data, Analytics and Technology Sales	405	385
Other Operating Revenues		
Computer to computer link charges	43	48
Port charges	103	109
Total	**5,418**	**7,511**

21 Other Income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other non-operating income		
Interest on Bank deposits	1,109	730
Interest on Bonds	130	130
Interest on SGF	-	452
Interest on advance given to subsidiaries	13	13
Interest on financial asset measured at amortised cost	15	18
Profit on sale / Fair Value of Mutual funds*	119	778
Profit on sale / Fair Value of Mutual funds (ISF)	5	1
Exchange charges	55	59
Settlement Penalties SGF	-	6
Recovery of charges from subsidiaries	955	660
Profit on sale/scrap of PPE (net)	-	25
Provision no longer required	-	29
Leaseline charges income	328	276
Others (miscellaneous income)	40	93
Total	**2,769**	**3,270**

* Includes ₹ 208 lakh (March 31, 2019 : ₹ 1,442 lakh) of profit on sale of mutual funds.

22 Employee benefits expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, bonus and allowances	3,007	3,172
Contribution to Provident and other funds	224	248
Staff welfare expenses	145	158
Total	**3,376**	**3,578**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

23 Finance costs

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on lease liability	106	-
Total	**106**	**-**

24 Depreciation & amortization expense

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation	463	697
Amortization	628	621
Amortization of right to use assets	613	-
Total	**1,704**	**1,318**

25 Other expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	8	787
Electricity Charges	361	390
Security Charges	44	63
Printing and stationery	35	24
Books Periodicals & Subscription	15	24
Repairs and Maintenance	133	175
Communication Expenses	44	67
Travelling and Conveyance Expenses	160	206
Technology Expenses	3,102	3,512
Polling Expenses	197	174
Clearing and settlement charges	-	244
Testing Expenses	-	23
Insurance Expenses	65	65
Research Expenses	98	-
Legal and Professional Charges	302	349
Advertisement and Publicity	56	66
SEBI Regulatory Fees	55	100
Contribution to Investor Protection Fund	47	57
Contribution to Investor Service Fund	52	58
Committee member sitting fees and expenses	19	20
Directors Sitting Fees	127	134
Corporate social responsibility expenses	-	69
Payment to Auditors		
- As Auditors	19	19
- For other services	3	3
- For reimbursement of expenses	-	-
Bad Debts	-	2
Loss on sale / scrap of fixed assets (net)	8	-
Other Expenses	136	115
Total	**5,086**	**6,746**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

26 Exceptional Items

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Exceptional Items*		
Exchange contribution to core SGF - NCCL	-	(3,118)
Reversal of impairment loss - PXIL Investment	2,000	-
Total	**2,000**	**(3,118)**

* Refer Note No - 37

27 Current and Deferred Tax

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	-	(40)
Deferred Tax	(736)	(1,241)
Total	**(736)**	**(1,281)**

28 Earnings per share (EPS)

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit / (Loss) after tax as per Statement of Profit and Loss	486	(2,698)
Less: Preference dividend and tax thereon	-	-
Net Profit for calculation of EPS **(A)**	486	(2,698)
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)**	0.96	(5.32)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Weighted average number of equity shares for calculating EPS	50,676,000	50,676,000

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

a) Defined Contribution Plan

Contribution to Provident Fund and Employee State Insurance Scheme

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

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employer's Contribution to Provident Fund	117	130

b) Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more and less than or equal to nine years of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. Every employee who has completed more than ten years of service gets a gratuity on departure at 26 days salary (last drawn salary) for each completed year of service.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

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

Actuarial assumptions	Gratuity (funded)	
	As at March 31, 2020	As at March 31, 2019
Expected Rate of Return on plan assets	5.76%	6.96%
Discount rate (per annum)	5.76%	6.96%
Rate of increase in Compensation levels	8% for the first 5 years, 6% for the next 5 years, and 5% thereafter.	8% for the first 5 years, 6% for the next 5 years, and 5% thereafter.
Rate of Employee turnover	20.00%	20.00%
Mortality Rate during Employment	Indian Assured lives mortality (2006-08) ultimate	Indian Assured lives mortality (2006-08) ultimate
Mortality Rate after Employment	N.A.	N.A.

Table showing changes in present value of obligations :

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligation as at the beginning of the year	241	331
(Liability Transferred In / Acquisitions)	6	-
(Liability Transferred Out / Divestments)	(2)	(70)
Interest Cost	17	24
Current Service Cost	38	57
Benefits paid	(10)	(85)
Actuarial (gain) / loss on obligations	35	(16)
Present value of obligation as at the end of the period	**325**	**241**

Table showing changes in the fair value of plan assets :

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fair value of plan assets at beginning of the year	147	254
(Liability Transferred In / Acquisitions)	6	-
(Assets Transferred Out / Divestments)	(2)	(70)
Interest income	11	19
Employer contribution	-	38
Benefits paid	(10)	(85)
Actuarial gain / (loss) on plan assets	(2)	(8)
Fair value of plan assets at year end	**150**	**148**

The amounts to be recognized in Balance Sheet :

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligation as at the end of the period	(325)	(241)
Fair value of plan assets as at the end of the period	150	147
Funded Status (Surplus / (Deficit))	(175)	(94)
Unrecognised actuarial (gains) / losses	-	-
Net asset / (liability) recognised in Balance Sheet	**(175)**	**(94)**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

Expenses recognised in Statement of Profit and Loss :

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	38	57
Past service cost (Vested Benefit)	-	-
Interest Cost	7	6
Expected return on plan assets	-	-
Curtailment and settlement cost / (credit)	-	-
Expenses recognised in the Statement of Profit and Loss	**45**	**63**

Expenses recognised in Other Comprehensive Income :

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (Gains) / Losses on Obligation For the Period	35	(16)
Return on Plan Assets, excluding Interest Income	2	8
Change in Asset Ceiling	-	-
Net (Income) / Expense For the Period Recognized in Other Comprehensive Income	**37**	**(9)**

Maturity profile of defined benefit obligation :

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected benefits payable in future years from the date of reporting		
1st Following year	51	38
2nd Following year	51	38
3rd Following year	48	36
4th Following year	41	35
5th Following year	37	29
Sum of Years 6 to 10	123	96
Sum of Years 11 and above	72	58

Investment Details :

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

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Investments with insurance fund	100%	100%

Sensitivity :

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

(₹ in Lakhs)

Gratuity	Change in Assumption	For the year ended March 31, 2020		For the period ended March 31, 2019	
		Increase / (decrease) in liability	Increase / (decrease) in liability	Increase / (decrease) in liability	Increase / (decrease) in liability
Discount rate	+1% / -1%	-12	13	-9	10
Salary Escalation Rate	+1% / -1%	13	-12	9	-9
Employee Turnover	+1% / -1%	-2	2	-2	1

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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

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

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

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a.	Principal amount remaining unpaid to any supplier as at the year end	43	12
	Interest due thereon :	-	-
b.	Amount of interest paid during the year	-	-
c.	Amount of payments made to the supplier beyond the appointed day during the accounting year.	-	32
d.	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the (year) but without adding the interest specified under the Micro Small and Medium Enterprises Development Act, 2006.	-	2
e.	Amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
f.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act 2006.	2	-

Note: The above information and that given in Note No. 17 ‘ Trade Payables’ regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company and has been relied upon by the auditors.

31 Commitments and Contingencies

(a) Contingent Liabilities not provided for :

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	On account of Income taxes (Refer Note 1 below)	1,131	1,131
(ii)	On account of Legal claim (Refer Note 2 below)	185	185
(iii)	On account of payment of Bonus for the F.Y. 2014-15 (Refer Note 3 below)	11	11
(iv)	On account of Income taxes (Refer Note 4 below)	901	-

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

Note 1

(₹ in Lakhs)

Particulars	Assessment Year	As at March 31, 2020	As at March 31, 2019	Forum before which case is pending
Disallowance u/s 14A	AY 07-08	53	53	High Court
Investor Protection Fund	AY 07-08	171	171	High Court
Investor Protection Fund	AY 08-09	113	113	High Court
Investor Protection Fund	AY 09-10	61	61	High Court
Investor Protection Fund	AY 10-11	162	162	High Court
Investor Protection Fund	AY 11-12	123	123	CIT
Investor Protection Fund	AY 12-13	224	224	CIT
Investor Protection Fund	AY 13-14	162	162	CIT
Investor Protection Fund	AY 14-15	62	62	CIT
Total		**1,131**	**1,131**	

In A.Y. 2007-08, in the assessment order dated December 24, 2009 passed u/s. 143(3) of the Income Tax Act, 1961 (hereinafter referred to as 'the Act'), disallowance of ₹ 209 lakh was made u/s. 14A of the Act read with rule 8D of the Income Tax Rules, 1962. Subsequently, vide order dated May 13, 2010 passed u/s. 154 of the Act, the disallowance u/s. 14A was reduced to ₹ 159 lakh. The Company filed an appeal against the said assessment order, before the Commissioner of Income Tax (Appeals) ,which was disposed by CIT(Appeals) vide order dated December 8, 2011, in which partial relief of ₹ 79 lakh has been granted by CIT(Appeals) and accordingly the amount of disallowance reduced from ₹ 159 lakh to ₹ 79 lakh. The Company and the Income Tax Department, filed an appeal against the said order of CIT(Appeals) before the Income Tax Appellate Tribunal (ITAT), which has been disposed by Hon'ble ITAT vide order dated August 9, 2017, wherein the Hon'ble ITAT has restricted the disallowance u/s. 14A of the Act to 1% of the dividend income based on the decision of Hon'ble ITAT in the company's own case for AY 2006-07. Against the said order of Hon'ble ITAT, the Income Tax Department have preferred an appeal before Hon'ble High Court which is pending for adjudication.

The Company had received an assessment orders for the 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, wherein the Assessing officer has made an addition of the penalty collected by the Company on behalf of Investor Protection Fund (IPF), in taxable income of the Company. The Company has filed an appeal with Commissioner of Income Tax (Appeals) for all these years. The CIT(Appeals) for the A.Y. 2007-08 to A.Y. 2011-12 has given the orders in favour of the Company and for the remaining assessment years i.e. from AY 2012-13 to 2014-15, the appeals are pending for adjudication. Against the orders of CIT(Appeals) for AY 2007-08 to 2011-12 the Income Tax Department preferred an appeal before the Hon'ble Income Tax Appellate Tribunal (ITAT), which has been disposed by Hon'ble ITAT vide a combined order dated August 9, 2017 for AY 2007-08 to 2010-11, wherein the Hon'ble ITAT dismissed the appeals of the Income Tax Department. Against the said order of Hon'ble ITAT for AY 2007-08 to 2010-11, the Income Tax Department have preferred an appeal before Hon'ble High Court, which is pending for adjudication.

Note 2

A legal suit was been filed jointly against the Company and National Collateral Management Services Limited by a party claiming a sum of ₹ 185 lakh for loss on sale of goods, loss of profit, interest etc.

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.

Note 3

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

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

Note 4
In AY 2016-17, the assessment was completed under section 143(3) of the Income Tax Act, 1961 vide order dated May 31, 2019. The Assessing Officer (AO) has determined the total income of ₹ 11,060 lakh as against ₹ 9,798 lakh, declared in the return of income by making disallowances / additions of ₹ 1,262 lakh. Consequently, demand of ₹ 580 lakh was raised. The company is now in appeal before the Commissioner of Income Tax (Appeals), which is pending. In AY 2017-18, the assessment was completed under section 143(3) of the Income Tax Act, 1961 vide order dated December 28, 2019. The Assessing Officer (AO) has determined the total income of ₹ 1,783 lakh as against ₹ 863 lakh declared in the return of income by making disallowances / additions of ₹ 920 lakh. Consequently, demand of ₹ 321 lakh was raised. The company is now in appeal before the Commissioner of Income Tax (Appeals), which is pending.

(b) Capital Commitments

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	110	28

(c) Other Commitments

i The Company, vide its letter dated September 5, 2018, has given an undertaking to National Commodity Clearing Limited (NCCL) for infusion of capital to the extent required to enable compliance with SEBI directives on net worth of NCCL and for increasing the Core Settlement Guarantee Fund (Core SGF) to ₹ 250 crore. The current Core SGF balance as at March 31, 2020 is ₹ 192.09 crore. The increase in SGF will be by way of interest earned on the Core SGF balance, penalties collected by NCCL and transferred to Core SGF, NCCL's own contribution, direct contribution by the Company to Core SGF and balance amount (if any) as equity investment into NCCL every 6 months over a period of 3 years i.e. by September 2021.

ii The Company has invested ₹ 5 lakh in NCDEX Institute of Commodity Markets and Research(NICR), incorporated under section 25 of the Companies Act, 1956 (now section 8 of Companies Act, 2013) on September 18, 2007. The main object of the Institute is to operate as a charitable statistical research institute to promote knowledge and research relating to commodity markets, associated derivatives and disseminate information for the benefit of the participants in markets for products, goods, commodities, currency bonds, fixed income, intangibles, indices etc. NICR has incurred a loss ₹ 4.96 lakh for the year ended March 31, 2020 and accumulated losses as on March 31, 2020 is ₹ 199.73 lakh. Though, the net worth of NICR is fully eroded, the financial statements of NICR have been prepared on the assumption of a going concern in view of the ability to continue in its operation for a foreseeable future with the continued support by the Company.

32 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 6,206 MT sent to the referral laboratory, 5,002 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, 4,474 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 lakh (excluding taxes), as compared to the earlier estimate of ₹ 4,300 lakh. Out of the same, ₹ 1,200 lakh plus taxes is towards cleaning costs. Till March 31, 2020, the Exchange has paid ₹ 1,200 lakh plus taxes towards cleaning costs. The total amount paid till March 31, 2020 is ₹ 1,700 lakh (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 lakh.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

33 As required by Ind AS - 24 “Related Party Disclosures

(i) Name and description of related parties

Relationship	Name of related party
(a) Subsidiaries	NCDEX e Markets Limited (NeML)
	National E-Repository Limited (NERL)
	National Commodity Clearing Limited (NCCL)
	NCDEX Institute of Commodity Markets and Research (NICR)
(b) Associates	Power Exchange India Limited (PXIL)
(c) Joint Venture	Rashtriya e Market Services Private Limited (Joint venture with subsidiary NeML)
(c) List of Key Management Personnel	Mr. Samir Shah -Managing Director & Chief Executive Officer (Upto January 17, 2018)
	Mr. Vijay Kumar V. Managing Director & Chief Executive Officer (W.e.f. January 18, 2018)
	Mr. Atul Roongta (Chief Financial Officer) (W.e.f. August 10, 2017)
	Mr. Samir Rajdev (Company Secretary) (Upto January 15, 2019)
	Mr. Harish Kumar Sharma (Company Secretary) (W.e.f. March 25, 2019)
	Justice (Retd.) Ashok Bhan (Public Interest Director) (Upto January 3, 2019)
	Dr. Purvi Mehta (Public Interest Director) (W.e.f. January 11, 2018)
	Dr. Ashok Gulati (Public Interest Director) (W.e.f. January 3, 2019)
	Mr. Ravindra Kumar Roye (Public Interest Director and chairman) (W.e.f. June 15, 2017 and upto May 03, 2020 respectively)
	Mr. J. Ravichandran (Shareholder Director) (Upto February 04, 2020)
	Mr. Bhaskaran Nayar Venugopal (Shareholder Director) (W.e.f. January 11 2018)
	Mr. Rakesh Kapur (Shareholder Director)
	Mr. Srinath Srinivasan (Shareholder Director)
	Mr. Sunil Kumar (Shareholder Director)
	Mr. Nirmalendu Jajodia (Public Interest Director) (W.e.f. April 13, 2018)
	Mr. Prem Kumar Malhotra (Public Interest Director) (W.e.f. August 9, 2018)
	Mr. Chaman Kumar ((Public Interest Director and chairman) (W.e.f. April 10, 2018 and May 04, 2020 respectively)

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

(ii). Nature of transactions - The transactions entered into with the related parties during the year along with related balances as at March 31, 2020 are as under:

(₹ in lakhs)

Particulars	Subsidiaries								Associates		Key Managerial Personnel												Total	
	NeML		NICR		NERL		NCCL		PXIL		Samir Shah		Vijay Kumar V.		Atul Roongta		Harish Kumar		Samir R.		Directors			
	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19
Remuneration	-	-	-	-	-	-	-	-	-	-	-	-	191	166	150	139	41	2		25			381	332
Fees paid	-	-	-	-	-	17	-	227	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	244
Recovery of expenses	75	132	98	8	110	89	673	458	-	-	-	-	-	-	-	-	-	-	-	-	-	-	955	687
Expenses paid on behalf of subsidiaries/ associates	-	-	11	4	1	112	1	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12	140
Expenses paid by subsidiaries / associates on NCDEX behalf	1	-	-	-	0	-	4	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	4
Server rent paid	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-
Research expenses paid to subsidiaries	-	-	97	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	97	-
Transfer of asset between subsidiaries	-	-	-	-	-	-	-	68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	68
Investment in equity shares	-	-	-	-	-	-	975	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	975	1,000
Income collected on behalf subsidiaries / associates	-	-	-	-	0	1	3	83	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	84
Income collected by subsidiaries on NCDEX behalf	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-
Interest income	-	-	13	10	-	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	13	10
Loans given	-	-	-	-	-	-	-	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
Loan repayment received	-	-	-	-	-	-	-	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
Sitting fees paid to directors	-	-	-	-	-	-			-	-	-	-	-	-	-	-	-	-	-	-	99	115	99	115
Dues recovered from deposits lying with NCCL	-	-	-	-	-	-	-	49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49
SGF contribution	-	-	-	-	-	-	165	3,118	-	-	-	-	-	-	-	-	-	-	-	-	-	-	165	3,118
Transfer of clearing and settlement operations	-	-	-	-	-	-	-	13,840	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,840

(₹ in lakhs)

Balance outstanding at the year end	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19
Investments in equity shares	3,550	3,550	-	5	-	5,445	11,885	10,910	1,500	1,500	-	-	-	-	-	-	-	-	-	-	-	-	16,935	21,410
Investments in preference shares	-	-	-	-	-	-	-	-	500	500	-	-	-	-	-	-	-	-	-	-	-	-	500	500
Provision for diminution in the value of investment	-	-	-	-	-	-	-	-	-	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000
Short term loans receivable	-	-	173	175	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	173	175
Provision for advances	-	-	173	173	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	173	173
Other receivables	5	24	54	27	0	45	200	170	-	-	-	-	-	-	-	-	-	-	-	-	-	-	259	266
Trade payables / Other payable	-	-	-	-	-	-	4	0	-	-	52	52	91	44	21	26	4	-	-	-	-	-	171	122
Other current liabilities (Revenue received in advance)	8	-	-	-	(2)	-	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23	-

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

34 Segment Reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (“CODM”) of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company operates only in one Business Segment i.e. facilitating trading in commodities and the activities incidental thereto within India, hence the Company is not required to report Segments separately i.e. full financial statement considered as single segment as per Indian Accounting Standard 108 “Operating Segments”.

35 Corporate social responsibility expenses:

Gross amount required to be spent by the Company as per section 135 of the Companies Act 2013 on Corporate Social Responsibility activities and actual spend during the year ended March 31, 2020 is ₹ NIL (March 31, 2019 : ₹ 69 lakh)

Details of amount spent during the year are as follows:

(₹ in Lakhs)

CSR project or activity identified	Assessment Year	Assessment Year	Amount spent	
			For the year ended March 31, 2020	For the year ended March 31, 2019
Impact Assessment of Training Programs	An agency Kaarak was hired for the job of impact assessment of training programs conducted under CSR during 2017-18.	Farmer Awareness	-	5
Capacity Building of Farmer Producer Cooperatives (FPCs)	"Cleaning and grading units including screen grader, vertical bucket, gravity separator etc. given to FPCs through NGOs. FPCs covered - WOTR, KJBF, KVS, KVK Bundi, GVSS and SGVS in Maharashtra and Rajasthan."	Post-harvest management activities	-	64

36 In compliance with the directives of Securities and Exchange Board of India (SEBI) vide circular no. CIR/CDMRD/DEA/03/2015 dated November 26, 2015 to clear the trades through a separate Clearing Corporation within prescribed timelines, the Exchange has received the approval of SEBI to transfer its clearing and settlement functions to Subsidiary National Commodity Clearing Ltd (NCCL). Accordingly, NCDEX has transferred its Clearing and Settlement functions to NCCL with effect from September 27, 2018. Pursuant to this transfer, following assets & liabilities which were part of the Exchange till September 26, 2018 are now a part of NCCL from September 27, 2018.

(₹ in Lakhs)

Particulars	Amount
Margin money from members	9,905
Clearing Bank Deposits	3,300
WSP Deposits	514
Provision related to Employee benefits	91
Total Liabilities	**13,810**
Assets	
Bank balances (funds)	13,810
Risk management software	8
IT assets(Desktop, Laptop and Servers)	20
Total Assets	**13,838**

Also, income related to Clearing and Settlement functions viz. Risk management fee, Physical delivery charges, Warehouse income and Investment income on funds as mentioned above, now form part of NCCL income stream w.e.f. September 27, 2018. Similarly, the expenses related to clearing and settlement function viz. employee costs, technology costs, sharing of infrastructure costs will be incurred by NCCL w.e.f. September 27, 2018.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

SEBI, vide letter dated October 06, 2017, had directed that the quantum of Core Settlement Guarantee Fund (SGF) with the Clearing Corporation should not be less than the quantum of SGF with the Exchange at the time of transfer of Clearing & Settlement function. Accordingly, as on September 27, 2018, SGF with an amount of ₹ 11,961 lakh has been setup in NCCL, by contribution of ₹ 9,381 lakh from NCCL and ₹ 2,579 lakh by the Exchange, being it's share of Core SGF (₹ 2,312 lakh as the Exchange's share of core SGF and settlement penalties of ₹ 268 lakh).

Post the set up of the SGF in NCCL, the Exchange had contributed ₹ 539 lakh till March 31, 2019, toward its share of core SGF as per SEBI guidelines based on stress test results. Therefore the total contribution to SGF in the year ended March 31, 2019 was ₹ 3,118 lakh is disclosed as “”Contribution to Core SGF including exceptional item”” in face of the financial results. During the year ended March 31, 2020 the Exchange has contributed ₹ 165 lakh, toward its share of core SGF as per SEBI guidelines based on stress test results

37 Details of Contribution to SGF & Exceptional items are as follows:

(₹ in Lakhs)

Particulars	For the Period ended March 31, 2020	For the Period ended March 31, 2019
Exchange Contribution to core SGF Exceptional (Note-1)	-	(2,579)
Exchange Contribution to core SGF (Note-2)	(165)	(539)
Reversal of impairment loss - PXIL Investment (Note-3)	2,000	-
Total	**1,835**	**(3,118)**

Note-1 The minimum required core Settlement Guarantee Fund (SGF) as per the stress test prescribed in the SEBI guidelines, as on September 26, 2018 was ₹ 8,265 lakh and SGF corpus on the date, with the exchange was ₹ 11,961 lakh. Accordingly SGF was set up in NCCL at an amount of ₹ 11,961 lakh, including ₹ 2,579 lakh as Exchange contribution to SGF (₹ 2,312 lakh as the Exchange's share of core SGF and settlement penalties of ₹ 268 lakh).

Post the set up of the SGF in NCCL, the company has contributed ₹ 12 lakh during the year ended September 30, 2018, toward its share of core SGF as per SEBI guidelines based on stress test results. This amount of ₹ 12 lakh is included in the statement of the profit and loss account as “”Contribution to Core SGF Including exceptional contribution.

Note- 2 The company has contributed ₹ 165 lakh during the year, toward its share of core SGF as per SEBI guidelines based on stress test results. This amount of ₹ 165 lakh is shown on face of the profit and loss account as “”Contribution to Core SGF Including exceptional contribution.

Note -3 In the year 2015-16, after considering continuous losses in PXIL and erosion of its entire net worth, Company had estimated that the recoverable amount of its investment in PXIL which consisted of ₹ 1,500 lakh in equity shares and ₹ 500 lakh in optionally convertible preference shares, should be impaired to Nil value. Consequently, the Exchange impaired its entire investment of ₹ 2,000 lakh by way of a charge to its profit and loss account.

During the current financial year, NCDEX converted its investment of ₹ 500 lakh in optionally convertible preference shares into equity shares. After such conversion, the Exchange has an investment in the equity shares of PXIL to the extent of ₹ 2,000 lakh.

Further, as at September 30, 2019, after considering profits in PXIL for last two and a half year, sustainability of such profits and based on a valuation report by a registered valuer, the Exchange has reversed the impairment loss and reinstated its investment of ₹ 2,000 lakh through a credit in its profit and loss account.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

38 Financial risk management objectives and policies

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies.

Management of Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Company's finance department regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any surplus cash available, over and above the amount required for management and other operational requirements, is retained as cash and cash equivalents (to the extent required), highly marketable debt investments, and interest bearing term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

(₹ in Lakhs)

Particulars	Note Nos.	Carrying amount	Payable on demand	Less than 12 months	More than 12 months	Total
As at March 31, 2020						
Deposits	16	5,254	5,254	-	-	5,254
Trade payables	17	1,411	-	1,411	-	1,411
Lease Liabilities	41	1,047	-	559	488	1,047
Other financial liabilities	18	709	-	709	-	709
		8,421	**5,254**	**2,679**	**488**	**8,421**
As at March 31, 2019						
Deposits	16	5,344	5,344	-	-	5,344
Trade payables	17	844	-	844	-	844
Other financial liabilities	18	760	-	760	-	760
		6,948	**5,344**	**1,604**	**-**	**6,948**

Management of Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Trade Receivables :

Concentrations of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse and also on account of member's deposits kept by the company as collaterals which can be utilised in case of member default. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

Out of the total trade receivable of ₹ 596 lakh (March 31, 2019 : ₹ 826 lakh), the receivable amounting to ₹ 68 lakh (March 31, 2019 : ₹ 148 lakh) are outstanding for more than 180 days.

None of the customers accounted for more than 10% of the receivables and revenue for the year ended March 31, 2020 and for the year ended March 31,2019.

Other financial assets :

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in debt mutual funds and bonds. The Company limits its exposure to credit risk by making investment as per the investment policy. The Company addresses credit risk in its investments by mandating a minimum rating of the security / institution where the amounts are invested and is further strengthened by mandating additional requirement like Capital Adequacy Ratio (CAR), Minimum Average Assets Under Management (AAUM) etc. for certain types of investments. Further the investment committee of the Company reviews the investment portfolio on a periodic basis and recommends or provides suggestion to the management. The Company does not expect any losses from non- performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

Management of Market Risk

The Company's business, financial condition and results of operations are highly dependent upon the levels of activity on the exchange, and in particular upon the volume of commodities traded, the number of contracts and liquidity and similar factors.

In addition to the above risk, Market risk also includes the risk of loss of future earnings, fair values of future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rates are sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the Company's control. Changes in the general level of interest rates can affect the profitability by affecting the spread between, amongst other things, income the Company receives on investments in debt securities, the value of interest-earning investments, it's ability to realise gains from the sale of investments.

Foreign currency risk

The Company periodically transacts internationally and few of the transactions are conducted in different currencies. As the volume of the transactions are few, the Company has not entered in foreign exchange forward exchange contracts.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Company is predominantly equity financed which is evident from the capital structure. Further, the Company has always been a net cash company with cash and bank balances along with investment which is predominantly invested in liquid mutual funds and fixed deposits with scheduled banks, being far in excess of financial liabilities.

39 Fair Value measurement

Financial Instrument by category and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

• Level 1

This hierarchy includes financial instruments measured using quoted prices.

• Level 2

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

Level 2 inputs include the following:

a) quoted prices for similar assets or liabilities in active markets.

b) quoted prices for identical or similar assets or liabilities in markets that are not active.

c) inputs other than quoted prices that are observable for the asset or liability.

d) Market – corroborated inputs.

• Level 3

They are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(₹ in Lakhs)

Particulars	Levels	As at March 31, 2020	As at March 31, 2019
1) Financial Assets			
Financial assets measured at fair value through profit or loss			
A) Investment in Mutual Funds	Level 1	1,720	2,890
Financial assets measured at fair value through other comprehensive income			
A) Investment in Bonds	Level 1	1,983	1,937
Financial assets measured at Amortized Cost			
A) Bank deposits		9,628	14,562
B) Trade receivables		596	826
C) Cash and Cash equivalents		2,783	215
D) Other Financial Asset		1,005	982
Total financial assets		**17,715**	**21,412**
2) Financial liabilities			
Financial liabilities measured at Amortized Cost			
A) Deposits from members		5,254	5,344
B) Trade payables		1,411	844
C) Lease Liabilities		1,047	-
d) Other Financial liabilities		709	760
Total Financial liabilities		**8,421**	**6,948**

The carrying amounts of trade receivables, bank deposit, other financial assets, trade payables, Deposit from member, other financial liabilities and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

40 Lease payments under non - cancellable operating leases have been recognized as an expense in the Statement of profit & loss. Maximum obligation on lease amount payable as per rentals stated in respective agreements as per Ind AS 17 - Leases are as follows:

(₹ in Lakhs)

Particulars	31-03-2019
Not later than one year	573
Later than one year but not later than five years	1,007
More than five years	-

41 Leases

1 **Transition**

On transition, the adoption of the new standard resulted in recognition of 'Right to use' asset of ₹ 1,529 lakh and a lease liability of ₹ 1,623 lakh . The cumulative effect of applying the standard of ₹ 66 lakh is debited to retained earnings, net of taxes. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

2 **The following is the summary of practical expedients elected on initial application:**

i. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

ii. Applied the exemption not to recognize right to use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

iii. Excluded the initial direct costs from the measurement of the right to use asset at the date of initial application.

iv. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

3 The effect of depreciation and interest related to Right to Use Asset and Lease Liability are reflected in the Profit & Loss Account under the heading "Depreciation and Amortisation Expense" and "Finance costs" respectively under Note no. 23 and 24.

4 The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 8.38%.

5 The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note 41 of the financial statements as on March 31, 2019 and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

6 Following are the changes in the carrying value of right to use assets for the year ended March 31, 2020.

Particulars	Category of Right to use Assets		Total
	Office Space	Guest House	
Balance as of April 1, 2019	-	-	-
Reclassified on account of adoption of Ind AS 116	48	-	48
Additions	1,515	35	1,550
Depreciation	602	11	613
Balance as of March 31, 2020	**961**	**24**	**985**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

7 The following is the break-up of current and non-current lease liabilities as of March 31, 2020

(₹ in Lakhs)

Particulars	Amount
Current Lease liabilities	559
Non-current lease liabilities	488
Total	**1,047**

8 The following is the movement in lease liabilities during the year ended March 31, 2020 :

(₹ in Lakhs)

Particulars	Amount
Balance as at April 1, 2019	-
Additions	1,644
Deletions	-
Finance cost accrued during the year	106
Payment of lease liabilities	703
Balance as of March 31, 2020	**1,047**

9 The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

(₹ in Lakhs)

Particulars	Amount
Less than one year	559
One to five years	488
More than 5 years	-
Total	**1,047**

10 The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

11 Rental expense recorded for short-term leases was ₹ 8 lakh for the year ended March 31, 2020

42 Tax Reconciliation

a A reconciliation of Income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before income taxes	-250	-3,979
Enacted tax rates in India (%)	29	29
Computed expected tax expense	-73	-1,159
Tax impact on depreciation	172	-94
Tax impact due to non-deductible expenses for tax purposes	-141	222
Tax impact on exempt income	-38	-38
Capital gain taxed at different rate (Net of business losses)	3	-1
Deferred tax expense	-77	-174
Reversal of impairment loss - PXIL Investment	-582	-
Reversal of excess tax provision of earlier year	-	-40
Income tax expense	**-736**	**-1,284**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

b The following table provides the details of income tax assets and income tax liabilities as of March 31, 2020

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax assets	11,679	10,770
Income tax liabilities	7,812	7,812
Net Non current income tax assets / (liability) at the end	**3,867**	**2,958**

c The gross movement in the current income tax asset / (liability) for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Net current income tax asset/ (liability) at the beginning	2,958	2,295
Add:-Income tax paid	909	594
Less:-Additional Refund Received	-	69
Less:-Provision for income tax	-	-
Net current income tax asset/ (liability) at the end	**3,867**	**2,958**

d Deferred tax (liabilities) / assets (net)

Movements in deferred tax assets

(₹ in Lakhs)

Particulars	Employee benefit	Financial Assets at Fair Value through OCI	MAT Credit Entitlement	Lease	Unabsorbed loss including unabsorbed depreciation	ISF liabilities & SEBI Regulatory fee	Total
As at March 31, 2018	**42**	**29**	**333**	**-**	**-**	**-**	**404**
Charged/(credited)							
- to profit or loss	(1)		-	-	1,070	14	1,083
- to other comprehensive income	-	(29)	-	-	-	-	(29)
As at March 31, 2019	**41**	**-**	**333**	**-**	**1,070**	**14**	**1,458**
Charged/(credited)							
- to profit or loss	25		-	(0)	660	22	707
- to other comprehensive income	-	11	-	-	-	-	11
- Retained Earning	-	-	-	27	-	-	27
As at March 31, 2020	**66**	**11**	**333**	**27**	**1,730**	**36**	**2,202**

Movements in deferred tax liabilities

(₹ in Lakhs)

Particulars	Depreciation	Financial Assets at Fair Value through profit or loss	Financial Assets at Fair Value through OCI	Total
As at March 31, 2018	**519**	**299**	**-**	**818**
Charged/(credited)				
- to profit or loss	40	-238		(198)
- to other comprehensive income	-	-	7	7
As at March 31, 2019	**559**	**61**	**7**	**627**
Charged/(credited)				
- to profit or loss	0	(27)	-	(27)
- to other comprehensive income	-	-	8	8
As at March 31, 2020	**559**	**34**	**15**	**608**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

43 The Exchange had filed a draft red herring prospectus (DRHP) on February 11, 2020 with the Securities and Exchange Board of India (SEBI) and stock exchanges for the proposed initial public offering (IPO) of its equity shares, comprising of fresh issue of up to ₹ 100 Crores and Offer for Sale of up to 14,453,774 Equity Shares by the Selling Shareholders. On April 9, 2020 SEBI issued its final observations on the DRHP. Basis these observations, the Exchange can now launch its proposed IPO i.e. open for subscription within 12 months from April 9, 2020. The Exchange has also received in- principle approval from National Stock Exchange of India Limited and BSE Limited for proposed listing of its equity shares on the stock exchanges.

44 The Indian Government announced complete lockdown with effect from March 25, 2020 in view of the CoVID-19 pandemic. However, as the Exchange has been classified as an essential service, the Exchange operations continued to function smoothly and without any disruption even during the lockdown period. The Exchange has carried out a comprehensive analysis of the impact on its business and operations and the same has been reviewed by the Risk Management Committee of the Board. The Exchange has also evaluated the possible impact of CoVID-19 on the business operations and the financial position of the Exchange and based on its assessment, believes that there is no significant impact on the financial statements of the Exchange as at and for the year ended March 31, 2020. Further, the Exchange is debt free and would have adequate liquidity available to honor its liabilities and obligations, as and when due. The Exchange is closely monitoring developments, its operations, liquidity and capital resources and is actively working to minimize the impact of this unprecedented situation.

45 Previous year figures have been regrouped / reclassified wherever necessary to conform to current year presentation.

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 : June 12, 2020

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

Vijay Kumar V.
Managing Director & Chief Executive Officer
DIN - 6651068

Chaman Kumar
Chairman and Public Interest Director
DIN - 07304930

Harish Kumar
Company Secretary
Membership No. - 20844

Atul Roongta
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of National Commodity & Derivatives Exchange Limited

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **National Commodity & Derivatives Exchange Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the NCDEX Group'), its associate companies and jointly controlled entities, which comprise the Consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Statement of consolidated cash flows for the year then ended, and notes to consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2020, and its profit(including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group, its associates and jointly controlled entities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to:

Note 33 to the consolidated financial statements. In respect of the matters relating to the future contracts of pepper, 'other receivable' as on March 31, 2019, includes various costs amounting to ₹ 1700 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 modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matter as Key Audit Matter/s for the year.

Key Audit Matter - Litigation, Claims and Contingent Liabilities:

(Refer Notes 32(a) and 33, to be read along with Emphasis of Matter in Independent Auditor's Report of the consolidated financial statements)

The Group is exposed to a variety of different laws and regulations thereof which encompasses legal matters. In the normal course of business, provisions and contingent liabilities may arise from legal proceedings, including regulatory and other Governmental proceedings, constructive obligations and commercial claims.

Based on the nature of regulatory and legal cases management applies significant judgment when considering whether, and how much, to provide for the potential exposure of each matter. These estimates could change substantially over time as new facts emerge as each legal case or matters progresses.

Given the different views possible, basis the interpretations, complexity and the magnitude of the potential exposures, and the judgment necessary to determine required disclosures, this is a key audit matter.

Auditor's Responses - Principal audit procedures performed:

- We understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the Group's controls over the recording and re-assessment of uncertain legal positions, claims and contingent liabilities.
- We held discussions with senior management including the person responsible for legal and compliance to obtain an understanding of the factors considered by management in classification of the matter as 'probable', 'possible' and 'remote'.
- Examined the Group's legal expenses on sample basis and read the minutes of the board meetings and the regulatory oversight committee in order to ensure completeness.
- We considered legal opinion obtained by the management from external law firms to challenge the basis used for provisions recognised or the disclosures made in the standalone financial statements.

  For those matters where management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Group's disclosures made in relation to contingent liabilities.

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

The HoldingCompany's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report including annexures thereto and Management Discussion Analysis but does not include the consolidated financial statements and our auditor's report thereon. Directors' Report including annexures thereto and Management Discussion Analysis is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, compare with the financial statements of the subsidiaries and joint venture audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and joint venture, is traced from their financial statements audited by the other auditors.

When we read the Directors' Report including annexures thereto and Management Discussion Analysis, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of the Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND AS) specified under Section 133 of the Act read with the rules made thereunder. 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; 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its associates and jointly controlled entities are responsible for assessing the ability of the Group and its associates and its jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and its jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (Contd.)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

Other Matters

1) 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, 2020, have drawn attention to a matter wherein in respect ofRashtriya e Market Services Private Limited ('ReMSPL'), in the opinion of the joint venture's management, goods and services tax ('GST') is not applicable on the transaction charges billed byReMSPL. Hence the provision for GST has not been made in the books of accounts for the same. The financial impact, if any, due to applicability of GST on the consolidated financial statement of the Group is ₹ 581 Lakhs exclusive of interest and other imposition, if any.

2) We did not audit the financial statements of four subsidiary companies whose financial statements reflect total assets of ₹ 69949.51 Lakhs as at March 31, 2020, total revenues of ₹10,544.66 Lakhs and net cash inflows amounting to ₹1657.90 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 362.41 Lakhs for the year ended March 31, 2020, in respect of one jointly controlled entity of a subsidiary, whose financial statements have not been audited by us.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 subsidiaries is based solely on the reports of the other auditors.

3) The Independent Auditors of Company's Subsidiaries, National Commodity Clearing Limited ('NCCL') and National E-Repository Limited ('NERL') in their audit reports of the respective financial statements have drawn attention to the matter that The Financial Statements of NCCL and NERL for the year ended March 31, 2020 were audited under exceptional circumstances due to prevailing lockdown conditions on account of Covid-19 pandemic. Due to the restrictions on physical movement, the entire audit team could not visit these companies and they have examined the books of accounts and relevant documents through scanned documents / spread sheets received in electronic mode and not in original. Their audit procedures were designed to obtain sufficient appropriate audit evidence under these exceptional circumstances.

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.

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 reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of 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.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate company and jointly controlled entity, none of the directors of the Group companies, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements 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 the requirements of section 197(16) of the Act, as amended:

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

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 the pending litigations its financial position in its financial statements – refer note 32(a) and 33 to the financial statements;

(ii) The Company does not have any long-term contracts for which there were any material foreseeable losses. The Company does not have any derivative contracts.

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

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

Sachin A. Negandhi
Partner
Membership No: 112888
UDIN: 20112888AAAABV2008

Place: Mumbai
Date: June 12, 2020

ANNEXURE - B 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, 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, associate and jointly controlled entity as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company its subsidiary companies, its associate company and jointly controlled company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 with reference to financial statements of the Holding Company, its subsidiary companies, associate and jointly controlled entity, 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 internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained 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 audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements 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

Annexure - B to the Independent Auditor's Report of even date on the Consolidated Financial Statements of National Commodity & Derivatives Exchange Limited (Contd.)

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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 subsidiary companies, associate and jointly controlled entity, has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to four 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.

The Independent Auditors of Company's Subsidiaries, National Commodity Clearing Limited ('NCCL') and National E-Repository Limited ('NERL') in their audit reports of the respective financial statements have drawn attention to the matter that The Financial Statements of NCCL and NERL for the year ended March 31, 2020 were audited under exceptional circumstances due to prevailing lockdown conditions on account of Covid-19 pandemic. Due to the restrictions on physical movement, the entire audit team could not visit these companies and they have examined the books of accounts and relevant documents through scanned documents / spread sheets received in electronic mode and not in original. Their audit procedures were designed to obtain sufficient appropriate audit evidence under these exceptional circumstances. Our opinion is not modified in respect of this matter.

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

Sachin A. Negandhi
Partner
Membership No: 112888
UDIN: 20112888AAAABU7125

Place: Mumbai
Date: June 12, 2020

CONSOLIDATED BALANCE SHEET

as at March 31, 2020

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	1,500	1,953
Capital work-in-progress	2	117	-
Right to use assets	55	1,457	-
Intangible assets	3	5,278	5,673
Intangible assets under development	3	380	158
Financial assets			
Investments in associates / joint venture	4	3,393	2,276
Other financial assets			
- Bank balances	5(a)	5,757	1,099
- Others	5(b)	557	361
Deferred tax assets (net) *	16	1,661	586
Income tax assets (net)	6	4,501	3,431
Other non-current assets	7	58	146
Total non-current assets		**24,659**	**15,683**
Current Assets			
Financial assets			
- Investments	8	3,703	4,827
- Trade receivables	9	3,226	1,801
- Cash and cash equivalents	10	12,073	7,848
- Bank balances other than cash and cash equivalents	11	48,020	46,007
- Others	5(b)	4,281	4,359
Other current assets	7	2,635	2,319
Total current assets		**73,938**	**67,161**
TOTAL ASSETS		**98,597**	**82,844**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	5,068	5,068
Other equity *	13	45,709	41,037
Equity attributable to Owners		**50,777**	**46,105**
Non Controlling Interest	13	2,290	2,555
Total Equity		**53,067**	**48,660**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
- Deposits	14	13	20
- Lease Liabilities	14	845	-
- Other Financial liabilities	14	41	14
Provisions	15	294	129
Total non-current liabilities		**1,193**	**163**
Current Liabilities			
Financial liabilities			
- Deposits	17	37,390	29,916
- Trade payable			
Total Outstanding dues of micro enterprises and small enterprises	18	88	88
Total Outstanding dues of other than micro enterprises and small enterprises	18	1,671	1,289
- Lease Liabilities	19	713	-
- Other Financial liabilities	19	3,108	1,330
Other current liabilities	20	1,139	1,224
Provisions	15	228	174
Total current liabilities		**44,337**	**34,021**
TOTAL LIABILITIES		**45,530**	**34,184**
TOTAL EQUITY AND LIABILITIES		**98,597**	**82,844**
Summary of significant accounting policies	1		

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

* Restated (Refer note - 58)

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

Vijay Kumar V.
Managing Director & Chief Executive Officer
DIN - 6651068

Chaman Kumar
Chairman and Public Interest Director
DIN - 07304930

Harish Kumar
Company Secretary
Membership No. - 20844

Atul Roongta
Chief Financial Officer

Place : Mumbai
Date : June 12, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from operations	21	13,184	14,884
Other Income	22	4,275	4,434
Total Income		**17,459**	**19,318**
EXPENSE			
Employee benefits expense	23	6,895	6,569
Finance cost	24	150	-
Depreciation & amortization expense	25	2,572	1,947
Other expenses	26	8,180	9,514
Total expenses		**17,797**	**18,030**
Profit / (loss) before share of Net profit of Joint venture, exceptional items and income tax		**(338)**	**1,288**
Add : Exceptional items	27	(377)	-
Profit / (Loss) before share of Net profit of Joint venture and income tax		**(715)**	**1,288**
Share of net profit from Joint venture and associate accounted for using equity method	45	955	322
Profit / (Loss) before tax		**240**	**1,610**
Tax expense			
Current tax	28	434	423
Deferred tax (credit) *	28	(1,040)	(618)
Profit / (Loss) for the year (A)		**846**	**1,805**
Other comprehensive Income (OCI) :			
Items that will not be reclassified to the Statement of profit and loss;			
Remeasurement of post-employment benefit obligations		(114)	(21)
Income tax impact on above		33	5
Share of OCI from Joint venture accounted for using equity method		(2)	-
Item that will be reclassified to the Statement of profit and loss;			
Debt instruments through Other Comprehensive Income		46	(26)
Income tax impact on above		(10)	6
Other comprehensive income for the year net of tax (B)		**(47)**	**(36)**
Total comprehensive income for the year (A+B)		**799**	**1,769**
Profit attributable to:			
Owners of the Parent Company		1,112	1,875
Non-controlling interests		(266)	(70)
Other comprehensive income attributable to:			
Owners of the Parent Company		(46)	(34)
Non-controlling interests		(1)	(2)
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		1,066	1,841
Non-controlling interests		(267)	(72)
Earnings per share attributable to the equity holders of the Parent Company			
Earnings per share (Face value of ₹ 10 each)			
(1) Basic (₹)		2.20	3.70
(2) Diluted (₹)		2.20	3.70
Summary of significant accounting policies	1		

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

* Restated (Refer note - 58)

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

Vijay Kumar V.
Managing Director & Chief Executive Officer
DIN - 6651068

Chaman Kumar
Chairman and Public Interest Director
DIN - 07304930

Harish Kumar
Company Secretary
Membership No. - 20844

Atul Roongta
Chief Financial Officer

Place : Mumbai
Date : June 12, 2020

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash flow from operating activities		
Profit before tax *	242	1,610
Adjustments for:		
Depreciation & amortisation	2,572	1,947
Provision for leave encashment	70	(38)
Provision for gratuity	35	50
Provision no longer required	(51)	(29)
Provision for doubtful debts	8	-
(Profit) / Loss on sale / scrap of fixed assets (net)	(1)	-
(Profit) / Loss on sale of investments	(420)	(1,116)
(Profit) / Loss on sale of fixed asset	8	
Interest income	(3,294)	(2,833)
Sundry balances written off	32	(140)
Interest expense micro enterprises and small enterprises	(1)	3
Share of profit from Joint venture and associate	(953)	(322)
Utilisation from Investor Service fund	(30)	(10)
Utilisation from Risk Management Fund	-	-
Contribution to Core SGF by Settlement Penalties	4,188	66
Funding from SGF	(1,335)	-
Interest on lease liabilities	150	-
Reversal of Impairment loss	(291)	-
Margin elimination associates	57	-
Operating profit before working capital changes	**986**	**(812)**
Movements in working capital:		
Decrease / (Increase) in trade receivables	(1,473)	210
Decrease / (Increase) in other current assets	(270)	(198)
Decrease / (Increase) in other non current assets	59	22
Decrease / (Increase) other non current financial assets	(82)	79
Decrease / (Increase) other financial assets	(380)	902
Increase / (Decrease) in non - current financial liabilities	20	(36)
Increase / (Decrease) in trade payables	440	(567)
Increase / (Decrease) in current financial liabilities	9,023	(796)
Increase / (Decrease) in other current liabilities	(489)	(271)
Cash generated / (used) from operations	**7,834**	**(1,467)**
Direct taxes paid (net of refunds) *	(1,055)	(767)
Net cash generated / (used) in operating activities (A)	**6,779**	**(2,234)**
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(1,095)	(1,771)
Proceeds from sale / disposal of fixed assets	1	73
Purchase of current investments	(681,569)	(740,921)
Proceeds from sale of current investments	683,655	763,894
Dividend Received from joint venture entity	70	60
Interest received	4,242	2,439

CONSOLIDATED STATEMENT OF CASH FLOW

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

(₹ in Lakhs)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Investment in fixed deposits (original maturity of more than three months)		(101,725)	(43,760)
Redemption/Maturity of fixed deposits (original maturity of more than three months)		95,054	25,889
Net cash generated / (used) in investing activities	**(B)**	**(1,367)**	**5,903**
C. Cash Flows from financing activities			
Proceeds from issuance of equity share capital to non controlling interest		5	11
Share issue expenses		(20)	-
Dividend paid		(228)	(152)
Dividend tax paid		(52)	(31)
Repayment of lease Liabilities		(892)	-
Net cash generated / (used) from financing activities	**(C)**	**(1,187)**	**(172)**
Net increase / (decrease) in cash and cash equivalents	**(A + B + C)**	**4,225**	**3,497**
Cash and cash equivalents at the beginning of the year		7,848	4,351
Cash and cash equivalents at the end of the year		**12,073**	**7,848**
Components of cash and cash equivalents (Refer note - 10)			
Cash and cheques on hand		2	0
With Banks			
- on current accounts (Note-1)		2,923	5,205
- on fixed deposits (Original maturity being three months or less) (Note-2)		9,148	1,480
Investments in mutual funds (Highly Liquid Funds)		-	1,163
Total		**12,073**	**7,848**

Note-1: Includes

₹ 3 lakh (March 31,2019 ₹. 3 lakh) in Escrow account "NCDEX Joint Price Dissemination Account".

₹ 0.02 lakh (March 31,2019 ₹ NIL) for Core Settlement Guarantee Fund .

₹ 0.26 lakh (March 31,2019 ₹ 1.10 lakh) for Investor Service Fund.

Note-2 : Includes

₹ NIL (March 31,2019 ₹ NIL) for Core Settlement Guarantee Fund.

Summary of significant accounting policies 1

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

* Restated (Refer note - 58)

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

Vijay Kumar V.
Managing Director & Chief Executive Officer
DIN - 6651068

Chaman Kumar
Chairman and Public Interest Director
DIN - 07304930

Harish Kumar
Company Secretary
Membership No. - 20844

Atul Roongta
Chief Financial Officer

Place : Mumbai
Date : June 12, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

(A) Equity Share Capital

(₹ in Lakhs)

Particulars	Amount
Balance as at April 1, 2018	5,068
Changes in equity share capital during the year	-
Balance as at March 31, 2019	5,068
Changes in equity share capital during the year	-
Balance as at March 31, 2020	5,068

(B) Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus							Items of Other Comprehensive Income	Grand Total		
	Securities Premium Reserve	Share option Reserve	Risk Management Fund	General reserve	Core Settlement Guarantee Fund (Refer note - 39)	Special Guarantee Fund	Retained Earnings	FVTOCI Debt instrument	Total Attributable to owners of the Parent Company	Attributable to Non-Controlling interest	Total
Balance at the April 1, 2018	**13,956**	**140**	**15**	**1,110**	**-**	**-**	**16,984**	**36**	**38,985**	**2,627**	**41,612**
Addition in current year *	9	-	15	-	14,032	1	1,875	-	16,258	(72)	16,185
Utilised / Converted during the year	-	-	(10)	-	-	-	-	-	(10)	-	(10)
Items of Other Comprehensive Income for the year, net of tax											
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	(14)	-	(14)	-	(14)
Net fair value gain on investment in debt instruments through Other Comprehensive Income	-	-	-	-	-	-	-	(18)	(18)	-	(18)
Payment of Dividend (Transaction with owners in their capacity as owners)	-	-	-	-	-	-	(152)	-	(152)	-	(152)
Dividend distribution tax (Transaction with owners in their capacity as owners)	-	-	-	-	-	-	(31)	-	(31)	-	(31)
Transfer to Core Settlement Guarantee Fund - NCCL	-	-	-	-	-	-	(10,708)	-	(10,708)	-	(10,708)
Transfer from Settlement Guarantee Fund	-	-	-	-	-	-	7,070	-	7,070	-	7,070
Transfer to Core Settlement Guarantee Fund - NCDEX	-	-	-	-	-	-	(3,118)	-	(3,118)	-	(3,118)
Transfer to retained earning	-	-	-	-	-	-	-	-	(7,070)	-	(7,070)
Reversal during the Year (Refer note - 13)	-	(140)	-	-	-	-	-	-	(140)	-	(140)
Transfer to Risk management fund	-	-	-	-	-	-	(15)	-	(15)	-	(15)
Balance as at March 31, 2019*	**13,965**	**0**	**20**	**1,110**	**14,032**	**1**	**11,891**	**18**	**41,037**	**2,555**	**43,592**
Non controlling interest on account of reduction of of share in subsidiary									-	3	3
Addition in current year	5	-	-	-	6,512	-	1,112	-	7,629	(268)	7,361
Utilised / Converted during the year	-	-	(0)	-	(1,335)	-	-	-	(1,335)	-	(1,335)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

(₹ in Lakhs)

Particulars	Reserves and Surplus							Items of Other Comprehensive Income	Grand Total		
	Securities Premium Reserve	Share option Reserve	Risk Management Fund	General reserve	Core Settlement Guarantee Fund (Refer note - 39)	Special Guarantee Fund	Retained Earnings	FVTOCI Debt instrument	Total Attributable to owners of the Parent Company	Attributable to Non-Controlling interest	Total
Items of Other Comprehensive Income for the year, net of tax											
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	(82)	-	(82)	-	(82)
Net fair value gain on investment in debt instruments through Other Comprehensive Income	-	-	-	-	-	-	-	34	34	-	34
Payment of Dividend (Transaction with owners in their capacity as owners)	-	-	-	-	-	-	(253)	-	(253)	-	(253)
Dividend distribution tax (Transaction with owners in their capacity as owners)	-	-	-	-	-	-	(52)	-	(52)	-	(52)
Transfer to Core Settlement Guarantee Fund - NCCL	-	-	-	-	-	-	(975)	-	(975)	-	(975)
Transfer to Core Settlement Guarantee Fund - NCDEX	-	-	-	-	-	-	(165)	-	(165)	-	(165)
Transitional Impact Lease accounting	-	-	-	-	-	-	(109)	-	(109)	-	(109)
Share issue expenses	-	-	-	-	-	-	(20)	-	(20)	-	(20)
Balance as at March 31, 2020	**13,970**	**0**	**20**	**1,110**	**19,209**	**1**	**11,347**	**52**	**45,709**	**2,290**	**47,999**

Summary of significant accounting policies 1

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

* Restated (Refer note - 58)

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 : June 12, 2020

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

Vijay Kumar V.
Managing Director & Chief Executive Officer
DIN - 6651068

Harish Kumar
Company Secretary
Membership No. - 20844

Chaman Kumar
Chairman and Public Interest Director
DIN - 07304930

Atul Roongta
Chief Financial Officer

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

Background

National Commodity & Derivatives Exchange Limited ("the Parent Company" or "NCDEX" or "the Exchange") is a national-level, technology driven de-mutualised on-line commodity exchange. The the Parent Company is a public limited company, which is domiciled and incorporated in the Republic of India with its registered office situated at First Floor, Ackruti Corporate Park, Near G. E. Garden, L.B.S. Road, Kanjurmarg West, Mumbai 400 078. The Parent Company was incorporated on April 23, 2003, under the provisions of the Companies Act, 1956. NCDEX is regulated by Securities and Exchange Board of India.

The consolidated financial statements relates to the Parent Company, its subsidiary companies, jointly controlled entities and associates (collectively referred to as "the Group").

1 Significant Accounting Policies

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

a Statement of Compliance

The financial statements as at and for the period ended March 31, 2020 have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies act 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provision of the act to the extent applicable.

The financial statements are approved for issue by the Parent Company's Board of Directors on June 12, 2020.

Basis of preparation

b Historical Cost Convention

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following:

i. certain financial assets and liabilities and contingent consideration that is measured at fair value;

ii. assets held for sale measured at lower of cost or fair value less cost to sell

iii. defined benefit plans - plan assets measured at fair value less present value of defined benefit obligation.

iv. Equity settled share-based payments measured at fair value

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

c Principle of consolidation and equity accounting

i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

iii) Joint Arrangements

Under IND AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has only joint ventures.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post - acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

d Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company. When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

e Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

Acquisition-related costs are generally recognised in consolidated statement of profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' ("Ind AS 12") and Ind AS 19 'Employee Benefits' ("Ind AS 19") respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In case of a bargain purchase, before recognizing a gain in respect thereof, the Group determines where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognizes it in other comprehensive income and accumulates the same in equity as capital reserve. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognizes the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve. When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to consolidated statement of profit or loss where such treatment would be appropriate if that interest were disposed off."

"Common control

Business combinations involving entities that are ultimately controlled by the same parties before and after the business combination are considered as Common control entities. Common control transactions are accounted using pooling of interest method. The financial statements in respect of prior periods have been restated from the period that the Transferor Company became a subsidiary of the Transferee company where the assets and liabilities of the transferee are recorded at their existing carrying values, the identity of reserves of the transferee company is preserved."

f Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian currency (INR), which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is recognized in the statement of profit and loss account as income or expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of profit and loss are also recognised in OCI or Statement of profit and loss, respectively).

g Use of estimates and judgment

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the accounting policies. Changes in the estimates are accounted for in the year when actual figures are known and not as a restatement to the comparable figures. Application of accounting policy that require critical accounting estimates and assumptions having the most significant effect on the amounts recognised in the financial statements are:

- **Estimated useful lives of property, plant and equipment and intangible assets**

  Useful lives of property, plant and equipment, intangible assets and investment property are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are estimated by management based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

- **Recognition and measurement of defined benefit obligations**

  The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

- **Recognition of deferred tax assets**

  Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

- **Contingent liabilities**

  In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

- **Share Based Payments**

  Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. The estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of the equity settled transactions with the employees at the grant date, the Group uses the Black-Scholes Model.

- **Leases**

  Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

h Current and Non-current classification

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

An asset is treated as current when it is:

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

ii. Held primarily for the purpose of trading, or

iii. Expected to be realised within twelve months after the reporting period other than for (i) above, or

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

v. Current assets also includes current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when:

i. It is expected to be settled in normal operating cycle i.e. twelve months

ii. It is held primarily for the purpose of trading

iii. It is due to be settled within twelve months after the reporting period other than for (i) above, or

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

All other liabilities are classified as non-current.

i Non-current assets held for sale

Non-current assets & disposal group classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, Plant and Equipment (PPE) and intangible assets, are not depreciated or amortized once classified as held for sale.

j Fair Value Measurement

The Group measures financial instruments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Group categorizes assets and liabilities measured at fair value into one of three levels as follows:

- **Level 1 — Quoted (unadjusted)**
  This hierarchy includes financial instruments measured using quoted prices.

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

  Level 2 inputs include the following:

a) Quoted prices for similar assets or liabilities in active markets.

b) Quoted prices for identical or similar assets or liabilities in markets that are not active.

c) Inputs other than quoted prices that are observable for the asset or liability.

d) Market – corroborated inputs.

- **Level 3**
  They are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Group's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

k Revenue Recognition

Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

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

Transaction charges

Transaction charges are recognised as income on trade date basis.

Annual subscription charges

Annual subscription charges are recognised 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 recognized as income at the point when the service is rendered i.e. 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 at the point when open interest is increased as compared to previous day.

Comtrack / Repository 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.

Software service charges

Software rental charges are recognized as income on the basis of agreement with parties and in respect of agreements with the joint controlled, claims are accounted on actual receipts.

Registration Fees

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

Reactivation Fees

Reactivation fees is charged when client agrees to reactivate the account and pays the same and It is recognised on receipt basis.

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

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

Business Support Services

Income from business support services are recognized on the basis of agreement with parties.

l Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Statement of profit and loss over the period in which depreciation of the related assets will be charged to the Statement of profit and loss.

m Income taxes

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

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

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amount will be available to utilise those temporary differences and loses. At each reporting date the Group reassesses unrecognized deferred tax assets and recognizes the same to the extent it has become probable that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

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

Minimum alternate tax (MAT) paid in a year is charged to the Statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent it is probable that the Group 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 Group recognizes MAT credit as an asset 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 Group reviews the “ MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is not probable that the Group will pay normal tax during the specified period.

n Property, Plant and Equipment (PPE)

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

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

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

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

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

Leasehold improvement is amortized over the lease term i.e. the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain

The residual value of all assets is taken to be “NIL”.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

The useful life of property, plant and equipment are as follows :

Asset Class	Useful Life
Improvement to Lease hold Property	Over the period of lease
Furniture & Fixtures	10 years
Electrical Installations	10 years
Computer Hardware	3 – 6 years
Office Equipment	5 years
Motor Car	8 years
Tele Communication Equipment's	6 years

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or over the shorter of the assets useful life and the lease term if there is an uncertainty that the Group will obtain ownership at the end of the lease term.

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

o Intangible Asset

Recognition of intangible assets

a. Computer software

Purchase of computer software used for the purpose of operations is capitalized. However, any expenses on software support, maintenance, upgrade etc. payable periodically is charged to the Statement of profit and loss.

Costs capitalised are amortized on a straight line basis over its expected useful life based on management's estimate. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the entity are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends & has ability to complete the software and use or sell it
- software will be able to generate probable future economic benefits
- the expenditure attributable to the software during its development can be reliably measured.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use. The estimated useful life (4-10 years) of subsequent development of already capitalised intangible assets is evaluated independent of the estimated life of the original assets.

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

De-recognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, 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.

Intangible assets under development

All costs incurred in development, are initially capitalized as Intangible assets under development - till the time these are either transferred to Intangible Assets on completion or expensed as Software Development cost (including allocated depreciation) as and when determined of no further use.

p Lease

As a lessee

Leases of property, plant and equipment that substantially transfers all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

(a) Finance leases

Finance leases when acquired, are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Operating Leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Effective April 01, 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 01, 2019.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

(1) the contact involves the use of an identified asset

(2) the group has substantially all of the economic benefits from use of the asset through the period of the lease and

(3) the group has the right to direct the use of the asset.

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

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the group changes its assessment if whether it will exercise an extension or a termination option. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

As a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Statement of Assets and Liabilities based on their nature.

q Borrowing Costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of a qualifying asset which necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

r Provisions, Contingent liabilities and Contingent assets

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of time value of money is material, provisions are discounted using current pre tax rate that reflects, when appropriate, the risk specific to the liability.

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

Contingent liabilities are not accounted but disclosed in the Consolidated Financial Statements, unless possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets are not accounted but disclosed in the Consolidated Financial Statements when an inflow of economic benefits is probable.

s Employee Benefit

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are the measured at the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in Statement of profit and loss in the period in which the related service is rendered. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet since the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Group operates the following post-employment schemes:

a. defined benefit plans such as gratuity, and

b. defined contribution plans such as provident fund.

Defined benefit Plan

- **Gratuity obligations**

  The Group has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to yields on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation.

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

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

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

Defined Contribution Plan

- **Provident fund**

  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 obligations other than the contribution payable to the provident fund.

  Leave Encashment

  Leave encashment is measured on the basis of actuarial report.

t Cash and cash equivalents

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

u Impairment of non-financial assets

The Group assesses, on annual basis, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the Statement of profit and loss.

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

A previously recognized impairment loss (except for goodwill) is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to the carrying amount of the asset.

v Financial Instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories based on the Company's business model :

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the Statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

Equity investments

All equity investments are measured at fair value. For equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. This amount is not recycled from OCI to the Statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

Trade receivables

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

Cash and Cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

De-recognition

A financial asset is de-recognized only when :

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

Where the Group has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de- recognized.

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

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of Impairment loss on the following financial assets and credit risk exposure:

i. Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

ii. Financial assets that are debt instruments and are measured as at FVTOCI.

iii. Lease receivables under Ind AS 17.

iv. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

v. Loan commitments which are not measured as at FVTPL.

vi. Financial guarantee contracts which are not measured as at FVTPL.

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss.

Financial liabilities

Classification as debt or equity

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

Initial recognition and measurement

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

Subsequent measurement

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

Trade and other payables

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized. Interest expenses on these Financial liabilities are included in Finance cost using EIR method.

Financial guarantee contracts

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

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

w Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

x Core Settlement Guarantee Fund (Core SGF)

From September 27, 2018, Clearing & Settlement function is carried out by National Commodity Clearing Limited (NCCL). Accordingly, as per SEBI requirement Core SGF is set up and maintained by NCCL.

Contribution to Core SGF by the Exchange is debited to statement of Profit and Loss and contribution by NCCL to Core SGF is by way of appropriation from retained earnings in the respective standalone financial statements.

As the Core SGF is maintained within the group, in consolidated financial statements, contribution by the Exchange and NCCL is appropriated out of retained earnings.

y Rounding of amounts

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

z Cash flow statement

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

aa Application of new and revised Ind -AS

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 to the extent applicable have been considered in preparing these financial statements.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

2 PROPERTY, PLANT AND EQUIPMENT & CAPITAL WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	Computer Hardware	Improvement to Lease hold Property	Telecommunication Equipment's	Office Equipment's	Electrical Installations	Furniture and Fixtures	Motor Car	Total	Capital work-in-progress
Cost or Deemed cost									
Opening as at April 01, 2018	2,181	225	1,058	70	164	74	57	3,829	90
Additions	184	136	142	76	30	67	-	635	43
Disposals / Adjustments	93	-	-	3	3	5	-	104	133
Closing gross carrying amount	**2,272**	**361**	**1,200**	**143**	**191**	**136**	**57**	**4,360**	**-**
Accumulated depreciation and impairment									
Accumulated depreciation as at April 01, 2018	952	100	345	38	111	26	15	1,587	-
Depreciation for the year	564	67	209	26	15	12	7	900	-
Disposals / Adjustments	73	-	-	2	3	2	-	80	-
Transfer to retained earning	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation	**1,443**	**167**	**554**	**62**	**123**	**36**	**22**	**2,407**	**-**
Net carrying amount as at March 31, 2019	**829**	**194**	**646**	**81**	**68**	**100**	**35**	**1,953**	**-**
Cost or Deemed cost									
Opening as at April 01, 2019	2,272	361	1,200	143	191	136	57	4,360	-
Additions	75	7	-	32	38	12	10	174	117
Disposals / Adjustments	18	46	-	1	2	2		69	-
Closing gross carrying amount	**2,329**	**322**	**1,200**	**174**	**227**	**146**	**67**	**4,465**	**117**
Accumulated depreciation and impairment									
Opening as at April 01, 2019	**1,443**	**167**	**554**	**62**	**123**	**36**	**22**	**2,407**	**-**
Depreciation for the year	295	71	193	30	10	13	8	620	-
Disposals / Adjustments	**19**	**39**	**-**	**1**	**2**	**1.48**		**62**	**-**
Closing accumulated depreciation	**1,719**	**199**	**747**	**91**	**131**	**48**	**30**	**2,965**	**-**
Net carrying amount as at March 31, 2020	**610**	**123**	**453**	**83**	**96**	**98**	**37**	**1,500**	**117**

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

3 INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Computer Software	Total	Intangible assets under development	Total
Cost or Deemed cost				
Opening as at April 01, 2018	7,916	7,916	107	107
Additions	910	910	381	381
Disposals/ Capitalised during the year	189	189	330	330
Impairment	59	59	-	-
Closing gross carrying amount	**8,578**	**8,578**	**158**	**158**
Accumulated amortisation and impairment losses				
Accumulated amortisation as at April 01, 2018	2,040	2,040	-	-
Amortisation for the year	1,046	1,046	-	-
Disposals / Adjustments	181	181	-	-
Closing accumulated amortisation	**2,905**	**2,905**	**-**	**-**
Net carrying amount as at March 31, 2019	**5,673**	**5,673**	**158**	**158**
Cost or Deemed cost				
Opening as at April 01, 2019	8,578	8,578	158	158
Additions	783	783	539	539
Disposals/ Capitalised during the year	-	-	317	317
Impairment	-	-	-	-
Closing gross carrying amount	**9,361**	**9,361**	**380**	**380**
Accumulated amortisation and impairment losses				
Opening as at April 01, 2019	2,905	2,905	-	-
Amortisation for the year	1,178	1,178	-	-
Disposals / Adjustments	-	-	-	-
Closing accumulated amortisation	**4,083**	**4,083**	**-**	**-**
Net carrying amount as at March 31, 2020	**5,278**	**5,278**	**380**	**380**

4 NON CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Quantity	Amount	Quantity	Amount
Investment in associates / joint ventures accounted for using the equity method				
Investments in Unquoted equity Shares				
(i) In Associates				
Equity Shares of ₹ 10/- each fully paid up in Power Exchange India Limited (Refer Note -50)*	20,000,000	2,000	15,000,000	1,500
Add/(less): Share of Profit		(1,246)		(1,500)
		754		-
(ii) In Joint Venture				
Ashtray e Market Services Private Limited		500		500
Add: Share of Profit		2,139		1,776
		2,639		2,276
Total		**3,393**		**2,276**
Aggregate amount of unquoted investments		**3,393**		**2,276**
*** Aggregate provision for diminution in value of unquoted investments**		**-**		**2,000**

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

5 OTHER FINANCIAL ASSET

(₹ in Lakhs)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
(a) Non-current bank balances				
Deposits with bank - original maturity more than 12 months*	5,757	1,099	-	-
Total (a)	**5,757**	**1,099**	**-**	**-**
(b) Others				
Secured, Considered Good				
Interest accrued on fixed deposits **	187	53	1,487	1,385
Security Deposits	370	308	57	120
Accrued Income for Provisional Billing	-	-	418	56
Receivable against sale of Mutual Funds	-	-	2,257	2,753
Trade Money receivable from members	-	-	29	-
Other assets	-	-	33	45
Others receivables considered doubtful	32	32	-	-
Less: Allowance for expected credit loss	(32)	(32)	-	-
Total (b)	**557**	**361**	**4,281**	**4,359**

In subsidiary company National Commodity Clearing Limited (NCCL) , fixed deposits includes Core Settlement Guarantee Fund (Core SGF) ₹ 1,208 lakh (March 31, 2019 : ₹ 428 lakh).

In subsidiary company National E-Repository Limited (NERL) , fixed deposits includes, earmarked deposits ₹ 500 lakh (March 31, 2019 : ₹ 500 lakh) which are restricted. These deposits are earmarked against performance guarantee given to WDRA as per their guidelines.

** In subsidiary company National Commodity Clearing Limited (NCCL), includes interest on Core SGF - Non Current ₹ 7 lakh (March 31, 2019 : ₹ 2 lakh) and Current ₹ 481 lakh (March 31, 2019 : ₹ 339 lakh) .

In subsidiary company National E-Repository Limited (NERL) Interest accrued on fixed deposits includes, interest on earmarked deposits ₹ 78 lakh (March 31, 2019 ₹ 46 lakh) which are restricted. These deposits are earmarked against performance guarantee given to Warehousing Development and Regulatory Authority (WDRA) as per their guidelines

6 INCOME TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Advance income tax paid including tax deducted at source receivable (net of provision)*	4,501	3,431	-	-
Total	**4,501**	**3,431**	**-**	**-**

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

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

7 OTHER ASSETS

(₹ in Lakhs)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Capital Advances	1	-	-	-
Prepaid Expenses *	57	115	682	487
Deferred Rent	-	31	-	17
Balances with government authorities	-	-	192	103
Other receivables (Refer Note - 33)	-	-	1,760	1,708
Advance to employee	-	-	1	4
Total	**58**	**146**	**2,635**	**2,319**

* Current prepaid expenses included IPO expenses of ₹ 265.19 lakh

8 CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2019
	Units	Amount	Units	Amount
A) Investment in bonds				
Bonds (Quoted)				
NHAI Bonds 2015 Tax Free Bonds Tranche I Series II A for 15 years @ 7.35% p.a.	57,140	646	57,140	612
7.35% NABARD Tax free bonds Maturity date 23-March-2031,@annualised YTM 6.01%	67,475	777	67,475	751
8.48% NTPC Tax free bonds Maturity date 16-Dec-2028, at 6.005% p.a.	44,799	560	44,799	574
Total Bonds (a)		**1,983**		**1,937**
B) Investment in mutual funds				
Mutual Funds (Unquoted)				
Aditya Birla Sunlife Cash Plus Growth Direct Plan	57,942	185	15,819	48
Aditya Birla Sunlife Cash Plus Growth Direct Plan *	16,580	53	15,480	47
Axis Liquid Fund Direct Growth	7,743	171	24,143	501
Axis Liquid Fund Direct Growth **	4,310	95	-	-
HDFC- Liquid Fund -Direct Plan -Growth	5,139	201	-	-
HDFC- Liquid Fund -Direct Plan -Growth *	198	8	-	-
ICICI Prudential Liquid Plan - Direct Plan Growth Option FY 2017-18	-	-	18,372	51
ICICI Prudential Liquid Plan - Direct Plan Growth Option FY 2016-17	29,019	85	29,019	80
ICICI Prudential Liquid Plan - Direct Plan Growth Option	43,728	128	-	-
Kotak Liquid Scheme - Direct Plan-Growth Option	2,073	83	2,540	96
Kotak Liquid Scheme - Direct Plan-Growth Option	-	-	12,694	480
Reliance Fix Horizon Fund - Xxx-Series 4- Direct Plan Growth Option	-	-	5,000,000	641
Reliance Fixed Horizon Fund - XXXV - Series 14	5,000,000	596	-	-
Reliance Fixed Horizon Fund Direct Plan Growth Option	-	-	5,000,000	546
SBI Liquid Fund - Direct Growth	3,700	115	-	-
TATA Liquid Fund Direct Plan - Growth Option	-	-	13,599	400
Total - Current Investments (b)		**1,720**		**2,890**

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2019
	Units	Amount	Units	Amount
Aggregate amount of investments (a+b)		**3,703**		**4,827**
* Represents investment earmarked for Investor Service Fund				
** Represents Investment Earmarked For SEBI Regulatory 18-19				
*** Represents investment earmarked for Base Minimum Capital (BMC)				

9 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
a) Trade receivables considered good - Secured	567	799
b) Trade receivables considered good - Unsecured	748	1,002
c) Trade Receivables which have significant increase in Credit Risk	1,911	-
d) Trade Receivables - credit impaired	697	31
	3,923	**1,832**
Less : Expected credit loss allowance	(697)	(31)
Total	**3,226**	**1,801**

* Secured by Cash margins / Bank guarantees / Fixed deposit receipts and hypothecation of movables such as commodities, securities etc. from members.

10 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Cash in hand	2	0
Balances with bank		
On current accounts (Note-1)	2,923	5,205
Deposits with original maturity of three months or less	9,148	1,480
Investments in mutual funds (Highly Liquid Funds)	-	1,163
Total	**12,073**	**7,848**

Note-1 Includes :

₹ 3 lakh (March 31, 2019 : ₹ 3 lakh) in Escrow account “NCDEX Joint Price Dissemination Account”.

₹ 0.02 lakh (March 31, 2019 : ₹ NIL) for Core Settlement Guarantee Fund.

₹ 0.26 lakh (March 31, 2019 : ₹ 1.10 lakh) for Investor Service Fund.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

11 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
Deposits with original maturity for more than 3 months but less than 12 months *	48,020	46,007
Total	**48,020**	**46,007**

*** Includes :**

₹ 400 lakh (March 31,2019 : ₹ 1,866 lakh) pledged with Banks for Overdraft facilities.

₹ 17,286 lakh (March 31,2019 : ₹ 13,191 lakh) earmarked for Core Settlement Guarantee Fund of NCCL.

12 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
70,000,000 Equity shares of ₹ 10/- each (Previous Years : 70,000,000 Equity shares of ₹ 10/- each)	7,000	6,000
10,000,000 5% Cumulative Redeemable Preference Shares of ₹ 10/- each (Previous Years:10,000,000 5% Cumulative Redeemable Preference Shares of ₹ 10/- each)	-	1,000
	7,000	7,000
Issued, subscribed and fully paid up shares		
50,676,000 Equity shares of ₹ 10/- each fully paid up (Previous Years: 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 period.

Equity Shares of ₹ 10 each fully paid	March 31, 2020		March 31, 2019	
	No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)
At the beginning of the year	50,676,000	5,068	50,676,000	5,068
Issued during the period/year	-	-	-	-
Outstanding at the end of the year	50,676,000	5,068	50,676,000	5,068

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

	March 31, 2020		March 31, 2019	
Equity Shares of ₹ 10 each fully paid	No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)
At the beginning of the year	60,000,000	6,000	60,000,000	6,000
Conversion of Preference share into equity share capital	10,000,000	1,000	-	-
Outstanding at the end of the year	70,000,000	7,000	60,000,000	6,000

c. Terms/Rights attached to equity share

The Parent 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.

In the event of liquidation of the Parent Company, the holder of the equity shares will be entitled to receive remaining assets of the Parent 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.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

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

Equity Shares of ₹ 10 each fully paid	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% holding	No. of Shares	% holding
National Stock Exchange of India Limited	7,601,377	15%	7,601,377	15%
Life Insurance Corporation of India	5,625,000	11%	5,625,000	11%
National Bank for Agriculture and Rural Development	5,625,000	11%	5,625,000	11%
Indian Farmers Fertiliser Cooperative Limited (IFFCO) *	5,068,000	10%	5,068,000	10%
Oman India Joint Investment Fund (OIJIF) *	5,067,600	10%	5,067,600	10%
Punjab National Bank	3,694,446	7%	3,694,446	7%
Build India Capital Advisors LLP	2,533,799	5%	3,091,236	6%
Canara Bank	3,055,519	6%	3,055,519	6%
"Investcorp Private Equity Fund - I (previously known as IDFC Private Equity Fund III)"	2,533,800	5%	2,533,800	5%
Shree Renuka Sugars Limited	2,533,700	5%	2,533,700	5%

As per records of the Parent 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.

*SEBI vide its letters dated May 23, 2019 and February 05, 2020 had directed the Exchange to freeze voting rights and restrict entitlement to any corporate benefits, including dividend over and above 5% of the paid up capital of the Exchange, of two shareholders (IFFCO & OIJIF), till compliance with SECC Regulations, 2018 or upto August 03, 2020. Accordingly, in order to give effect to said SEBI direction, the Exchange has freezed and restricted the voting rights and corporate benefits of the above mentioned non-compliant shareholders over and above 5% of the paid up capital of the Company till compliance of shareholding with SECC Regulations, 2018 or upto August 3, 2020.

13 OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus						Items of Other Comprehensive Income	Grand Total		
	Securities Premium Reserve	Risk Management Fund	General reserve	Core Settlement Guarantee Fund (Refer Note - 39)	Special Guarantee Fund	Retained Earnings	FVTOCI Debt instrument	Total Attributable to owners of the company	Attributable to Non-Controlling interest	Total
Balance at the April 1, 2018	**13,956**	**15**	**1,110**	**-**	**-**	**16,984**	**36**	**38,985**	**2,627**	**41,612**
Addition in current year *	9	15	-	14,032	1	1,875	-	16,258	(72)	16,185
Utilised / Converted during the year	-	(10)	-	-	-	-	-	(10)	-	(10)
Items of Other Comprehensive Income for the year, net of tax	-	-	-	-	-	-	-	-	-	-
Remeasurement benefit of defined benefit plans	-	-	-	-	-	(14)	-	(14)	-	(14)
Net fair value gain on investment in debt instruments through Other Comprehensive Income	-	-	-	-	-	-	(18)	(18)	-	(18)
Payment of Dividend (Transaction with owners in their capacity as owners)	-	-	-	-	-	(152)	-	(152)	-	(152)
Dividend distribution tax ((Transaction with owners in their capacity as owners)	-	-	-	-	-	(31)	-	(31)	-	(31)
Transfer to Core Settlement Guarantee Fund - NCCL	-	-	-	-	-	(10,708)	-	(10,708)	-	(10,708)
Transfer from Settlement Guarantee Fund	-	-	-	-	-	7,070	-	7,070	-	7,070
Transfer to Core Settlement Guarantee Fund - NCDEX	-	-	-	-	-	(3,118)	-	(3,118)	-	(3,118)
Transfer to retained earning	-	-	-	-	-	-	-	(7,070)	-	(7,070)
Reversal during the Year (Refer note - 13)	-	-	-	-	-	-	-	(140)	-	(140)
Transfer to Risk management fund	-	-	-	-	-	(15)	-	(15)	-	(15)
Balance as at March 31, 2019 *	**13,965**	**20**	**1,110**	**14,032**	**1**	**11,891**	**18**	**41,037**	**2,555**	**43,592**
Non controlling interest on account of reduction of of share in subsidiary	-	-	-	-	-	-	-	-	3	3
Addition in current year	5	-	-	6,512	-	1,112	-	7,629	(268)	7,361
Utilised / Converted during the year	-	(0)	-	(1,335)	-	-	-	(1,335)	-	(1,335)
Items of Other Comprehensive Income for the year, net of tax	-	-	-	-	-	-	-	-	-	-
Remeasurement benefit of defined benefit plans	-	-	-	-	-	(82)	-	(82)	-	(82)
Net fair value gain on investment in debt instruments through Other Comprehensive Income	-	-	-	-	-	-	34	34	-	34

(₹ in Lakhs)

Particulars	Reserves and Surplus						Items of Other Comprehensive Income	Grand Total		
	Securities Premium Reserve	Risk Management Fund	General reserve	Core Settlement Guarantee Fund (Refer Note - 39)	Special Guarantee Fund	Retained Earnings	FVTOCI Debt instrument	Total Attributable to owners of the company	Attributable to Non-Controlling interest	Total
Payment of Dividend (Transaction with owners in their capacity as owners)	-	-	-	-	-	(253)	-	(253)	-	(253)
Dividend distribution tax ((Transaction with owners in their capacity as owners)	-	-	-	-	-	(52)	-	(52)	-	(52)
Transfer to Core Settlement Guarantee Fund - NCCL	-	-	-	-	-	(975)	-	(975)	-	(975)
Transfer to Core Settlement Guarantee Fund - NCDEX	-	-	-	-	-	(165)	-	(165)	-	(165)
Transitional Impact Lease accounting	-	-	-	-	-	(109)	-	(109)	-	(109)
Share issue expenses	-	-	-	-	-	(20)	-	(20)	-	(20)
Balance as at March 31, 2020	**13,970**	**20**	**1,110**	**19,209**	**1**	**11,347**	**52**	**45,709**	**2,290**	**47,999**

* Restated (Refer note - 58)

Description of nature and purpose of reserve

i **Securities Premium Reserve**

Securities premium is used to record the premium on issue of shares i.e. the amount received in excess of the par value of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

ii **Risk Management Fund**

Risk Management Fund (RMF) as constituted by the Group is the amount earmarked for completion of the settlement, in case of a default by a member.

iii **General Reserve**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

iv **Core Settlement Guarantee Fund**

Core SGF is constituted by the clearing corporation as per the regulatory requirement. The amount is earmarked for completion of the settlement, in case of a default by a member.

v **Special Guarantee Fund**

Subsidiary Company NeML holds Spot exchange Licenses under State Agricultural Produce Market Committee (APMC) Regulations. Under the Regulatory framework a spot exchange is required to maintain Settlement Guarantee Fund to mitigate the risks attached with defaults in a trade.

vi **Retained Earnings**

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

vii **Reserve for debt instruments through other comprehensive income**

This reserve represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or impairment losses on such instruments.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

14 NON-CURRENT DEPOSITS AND OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current deposits		
Deposit from members	13	20
	13	**20**
Other Financial Liabilities		
Provision for Performance based incentives	41	14
	41	**14**
Lease Liabilities	845	-
Total	**899**	**34**

15 PROVISIONS

(₹ in Lakhs)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Employee benefits obligation				
a) Provision for gratuity	139	25	184	150
b) Provision for leave encashment	155	104	43	24
Total	**294**	**129**	**228**	**174**

16 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets components		
Financial assets at fair value through OCI	11	-
Employee benefits	156	76
Financial Assets at Fair Value through P&L	5	-
Provision For Doubtful Debt	180	-
Unabsorbed losses / depreciation	1,400	616
MAT Credit Entitlement	524	669
Deferred tax assets on ISF liabilities and SEBI Regulatory Fees	36	14
Cumulative catch-up lease accounting Ind AS 116	39	-
Ind AS 116- ROU and Lease Liability	(0)	-
Other items	7	26
Gross deferred tax asset	**2,358**	**1,401**
Deferred tax liabilities components		
Depreciation and amortisation *	648	747
Financial Assets at Fair Value through P&L	34	61
Financial Assets at Fair Value through OCI	15	7
Ind AS 116- ROU and Lease Liability	-	-
Gross deferred tax liabilities	**697**	**815**
Net deferred tax asset / (liability)	**1,661**	**586**
Deferred tax assets	**1,661**	**586**
Deferred tax liabilities	**-**	**-**

* Restated (Refer note - 58)

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

17 DEPOSITS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Base Minimum Capital	1,776	1,825
	1,776	**1,825**
Deposit from members	18,737	22,070
Deposits from clearing banks	15,618	4,800
Deposits from comtrack participants	763	715
Deposits from warehouse service providers	496	506
Total	**37,390**	**29,916**

18 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Total outstanding due of Micro and Small Enterprises	88	88
b) Total outstanding dues of creditors other than Micro and Small Enterprises	1,671	1,289
Total	**1,759**	**1,377**

19 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	Non Current	
	As at March 31, 2020	As at March 31, 2019
a) Creditors for Capital Expenditure	246	50
b) Creditors for Capital Expenditure MSMED	17	9
c) Interest Payable	2	3
d) Dues to members	343	349
e) Payable to Core SGF	1,911	-
f) Other payable	589	919
	3,108	**1,330**
Lease Liabilities	**713**	**-**
Total	**3,821**	**1,330**

20 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Revenue received in advance	237	304
b) Investor protection fund *	166	203
c) Investor Service fund	69	47
d) SEBI turnover and regulatory fees payable	93	139
e) Statutory dues payable **	550	500
f) Others	24	31
Total	**1,139**	**1,224**

* Includes ₹ 19 lakh (March 31, 2019 : ₹ 19 lakh) payable to Investor Protection Fund Trust, in view of the freeze order on the security deposit of the member Bhavishya Advisory and Comtrade (India) Pvt. Ltd. However, Forward Market Commission(FMC) has directed that NCDEX shall get the freeze order lifted by the police authorities and reimburse the amount to the Trust towards settlement of award and arbitration cost which the Trust has paid.

** Includes dividend payable ₹ 25.34 lakh (March 31, 2019 : ₹ NIL) (Refer Note 12(d))

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

21 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products		
Sale of services		
Transaction charges	8,619	10,586
Annual subscription fees	249	224
Admission fees	274	205
Risk Management Fees	769	839
Delivery Charges	800	827
Comtrack / Repository charges	630	862
Warehouse charges	179	267
Data, Analytics and Technology Sales	405	385
Pledge Finance Charges	9	65
Other Operating Revenues		
Computer to computer link charges	43	48
Others	1,104	467
Port charges	103	109
Total	**13,184**	**14,884**

22 Other Income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other non-operating income		
Finance Income		
Interest on Bank deposits	3,164	2,251
Interest on Income Tax Refund	35	1
Interest on Bonds	130	130
Interest on SGF	-	452
Interest on financial asset measured at amortised cost	20	23
Profit on sale / Fair Value of MF Units*	415	1,116
Profit on sale / Fair Value of MF Units (ISF)	5	-
Exchange charges	55	59
Settlement Penalties SGF	-	6
Profit on sale/scrap of fixed assets (net)	1	0
Provision no longer required	51	29
Lease Line charges	328	274
Others (miscellenous income)	71	93
Total	**4,275**	**4,434**

* Includes ₹ 526 lakh (March 31, 2019 : ₹ 1,589 lakh) of profit on sale of mutual fund.

23 Employee benefits expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, bonus and allowances	6,109	5,860
Contribution to Provident and other funds	439	411
Staff welfare expenses	347	298
Total	**6,895**	**6,569**

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

24 Finance costs

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Finance Costs:		
Interest on lease liability	150	-
Total	**150**	**-**

25 Depreciation & Amortization

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation	620	383
Amortization	1,178	1,564
Amortization of right to use assets	774	-
Total	**2,572**	**1,947**

26 Other expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	29	957
Rates and Taxes	7	7
Payment to Auditors		
- As Auditors	41	37
- For other services	13	8
- For reimbursement of expenses	1	1
Legal and Professional Charges	1,034	1,105
Communication Expenses	76	179
Travelling and Conveyance Expenses	401	495
Electricity Charges	407	428
Repairs and Maintenance	147	185
Insurance Expenses	103	61
Technology Expenses	4,665	4,626
Advertisement and Publicity	102	115
Bad Debts	-	2
Provision for doubtful debts	8	31
Testing expenses	8	32
Regulatory Fees*	65	105
Contribution to Investor Protection Fund	47	57
Polling Expenses	197	174
Committee member sitting fees and expenses	25	27
Directors Sitting Fees	192	182
Books Periodicals & Subscription	15	24
License Fees	79	88
Security Charges	68	90
Application charges for clearing corporation	-	20
Loss on sale/scrap of fixed assets (net)	8	-
Printing and stationery	53	36
Corporate Social Responsibility Expenses	18	69
Other Expenses	287	226
Sundry balances written off	32	32
Provision for Impairment on Fixed Asset (Software)	-	59
Contribution to Investor Service Fund	52	58
Total	**8,180**	**9,514**

* Regulatory Fees includes ₹ 10 lakh (March 31, 2019 ₹ 10 lakh) paid to WDRA

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

27 Exceptional Items

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Exceptional Items		
Reversal of impairment loss - PXIL Investment (Refer Note - 50)	291	-
Shortfall in payout to counter parties (Refer Note - 43)	(668)	-
Total	**(377)**	**-**

* Refer Note No - 37

28 Current and Deferred Tax

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	434	423
MAT Credit Entitlement	145	(292)
Deferred Tax *	(1,185)	(326)
Total	**(606)**	**(195)**

* Restated (Refer note - 58)

29 Earnings per share (EPS)

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit / (Loss) after tax as per Statement of Profit and Loss	1,112	1,875
Less: Preference dividend and tax thereon	-	-
Net Profit for calculation of EPS **(A)**	1,112	1,875
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)**	2.20	3.70

* Restated (Refer note - 58)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Weighted average number of equity shares for calculating EPS	50,676,000	50,676,000
Weighted average number of equity shares in calculation diluted EPS	50,676,000	50,676,000

30 During the period, Group has recognised the following amounts in the financial statements as per Ind AS 19 "Employees Benefits" :

a) Defined Contribution Plan

Contribution to Provident Fund, Superannuation Fund, and Employee State Insurance Scheme

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

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

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employer's Contribution to Provident Fund	270	240

b) Defined Benefit Plan

The Group 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

In case of subsidiary NCDEX e Markets Limited (NeML), NeML has a defined benefit gratuity plan. 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 ₹ 2,000,000.

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

Actuarial assumptions	Gratuity (funded)	
	As at March 31, 2020	As at March 31, 2019
Expected Rate of Return on plan assets	5.76% to 7.76%	6.96% to 7.76%
Discount rate (per annum)	5.76% to 7.76%	6.96% to 7.76%
Rate of increase in Compensation levels	5% to 10%	5% to 10%
Rate of Employee turnover	5% to 20%	5% to 20%
Mortality Rate during Employment	Indian Assured lives mortality (2006-08) ultimate	Indian Assured lives mortality (2006-08) ultimate
Mortality Rate after Employment	N.A.	N.A.

Table showing changes in present value of obligations :

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligation as at the beginning of the year	523	474
Liability Transferred In / Acquisitions	9	68
(Liability Transferred Out / Divestments)	(9)	(70)
Interest Cost	38	35
Past service cost (Vested Benefit)	-	-
Current Service Cost	94	103
Benefits paid	(42)	(102)
Actuarial (gain) / loss on obligations	105	507
Present value of obligation as at the end of the period	**719**	**1,015**

Table showing changes in the fair value of plan assets :

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fair value of plan assets at beginning of the year	350	370
Assets Transferred In / Acquisitions	9	68
(Assets Transferred Out / Divestments)	(9)	(70)
Expected return of plan assets	23	28
Employer contribution	70	61
Benefits paid	(47)	(102)
Actuarial gain / (loss) on plan assets	(1)	(5)
Fair value of plan assets at year end	**395**	**350**

The amounts to be recognized in Balance Sheet :

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligation as at the end of the period	(719)	(523)
Fair value of plan assets as at the end of the period	395	349
Funded Status (Surplus / (Deficit)	**(324)**	**(174)**
Unrecognised actuarial (gains) / losses	-	-
Net asset / (liability) recognised in Balance Sheet	**(324)**	**(174)**

Expenses recognised in Statement of Profit and Loss :

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	94	101
Past service cost (Vested Benefit)	-	-
Interest Cost	12	17
Expected return on plan assets	-	(9)
Expenses recognised in the Statement of Profit and Loss	**107**	**109**

Expenses recognised in Other Comprehensive Income :

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (Gains) / Losses on Obligation For the Period	111	16
Return on Plan Assets, Excluding Interest Income	3	5
Change in Asset Ceiling	-	-
Net (Income) / Expense For the Period Recognized in OCI	**114**	**21**

Maturity profile of defined benefit obligation :

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected benefits payable in future years from the date of reporting		
1st Following year	87	70
2nd Following year	88	66
3rd Following year	83	64
4th Following year	77	62
5th Following year	71	55
Sum of Years 6 to 10	271	204
Sum of Years 11 & above	489	389

Investment Details :

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

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Investments with insurance fund	100%	100%

Sensitivity :

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

(₹ in Lakhs)

Gratuity	Change in Assumption	For the year ended March 31, 2020		For the period ended March 31, 2019	
		Increase / (decrease) in liability	Increase / (decrease) in liability	Increase / (decrease) in liability	Increase / (decrease) in liability
Discount rate	+1% / -1%	(12)	13	(28)	32
Salary Escalation Rate	+1% / -1%	13	(12)	30	(28)
Employee Turnover	+1% / -1%	(2)	2	(3)	2

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

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

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

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

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

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a.	Principal amount remaining unpaid to any supplier as at the year end	88	88
	Interest due thereon :	-	
b.	Amount of interest paid during the year	-	-
c.	Amount of payments made to the supplier beyond the appointed day during the accounting year.	-	69
d.	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the (year) but without adding the interest specified under the Micro Small and Medium Enterprises Development Act, 2006.	-	-
e.	Amount of interest accrued and remaining unpaid at the end of the accounting year.	0	-
f.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act 2006.	2	3

Note: The above information and that given in Note No. 18 ' Trade Payables' regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Group and has been relied upon by the auditors.

32 Commitments and Contingencies

(a) Contingent Liabilities not provided for in respect of :

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	On account of Income taxes (Refer Note - 1 below)	1,131	1,131
(ii)	On account of Legal claim (Refer Note - 2 below)	185	185
(iii)	On account of payment of Bonus for the F.Y. 2014-15 (Refer Note - 3 below)	11	11
(iv)	National E-Repository Limited (NERL) - On account of Bank Guarantee (Refer Note - 4 below)	500	500
(v)	NCDEX Institute of Commodity Markets & Research - On account of Income taxes (Refer Note - 5 below)"	-	-
(vi)	NCDEX e Markets Ltd (NeML) - On account of Service tax (Refer Note - 6 below)"	1,314	1,230
(vi)	On account of Income taxes (Refer Note - 7 below)	901	-
(viii)	NCDEX e Markets Ltd (NeML) - On account of Bank Guarantee	185	260

Note 1

(₹ in Lakhs)

Particulars	Assessment Year	As at March 31, 2020	As at March 31, 2019	Forum before which case is pending
Disallowance u/s 14A	AY 07-08	53	53	High Court
Investor Protection Fund	AY 07-08	171	171	High Court
Investor Protection Fund	AY 08-09	113	113	High Court
Investor Protection Fund	AY 09-10	61	61	High Court
Investor Protection Fund	AY 10-11	162	162	High Court
Investor Protection Fund	AY 11-12	123	123	CIT
Investor Protection Fund	AY 12-13	224	224	CIT
Investor Protection Fund	AY 13-14	162	162	CIT
Investor Protection Fund	AY 14-15	62	62	CIT
Total		**1,131**	**1,131**	

In A.Y. 2007-08, in the assessment order dated December 24, 2009 passed u/s. 143(3) of the Income Tax Act, 1961 (hereinafter referred to as 'the Act'), disallowance of ₹ 209 lakh was made u/s. 14A of the Act read with rule 8D of the Income Tax Rules, 1962. Subsequently, vide order dated May 13, 2010 passed u/s. 154 of the Act, the disallowance u/s. 14A was reduced to ₹ 159 lakh. The Exchange filed an appeal against the said assessment order, before the Commissioner of Income Tax (Appeals) ,which was disposed by CIT(Appeals) vide order dated December 8, 2011, in which partial relief of ₹ 79 lakh has been granted by CIT(Appeals) and accordingly the amount of disallowance reduced from ₹ 159 lakh to ₹ 79 lakh. The Exchange and the Income Tax Department, filed an appeal against the said order of CIT(Appeals) before the Income Tax Appellate Tribunal (ITAT), which has been disposed by Hon'ble ITAT vide order dated August 9, 2017, wherein the Hon'ble ITAT has restricted the disallowance u/s. 14A of the Act to 1% of the dividend income based on the decision of Hon'ble ITAT in the parent company own case for AY 2006-07. Against the said order of Hon'ble ITAT, the Income Tax Department have preferred an appeal before Hon'ble High Court which is pending for adjudication.

The Exchange had received an assessment orders for the 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, wherein the Assessing officer has made an addition of the penalty collected by the Exchange on behalf of Investor Protection Fund (IPF), in taxable income of the Exchange. The Exchange has filed an appeal with Commissioner of Income Tax (Appeals) for all these years. The CIT(Appeals) for the A.Y. 2007-08 to A.Y. 2011-12 has given the orders in favour of the Exchange and for the remaining assessment years i.e. from AY 2012-13 to 2014-15, the appeals are pending for adjudication. Against the orders of CIT(Appeals) for AY 2007-08 to 2011-12 the Income Tax Department preferred an appeal before the Hon'ble Income Tax Appellate Tribunal (ITAT), which has been disposed by Hon'ble ITAT vide a combined order dated August 9, 2017 for AY 2007-08 to 2010-11, wherein the Hon'ble ITAT dismissed the appeals of the Income Tax Department. Against the said order of Hon'ble ITAT for AY 2007-08 to 2010-11, the Income Tax Department have preferred an appeal before Hon'ble High Court, which is pending for adjudication.

Note 2

A legal suit has been filed jointly against the Parent Company and National Collateral Management Services Limited by a party claiming a sum of ₹ 185 lakh for loss on sale of goods, loss of profit, interest etc. The Parent 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 Parent Company's financials position and the results of operations.

Note 3

The retrospective amendment in "The Payment of Bonus Act, 1965" is deemed to have come into force from April 01, 2014. The Kerala and Karnataka High Courts have passed a stay on its implementation and the matter is pending in Court of Law for the hearing. Considering the facts that the books of FY 2014-15 have been closed, return of bonus has already been filed for the said period and as the matter is under litigation, it is considered as contingent.

Note 2

In case of subsidiary National E-Repository Limited (NERL) , NERL had given bank guarantee to the Warehousing Development and Regulatory Authority (WDRA) for ₹ 500 lakh (March 31, 2019 ₹ 500 lakh).

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

Note 5

In case of subsidiary NCDEX Institute of Commodity Markets & Research (NICR), NICR was granted registration under section 12AA of the Income Tax Act , 1961 (Act) with effect from April 01, 2008 for income tax exemption. The Director of Income Tax (Exemption) vide its Order dated December 16, 2011 cancelled the said registration on the ground that the activities of NICR were in relation to trade or business and not for charitable purpose since the gross receipts had exceeded the prescribed limit of ₹ 10 lakh during the financial year 2008-09. Accordingly, the assessment for the financial year 2008-09 was completed disallowing NICR's claim of exemption under Sections 11 and 12 of the Act. ITAT vide its Order dated Febuary 28, 2017, set aside the Order of DIT (Exemption) by restoring the registration granted to NICR.

As per directions given in the Order, NICR represented before Assessing Officer for passing an Order giving effect which is pending for disposal, that the activities carried out by NICR are charitable in nature and not in the nature of business and accordingly, NICR for all the subsequent years filed its Return of Income regularly in compliance with the provisions applicable to a Charitable Trust claiming exemption under Sections 11 and 12 of the Act.

For the assessment year 2014-15, the income tax assessment was once again completed denying exemption under Section 11 and 12 of the Act applicable for charitable trust. NICR has disputed the contention of the assessing officer and filed an appeal before appellate authorities and a favorable decision is expected in view of aforesaid ITAT decision. The assessment resulted in a demand of ₹ 8,080 lakh (March 31, 2019 ₹ 8,080 lakh) which is disputed in appeal.

Other than stated above, NICR has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statement. NICR does not expect the outcome of these proceedings to have a material impact on its financial statements.

Note 6

In case of Jointly Controlled company (ReMS) of our subsidiary NCDEX e Markets Ltd (NeML), during the year claims not acknowledged as debts in respect of Service Tax Matters amounted to ₹ 1,314 lakh (March 31, 2019 : ₹ 1,230 lakh) because the ReMS has favourable legal opinion. These matters are pending before the appellate authorities and the management including its tax advisors expect that its position is likely to be upheld on ultimate resolution and will not have a material adverse effect on the ReMS financial position and results of operations.

Note 7

In case of Parent Company, in AY 2016-17, the assessment was completed under section 143(3) of the Income Tax Act, 1961 vide order dated May 31, 2019. The Assessing Officer (AO) has determined the total income of ₹ 11,060 lakh as against ₹ 9,799 lakh declared in the return of income by making disallowances / additions of ₹ 1,262 lakh Consequently, demand of ₹ 580 lakh was raised. The Parent Company is now in appeal before the Commissioner of Income Tax (Appeals), which is pending.

In AY 2017-18, the assessment was completed under section 143(3) of the Income Tax Act, 1961 vide order dated December 28, 2019 . The Assessing Officer (AO) has determined the total income of ₹ 179 lakh as against ₹ 863 lakh declared in the return of income by making disallowances / additions of ₹ 920 lakh. Consequently, demand of ₹ 321 lakh was raised. The Parent Company is now in appeal before the Commissioner of Income Tax (Appeals), which is pending.

(b) Capital Commitments

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	111	35

(c) Other Commitments

The Exchange, vide its letter dated September 5, 2018, has given an undertaking to National Commodity Clearing Limited (NCCL) for infusion of capital to the extent required to enable compliance with SEBI directives on net worth of NCCL and for increasing the Core Settlement Guarantee Fund (Core SGF) to ₹ 250 crore. The current Core SGF balance as at March 31, 2020 is ₹ 192.09 crore. The increase in SGF will be by way of interest earned on the Core SGF balance, penalties collected by NCCL and transferred to Core SGF, NCCL's own contribution, direct contribution by the Parent Company to Core SGF and balance amount (if any) as equity investment into NCCL every 6 months over a period of 3 years i.e. by September 2021.

33 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 6,206 MT sent to the referral laboratory, 5,002 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, 4,474 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 lakh (excluding taxes), as compared to the earlier estimate of ₹ 4,300 lakh. Out of the same, ₹ 1,200 lakh plus taxes is towards cleaning costs. Till March 31, 2020, the Exchange has paid ₹ 1,200 lakh plus taxes towards cleaning costs. The total amount paid till March 31, 2020 is ₹ 1,700 lakh (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 Exchange accounts in addition to the provision made in earlier year of ₹ 260 lakh.

34 In case of subsidiary NCDEX e Markets Ltd (NeML), during the period

a) NeML has written off certain amounts towards old outstanding totaling to ₹ 40.85 lakh (March 31, 2019 : ₹ 41.49 lakh) which were due but not received. During the year NeML also have created a provision of ₹ 7.27 lakh (March 31, 2019 : ₹ 49.56 lakh) . The above has been done in line with policy as approved by the Board of Directors.

b) NeML has also written back certain payables, which is outstanding for more than 2 years, for which no claim was received amounting to ₹ 8.83 lakh (March 31, 2019 : ₹ 9.44 lakh).

35 In case of subsidiary NCDEX e Markets Ltd (NeML), NeML was required to maintain Settlement Guaranteed Fund (SGF) as the NeML holds Spot Exchange Licenses under State Agricultural Produce Market Committee (APMC) Regulations to mitigate market risks. Under the Regulatory framework a spot exchange was required to maintain Settlement Guarantee Fund (SGF) to mitigate the risks attached with defaults in a trade. NeML had spot exchange/ Private market licenses in the states of Karnataka, Maharashtra, Gujarat, Rajasthan, Odisha, Telangana and Andhra Pradesh. NeML had started its first spot exchange in the state of Karnataka under the name "Mandiz". It was planned to execute more spot exchanges in other states in due course.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

36 As required by Ind AS - 24 "Related Party Disclosures

(i) Name and description of related parties

Relationship	Name of related party
(a) Associates	Power Exchange India Limited (PXIL)
(b) Joint venture	Rashtriya e Market Services Private Limited (ReMS)
(c) Joint Venture	
(c) List of Key Management Personnel	Mr. Samir Shah -Managing Director & Chief Executive Officer (Upto January 17, 2018)
	Mr. Vijay Kumar V. Managing Director & Chief Executive Officer (W.e.f. January 18, 2018)
	Mr. Atul Roongta (Chief Financial Officer) (W.e.f. August 10, 2017)
	Mr. Samir Rajdev (Company Secretary) (Upto January 15, 2019)
	Mr. Harish Kumar Sharma (Company Secretary) (W.e.f. March 25, 2019)
	Justice (Retd.) Ashok Bhan (Public Interest Director) (Upto January 3, 2019)
	Dr. Purvi Mehta (Public Interest Director) (W.e.f. January 11, 2018)
	Dr. Ashok Gulati (Public Interest Director) (W.e.f. January 3, 2019)
	Mr. Ravindra Kumar Roye (Public Interest Director and chairman) (W.e.f. June 15, 2017 and upto May 03, 2020 respectively)
	Mr. J. Ravichandran (Shareholder Director) (Upto February 04, 2020)
	Mr. Bhaskaran Nayar Venugopal (Shareholder Director) (W.e.f. January 11 2018)
	Mr. Rakesh Kapur (Shareholder Director)
	Mr. Srinath Srinivasan (Shareholder Director)
	Mr. Sunil Kumar (Shareholder Director)
	Mr. Nirmalendu Jajodia (Public Interest Director) (W.e.f. April 13, 2018)
	Mr. Prem Kumar Malhotra ((Public Interest Director) (W.e.f. August 9, 2018)
	Mr. Chaman Kumar ((Public Interest Director and chairman) (W.e.f. April 10, 2018 and May 04, 2020 respectively)

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(ii). Nature of transactions - The transactions entered into with the related parties during the period along with related balances as at March 31, 2020 are as under:

(₹ in lakhs)

Particulars	Associates		Joint venture		Key Managerial Personnel												Total	
	PXIL		ReMS		Samir Shah		Vijay Kumar V.		Atul Roongta		Harish Kumar		Samir R.		Directors			
	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19
Remuneration	-	-	-	-	-	-	191	166	150	139	41	2	-	25	-	-	381	332
UMP Software Maintaence charges	540	40	352	342	-	-	-	-	-	-	-	-	-	-	-	-	892	382
Dividend Received	-	-	70	60	-	-	-	-	-	-	-	-	-	-	-	-	70	60
Sitting Fees Paid to Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99	115	99	115
Conversation of Preference Shares into equity shares	500	-	-	-	-	-	-	-	-	-	-	-	-	-		-	500	-

(₹ in lakhs)

	Associates		Joint venture		Key Managerial Personnel												Total	
	PXIL		ReMS		Samir Shah		Vijay Kumar V.		Atul Roongta		Harish Kumar		Samir R.		Directors			
Balance outstanding at the year end	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19
Investments in Joint Venture	-	-	500	500	-	-	-	-	-	-	-	-	-	-	-	-	500	500
Investments in Associate (Preference shares)	-	500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500
Investments in Associate (Equity shares)	2,000	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000	1,500
Provision for diminution in the value of Investment	-	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000
Other Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Payables / Other Payable	-	-	-	-	52	52	91	44	21	26	4	-	-	-	-	-	168	122

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

37 The MD & CEO of the Parent Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Group's performance and allocates resources. The disclosure in respect of Segment information as per INDAS 108 - "Operating Segments" for the period ended March 31, 2020 is given as follows:

(₹ in lakhs)

Particulars	Commodity Exchange Services		Commodity Clearing Services		e-Market Platform Services		Repository Services		Research and Education Services		Total	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
REVENUE :												
Total Income	8,187	10,781	3,305	2,160	6,173	6,172	948	1,156	120	12	**18,733**	**20,281**
Inter-segment Income	(970)	(701)	-	(227)	(172)	-	(35)	(35)	(97)	-	**(1,274)**	**(963)**
External Income	**7,217**	**10,080**	**3,305**	**1,933**	**6,001**	**6,172**	**913**	**1,121**	**23**	**12**	**17,459**	**19,318**
RESULT												
Segment Result	(2,563)	(794)	905	812	1,214	1,497	(137)	(227)	16	(0)	**(565)**	**1,288**
Less: Finance Charge											**150**	**-**
Profit before tax											**(715)**	**1,288**
Add / (Less) : Provision for current tax											**(434)**	**(423)**
Add / (Less) : Deferred tax											**(145)**	**326**
Less: MAT Credit Entitlement											**1,185**	**292**
Profit after tax and before minority interest and share of loss of associate											**(108)**	**1,483**
Add / (Less): Non-controlling interests											**266**	**70**
Add / (Less): Share of profit (net) of associate(s)											**955**	**322**
Profit after tax											**1,112**	**1,875**
Segment Assets	31,207	30,556	43,544	29,636	18,338	15,968	5,472	6,186	36	498	**98,597**	**82,844**
Unallocable Assets											**-**	**-**
Total Assets											**98,597**	**82,844**
Segment Liabilities	9,540	8,065	22,602	13,993	12,346	11,197	1,038	928	4	1	**45,530**	**34,184**
Unallocable Liabilities											**-**	**-**
Total Liabilities											**45,530**	**34,184**

35 Corporate social responsibility expenses:

Gross amount required to be spent by the Group as per section 135 of the Companies Act 2013 on Corporate Social Responsibility activities is ₹ 19 lakh (March 31, 2019 : ₹ 69 lakh) and actual spend during the year ended March 31, 2020 is ₹ 19 lakh (March 31, 2019 : ₹ 69 lakh)

Details of amount spent during the year are as follows:

(₹ in Lakhs)

CSR project or activity identified	Assessment Year	Sector in which the project is covered	For the year ended March 31, 2020	For the year ended March 31, 2019
Awareness about menstrual health and distribution of dignity kits through 'Dignity Project'	Awareness about menstrual health and distribution of dignity kits through 'Dignity Project'	Healthcare and Sanitation	6	-

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

(₹ in Lakhs)

CSR project or activity identified	Assessment Year	Sector in which the project is covered	For the year ended March 31, 2020	For the year ended March 31, 2019
Capacity Building of FPCs	Cleaning and grading units including screen grader, vertical bucket, gravity separator etc. given to FPCs through NGOs WOTR, KJBF, KVS, KVK Bundi, GVSS and SGVS in Maharashtra and Rajasthan.	Post-harvest management activities	-	64
Impact Assessment of Training Programs	An agency Kaarak was hired for the job of impact assessment of training programs conducted under CSR during 2017-18.	Farmer Awareness	-	5
Rural development	Contribution to Ashima Foundation for promoted rural development interventions in India's poorest communities.	Rural development	4	-
Yuva Project	contribution to S M Sehgal Foundation for Jagruk Yuva Project.	Awareness	9	-

39 Core Settlement Guarantee Fund

In the year 2018-19, SEBI, vide letter dated October 06, 2017, has directed that the quantum of Core Settlement Guarantee Fund (SGF) with the Clearing Corporation should not be less than the quantum of SGF with the Exchange at the time of transfer of Clearing & Settlement function. Accordingly, as on September 27, 2018, SGF has been set up in NCCL at an amount of ₹ 11,961 lakh, as follows:

• By contribution of ₹ 2,579 lakh from the Exchange (₹ 2,312 lakh as the Exchange's share of core SGF and settlement penalties of ₹ 268 lakh) - Debited to statement of profit & loss in standalone financial statement of the Exchange, as the contribution made by the Exchange to Core SGF maintained by NCCL is a present obligation and the amount and the party to whom the obligation is owed (Core SGF), is identified. Further, the effective control of such amount, is transferred from NCDEX to NCCL.

• By contribution of ₹ 9,381 lakh from NCCL - Debited to Retained Earnings in Statement of Changes in Equity in NCCL's standalone financial statement. The debit to Retained Earnings has been made, as Core SGF will be maintained by NCCL as per the SEBI guidelines and will be used in future, as a fallback guarantee mechanism to meet any contingency arising from failure to fulfill the obligations of settlement. Also, NCCL has control over the Core SGF in terms of its management and returns subject to SEBI regulations. Therefore the contribution given by NCCL to core SGF would be an appropriation of profit and will be included as a part of 'Other Equity' in its balance sheet. This is also in line with the opinion of the Expert Advisory Committee of The Institute of Chartered Accountants of India (ICAI) on the matter which states that at the time of contribution to the fund, there is no obligation on the entity, for incurrence of expenditure, involving another party and the contribution to SGF is pure allocation of a pool of funds, for future default (if any) by the members.

Post the setup of the SGF in NCCL, Exchange has made a further contribution of ₹ 539 lakh towards its share of Minimum Required Core SGF contribution. Further, NCCL has also contributed ₹1,000 lakh to Core Settlement Guarantee.

The Exchange contributions of ₹ 2,579 lakh and ₹ 539 lakh, are debited to Retained Earnings in the consolidated financial statement. As stated above, NCCL has control over the Core SGF in terms of its management and returns subject to SEBI regulations and NCCL is a wholly owned subsidiary of NCDEX and under its control, the control over the Core SGF effectively remains with the group. Further, for the Group, there is no present and crystallised obligation involving any external party and contributions made by both, NCDEX and NCCL is just earmarking of funds to meet any contingency that may arise due to failure to fulfill obligations of settlement.

In consolidated financial statements, tax liability is increased to the same extent as the tax benefit availed in the standalone financial statement, on contribution to core SGF by the Exchange. This is done through creation of deferred tax liability in consolidated statement of profit & loss.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

In the year ended March 31, 2020, Exchange has made a further contribution of ₹ 165 lakh towards its share of Minimum Required Core SGF contribution and NCCL has also contributed ₹ 975 lakh. Exchange and NCCL contribution both are debited to Retained Earnings in the consolidated financial statement.

The details of Core Settlement Guarantee Fund as on March 31, 2020 is as given below:

(₹ in lakhs)

Particulars	Settlement penalties	NCCL Contribution	NCDEX Contribution	Member Contribution	Total
As on March 31, 2018					
Initial contribution to Core SGF	268	9,382	2,312	-	11,961
Additional Contribution	66*	1,000	539	-	1,605
Less : Funding from SGF (Refer note 43)					
Income on investment	11	360	94	-	465
As on March 31, 2019	**345**	**10,742**	**2,945**	**-**	**14,032**
As on April 01, 2019	**345**	**10,742**	**2,945**	**-**	**14,032**
Additional Contribution	4,188**	975	165	-	5,329
Less : Funding from SGF (Refer note 43	(1,335)***	-	-	-	-1,335
Income on investment	127	827	229		1,183
As on March 31, 2020	**3,326#**	**12,544**	**3,339**	**-**	**19,209**

As per SEBI Circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2019/73 dated June 20, 2019, penalty levied, on account of Short-collection/non-collection of Margins for Commodity derivatives by NCDEX and transferred to NCDEX IPF Trust, shall be transferred to Core SGF, effective from the day on which Clearing corporation commenced clearing function for commodity derivatives segment. Based on this circular, on July 09, 2019, an amount of ₹ 168 lakh was transferred from NCDEX IPF Trust to Core SGF towards the above mentioned penalty for the period September 27, 2018 to January 31, 2019.

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

(₹ in lakhs)

Particulars	Settlement penalties	NCCL Contribution	NCDEX Contribution	Member Contribution	Total
Fixed deposits included under 'Cash and cash equivalent'	-	-	-	-	-
Fixed deposits included under 'Bank balances other than cash and cash equivalents'	308	10,032	2,851	-	13,191
Fixed deposits included under 'Non-current bank balances'	-	428	-	-	428
Accrued Interest on Fixed Deposits	10	246	85	-	340
TDS on Interest Income	1	36	9	-	47
Total	**319**	**10,742**	**2,945**	**-**	**14,006**

* Includes Margin penalty levied for the month of March 2019 of ₹ 26 lakh due and collected in April 2019.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

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

(₹ in lakhs)

Particulars	Settlement penalties	NCCL Contribution	NCDEX Contribution	Member Contribution	Total
Fixed deposits included under 'Cash and cash equivalent'	-	-	-	-	-
Fixed deposits included under 'Bank balances other than cash and cash equivalents'	2,928	11,390	2,968	-	17,286
Fixed deposits included under 'Non-current bank balances'	219	738	251	-	1,208
Funds in transit (for fixed deposit)	-	-	-	-	-
Accrued Interest on Fixed Deposits	100	300	88	-	488
TDS on Interest Income	13	116	32	-	161
Total	**3,260**	**12,544**	**3,339**	**-**	**19,143**

**Includes penalty levied for the month of March 2020 of ₹ 43 lakh and interest ₹ 1 lakh due in the month of March 2020 transferred in subsequent months.

***Excludes loss during liquidation of member open position ₹ 22 lakh funded from Core SGF transferred back in subsequent months.

40 In compliance with the directives of Securities and Exchange Board of India (SEBI) vide circular no. CIR/CDMRD/DEA/03/2015 dated November 26, 2015 to clear the trades through a separate Clearing Corporation within prescribed timelines, the Exchange has received the approval of SEBI to transfer its clearing and settlement functions to Subsidiary National Commodity Clearing Ltd (NCCL). Accordingly, NCDEX has transferred its Clearing and Settlement functions to NCCL with effect from September 27, 2018. Pursuant to this transfer, following assets & liabilities which were part of the Exchange till September 26, 2018 are now a part of NCCL from September 27, 2018.

(₹ in Lakhs)

Particulars	Amount
Margin money from members	9,905
Clearing Bank Deposits	3,300
WSP Deposits	514
Provision related to Employee benefits	91
Total Liabilities	**13,810**
Assets	
Bank balances (funds)	13,811
Risk management software	8
IT assets(Desktop, Laptop and Servers)	20
Total Assets	**13,839**

Also, income related to Clearing and Settlement functions viz. Risk management fee, Physical delivery charges, Warehouse income and Investment income on funds as mentioned above, now form part of NCCL income stream w.e.f. September 27, 2018. Similarly, the expenses related to clearing and settlement function viz. employee costs, technology costs, sharing of infrastructure costs will be incurred by NCCL w.e.f. September 27, 2018.

SEBI, vide letter dated October 06, 2017, had directed that the quantum of Core Settlement Guarantee Fund (SGF) with the Clearing Corporation (NCCL) should not be less than the quantum of SGF with the Exchange at the time of transfer of Clearing & Settlement function. Accordingly, as on September 27, 2018, SGF with an amount of ₹ 11,961 lakh has been setup in NCCL, by contribution of ₹ 9,381 lakh from NCCL and ₹ 2,579 lakh by the Exchange, being it's share of Core SGF (₹ 2,312 lakh as the Exchange's share of core SGF and settlement penalties of ₹ 268 lakh).

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

41 In case of subsidiary NCCL SEBI vide its circular dated April 10, 2019, has prescribed Risk based method to determine the net worth required for Clearing Corporation. In terms of this circular, NCCL shall quarterly review their net worth requirement and ensure that the net worth does not fall below the prescribed threshold, applicable from first quarter of financial year 2019-20. NCCL is in compliance with said SEBI directives.

42 In case of subsidiary NCCL, NCCL recognizes MAT credit available as an asset only to the extent there is reasonable certainty that NCCL will pay normal income tax during the specified period. Accordingly, MAT credit entitlement not recognized in books of accounts till March 31, 2020 is ₹ 257 lakh (March 31, 2019 : ₹ 118 lakh), which will be carried forward. Further, as and when the MAT credit will be recognised the same will be directly credited to retained earnings and not the statement to profit & loss account as the same is arising out of contribution to Core SGF, forming part of other equity. Deferred tax asset on account of contribution to Core SGF till March 31, 2020 amounting to ₹ 3,159 lakh (March 31, 2019 : ₹ 2,888 lakh) will be recognized and credited directly to retained earnings when there is reasonable certainty.

43 In case of subsidiary NCCL, The amounts recoverable from members as on March 31, 2020 include amounts recoverable from two members who have failed to honor their pay-in obligations in September 2019 and the amounts continue to be due from them as on date. NCCL has declared these two members as defaulters. The amount recoverable from them as on the date of signing the financials, after adjustment of their collaterals and margin money is ₹ 2,533 lakh (including ₹ 681 lakh towards penalties and GST thereon). As the penalties will be transferred to Core SGF only on collection from members, NCCL has funded net amount of ₹ 1,853 lakh for pay-out to counter parties, as follows.

(₹ in Lakhs)

Particulars	Amount	Remarks
Clearing Corporation's own resources	622	5% of MRC of SGF ₹ 12,437 lakh (maximum as per SEBI provisions)
Core SGF	1,231	Net amount funded from Core SGF
Total	**1,853**	

In addition to the above, GST of ₹ 104 lakh on penalties recoverable from these members has been funded from Core SGF. Thus, total funding from Core SGF is ₹ 1,335 lakh

NCCL is in the process of following due processes (including legal course of action) for recovery from members as well as from insurance. Considering the recovery of the amount funded and SEBI guidelines for utilisation of Core SGF, a provision has been made for ₹ 622 lakh funded from NCCL own resources as per conservative accounting principle. In addition to the above, a provision of ₹ 25 lakh is also made towards Clearing Corporation dues from these members, aggregating to provision of ₹ 646 lakh which is considered as an Exceptional item in the financial statements for the year year ended March 31, 2020. Further, the Exceptional item also includes an amount of ₹ 22 lakh representing loss incurred during liquidation of member open position which cannot be attributed to the member.

44 In case of subsidiary NCDEX e Markets Ltd (NeML), Risk Management Fund (RMF) as constituted by NeML is the amount earmarked for completion of the settlement, in case of a default by a member. NeML is in process of formulating the policy of Risk Management Fund. NeML has contributed ₹ NIL (March 31, 2019 ₹ 15 lakh) and utilised ₹ 0.26 lakh (March 31, 2019 ₹ 10 lakh) from the fund. As considered by the Management of NeML the Contribution made is appropriate and sufficient to cover member defaults, if any.

45 **(a) Investment in Joint Venture of subsidiary NCDEX e Markets Limited**

NCDEX e Markets Limited (NeML) has a 50% interest in Rashtriya e Market Services Private Limited (ReMS) , a joint venture involved in establishing, operating, managing, specialized electronic trading platform (Unified Market Platform-UMP) for auctioning of farmer's produce to bring efficiency and transparency in the agricultural regulated markets in the state of Karnataka. The Group's interest in ReMS is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

Summarised Balance Sheet as at March 31, 2020

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current Assets	5,996	5,065
Non-current Assets	79	160
Current Liabilities	(739)	(652)
Non-current liabilities	(44)	(21)
Equity	**5,292**	**4,552**
Proportion of groups ownership	50%	50%
Carrying Amount of investment	**2,646**	**2,276**

Summarised Statement of profit and loss for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from Operations	3,229	3,108
Other Income	288	206
Employee benefit expenses	(127)	(129)
Operating Expenses	(1,740)	(1,792)
Depreciation and amortization expenses	(109)	(129)
Other Expenses	(339)	(254)
Profit Before Tax	**1,201**	**1,010**
Tax Expense	308	342
Profit for the period	**893**	**668**
Other Comprehensive Income	1	0
Dividend Distribution Tax	(29)	(25)
Total comprehensive income for the period	**865**	**643**
Groups Share of profit for the year	**432**	**322**

(b) Investment in associate Power Exchange India Limited (PXIL)

The Exchange, jointly with National Stock Exchange of India Limited (NSE), promoted Power Exchange India Limited (PXIL) in 2008, in order to provide an electronic platform for facilitation of trading of electricity at national level. Summarised financial information of the joint venture are set out below:

Summarised Balance Sheet as at :

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current Assets	6,542	11,187
Non-current Assets	5,481	792
Current Liabilities	(9,557)	(12,086)
Non-current liabilities	(100)	(42)
Equity	2,366	(151)
Proportion of groups ownership	34%	31%
Carrying Amount of investment	**809**	**(47)**

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

Summarised Statement of profit and loss for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from Operations	2,391	1,667
Other Income	614	394
Employee benefit expenses	(675)	(502)
Finance Cost	(32)	(121)
Depreciation and amortization expenses	(106)	(4)
Other Expenses	(818)	(518)
Exceptional item - Dividend distribution tax written back	145	-
Profit Before Tax	**1,520**	**917**
Tax Expense	(3)	110
Profit for the period	**1,523**	**807**
Other Comprehensive Income	-	(5)
Dividend Distribution Tax	-	-
Total comprehensive income for the period	**1,523**	**802**
Groups Share of profit for the year	**521**	**248**

46 Employee Stock Option Plan / Employee Stock Option Scheme of subsidiary NCDEX e Markets Limited

NCDEX e Markets Limited has created an Employee Stock Option - "ESOP 2017" for the benefits of employees. Details of table of stock options with vesting option, vesting period, exercise price and exercise period are as follows

Part A : Share option outstanding at the end of the period have the following expiry date and excise prices -

Vesting		Exercise	
Option	**Period**	**Period**	**Price (₹)***
300,000	March 27, 2018	Not more than 3 years from vesting	59.72
225,000	March 27, 2019	Not more than 3 years from vesting	59.72
225,000	March 27, 2020	Not more than 3 years from vesting	59.72

The aforesaid options will be vested to eligible employees on satisfaction of vesting conditions as defined under the policy.

Part B : Share option outstanding at the end of the period have the following expiry date, vesting period and excise prices -

Vesting		Exercise	
Option	**Period**	**Period**	**Price (₹)***
300,000	within 3 years from March 27, 2018	3 years from vesting ,subject to liquidity event as per Board Discretion	59.72
225,000	within 3 years from March 27, 2019	3 years from vesting ,subject to liquidity event as per Board Discretion	59.72
225,000	within 3 years from March 27, 2020	3 years from vesting ,subject to liquidity event as per Board Discretion	59.72

- The aforesaid options would have vested to eligible employees on achieving EBIDTA as per Respective yearly targets.
- If the prescribed EBIDTA is not achieved the options stands lapsed.

* Fair value per share is taken from independent valuer .

Employee Stock Option Activity under Scheme 2017

Particulars	2019-20	2018-19
Outstanding at the Beginning of the period	220,770	694,944
Granted During the period	-	237,999
Forfeited During the period	-	151,765
Exercised During the period	10,400	17,229
Outstanding at the end of the period	-	525,950
Exercisable at the end of the period	231,170	220,770

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

47 In subsidiary company NERL, In terms of clause 4 (9) of the Guidelines on Repositories and Creation and Management of Electronic Negotiable Warehouse Receipts dated October 20, 2016 issued by Warehousing Development and Regulatory Authority, the sponsor exchange shall not hold more than fifty one percent of the paid up equity share capital of NERL and shall reduce the same to twenty four percent within a period of ten years from the date of grant of Certificate of Registration. Further, in exceptional circumstances, such an exchange may, with the prior permission of WDRA, increase the shareholding upto seventy four percent of the paid up capital of NERL for such time as may be permitted by WDRA. NCDEX has been permitted to holds up to seventy four percent of the paid up share capital of NERL till December 2018 as per WDRA letter no. WDRA/2016/5-15/A&F-1959 dated December 8, 2016. Since the shareholding of NCDEX (67.22%) was not in line with the above guidelines, NCDEX has sought extension from WDRA to comply with the shareholding norms which was informed to the NERL. WDRA vide its letter no. D-24015/2/2018-O/o US (A&F)/2763 dated December 17, 2018 approved to allow NCDEX additional time of 12 months from December 23, 2018 till December 22, 2019 to reduce the shareholding to 51% or below. Further, WDRA vide its letter no. D-24015/2/2018-0/0 US (A and F)/1774 dated November 19, 2019 approved to allow NCDEX additional time of 12 months from December 22, 2019 till December 21, 2020 to reduce the shareholding to 51% or below.

48 In subsidiary company NERL , in terms of clause 12 (1) of the Guidelines on Repositories and Creation and Management of Electronic Negotiable Warehouse Receipts dated October 20, 2016 issued by Warehousing Development and Regulatory Authority, NERL is required to maintain a net worth of not less than ₹ 250 lakh, at all times. At present NERL complies with this guidelines.

49 The recently promulgated Taxation Laws (Amendment) Ordinance 2019, has inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deductions/ incentives. The option need to be exercised within the prescribed time for filing the return on income under section 139(1) of the Income Tax Act, 1961, for assessment year (AY) 2020-21 of subsequent assessment year Once exercised, such an option cannot be withdrawn for the same or subsequent assessment year.

These financial statements are prepared on the basis that NERL would avail the option to pay income tax at the lower rate. Accordingly, deferred tax credit (including credit to OCI of

₹ 0.19 lakh) for the year ended March 31, 2020 is lower by ₹ 11 lakh, resulting from re-measurement of tax balance by applying such reduced tax rate.

50 As at March 31, 2015 the Exchange had an investment in PXIL of ₹ 1,500 lakh in equity shares and ₹ 500 lakh in optionally convertible preference shares. The Exchange had accounted for its share of losses in PXIL to the extent of its equity investment of ₹ 1,500 lakh in its consolidated financial statements.

In the year 2015-16, after considering continuous losses in PXIL and erosion of its entire net worth, the Exchange had estimated that the recoverable amount of its investment in PXIL of ₹ 2,000 lakh in PXIL, should be impaired to Nil value. Consequently, the Exchange impaired its balance investment of ₹ 500 lakh by way of a charge to its consolidated profit and loss account.

During the current financial year, the Exchange converted its investment of ₹ 500 lakh in optionally convertible preference shares into equity shares. After such conversion, the Exchange has an investment in the equity shares of PXIL to the extent of ₹ 2,000 lakh.

Further, as at September 30, 2019, after considering profits in PXIL for last two and a half years, sustainability of such profits and based on a valuation report, the Exchange has reversed the impairment of its investment to the extent of ₹ 291 lakh in the consolidated Profit and loss account (i.e. reversal of impairment of ₹ 2,000 lakh and recognizing its share of losses till March 31, 2019 amounting to ₹ 1,709 lakh).

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

51 Financial risk management objectives and policies

The Group's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Group's senior management has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has constituted a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies.

Management of Liquidity Risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Group's finance department regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any surplus cash available, over and above the amount required for management and other operational requirements, is retained as cash and cash equivalents (to the extent required), highly marketable debt investments, and interest bearing term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

(₹ in Lakhs)

Particulars	Note Nos.	Carrying amount	Less than 12 months	Payable on demand	More than 12 months	Total
As at March 31, 2020						
Deposits	17	37,403	-	37,390	13	37,403
Trade payables	18	1,759	1,759	-	-	1,759
Lease Liabilities	19	1,558	713	845	-	1,558
Other financial liabilities	19	3,149	3,108	-	41	3,149
As at March 31, 2019						
Deposits	17	29,936	-	29,916	20	29,936
Trade payables	18	1,377	1,377	-	-	1,377
Other financial liabilities	19	1,344	1,330	-	14	1,344

Management of Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

Trade Receivables :

Concentrations of credit risk with respect to trade receivables are limited, due to the Group's customer base being large and diverse and also on account of member's deposits kept by the Group as collaterals which can be utilised in case of member default. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

None of the customers accounted for more than 10% of the receivables and revenue for the year ended March 31, 2020 (March 31, 2019 : ₹ NIL) .

Other financial assets :

The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in debt mutual funds and Bonds. The Group limits its exposure to credit risk by making investment as per the investment policy. The Group addresses credit risk in its investments by mandating a minimum rating against the security / institution where the amounts are invested and is further strengthened by mandating additional requirement like Capital Adequacy Ratio (CAR), Minimum Average Assets Under Management (AAUM) etc. for certain types of investments. Further the investment committee of the Group reviews the investment portfolio on a periodic basis and recommend or provide suggestion to the management. The Group does not expect any losses from non- performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

Management of Market Risk

The Group's business, financial condition and results of operations are highly dependent upon the levels of activity on the exchange, and in particular upon the volume of commodities traded, the number of contracts and liquidity and similar factors.

In addition to the above risk, Market risk also includes the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rates are sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the Group's control. Changes in the general level of interest rates can affect the profitability by affecting the spread between, amongst other things, income the Group receives on investments in debt securities, the value of interest-earning investments, it's ability to realise gains from the sale of investments.

Foreign currency risk

The Group periodically transacts internationally and few of the transactions are conducted in different currencies. As the volume of the transactions are few, the Group has not entered in foreign exchange forward exchange contracts.

Clearing and Settlement Risk

Parties to a settlement may default on their obligations for reason beyond the control of the Group. The clearing and settlement operations are conducted through a wholly owned subsidiary National Commodity Clearing Limited (NCCL). NCCL guarantees the settlement of trade executed on Group's platform and maintains a core settlement guarantee fund to support its guarantee obligations.

Regulatory Risk

The Group requires a number of regulatory approvals, licenses, registrations and permissions to operate our business For example, the group have licenses from SEBI in relation to, among others, introducing contracts on various commodities The group operations are subject to continued review and the governing derivatives regulations changes. The group regulatory team constantly monitors the compliance with these rules and regulations. There have been several changes to the form and manner in which deemed recognised stock exchanges must make contributions to a Core Settlement Guarantee Fund. Should SEBI in the future vary the required contribution amounts to the Core Settlement Guarantee Fund, the group may have to contribute more of funds to the Core Settlement Guarantee Fund which could materially and adversely affect the group financial ability. The group regulatory team keeps a track regarding the amendments in SEBI circulars / regulations pertaining to such core settlement guarantee fund.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Group is predominantly equity financed which is evident from the capital structure. Further, the Group has always been a net cash Group with cash and bank balances along with investment which is predominantly investment in liquid and short term mutual funds being far in excess of financial liabilities.

52 Fair Value measurement

Financial Instrument by category and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(₹ in Lakhs)

Particulars	Levels	As at March 31, 2020	As at March 31, 2019
1) Financial Assets			
Financial assets measured at fair value through profit & loss			
A) Investment in Mutual Funds	Level 1	1,720	2,890
Financial assets measured at fair value through other comprehensive income			
A) Investment in Bonds	Level 1	1,983	1,937
Financial assets measured at Amortized Cost			
A) Bank deposits		53,777	47,106
B) Trade receivables		3,226	1,801
C) Cash and Cash equivalents		12,073	7,848
D) Investment in Bonds		-	-
E) Other Financial Asset		4,838	4,720
Total financial assets		**77,617**	**66,302**
2) Financial liabilities			
Financial liabilities measured at Amortized Cost			
A) Deposits from members		37,403	29,936
B) Trade payables		1,759	1,377
C) Lease Liabilities		1,558	-
d) Other Financial liabilities		3,149	1,343
Total Financial liabilities		**43,870**	**32,656**

The carrying amounts of trade receivables, bank deposit, other financial assets, trade payables, Deposit from member, other financial liabilities and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

53 Tax Reconciliation

a. A reconciliation of Income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before income taxes	(714)	1,288
Enacted tax rates in India	29%	29%
Computed expected tax expense	(208)	374
Tax impact on depreciation	175	(94)
Adjustments in respect of current income tax of previous years	6	(31)
Tax impact due to Non-deductible expenses for tax purposes	127	236
Tax impact on Exempt Income	(336)	(81)
Long term capital gain taxed at different rate	3	(1)
Deferred tax expense	(130)	(186)
Tax losses for which no deferred tax assets is recongnised	1	6
Changes in Tax rates	2	-
Difference in Tax rate of components	61	(107)
Deferred tax liabilities reversed on unrealized profit eliminated in consolidaton *	47	713
Tax on Elimination of unrealised profit	206	(1,036)
Tax on Impairment loss of PXIL investment	(582)	-
Income tax expense	**(628)**	**(206)**

* Restated (Refer note - 58)

Notes to Consolidated Financial Statements
for the year ended March 31, 2020 (Contd.)

b. The following table provides the details of income tax assets and income tax liabilities as of March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income tax assets	12,983	11,836
Income tax liabilities	8,482	8,405
Net Non current income tax assets/ (liability) at the end of financial year	**4,501**	**3,431**

c. The gross movement in the current income tax asset/ (liability) for the period ended March 31 2020

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net current income tax asset / (liability) at the beginning	3,431	2,662
Add : Income tax paid	1,767	1,160
Provision for tax of earlier years	37	(7)
Refund Received	(321)	69
Less : Provision for income tax	(413)	(453)
Net current income tax asset/ (liability) at the end	**4,501**	**3,431**

d. Deferred tax assets

Movements in deferred tax assets

(₹ in Lakhs)

Particulars	Employee benefit	Provision For Doubtful Debt	Financial Assets at Fair Value through OCI	Unabsorbed losses / depreciation	MAT Credit Entitlement	Lease Ind As 116	Other Items	Total
As at March 31, 2018	76	-	21	265	70	-	66	498
Charged / (credited)								
- to profit or loss	(0)	-	-	351	598	-	(26)	923
- to other comprehensive income	-	-	(21)	-	-	-	-	(21)
As at March 31, 2019	**76**	**-**	**-**	**616**	**669**		**40**	**1,401**
Charged / (credited)								
- to profit or loss	80	180	-	784	(145)	(0)	8	907
- to other comprehensive income	-	-	11	-	-	-	-	11
- to Retained earning	-	-	-	-	-	39	-	39
As at March 31, 2020	**156**	**180**	**11**	**1,400**	**524**	**39**	**48**	**2,358**

Movements in deferred tax liabilities

(₹ in Lakhs)

Particulars	Depreciation and amortisation *	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI	Total
As at March 31, 2018	**600**	**142**	**-**	**742**
Charged / (credited)				
- to profit or loss *	146	(81)	-	65
As at March 31, 2019 *	**747**	**61**	**7**	**815**
Charged / (credited)				
- to profit or loss	(98)	(27)	-	(126)
- to other comprehensive income	-	-	8	8
As at March 31, 2020	**648**	**34**	**15**	**697**

* Restated (Refer note - 58)

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

54 Lease payments under non - cancellable operating leases have been recognized as an expense in the Statement of profit & loss. Maximum obligation on lease amount payable as per rentals stated in respective agreements as per Ind AS 17 - Leases are as follows:-

(₹ in Lakhs)

Particulars	For the Period ended March 31, 2020
Not later than one year	573
Later than one year but not later than five years	1,007
More than five years	-

55 Leases

a Transition

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 2,001 lakh and a lease liability of ₹ 2,138 lakh . The cumulative effect of applying the standard of ₹ 109 lakh was debited to retained earnings, net of taxes. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

b The following is the summary of practical expedients elected on initial application:

i Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date

ii Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

iii Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

iv Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

c The effect of depreciation and interest related to Right Of Use Asset and Lease Liability are reflected in the Profit & Loss Account under the heading "Depreciation and Amortisation Expense" and "Finance costs" respectively under Note No 23 and 24

d The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 8% to 8.38%.

e The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note 37 of the financial statement and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

f Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020.

Particulars	Category of Right to use Assets		Total
	Office Space	Guest House	
Balance as of April 1, 2019	-	-	
Reclassified on account of adoption of Ind AS 116	68	-	68
Additions	2,129	38	2,167
Additions through business combinations	-	-	-
Deletions	3	-	3
Depreciation	762	13	775
Balance as of March 31, 2020	**1,433**	**26**	**1,457**

g The following is the break-up of current and non-current lease liabilities as of March 31, 2020

(₹ in Lakhs)

Particulars	Amount
Current Lease liabilities	713
Non-current lease liabilities	845
Total	**1,558**

h The following is the movement in lease liabilities during the year ended March 31, 2020:

(₹ in Lakhs)

Particulars	Amount
Balance as at April 1, 2019	-
Additions	2,304
Additions through business combinations	-
Deletions	3
Finance cost accrued during the period	150
Payment of lease liabilities	893
Translation difference	-
Balance as of March 31, 2020	**1,558**

i The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

(₹ in Lakhs)

Particulars	Amount
Less than one year	746
One to five years	883
More than 5 years	-
Total	**1,629**

j The group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

k Rental expense recorded for short-term leases was ₹ 27 lakh for the year ended March 31, 2020.

56 Additional information required by Schedule III

(₹ in Lakhs)

Particulars	Nature of Relationship	As % of Total net assets	As at March 31, 2020	As % of Total net assets	As at March 31, 2019
Net assets (total assets minus total liabilities)					
National Commodity & Derivatives Exchange Ltd (NCDEX)	Parent Company	57%	45,062	62%	44,938
NCDEX e Markets Ltd. (NeML)	Subsidiary	26%	5,972	7%	4,750
National E-Repository Limited (NERL)	Subsidiary	9%	6,913	11%	7,732
National Commodity Clearing Limited (NCCL)	Subsidiary	26%	20,750	21%	15,484
NCDEX Institute of Commodity Markets and Research (NICR)	Subsidiary	0%	(195)	0%	(189)
Power Exchange India Limited	Associates	0%	2	0%	(112)
Total		**119%**	**78,505**	**100%**	**72,603**

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(₹ in Lakhs)

Particulars	Nature of Relationship	As % of Total Profit or loss	For the year ended March 31, 2020	As % of Total Profit or loss	For the year ended March 31, 2019
Share in profit or (loss)					
National Commodity & Derivatives Exchange Ltd (NCDEX)	Parent Company	43%	485	-1033%	(2,698)
NCDEX e Markets Ltd. (NeML)	Subsidiary	1%	15	543%	1,420
National E-Repository Limited (NERL)	Subsidiary	-73%	(814)	-82%	(215)
National Commodity Clearing Limited (NCCL)	Subsidiary	11%	123	159%	416
NCDEX Institute of Commodity Markets and Research (NICR)	Subsidiary	0%	(5)	-8%	(22)
Power Exchange India Limited	Associates	118%	1,318	321%	839
Total		**100%**	**1,121**	**-100%**	**(261)**

(₹ in Lakhs)

Particulars	Nature of Relationship	As % of Total OCI	For the year ended March 31, 2020	As % of Total OCI	For the year ended March 31, 2019
Share in other comprehensive income					
National Commodity & Derivatives Exchange Ltd (NCDEX)	Parent Company	-42%	10	-39%	(14)
NCDEX e Markets Ltd. (NeML)	Subsidiary	63%	(15)	-10%	(3)
National E-Repository Limited (NERL)	Subsidiary	19%	(4)	-17%	(6)
National Commodity Clearing Limited (NCCL)	Subsidiary	61%	(14)	-34%	(12)
NCDEX Institute of Commodity Markets and Research (NICR)	Subsidiary	0%	-	0%	-
Power Exchange India Limited	Associates	0%	-	0%	-
Total		**100%**	**(24)**	**-100%**	**(36)**

(₹ in Lakhs)

Particulars	Nature of Relationship	As % of Total comprehensive income	For the year ended March 31, 2020	As % of consolidated net assets	For the year ended March 31, 2019
Share in total comprehensive income					
National Commodity & Derivatives Exchange Ltd (NCDEX)	Parent Company	45%	495	-919%	(2,712)
NCDEX e Markets Ltd. (NeML)	Subsidiary	0%	-	480%	1,417
National E-Repository Limited (NERL)	Subsidiary	-75%	(819)	-75%	(221)
National Commodity Clearing Limited (NCCL)	Subsidiary	10%	108	137%	404
NCDEX Institute of Commodity Markets and Research (NICR)	Subsidiary	0%	(5)	-7%	(22)
Power Exchange India Limited	Associates	120%	1,318	284%	839
Total		**100%**	**1,097**	**-100%**	**(295)**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

57 The Exchange had filed a draft red herring prospectus (DRHP) on February 11, 2020 with the Securities and Exchange Board of India (SEBI) and stock exchanges for the proposed initial public offering (IPO) of its equity shares, comprising of fresh issue of up to Rs 100 Crores and Offer for Sale of up to 14,453,774 Equity Shares by the Selling Shareholders. On April 9, 2020 SEBI issued its final observations on the DRHP. Basis these observations, the Exchange can now launch its proposed IPO i.e. open for subscription within 12 months from April 9, 2020. The Exchange has also received in- principle approval from National Stock Exchange of India Limited and BSE Limited for proposed listing of its equity shares on the stock exchanges.

58 Due to recalcuation of Deferred Tax on consolidation in the previous year, an amount of is ₹ 309 lakh credited to the Statement of Profit and Loss of the previous year and is restated and consequently the figures of Deferred tax liabilities (Net) of previous year is restated from ₹ 747 lakh to ₹ 648 lakh with corresponding impact on the opening balance of retained earnings in the current year

59 The Indian Government announced complete lockdown with effect from March 25, 2020 in view of the CoVID-19 pandemic. However, the Securities Market, including the Exchanges, Clearing Corporations and Market Intermediaries continued to function since it has been classified as an essential service during the lockdown period. The Warehousing services too were exempted from the lockdown period as per directives issued by the Ministry of Home Affairs. The business and operations of the Group were carried out despite limited transportation of commodities and travel restrictions.

The Group has carried out a comprehensive analysis of the impact on its business and operations. The Group has also evaluated the possible impact of CoVID-19 on the business operations and the financial position of the Group and based on its assessment, believes that there is no significant impact on the carrying value of its assets and liabilities as at March 31, 2020 and on the financial performance for the year ended March 31, 2020. The potential impact of the CoVID - 19 pandemic may be different from that estimated as at the date of approval of these financial statements and the Group is closely monitoring developments, its operations, liquidity and capital resources and is actively working to minimize the impact of this unprecedented situation.

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 : June 12, 2020

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

Vijay Kumar V.
Managing Director & Chief Executive Officer
DIN - 6651068

Chaman Kumar
Chairman and Public Interest Director
DIN - 07304930

Harish Kumar
Company Secretary
Membership No. - 20844

Atul Roongta
Chief Financial Officer

NCDEX

Pragati ka Solid Exchange

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