



# Indian Commodity Exchange Limited



## ANNUAL REPORT 2016 - 17

## Contents

<b>Sr. No.</b>	<b>Particulars</b>	<b>Pages</b>
1.	Board of Directors and Company Information	1-2
2.	Directors' Report	3-48
3.	Management Discussion and Analysis Report	49-50
4.	Corporate Governance Report	51-65
5.	Independent Auditors' Report	66-74
6.	Financial Statements	75-96



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## DIRECTOR'S REPORT

To,  
The Members of Indian Commodity Exchange Limited,

Your Directors have pleasure in presenting the 9th Annual Report of the Exchange together with the audited accounts for the financial year ended March 31, 2017.

### **FINANCIAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE COMPANY:**

The financial results for the year ended March 31, 2017 and the corresponding figures for the last year are as under:-

(Amt. in Crores)		
<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Profit/(Loss) Before Depreciation & Tax	(14.31)	(6.94)
Less: Depreciation / Amortization	0.55	0.52
Profit/(Loss)After Depreciation & Before Tax	(14.86)	(7.46)
Less: Provision for Deferred Tax (Exp.) / Credit	-	-
Profit / (Loss) after Tax	(14.86)	(7.46)
Provision for Tax	-	-
Profit / (Loss) for the year (A)	(14.86)	(7.46)
Balance of Loss brought forward (B)	(96.19)	(100.98)
Add / Less : Contribution / Withdrawal from Settlement Guarantee Fund (C)	(10.00)	12.25
Balance of Loss Carried Forward to Balance Sheet (A+B+C)	(121.05)	(96.19)

### **REVIEW OF EXCHANGE PERFORMANCE, OPERATIONS AND OVERVIEW:**

SEBI vide its letter dated July 7, 2017 has granted approval to Exchange for re-commencement of the trading operations. The Exchange has successfully complied with all SEBI mandated norms-prescribed for the commodity exchanges, and implemented world-class technology and risk management systems.

To revive the Exchange, new management team had been appointed. Setting up of an exchange requires a well experienced management team with domain knowledge, establishment of infrastructure and technology setup, right product mix with liquidity, enrollment of members to serve actual users and necessary exchange compliance and risk management. The Exchange has successfully built the core team and has also been able to attract human resource with deep domain knowledge and experience in Exchange industry to further strengthen the departments. Technology plays the key role in Exchange business. Exchange has tied up with leading technology provider Millennium IT (MIT) for exchange software. MIT is a part of London Stock Exchange Group.

The Exchange has also received approval from SEBI for its Diamond, Light Sweet Crude Oil (WTI) & Brent Crude Oil contracts. The Exchange has all necessary infrastructures to handle deposits, grading and sealing, vaulting and deliveries of diamonds as part of its preparation to launch the diamond contracts.

During the year under review, the Company did not have any trading operations as the trading operations of the Exchange were suspended temporarily with effect from April 1, 2014. The Exchange had incurred a loss of ₹ 14.86 crores in FY 2016-17 compared to previous year loss of ₹ 7.46 crores. The net-worth as on March 31, 2017 was ₹ 124.30 crores (inclusive of SGF) and the company has complied with the SEBI net-worth requirement of ₹ 100 crores.

#### **DIVIDEND AND RESERVES:**

In the absence of profits, the Directors do not recommend any dividend on the equity shares of the Company and no amounts are available for carrying to General Reserve.

#### **SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY:**

The Company does not have Subsidiary/ Joint Venture/ Associate Companies. Therefore details of the same are not furnished.

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

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

During the year under review, your Company has not entered into any Related Party Transactions under section 188 (1) of the Companies Act, 2013 and the same is reported in form AOC -2 and annexed as Annexure I.

#### **INTERNAL FINANCIAL CONTROLS:**

The Company has internal financial controls which are adequate and were operating effectively. The controls are adequate for ensuring the orderly & efficient conduct of the business, including adherence to the Company's policies, the safe guarding of assets, the prevention & detection of frauds & errors, the accuracy & completeness of accounting records and timely preparation of reliable financial information.

#### **PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES:**

During the year under review, your Company has not given any loan or guarantees as per section 186 of the Companies Act, 2013. Further your Exchange has not made any Investments as per section 186 of the Companies Act, 2013.

#### **DEPOSITS:**

The Company does not have deposits as contemplated under chapter V of the Companies Act, 2013. Further, the Company has not invited or accepted any deposits during the year ended March 31, 2017.

## **DIRECTORS:**

Your Board currently comprises of eight (8) Directors which includes four (4) Public Interest Directors, three (3) Shareholder Directors and one (1) Managing Director and Chief Executive Officer. The Board at its meeting held on August 31, 2016 based on the recommendation of Selection Committee and the Nomination and Remuneration Committee had appointed Mr. Sanjit Prasad as Managing Director and Chief Executive Officer of the Exchange with effect from September 1, 2016 subject to approval of shareholders. SEBI vide its letter dated August 29, 2016 had approved the appointment of Sanjit Prasad as Managing Director and Chief Executive Officer of the Exchange. The shareholders at their meeting held on September 26, 2016 had approved the appointment of Mr. Sanjit Prasad as Managing Director and Chief Executive Officer of the Exchange.

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

Further, during the year under review, the Exchange had received a letter dated December 9, 2016 from MMTC Limited nominating Mr. Ashwani Sondhi, Director (Marketing) of MMTC Limited as shareholder director in place of Mr. Anand Trivedi on the Board of the Indian Commodity Exchange Limited w.e.f. December 7, 2016. Accordingly Mr. Anand Trivedi ceased to be the Director of the Exchange w.e.f. December 7, 2016. The Board had not yet appointed Mr. Ashwani Sondhi as shareholder director and has requested MMTC Limited to comply with Regulation 23(7) of the SECC Regulations, 2012 in order to appoint the shareholder director on the Board of the Exchange.

Mr. P. S. Gahlaut, Shareholder Director retires by rotation and being eligible, offers himself for re-appointment at the 9<sup>th</sup> Annual General Meeting of the Exchange scheduled to be held on September 28, 2017. His brief profile is given in the Exhibit to the Notice of the ensuing Annual General Meeting of the Company.

All the Directors of the Company have confirmed that they are not disqualified from being appointed as Directors in terms of Section 164(2) of the Companies Act, 2013. The Company has received declarations from all Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, all Directors have confirmed that they are ‘Fit and Proper’ persons in terms of the SECC Regulations.

Details of Board Committees along with their terms of reference, composition and meetings held during the year, are provided in Corporate Governance Report which forms part of the Annual Report.

## **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

The Board met seven (7) times during the financial year i.e. on April 8, 2016, April 21, 2016, July 23, 2016, August 31, 2016, October 1, 2016, October 22, 2016 and January 21, 2017.













































































































































































































