



# Indian Commodity Exchange Limited



ANNUAL REPORT 2015 - 16

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**Board of Directors (as on 31<sup>st</sup> August, 2016):**

1. Mr. Ashok Sinha - Chairman, Public Interest Director
2. Mr. Ajit Kumar Mittal - Shareholder Director
3. Mr. Anand Trivedi - Shareholder Director
4. Mrs. D. Vijayalakshmi - Public Interest Director
5. Mr. Lav Chaturvedi - Shareholder Director
6. Mr. P. S. Gahlaut - Shareholder Director
7. Mr. R. K. Nair - Public Interest Director
8. Mr. V. K. Sharma - Public Interest Director

***Chief Financial Officer*** - Mr. Ghanashyama Rao

***Company Secretary*** - Mr. Ameya Paranjape

***Statutory Auditors*** - M/s. Shyam Malpani & Associates

***Internal Auditors*** - M/s. N.D. Kapoor & Co.

**Bankers (including clearing banks) :**

Axis Bank Limited

State Bank of India

ICICI Bank Limited

Union bank of India Limited

HDFC bank Limited

Punjab National Bank Limited

Bank of India

IndusInd Bank Limited

**Registered Office:-**

Dev House, 260-261, Tribhuwan Complex,  
Ishwar Nagar, New Friends Colony (W),  
New Delhi- 110065.

Email: [secretarial@icexindia.com](mailto:secretarial@icexindia.com)

Website: [www.icexindia.com](http://www.icexindia.com)

Phone: 011 - 3067 0103

CIN: U67120DL2008PLC182140

**Corporate Office:-**

Reliable Tech Park, 403-A, B-Wing,  
4<sup>th</sup> Floor, Thane - Belapur Road,  
Airoli, Navi Mumbai - 400708.

Phone: 022 - 4038 1500/1300

Fax: 022 - 4038 1511

**Registrar and Share Transfer Agent:**

Karvy Computershare Private Limited  
Karvy Selenium, Tower B, Plot Nos. 31 & 32,  
Gachibowli, Financial District, Nanakramguda,  
Serilingampally, Hyderabad 500 032  
Telangana, India  
Tel: +91 40 3321 1500  
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## DIRECTOR'S REPORT

To,  
The Members of Indian Commodity Exchange Limited,

Your Directors have pleasure in presenting the 8<sup>th</sup> Annual Report of the Exchange together with the audited accounts for the financial year ended March 31, 2016.

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

The financial results for the year ended 31<sup>st</sup> March, 2016 and the corresponding figures for the last year are as under:-

<u>Particulars</u>	<u>(Amt. in Crores)</u>	
	<u>2015 - 16</u>	<u>2014 - 15</u>
Profit/(Loss) Before Depreciation & Tax	(6.94)	(6.7)
Less: Depreciation / Amortization	0.52	1.46
Profit/(Loss)After Depreciation & Before Tax	<b>(7.46)</b>	<b>(8.16)</b>
Less: Provision for Deferred Tax (Exp.) / Credit	--	--
Profit / (Loss) after Tax	<b>(7.46)</b>	<b>(8.16)</b>
Provision for Tax	---	---
Less: Contribution to Settlement Guarantee Fund	---	---
Profit / (Loss) for the year	<b>(7.46)</b>	<b>(8.16)</b>
Balance of profit / (Loss) brought forward	<b>(100.99)</b>	<b>(92.73)</b>
Less: Additional Deprecation as per Schedule II of The Company Act, 2013	--	0.1
Add: Withdrawal from Settlement Guarantee Fund	12.25	---
Balance of profit/(Loss) Carried Forward to Balance Sheet	<b>(96.20)</b>	<b>(100.99)</b>

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

To revive the Exchange, new management team has 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. Accordingly, the Exchange has shifted to a new premise with all necessary infrastructures and has also appointed key officials who would be entrusted the mandate of driving successful implementation and commencement of the Exchange operations. The Exchange has tied up with leading technology provider Millennium IT (MIT) for exchange software. MIT is a part of London Stock Exchange Group.

During the year under review, the Company did not have any trading operation as the trading operations of the Exchange were suspended temporarily with effect from 1<sup>st</sup> April, 2014. The

Exchange had incurred a loss of Rs.7.46 crores in FY 2015-16 compared to previous year loss of Rs. 8.16 crores. The net-worth as on March 31, 2016 was Rs. 3.81 crores against the SEBI net-worth requirement of Rs.100 crores which has to be complied by May 2017. On April 8, 2016 the Exchange recently closed its Rights Issue of Rs. 50 crores at 100% premium of Rs. 5 per share.

#### **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.

#### **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 Exchange has not invited or accepted any deposits during the year ended 31<sup>st</sup> March, 2016.

## DIRECTORS

Your Board currently comprises of eight Directors which includes four Public Interest Directors and four Shareholder Directors. Further the Board has appointed Mr. Sanjit Prasad as Managing Director & CEO with effect from 1<sup>st</sup> September, 2016. During the year under review, Mr. Radhakrishna Nair and Mr. V. K. Sharma were appointed as additional directors to be Independent Directors (Public Interest Directors). Mr. Lav Charturvedi, ceased to be whole-time director of the Exchange w.e.f. 1<sup>st</sup> April, 2016. However he still continues to be the shareholder director of the Exchange. Mr. Rajan Chowdhry resigned as director of the Company with effect from 9<sup>th</sup> May, 2016.

The Board at its meeting held on 31<sup>st</sup> August, 2016 based on the recommendation of Selection Committee and the Nomination and Remuneration Committee has appointed Mr. Sanjit Prasad as Managing Director and Chief Executive Officer of the Exchange with effect from 1<sup>st</sup> September, 2016 subject to approval of shareholders. SEBI vide its letter dated 29<sup>th</sup> August, 2016 had approved the appointment of Sanjit Prasad had as Managing Director and Chief Executive Officer of the Exchange.

Mr. Anand Trivedi, Shareholder director retires by rotation and being eligible, offers himself for re-appointment at the 8<sup>th</sup> Annual General Meeting of the Exchange scheduled to be held on 26<sup>th</sup> September 2016.

Mr. Ashok Sinha was appointed as the Chairman of the Board of the Exchange as per approval received from SEBI vide its letter dated May 18, 2016. Mrs. D. Vijayalakshmi was appointed as additional Director to be Independent Directors (Public Interest Directors) of the Exchange pursuant to SEBI's approval with effect from June 13, 2016. In view of the appointment of Mr. D. Vijayalakshmi, the board of directors is now properly constituted as per the SECC Regulations. Further, the Company has also complied with the requirement of women director under section 149(1) of the Companies Act, 2013 read with rule 3 of the Companies (Appointment and Qualification of Directors) Rules 2014.

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 necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets 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.

## **KEY MANAGERIAL PERSONNEL (KMP)**

The following are designated as the Key Managerial Personnel of the Exchange pursuant to sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as on 31<sup>st</sup> March, 2016:

- (a) Mr. Lav Chaturvedi -Whole Time Director
- (b) Mr. Ranjit Kumar Samantaray - Company Secretary
- (c) Mr. Ghanashyam Rao - Chief Financial Officer

Mr. Lav Chaturvedi, was whole time Director of the Exchange upto 31<sup>st</sup> March, 2016 and is continuing as Shareholder Director after 31<sup>st</sup> March, 2016. Mr. Ramesh Shetty, Chief Financial Officer of the Exchange resigned on 9<sup>th</sup> November, 2015. The Board of Directors at their meeting held on 23<sup>rd</sup> December, 2015 appointed Mr. Ranjit Kumar Samantaray as Company Secretary of the Exchange and Mr. Ghanashyam V. Rao as Chief Financial Officer of the Exchange. Further the Board at its meeting held on 23<sup>rd</sup> July, 2016 had appointed Mr. Ameya Paranjape as Company Secretary of the Company with effect from same date. Further the Board has appointed Mr. Sanjit Prasad as Managing Director & CEO with effect from 1<sup>st</sup> September, 2016

The Company does not have any Employees' Stock Option Scheme.

## **PARTICULARS OF EMPLOYEES**

The Company had **no** employee during the year covered under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## **POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION:**

The Company has to comply with the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 for appointment of directors on the governing board. Further the remuneration payable to the Executive Directors is also governed by the SECC Regulations. The Board periodically evaluates the need for change in its composition and size. The policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of directors, and also remuneration for key managerial personnel and other employees is set out in **Annexure - II** to the Directors' Report.

## **CORPORATE SOCIAL RESPONSIBILITY:**

Since the net-worth of the Exchange is not Rs. 500 crores or more or turnover is not Rs. 1000 crores or more or net profit is not Rs. 5 crores or more during preceding three financial years, provisions of section 135 of the Companies Act, 2013 with respect to constitution of Corporate Social Responsibility Committee are not applicable to the Exchange.

## **BOARD EVALUATION**

With the objective of enhancing the effectiveness of the Board, the Nomination & Remuneration Committee formulated the methodology and criteria to evaluate the performance of the board

and each director. The Nomination & Remuneration Committee at its meeting discussed and reviewed the criteria for evaluating the performance of the all the directors.

## RISK MANAGEMENT

The Risk Management Committee of the Board of Directors periodically reviews the Risk Management framework, identified risks with criticality and mitigation plan.

## REGULATORY UPDATES

The Government of India repealed Forward Contracts (Regulation) Act, 1952 (FCRA) w.e.f. September 29, 2015 paving the way for the merger of the Forward Market Commission with the Securities and Exchange Board of India w.e.f. September 28, 2015. SEBI in order to effect the merger, amended the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations, 2012 (SECC Regulations) and SEBI (Stock Broker and Sub-Broker) Regulation, 1992 and SEBI (Regulatory Fee on Stock Exchanges) on September 09, 2015. These regulations enabled the functioning of the commodities derivatives exchanges and their brokers under SEBI norms and recognition of commodity derivative exchanges as deemed recognized stock exchanges under SCRA.

## DETAILS REQUIRED UNDER RULE 12 OF THE FORWARD CONTRACTS (REGULATIONS) RULES, 1954.

- **New admission/re-admissions:**

The Exchange has temporarily suspended its trading operations since 1st April, 2014 and the suspension of the same is still continuing till date. In view of this, no new admission/re-admissions of members were done during the F.Y. 2015-2016.

- **Resignation/ Surrender of Membership:**

During the F.Y. 2015-2016, Exchange/FMC has approved the membership surrender application of 61 members.

Membership Type	Numbers
Trading cum Clearing Member (TCM)	45
Trading Member (TM)	16
Total	61

- **Total number of member as on March 31, 2016:**

Membership Type	Numbers
Institutional Trading cum Clearing Member (ITCM)	3
Trading cum Clearing Member (TCM)	161
Trading Member (TM)	182
Total	346

- **Disciplinary Action taken against members during F.Y. 2015-2016**

Nil

- **Arbitration of disputes**

Sr.No.	Compliant Received from	Details of Compliant	Complaint Against
1	SMC Comtrade Pvt. Ltd.	Pending dues from Trading Member	M/s Sanyukta Commodities Private Limited

Further since the trading operations of the Exchange were suspended from April 1, 2014 the other details as required under rule 12 of the Forward Contracts (Regulations) Rules, 1954 are not applicable.

## **CORPORATE GOVERNANCE**

A report on Corporate Governance covering amongst others, composition, details of meetings of the Board and Committees along with a certificate for compliance with the conditions of Corporate Governance issued by the Practicing Company Secretary, in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Annual Report.

## **AUDITORS & AUDITORS REPORT:**

### **STATUTORY AUDIT REPORT:**

M/s Shyam Malpani & Associates ( Firm Registration No. 120438W), Chartered Accountants, Statutory Auditors of the Company, holds office until the conclusion of ensuing Annual General Meeting. As required under section 139(1) of the Companies Act, 2013, the Exchange has received a written consent from M/s Shyam Malpani & Associates, Chartered Accountants to their appointment and certificate to the effect that their appointment, if made, would be in accordance with Companies Act, 2013 and the rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013.

The Auditors of the Company have submitted Auditors Report on the accounts of the Company for the accounting year ended March 31, 2016. The Notes to the Accounts referred to in the Auditors Report are self-explanatory. The Auditors Report does not contain any qualification, reservation or adverse remark.

### **SECRETARIAL AUDIT REPORT:**

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed G. S. Shetty & Associates, Practicing Company Secretary (Certificate of Practice

Number:7729) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as **Annexure - III** to this report.

### **Explanation to the Secretarial Auditors Qualification:**

The Secretarial Auditors in their report for the year ended March 31, 2016 expressed certain qualifications which are summarised below along with the Company's comments on the same:

1. With respect to point no. 1 of the critical comments regarding non constitution of the Board of Directors it is hereby clarified that the Company was earlier governed by Forward Markets Commission ("FMC") and from September 28, 2015 by Securities Exchange Board of India ("SEBI"). As per the regulatory requirements the prior approval of regulators was required for appointment of director on the Board. The Exchange had submitted the name of women director to the FMC for approval but since the approval has not received, Company has not appointed women director on the Board. Further the Company has submitted the name of women director to SEBI on April 13, 2016 and SEBI has nominated Mrs. D. Vijayalakshmi on the Board of the Company and the Board of Directors vide their resolution by circulation dated June 11, 2016 which was approved on June 13, 2016 had appointed Mrs. D. Vijayalakshmi (women director) on the Board of the Company and has complied with the provisions of sections 149 of the Companies Act, 2013. Further as per SECC regulations, Managing Director of the Exchange has to be appointed with prior approval of the SEBI. The Company has submitted the application to SEBI for its approval and is yet to receive the approval from SEBI and hence has not appointed Managing Director. In terms of Regulation 21(1) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 ("SECC Regulations"), the Company could have only three categories of directors namely PIDs, Managing Director and shareholder director. The Company has appointed Mr. D. Vijayalakshmi as Public Interest Director on June 13, 2016 and Mr. Rajan Chowdhari, Shareholder director resigned w.e.f. May 9, 2016. In view of the same now Public Interest Directors (PID) are not less than Shareholder Directors and Company has complied with the provision of Securities Contracts (Regulation) (Stock Exchange Clearing Corporation) Regulation 2012.
2. With respect to point no. 2 of the critical comments regarding non appointment of Company Secretary, it is hereby clarified that the trading operations of the Exchange was suspended from April, 2014. To revive the Exchange new management team was appointed and accordingly the Company Secretary was appointed on December 23, 2015.
3. With respect to point no. 3 of the critical comments regarding non - conducting of the Board meeting in first quarter of F.Y. 2015-16, it is hereby clarified that the Company accepts the qualification and has already taken adequate measures to comply with the said requirement.
4. With respect to point no. 4 of the critical comments regarding non submission of the net-worth certificate it is hereby clarified that the trading operations of the Exchange was

suspended from April, 2014. To revive the Exchange new management team was appointed and the same was submitted to the SEBI on June 1, 2016.

5. With respect to point no. 5 of the critical comments regarding non formulation of whistle blower policy, it is hereby clarified that the Company accepts the qualification. The Company has prepared the whistle blower policy which was approved by the Board at its meeting held on July 23, 2016.
6. With respect to point no. 6 regarding the receipt of prosecution notice from Registrar of Companies, NCT of Delhi and Haryana for non-appointment of Woman Director under section 149(1) read with rule 3 of the Companies (Appointment and Qualification of Directors) rules, 2014 on commission of offence under section 172 of contravention of rule 3 of the Companies (Appointment and Qualification of Directors) Rules 2014 of the critical comments regarding non-appointment of Woman Director, it is hereby clarified that the Company has appointed Mrs. D. Vijayalakshmi (women director) on the Board of the Company on June 13, 2016 and has complied with the provisions of sections 149 of the Companies Act, 2013. The Company is in the process of filing application for compounding of offence under section 441 of the Companies Act, 2013 with Regional Director.

#### **REPORTING OF FRAUDS BY AUDITORS:**

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

#### **SHARE CAPITAL**

During the year, the Authorised Share Capital of the Exchange was increased to Rs. 125,00,00,000 ( Rupees One Hundred Twenty Five Crore) divided into 25,00,00,000 (Twenty Five Crore) Equity shares of Rs. 5 each from Rs.110,00,00,000 ( Rupees One Hundred Ten Crore) divided into 22,00,00,000 (Twenty Two Crore) Equity shares of Rs. 5 each. The issued, subscribed and paid-up Share Capital of the Exchange is Rs. 100,00,00,000 ( Rupees One Hundred Crore ) divided into 20,00,00,000 ( Twenty Crore) Equity shares of Rs. 5 each fully paid up.

#### **EXTRACT OF THE ANNUAL RETURN:**

An extract of Annual Return of your Company pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management & Administration) Rules, 2014 in Form MGT-9 is attached as **Annexure-IV** to this Report.

## **EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:**

The Board at its meeting held on 8<sup>th</sup> April, 2016 had issued and allotted five crore (5,00,00,000) Equity shares of face value of Rs. 5/- each for cash at a premium of Rs.5/- as per the rights issue which was approved by Board at its meeting held on 20<sup>th</sup> January, 2016.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

The Company is not under the list of specified industries, however required conservation measures are taken to the extent possible.

## **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Exchange did not have any foreign exchange inflow. There has been provision for foreign exchange outgo to the extent Rs.2,69,97,255/- on account of Information Technology support and maintenance.

## **CHANGE IN THE NATURE OF BUSINESS:**

There was no change in the nature of the business of the Company done during the year.

## **DIRECTORS RESPONSIBILITY STATEMENT:**

As required under in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your directors confirm that:-

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
3. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The directors had prepared the annual accounts on a going concern basis; and
5. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **ACKNOWLEDGEMENT**

The Directors would like to place on record their gratitude for the valuable guidance and support received from the Government of India, particularly Ministry of Finance and Ministry of Corporate Affairs, Forward Markets Commission, Securities and Exchange Board of India, Reserve Bank of India, NSDL, technology partners and all other business associates of the Company. The Directors also wish to convey their appreciation to the Company's employees for their enormous efforts as well as their collective contribution towards the revival of the Exchange.

**For and on behalf of  
Indian Commodity Exchange Limited**

**Ashok Sinha  
Chairman  
DIN: 00299600**

**Place: Navi Mumbai  
Date : 31/08/2016**

**ANNEXURE - I**

**FORM NO. AOC -2**

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

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

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

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	<b>Not Applicable</b>
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

## 2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Not Applicable
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/ arrangements/ transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Date of approval by the Board	
f)	Amount paid as advances, if any	

**For and on behalf of  
Indian Commodity Exchange Limited**

**Ashok Sinha  
Chairman  
DIN: 00299600**

**Place: Navi Mumbai  
Date : 31/08/2016**

## Annexure – II

### Compensation Policy for KMPs

#### **1- Objective:**

The objective of the compensation policy of Indian Commodity Exchange Limited (herein after referred to as “Exchange”) is to:

- Support performance that is based on merit, and differentiate and reward excellent performance, both in the short and long term, and to recognise the values of the Exchange:
- Attract and retain KMP, and motivate them to achieve organizational goals with integrity fairness and ethical behaviour.
- Balance the mix of fixed compensation and Variable Compensation to appropriately reflect the value and responsibility of the role performed day to day by KMP, and to influence appropriate behaviours and actions.
- Promote effective risk management practice and compliance.
- Foster teamwork and collaboration.
- Take into account the long-term performance of the Exchange, in order to create sustainable value for the shareholders and

In determining the Compensation policy, the Compensation Committee and the Board shall ensure that a competitive Compensation policy for the Key Management Personnel of the Company is being followed and which is in compliance with the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulation, 2012 (hereinafter referred to as “SECC Regulations”) and all other relevant acts, regulations, notifications, circulars and guidelines which are and may be issued by SEBI or any other relevant authorities from time to time.

#### **2- Applicability**

This Policy is applicable to all the key Management Personnel. As per under the SECC Regulations “Key Management Personnel” (hereinafter KMP) means a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of department(s) in the recognized stock exchange or the recognized clearing

corporation or in any other position as declared so by such stock exchange or clearing corporation. The KMPs shall be such as are identified by the Compensation Committee or in case of changes between meetings of the Committee, by the MD in the interim.

### **3- Compensation Governance**

The compensation governance practices, which are set out in the Policy, are part of the overall corporate governance structure. They should be read in conjunction with the other policies and guidelines of Exchange. The Compensation Policy adheres to the compensation principles stipulated by Securities and Exchange Board of India (SEBI) and other applicable laws.

#### 3.1 Compensation Committee and/or Nomination and Remuneration Committee

The Exchange has constituted a Compensation Committee/ Nomination and Remuneration Committee, which comprises of majority of the Public Interest Directors and is chaired by a Public Interest Director. The role of the committee is to create, recommend, review and approve compensation plans for KMP of the Exchange. Further, the Committee shall also fix the tenure of the KMP in the regulatory department. The Compensation Policy shall be in accordance with the norms specified by SEBI. The Compensation Committee may also procure external legal advice or advice from independent external advisors, as and when required. The Compensation Committee shall ensure that the Compensation Policy is accessible to all the KMPs. The Committee will annually review/ asses implementation of the compensation policy. The Committee shall review the compensation of KMPs every financial year or earlier as the maybe required.

#### 3.2 Compensation of Managing Director to be approved by the Board

The compensation and the terms and conditions of the Managing Director shall be approved by the Remuneration Committee/Compensation Committee/ Board and placed before SEBI for approval. The Terms and conditions of the compensation of the Managing Director shall not be changed without prior approval of the Remuneration Committee/ Compensation Committee/Board and SEBI.

#### **4- Factors determining Compensation**

The Compensation Committee shall consider the following conditions, while deciding the compensation payable to the KMP:

- Financial condition/ health of the Exchange including revenues, net profits and other relevant financial parameters, if any
- Average levels of compensation payable to KMP in similar ranks in the industry and industry standards
- Absence of provisions tending to incentivize taking excessive risks over the short run.
- Role and responsibilities of the Key Management Personnel.
- Performance of the KMP.
- Necessity to differentiate and reward excellent performance, both in the short and long term.
- Attract and retain KMP, and motivate them to achieve results with integrity and fairness
- Encourage teamwork and collaboration across the KMP
- Foster growth for the KMP within the Exchange
- Curb excessive risk taking and short term profit oriented behaviour through Malus and Clawbacks clauses.
- Provides equal opportunity to all the KMPs.
- Adherence to the norms stipulated by SEBI and other regulators.

#### **5- Compensation Structure**

Compensation Structure is a mix of fixed compensation on the one hand and short and long-term deferred variable compensation on the other. It is designed to ensure adequate consideration of risk in compensation decisions; Every KMP would have to enter into an agreement with the Exchange to ensure a long term mutually beneficial relationship and regulatory compliance. The total compensation structure would be in the following manner.

##### 5.1 Fixed/Basic Compensation:

Fixed compensation, which is most commonly paid in the form of base salary, is based on the role and experience of the individual, his or her individual sustained long-term performance, and market positioning. Base salary is set at levels designed to retain Key management Personnel throughout business cycles.

## 5.2 Variable Compensation

The level of variable compensation granted, referred to as a discretionary variable incentive which is factored in the Compensation of the KMP, is entirely at the discretion of the compensation Committee/Board, and may be zero in cases as deemed fit by the Compensation Committee/Board. The compensation Committee/Board makes decisions on variable compensation based on absolute and relative performance of the Exchange and its Divisions, as well as pre-agreed individual performance objectives of KMP's, market positioning, and a variety of other factors. The variable pay shall not exceed one-third of total pay.

## 5.3 Deferred Compensation:

50% of variable compensation is deferred to reflect the nature of the Exchanges business, its risk profile, and the desire to have compensation plans that are based on sustainable performance criteria, which are enlisted in the KMP's KPC (Key Performance Criteria)/KRA (Key Result Area). Deferred compensation are subject to vesting period of three years.

## 5.4 Prohibition on ESOPs and Equity Linked Instruments

ESOPs and Equity Linked Instruments shall not be issued as part of compensation of KMPs from the effective date of this policy. The ESOPs that have already been granted to KMPs before coming into effect of the SEBI Circular CIR/MRD/DSA/33/2012 dated December 13, 2012 shall not be exercised by the respective KMPs in contravention of the regulations/guidelines issued by SEBI from time to time.

## **6- Malus and Clawback Arrangement**

The compensation arrangement shall contain a general provision of Malus and Clawback that enables the Exchange to cancel outstanding Deferred compensation or a part of the Total Compensation if the employees engages in activities that results in, or have the potential to result in, or have the potential to result in, material harm financial, reputational, or any other cause which may be detrimental to the interests to the Exchange.

Malus and Clawback are defined in SEBI circular CIR/MRD/DSA/33/2012 dated December 13, 2012, as follows:

- 1) A Malus arrangement permits the Exchange to prevent vesting of all or part of the amount of a deferred remuneration.
- 2) A Clawback is a contractual agreement between the employee and the Exchange in which the employee agrees to return previously paid or vested remuneration to the Exchange under certain circumstances.

As defined above, Malus shall be only applicable to all or part of the deferred and as yet unvested Compensation if any and Clawback shall be applicable to the previously paid or vested compensation. The compensation Committee or the Board shall on occurrence of the following events attributable directly or indirectly to the particular KMP, either singly or jointly with other persons, initiate action/recoveries/prevent vesting under the Malus and Clawback clauses:

- a) Fraud
- b) Gross negligence which has caused or may cause significant financial losses or reputational harm to the Exchange
- c) Misfeasance and nonfeasance which has caused or may cause significant financial losses or reputational harm to the Exchange
- d) Any act amounting to Criminal Breach of Trust
- e) Conviction for an offence involving moral turpitude
- f) Fraudulent Financial reporting
- g) Ethical Misconduct
- h) Overstating/misstating financial indicators or other performance criteria either at the company level or individual level with a view to get an increased variable pay
- i) Breach of confidentiality or trade secrets

Clawback shall be applicable to the complete variable compensation which is vested in the previous year and in case there is no variable component in the compensation of particular KMP, it would be applicable upto 10% of the fixed compensation drawn in the previous year.

All recoveries or compensation returned by the KMPs under Clawback, would be net- off of taxes and levies in that respective year(s)

In case of separation or resignation to termination of the service of the employee for any reason other than misconduct, the deferred variable component shall remain with the Exchange for period the remaining period and shall be paid after the completion of vesting period as specified in the Compensation Policy

In case of death of the Employee, the deferred compensation shall be payable to legal heirs or successors of the Employee after the completion of the vesting period, subject to the legal heirs or successors of the Employee producing all such document as may be required by the Exchange to prove the succession to the assets of the deceased employee.

In case of the retirement or termination of service of the employee due to early retirement pursuant to scheme of voluntary retirement as formulated by the Exchange, if any. The deferred compensation shall be payable after completion of the vesting period as specified in the Compensation Policy.

## **7- Total Compensation**

The Total Compensation decision reflects the impact of the function, and its value within the organization. Total Compensation is influenced by the market value for a particular role, relative to predetermined business results and individual performance goals. The KMP's ability to demonstrate skills, capabilities, criticality and experience in addition to behaviours demonstrating the vision, mission and principles of the Exchange are contributing factors in determining their total compensation.

Additionally, specific roles and/or levels are considered in part with a view towards determining the potential of an individual (or group of individuals) to expose the Exchange to inappropriate risk. Both financial risks such as credit, market, and liquidity risk and non-financial risks such as compliance, legal, operational and reputation risks are considered.

## **8- Equal Compensation Opportunity**

The Exchange does not tolerate any form of discrimination, in particular discrimination based on ethnicity, nationality, gender, identity, religion, age marital or family status, Pregnancy, disability or any other status that is protected by law of the country and the Constitution of India. The Exchange encourages a safe and healthy work environment, free from discrimination, harassment and retaliation. All employment-related decisions, including decisions on compensation, are based on an individual's qualification, performance and behaviour, or other legitimate business considerations. Legitimate business considerations may include (though need not be restricted to) the profitability of the Exchange, the Division and department of the individual, industry practice, the strategic needs of the Exchange as well as any other considerations that the Exchange deems legitimate to its business interests.

## Annexure - III

Date: 24<sup>th</sup> August, 2016

To,

The Members,

**Indian Commodity Exchange Limited**

Dev House, 260-261 Tribhuwan Complex,

Ishwar Nagar, New Friends Colony (w),

New Delhi - 110065.

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. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of provisions of corporate and other applicable laws, rules, regulation, 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 G S Shetty & Associates**  
**Practicing Company Secretaries**

**CS. Ganesha S.Shetty**  
**(Proprietor)**

Membership No. : FCS 7904

Certificate of Practice No. : 7729

PS: Attached hereto is our Secretarial Audit Report (Form No. MR-3) of Even Date.

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016

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

To,  
The Members,  
**Indian Commodity Exchange Limited**  
Dev House, 260-261 Tribhuwan Complex,  
Ishwar Nagar, New Friends Colony (w),  
New Delhi -110065.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **INDIAN COMMODITY EXCHANGE LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

**A.** We have examined the books, papers, minute books, forms and returns filed and other records Maintained by **INDIAN COMMODITY EXCHANGE LIMITED** ("the Company") for the financial year ended 31<sup>st</sup> March, 2016, according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made there under;
2. Forward Contracts (Regulation) Act, 1952, Forward Contracts (Regulation) Rules, 1954 and circulars from time to time by Forward Markets Commission upto the merger of Forward Markets Commission with SEBI i.e. 28<sup>th</sup> September, 2015.
3. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;

4. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
5. The Companies Act, 1956 and the rules made there under to the extent applicable.
6. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") is applicable to the Company w.e.f. 28<sup>th</sup> September 2015.
  - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - (b) 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.
7. We are given to understand that based on the nature of the business activities of the Company, the following **specific** regulations/laws are applicable to the Company:
  - (a) The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and /or rules and regulations made thereunder and Bye-laws and/or Rules of ICEX i.e. Indian Commodity Exchange Limited.
  - (b) Comprehensive Guidelines for Investor Protection Fund (IPF) / Customer Protection Fund (CPF) at Stock Exchanges.
  - (c) 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.
  - (d) Employees' Welfare and other related labour laws applicable to employees appointed by the company either on payroll or on contractual basis of respective states.
  - (e) Indian Contracts Act, 1872.
  - (f) Indian Stamp Act, 1899.
  - (g) Acts prescribed under Direct Tax and Indirect Tax Laws by the Central and respective state Government.
  - (h) Negotiable Instrument Act, 1881.
  - (i) Sales Act including Value Added Tax Act, 2002.
  - (j) Shops and Establishment Act.

(k) Rent Act.

(l) Information Technology Act, 2000.

(m) Limitation Act, 1963.

(n) Insurance Act, 1938.

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

1. Secretarial Standards issued by the Institute of Company Secretaries of India.
2. SEBI (Listing obligation and Disclosure Requirements) Regulation 2015 to the extent applicable.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the **Critical Comments** as contained in the Annexure hereto marked as **Annexure - 1**.

**We further report that:-**

The Board of Directors of the Company is not duly constituted with proper balance of Public Interest Directors, Managing Director, Woman Director and Shareholders' Directors. **(Please refer to Point No. 1 of Annexure - 1 hereto)**. There were certain changes in the composition of the Board of Directors that took place during the year under review and were carried out in Compliance with the provisions of Companies Act, 2013 and other Applicable rules and regulations of Act.

Adequate notice had been given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and that 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.

Unanimous decisions were carried through as there was no case of dissent of any Director in respect of any decision and was accordingly captured and recorded as part of the minutes. And the Company has passed Two Circular Board Resolutions for which the Company has complied with the provisions of the Companies Act, 2013 and other Applicable rules and regulations of Act.

**We further report that:-**

There are adequate systems and processes in place in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and Bye Laws of the Company.

We further report that during the audit period the Company has following specific event(s) / action(s) having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. The Forward Markets Commission (FMC) has finally merged with the Securities and Exchange Board of India (SEBI) on 28<sup>th</sup> September,2015 with the repeal of the Forward Contracts (Regulation) Act, 1952 (FCRA). The Commodity exchanges in India will be therefore now be regulated by SEBI.
2. The trading and business operation of the Company was temporarily in suspension during the year under review. The Governing Board and the management has taken steps to revive the trading and business operation, the approval for the re-commencement of the business is pending before the SEBI.
3. During the year under review the Company has increased its Authorized Share Capital from Rs.110,00,00,000 ( Rupees One Hundred and Ten Crores only) to Rs.125,00,00,000 (Rupees One Hundred and Twenty Five Crores only). The Board of the Directors of the Company has also decided to issue fresh Equity shares amounting to Rs. 50 Crores to its existing shareholders on rights basis.

**For M/s. G. S Shetty & Associates  
Practicing Company Secretaries**

**CS. Ganesha Sanjeeva Shetty  
(Proprietor)**

Membership No. : FCS 7904

Certificate of Practice No. : 7729

Place: Mumbai

Date: 24<sup>th</sup> August, 2016

**Encl: Critical Comments - 'Annexure -1'**

**ANNEXURE -1**  
**INDIAN COMMODITY EXCHANGE INDIA LIMITED**

**SECRETARIAL AUDIT REPORT: 2015-16**

**Critical Comments of the Secretarial Auditors:**

(1) The Board of Directors of the Company was not properly constituted in respect of the following appointments:

(a) That the Every other public company having paid up share capital of Rs. 100 Crore or more or turnover of Rs. 300 Crore or more required appointment of woman Directors of second proviso to Section 149(1) of the Act. Under the reporting Company has not appointed the Woman Director on the Board.

(b) Forward Markets Commissions' guidelines vide its Circular No. 4/1/2013-MD-I dated 11/06/2014 provides that, every Nation wide Multi Commodity Exchange shall have a Managing Director on its Board, read with regulation 23 of the Chapter V of the Securities Contracts (Regulation) (Stock Exchange Clearing Corporation) Regulation 2012.

The Company has not appointed Managing Director, the application for the said appointment is pending before the SEBI for prior approval.

(c) Forward Markets Commissions' guidelines vide its Circular No. 4/1/2013-MD-I dated 11/06/2014, read with Regulation 23 (3) of the Chapter V of the Securities Contracts (Regulation) (Stock Exchange Clearing Corporation) Regulation 2012, Governing Board of every recognized Stock Exchange and recognized Clearing Corporation shall have Public Interest Directors (PID) not less than Shareholder Directors in recognized Stock Exchange.

The company has not maintained proper balance of number of Independent Directors or Public Interest Directors on the Board.

Therefore Secretarial Standard -SS1 is not complied.

(2) The Company has not appointed as KMP under the Companies Act, 2013 in respect of Company Secretary, The Position of Company Secretary was vacant from 01/04/2014 till 23<sup>rd</sup> December 2015.

(3) The Company has not conducted any Board Meeting in the First Quarter of the financial year 2015-16, therefore there was a gap of more than One Hundred and Twenty days between two Board meetings, i.e Board Meeting held on 26/08/2015.

- (4) The Company has not submitted its audited Net-worth Certificate for financial year ended 31st March 2015 till 31st December 2015 as per the time line prescribed by SEBI vide Circular No. CIR/CDMRD/DEA/03/2015 dated 26th November 2015. Therefore company has defaulted in Complying under 14(5) of SECC Regulation 2012. The same was filed on 01/06/2016 with SEBI.
- (5) The company has not framed the Whistle Blowers Policy-Vigil Mechanism as per section 177 (9) and 177(10) of the Companies Act, 2013 read with Regulation 22 of SEBI (Listing obligation and Disclosure Requirements) Regulation 2015 for the year under review.

However the Board Meeting held on July 23, 2016 The Company has framed its Whistle Blowers Policy-Vigil Mechanism policy in compliance with above said provisions of the act.

- (6) The Company has during the year under review received prosecution notice from Registrar of Companies, NCT of Delhi and Haryana for non-appointment of Woman Director under section 149(1) read with rule 3 of the Companies (Appointment and Qualification of Directors) rules, 2014 on commission of offence under section 172 of contravention of rule 3 of the Companies (Appointment and Qualification of Directors) Rules 2014, matter is pending before Honorable Magistrate Court at Tis Hazari, Delhi.

**For M/s. G. S. Shetty & Associates**  
**Practicing Company Secretaries**

**CS. Ganesha Sanjeeva Shetty**  
**(Proprietor)**  
Membership No. : FCS 7904  
Certificate of Practice No. : 7729

**ANNEXURE - IV**

**FORM NO. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2016**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	U67120DL2008PLC182140
2.	Registration Date	18/08/2008
3.	Name of the Company	<b>M/S. INDIAN COMMODITY EXCHANGE LIMITED</b>
4.	Category/Sub-category of the Company	Company Limited by Shares Indian Non-Government Company.
5.	Address of the Registered Office & Contact Details	Dev House, 260-261 Tribhuwan Complex, Ishwar Nagar, New Friends Colony (W), New Delhi -110065. Tel. No : +91- 11-30670103
6.	Address of the Corporate Office & Contact Details	Reliable Tech Park, 403-A, B-Wing, 4 <sup>th</sup> Floor, Thane-Belapur Road Airoli, Navi Mumbai - 400708. Tel. No : +91-22-40381500, Fax No. : +91-22-40381511
7.	Whether listed company	Unlisted
8.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot Nos. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad 500 032 Telangana, India Tel: +91 40 3321 1500 Fax: +91 40 2300 1153 Toll Free No.: 1800 345 4001 Email: einward.ris@karvy.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

S. No.	Name and Description of main products / services	NIC Code of the Product /service	% to total turnover of the company
1.	Exchange Operation.	66110	100%

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

#### A) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year[As on 01-April-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change the during year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	--	--	--	--	--	--	--	--	--
b) Central Govt.	5,20,00,000	--	5,20,00,000	26%	3,20,00,000	--	3,20,00,000	16%	-10%
c) State Govt.(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	7,99,99,988	12	8,00,00,000	40%	7,99,99,988	12	8,00,00,000	40%	--
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any other	--	--	--	--	--	--	--	--	--
<b>Total shareholding of Promoter (A)</b>	<b>13,19,99,988</b>	<b>12</b>	<b>13,20,00,000</b>	<b>66%</b>	<b>11,19,99,988</b>	<b>12</b>	<b>11,20,00,000</b>	<b>56%</b>	<b>-10%</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	1,00,00,000	0	1,00,00,000	5%	1,00,00,000	0	1,00,00,000	5%	--
c) Central Govt.	2,00,00,000	--	2,00,00,000	10%	2,00,00,000	--	2,00,00,000	10%	--
d) State Govt.	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--

i) Others:	1,00,00,000	--	1,00,00,000	5%	1,00,00,000	--	1,00,00,000	5%	0
<b>Sub-total (B)(1):-</b>	<b>4,00,00,000</b>	<b>--</b>	<b>4,00,00,000</b>	<b>20%</b>	<b>4,00,00,000</b>	<b>--</b>	<b>4,00,00,000</b>	<b>20%</b>	<b>--</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	2,80,00,000	--	2,80,00,000	14%	2,80,00,000	--	2,80,00,000	14%	--
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	--	--	--	--	--	--	--	--	--
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	--	--	--	--	2,00,00,000	--	2,00,00,000	10%	+10%
c) Others (specify)	--	--	--	--	--	--	--	--	--
Non Resident Indians	--	--	--	--	--	--	--	--	--
Overseas Corporate Bodies	--	--	--	--	--	--	--	--	--
Foreign Nationals	--	--	--	--	--	--	--	--	--
Clearing Members	--	--	--	--	--	--	--	--	--
Trusts	--	--	--	--	--	--	--	--	--
Foreign Bodies - D R	--	--	--	--	--	--	--	--	--
<b>Sub-total (B)(2):-</b>	<b>2,80,00,000</b>	<b>--</b>	<b>2,80,00,000</b>	<b>14%</b>	<b>4,80,00,000</b>	<b>--</b>	<b>4,80,00,000</b>	<b>24%</b>	<b>+10%</b>

Total Public Shareholding (B)=(B)(1)+ (B)(2)	6,80,00,000	--	6,80,00,000	34%	8,80,00,000	--	8,80,00,000	44%	+10%
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	19,99,99,988	12	20,00,00,000	100%	19,99,99,988	12	20,00,00,000	100%	--

## B) Shareholding of Promoter-

Sr No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2015)			Shareholding at the end of the year (31.03.2016)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Indiabulls Housing Finance Limited	28,000,000	14%	---	28,000,000	14%	---	---
2.	MMTC Limited	52,000,000	26%	---	32,000,000	16%	---	-10%
3.	Reliance Exchangenext Limited	52,000,000	26%	---	52,000,000	26%	---	---

### C) Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	13,20,00,000	66%	--	--
2	19 <sup>th</sup> January, 2016 Transfer of 10% shareholding by MMTC Limited.	--	--	2,00,00,000	56%
3	At the end of the year	--	--	11,20,00,000	56%

### D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

1. Abhinay Trading Private Limited					
Sr. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	2,80,00,000	14%	--	--
2.	Change during the year & Reasons.	--	--	--	--
3.	At the end of the year	--	--	2,80,00,000	14%

2. Indian Potash Limited					
Sr. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	2,00,00,000	10%	--	--
2.	Change during the year & Reasons.	--	--	--	--
3.	At the end of the year	--	--	2,00,00,000	10%

3. Krishak Bharati Cooperative Limited					
Sr. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	1,00,00,000	5%	--	--
2.	Change during the year & Reasons.	--	--	--	--
3.	At the end of the year	--	--	1,00,00,000	5%

4. IDFC Bank Limited					
Sr. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	1,00,00,000	5%	--	--
2.	Change during the year & Reasons ):	--	--	--	--
3.	At the end of the year	--	--	1,00,00,000	5%

5. Mr. Akhil Kumar Gupta					
Sr. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	--	--	--	--
2.	19 <sup>th</sup> January, 2016 Transfer of 5% shareholding from MMTC Limited.	1,00,00,000	5%	1,00,00,000	5%
3.	At the end of the year	--	--	1,00,00,000	5%

6. Mr. Vijay Sharma					
Sr. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	--	--	--	--
2.	19 <sup>th</sup> January, 2016 Transfer of 5% shareholding from MMTC Limited.	1,00,00,000	5%	1,00,00,000	5%
3.	At the end of the year	--	--	1,00,00,000	5%

#### E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	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	--	--	--	--

F) **INDEBTEDNESS** - Indebtedness of the Company including interest outstanding/accrued but not due for payment:

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

## XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		--	--	--	
		--	--	--	--
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	--	--	--
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	--	--	--	--
2	Stock Option	--	--	--	--
3	Sweat Equity	--	--	--	--
4	Commission - - as % of profit - others, specify...	--	--	--	--
5	Others, please specify	--	--	--	--
	Total (A)	--	--	--	--
	Ceiling as per the Act	--	--	--	--

**B. Remuneration to other directors:**

SN.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Ashok Sinha	Mr. R. K. Nair	Mr. V. K. Sharma	
					--
1	<b>Independent Directors</b>	--	--	--	--
	<b>Fee for attending Board &amp; Committee Meetings</b>	1,20,000	30,000	50,000	<b>2,00,000</b>
	<b>Commission</b>	--	--	--	-
	<b>Others, please specify</b>	--	--	--	-
	<b>Total (1)</b>	<b>1,20,000</b>	<b>30,000</b>	<b>50,000</b>	<b>2,00,000</b>
2	<b>Other Non-Executive Directors</b>	--	--	--	--
	<b>Fee for attending Board &amp; Committee Meetings</b>	--	--	--	--
	<b>Commission</b>	--	--	--	--
	<b>Others, please specify</b>	--	--	--	--
	<b>Total (2)</b>	--	--	--	--
	<b>Total (B)=(1+2)</b>	<b>1,20,000</b>	<b>30,000</b>	<b>50,000</b>	<b>2,00,000</b>
	<b>Total Managerial Remuneration</b>	<b>1,20,000</b>	<b>30,000</b>	<b>50,000</b>	<b>2,00,000</b>
	<b>Overall Ceiling as per the Act</b>	--	--	--	--

### C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS*1	CFO*2	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	10,69,247	35,09,344	45,78,591
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--	--
2.	Stock Option	--	--	--	--
3.	Sweat Equity	--	--	--	--
4.	Commission	--	--	--	--
	- as % of profit	--	--	--	--
	Others, specify...	--	--	--	--
5.	Separation Benefits	--	--	5,77,563	5,77,563
	<b>Total</b>	-	10,69,247	40,86,907	51,56,154

CEO: Chief Executive Officer CS: Company Secretary CFO: Chief Financial Officer

\*1. Mr. Ranjit Samantaray, C S appointed with effect from 23.12.2015

\*2. Mr. Ramesh Shetty, CFO from 01.04.2015 to 09.11.2015 ( Rs. 29.91 Lakhs ), Mr. Ghanashyam V. Rao, CFO appointed with effect from 23.12.2015

## XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>B. DIRECTORS</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

**For and on behalf of  
Indian Commodity Exchange Limited**

**Ashok Sinha  
Chairman  
DIN: 00299600**

**Place: Navi Mumbai  
Date : 31/08/2016**

## ANNEXURE - V

**Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (appointment and remuneration of managerial personnel) Rules, 2014.**

I. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary during the financial year 2015-16, and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 are as under:

Sr. No.	Name of Director/KMP and Designation.	% increase (decrease) in Remuneration / Sitting Fees in the Financial Year 2015-16	Ratio of remuneration of each Director to median remuneration of employees
1.	Mr. Ashok Sinha Public Interest Director	(14.29%)	0.12
2.	Mr. Ajit Mittal Shareholder Director	Not applicable	Not applicable
3.	Mr. Anand Trivedi Shareholder Director	Not applicable	Not applicable
4.	Mr. Lav Chaturvedi Shareholder Director	Not applicable	Not applicable
5.	Mr. P. S. Gahlaut Shareholder Director	Not applicable	Not applicable
6.	Mr. Rajan Chowdhry Shareholder Director	Not applicable	Not applicable
7.	Mr. R. K. Nair Public Interest Director (wef 23 <sup>rd</sup> September 2015)	Not applicable	0.03
8.	Mr. V. K. Sharma Public Interest Director (wef 23 <sup>rd</sup> September 2015)	Not applicable	0.05
9.	Mr. Ranjit Kumar Samantaray Company Secretary (wef 23 <sup>rd</sup> December 2015)	Not applicable	Not applicable
10.	Mr. Ramesh Shetty Chief Financial Officer (resigned 9 <sup>th</sup> November 2015)	NIL	Not applicable
11.	Mr. Ghanashyam V. Rao Chief Financial Officer (wef 23 <sup>rd</sup> December 2015)	Not applicable	Not applicable

II. The percentage increase in the median remuneration of employees in financial year 2015-16 as compared to previous year 2014-15 is 23.57%

III. There were 44 permanent employees on the rolls of Company as on March 31, 2016;

- IV. There was an increase of 88.63% in the remuneration of employees as compared to a decrease in net loss by 8.58%.
- V. The total remuneration of Key Managerial Personnel increased by 36.84% from Rs.0.38 crore in 2014-15 to Rs.0.52 crore in 2015-16. The Net Loss decreased by 8.58% from Rs.8.16 crore in 2014-15 to Rs.7.46 crore in 2015-16.
- VI. The net worth of the company as at March 31, 2016 was Rs.3.50 crore and as at March 31, 2015 was Rs.(1.03) crore.
- VII. The Exchange has re-initiated its plans for revival and accordingly it has increased its staff strength gradually from 5 as on March 31, 2015 to 44 as on March 31, 2016. There was a 924.86% increase in the salaries of employees other than the managerial personnel in the last financial year as compared to a 36.84% increase in the managerial remuneration.
- VIII. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year is 0.002 and
- IX. It is hereby affirmed that the remuneration paid is as per the Compensation Policy for Directors and Key Managerial Personnel.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### **BUSINESS OVERVIEW:**

The Exchange became deemed recognised Stock Exchange under the SCRA, 1956 in terms of Section 131[B] of Finance Act, 2015 pursuant to the Central Government notification dated August 28, 2015 providing a nation-wide on-line trading platform in commodity derivatives.

The Exchange is seeking approval from Securities and Exchange Board of India (SEBI) for recommencement of its operations as a commodity exchange. To revive the Exchange, new management team has 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. Accordingly, The Exchange has shifted to a new premise with all necessary infrastructures and has also appointed key officials who would be entrusted the mandate of driving successful implementation and commencement of the Exchange operations.

The Exchange is ideally positioned to leverage the huge potential of commodities market and encourage participation of farmers, traders and actual users to benefit from price discovery, risk management and supply chain management in the commodity markets.

### **INDUSTRY STRUCTURE, OPPORTUNITIES, CONCERNS AND OUTLOOK:**

There are over 50 commodity futures and options exchanges worldwide that trade commodities ranging from energy, metals, agriculture to livestock in many countries including the United States, China, Japan, Malaysia and the United Kingdom.

In India, at present 17 Exchanges are recognized/registered for forward/ futures trading in commodities. There are currently five electronic multi-commodity national exchanges which are recognised by the Government of India, namely:

- Multi Commodity Exchange of India Limited (MCX)
- National Commodity and Derivatives Exchange Limited (NCDEX)

- National Multi Commodity Exchange Limited (NMCE)
- Indian Commodity Exchange Limited (ICEX)
- Ace Derivatives and Commodity Exchange, located in Ahmedabad (ACE)

There are over 40 commodities futures listed on the exchanges with gold, silver, crude oil, copper, zinc, nickel, natural gas, guar, castor seed, chana, sugar and soya bean comprising the majority of the trading turnover.

In recent past commodity derivatives market in India has witnessed growth only in few commodities and has not seen any successful commodity derivative product being launched.

Merger of FMC with SEBI and subsequent measure by the government signals of favorable environment to promote commodity derivative market in India.

#### **FINANCIAL PERFORMANCE:**

During the FY 2015-16, the Exchange did not have any trading operation. During the year under review the Exchange has initiated its revival plans. The Exchange had incurred a loss of Rs. 7.46 crores in FY 2015-16 compared to previous year loss of Rs. 8.16 crores. The networth as on March 31, 2016 was Rs. 3.81 crores against the SEBI networth requirement of Rs. 100 crores which has to be complied by May 2017. On April 08, 2016 the Exchange successfully closed its maiden Rights Issue of Rs. 50 crores at 100% premium of Rs. 5 per share.

#### **EMPLOYEES - OUR ASSETS:**

The Exchange has been able to attract human resource with deep domain knowledge and experience in Exchange industry. As on March 31, 2016 the Exchange had 44 employees as against 5 employees as on March 31, 2015. The Exchange has been successful in building the core team in the key departments, having rich domain knowledge and expertise. As part of the strategy to improve operational efficiency, the Exchange shall regularly organize in-house and external training programs for its employees.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company currently has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined by the Audit Committee. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company.

Based on the report of internal audit function, the Company undertakes corrective action in their respective areas and thereby strengthen the controls.

## **CAUTIONARY STATEMENT:**

Statement in the Management Discussion and Analysis describing the Company's objectives, expectations, estimates or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in Government regulations, tax laws, economic developments within the country and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis, of any subsequent developments, events or information.

## CORPORATE GOVERNANCE REPORT

Indian Commodity Exchange Limited (“ICEX”) (“the Exchange”) is a public limited company, the securities of which are not listed on any Stock Exchange.

Pursuant to Section 131 of the Finance Act, 2015 and Central Government Notification S.O. 2362 (E) dated August 28, 2015, all recognized associations (commodity derivatives exchanges) under the Forward Contracts (Regulation) Act, 1952 (‘FCRA’) are deemed to be recognized stock exchanges under the Securities Contracts (Regulation) Act, 1956 (‘SCRA’) with effect from September 28, 2015.

Section 131 of the Finance Act, 2015 also stipulates that SEBI may provide such deemed exchanges, adequate time to comply with the provisions of SCRA and any regulations, rules, guidelines or like instruments made under SCRA. Accordingly, commodity derivatives exchanges shall comply with the provisions of SCRA, applicable provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, (‘SECC Regulations’) and SEBI circular CIR/MRD/DSA/33/2012 dated December 13, 2012, on procedural norms on recognition, ownership and Governance for Stock Exchanges and Clearing Corporation (‘SECC Circular’) and amendments made thereon from time to time.

In view of the same and as per Regulation 35 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (‘SECC Regulations 2012’), Corporate Governance norms as specified for listed companies shall mutatis mutandis apply to a recognised stock exchange.

### **1. COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company’s philosophy on Corporate Governance is to follow fair, ethical and transparent governance practices so as to achieve greater efficiency and effectiveness throughout the organization.

Your Company believes that Corporate Governance is a set of guidelines to help fulfill its responsibilities to all its stakeholders. It is a reflection of the Company’s culture, policies, relationship with stakeholders, commitment to values and ethical business conduct.

### **2. BOARD OF DIRECTORS**

#### **A. Composition:**

The Company being a Commodity Exchange was regulated by Forward Markets Commission (‘FMC’) till September 28, 2015. Further Forward Markets Commission (‘FMC’) was merged with the Securities and Exchange Board of India w.e.f. September 28, 2015. The Company was then regulated by SEBI and is required to comply with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and Securities Contracts (Regulation) Act, 1956 besides the Companies Act, 2013 and the rules made thereunder (‘the Act’) with respect to the composition of its Board of Directors. As on March 31, 2016, the composition of the Board of Directors is:

Mr. Ashok Sinha	Public Interest Director (PID)
Mr. Ajit Kumar Mittal	Shareholder Director
Mr. Anand Trivedi	Shareholder Director
Mr. Lav Chaturvedi	Shareholder Director
Mr. P. S. Gahlaut	Shareholder Director
Mr. Rajan Chowdhry	Shareholder Director
Mr. R. K. Nair	Public Interest Director (PID)
Mr. V. K. Sharma	Public Interest Director (PID)

### B. Attendance of Directors and Number of Directorships and Committee positions held

During the financial year ended March 31, 2016, three (3) meetings of Board of Directors were held. The dates of the Board meetings are: August 26, 2015; December 23, 2015; January 20, 2016.

The attendance details and number of directorships and committee positions held by the Directors as on March 31, 2016 are given below:

Sr. No.	Name of the Directors	Attendance at Board Meetings during FY 2015-16		Whether attended last AGM held on 30.09.2015	No. of Directorship(s)		Number of Committee positions held in other public companies	
		Held during tenure of Director	Attended		Public Limited	Private Limited	Chairman	Member
1.	Mr. Ashok Sinha (DIN: 00299600)	3	3	No	2	3	Nil	Nil
2.	Mr. Ajit Mittal (DIN:02698115)	3	2	No	5	Nil	0	1
3.	Mr. Anand Trivedi (DIN:01077784)	3	3	No	2	2	Nil	Nil
4.	Mr. Lav Chaturvedi (DIN: 02859336)	3	3	No	7	2	Nil	6
5.	Mr. P. S. Gahlaut (DIN:00049401)	3	2	No	6	Nil	Nil	Nil
6.	Mr. Rajan Chowdhry (DIN:02199935)	3	1	No	4	Nil	Nil	Nil
7.	Mr. R. K. Nair* (DIN:07225354)	2	1	No	3	Nil	Nil	1
8.	Mr. V. K. Sharma** (DIN:02051084)	2	2	No	4	Nil	-	2

\* Mr. R. K. Nair appointed as PID with effect from September 23, 2015.

\*\* Mr. V. K. Sharma appointed as PID with effect from September 23, 2015.

**Notes:**

- All directors except Mr. Lav Chaturvedi, Whole-time Director are non-executive Directors;
- All Public Interest Directors are Independent Directors;
- Above Directorship excludes directorship in Section 8 Companies and Companies Incorporated outside India;
- Memberships/ Chairmanships of only the Audit Committee and Stakeholders' Relationship Committee of all Public Companies have been considered above;
- None of the Directors are related to each other;
- None of the Director hold any shares in the Company;
- The web link of directors' familiarisation programme imparted to independent directors is <http://www.icexindia.com/static/disclosures.aspx>.

**A. Composition, Meetings and Attendance:**

During the year the Committee met once. The meeting was held on August 26, 2015. Besides the members of the Audit Committee, Chief Financial Officer, representatives of the Statutory Auditors are permanent invitees to the Audit Committee meeting. The internal auditors are invited on case to case basis. The Company Secretary acts as the Secretary to the Committee. The details of the Composition and attendance of the members of the committee as on March 31, 2016 are listed below:

Members	Category	Meetings held during the tenure	Meetings attended during the tenure
Mr. Ashok Sinha	Public Interest Directors	1	1
Mr. Anand Trivedi	Shareholder Director	1	1
Mr. Lav Chaturvedi	Shareholder Director	1	1

**B. Terms of Reference (TOR):**

The terms of reference of the Audit Committee pursuant to Section 177 (4) of the Companies Act, 2013 read with Regulation 18 of Listing Regulations, 2015 inter-alia includes:

- To oversee the Company's financial reporting process and the disclosure of its financial statements to ensure that the financial statement is correct, sufficient and credible;

- To recommend the appointment, remuneration and terms of appointment of auditors of the Company;
- To approve the payment to statutory auditors for any other services rendered by the statutory auditors;
- To review with the management, the annual financial statements and auditor's report thereon before Submission to the Board for approval;
- To review with the management, the quarterly financial statements before submissions to the Board;
- To review and monitor the auditors independence and performance and effectiveness of audit process;
- To scrutinize inter corporate loans and investments;
- To undertake valuation of undertakings or assets of the Company wherever it is necessary;
- To evaluate internal financial control and risk management systems;
- To review with the management, performance of statutory and internal auditors, adequacy of the internal systems;
- To review the adequacy of internal audit function, 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;
- To discuss with internal auditors any significant findings and follow up thereon;
- To review Company's financial risk management policies;
- To examine financial statement and the auditor's report thereon;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

### 3. NOMINATION AND REMUNERATION COMMITTEE:

#### A. Composition, meetings and attendance:

The Committee met once during the year. The meeting was held on December 23, 2015. The details of Composition and participation of the members at the meetings of the committee as on March 31, 2016 were as under:

Members	Category	Meetings held during the tenure	Meetings attended during the tenure
Mr. Ashok Sinha	Public Interest Directors	1	1
Mr. V. K. Sharma	Public Interest Directors	1	1
Mr. Lav Chaturvedi	Shareholder Director	1	1

## **B. Terms of Reference (TOR):**

The Terms of Reference of the Nomination and Remuneration cum Compensation Committee of the Company pursuant to Section 178 of the Companies Act, 2013 read with Regulation 19 of the Listing (Obligation and Disclosure Requirements) Regulation, 2015 inter-alia includes:

- To decide the remuneration to be paid to any member or prospective member of the Senior Management, as may be referred to it by the governing Board, in mutual consultation with such member or prospective member and in an objective manner, having regard to the interests of the Company and of its shareholders;
- to formulate the compensation policy in line with the directions of SEBI;
- to determine the employment terms and compensation of the KMPs as directed by SEBI;
- Report such activities to the Board on periodic basis;
- To formulate criteria for determining qualifications, positive attributes and independence of director;
- To recommend to the Board policy relating to remuneration for directors, KMPs and other employees;
- To identify person who are qualified to be become director, recommend their appointment, removal to the Board;
- To evaluate every directors performance;
- To perform any other function as may be delegated by the Board.

## **C. Nomination and Remuneration Policy**

The Company has formulated the nomination and remuneration policy as per SECC Regulations and the Companies Act, 2013 for remunerating the Executive Directors, Non - Executive Directors, Senior Management Personnel, Key Managerial Personnel and the Employees. The policy is annexed to the Directors' report.

## **D. Performance Evaluation Criteria for independent directors**

With the objective of enhancing the effectiveness of the Board, the Nomination & Remuneration Committee formulated the methodology and criteria to evaluate the performance of the board and each director. The Nomination & Remuneration Committee at its meeting discussed and reviewed the criteria for evaluating the performance of the all the directors.

## **4. REMUNERATION OF DIRECTORS**

### **Non-Executive Independent Directors:**

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from sitting fees. The Company has not granted any stock options to any of its Non-Executive Directors and none of the directors hold any shares in the Company. Sitting Fees paid to Non-Executive Directors during the year are as follows:

Name of the Director	Sitting Fee
Mr. Ashok Sinha	1,20,000
Mr. Radhkrishnan Nair	30,000
Mr. V. K. Sharma	50,000

The Exchange has not paid any remuneration to the Executive Director/Whole-time Director for the financial year ended March 31, 2016.

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE:

As per Section 178 (5) of the Companies Act, 2013, the Board of Directors of the Company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during the financial year shall constitute a Stakeholders Relationship Committee. Since the Company does not have more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders the Company has not constituted the Stakeholders relationship Committee.

### A. Name and Designation of Compliance Officer

Mr. Ranjit Kumar Samantaray                      Company Secretary

### B. Details of Shareholders complaints received and redressed during the year.

The Exchange had not received any complaints from its shareholders nor were there any unresolved complaints during the year.

## 6. GENERAL BODY MEETINGS:

### A. Details of Annual General Meetings held in last three years are as under:

Date & Time	Venue of the meeting	Special resolution(s) passed for
30-09-2015 11.30 A.M For FY 2014-15	Conference Room, 1 <sup>st</sup> Floor, Gulmohar Park, B-16, Near National Institute of Fashion Technology (NIFT) / Siri Fort Auditorium, New Delhi-110049.	No Special Resolutions were passed.
30-06-2014 11.30 A.M For FY 2013-14	Global Agrisystem Pvt. Ltd. J-10, Green Park Main, New Delhi- 110016.	Appointment of Mr. Lav Chaturvedi as Whole-time Director of the Exchange.
30-09-2013 11.30 A.M For FY 2012-13	Conference Room, 1 <sup>st</sup> Floor, Gulmohar Park, B-16, Near National Institute of Fashion Technology (NIFT) / Siri Fort Auditorium, New Delhi-110049.	No Special Resolutions were passed.

**B. Details of Extra-ordinary General Meetings held in last three years are as under:**

<b>Date &amp; Time</b>	<b>Venue of the meeting</b>	<b>Special resolution(s) passed for</b>
20-01-2016 5.00 P.M	Gulmohar Park, B-16, Near National Institute of Fashion Technology (NIFT) / Siri Fort Auditorium, New Delhi-110049.	Amendment of Articles of Association (AoA).

**C. Postal Ballot**

The Company has not passed any resolution by way of postal ballot during the financial year ended March 31, 2016 and no resolution is proposed to be conducted through postal ballot.

**7. MEANS OF COMMUNICATION:**

The Exchange disseminates all material information to its Shareholders through its website: www.icexindia.com The Exchange's website: www.icexindia.com contains links to all important events and material information of the Exchange. The financials results, shareholding pattern, press releases, Annual Reports etc. appear on the Company's website.

**GENERAL SHAREHOLDER INFORMATION:**

<b>Day, Date, Time and Venue of Annual General Meeting (2015-2016)</b>	8 <sup>th</sup> Annual General Meeting. 26 <sup>th</sup> September 2016 at 11.30 A.M Conference Room, Indian Potash Limited, Potash Bhawan, 10 B, Pusa Road, Rajendra Park, Rajinder Nagar, New Delhi -110060.
<b>Financial year</b>	April 01, 2015 to March 31, 2016
<b>Dividend payment date</b>	Not Applicable
<b>Listing on Stock Exchanges</b>	The Company is not listed on any stock exchange.
<b>Stock Market Code, Market Price Data and share price performance to broad based indices</b>	Not Applicable as the Company is not listed on any stock exchange
<b>Registrars &amp; Share Transfer Agents</b>	Karvy Computershare Private Limited Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad 500 032, India Tel: +91-040-6716 2222
<b>Share transfer System</b>	Transfer of shares is done through depositories with no involvement of the company.
<b>Dematerialization of Shares and liquidity</b>	Except 12 shares, the remaining equity shares of the Company as on March 31, 2016 are under dematerialized (electronic) form. The equity shares of the Company have been admitted for dematerialisation with

	National Securities Depository Limited (NSDL) and ISIN of the equity shares of the Company is INE678L01012.
<b>Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity</b>	Not Applicable as the Exchange has not issued any GDRs/ADRs/Warrants or any Convertible instruments
<b>Exchange operations are located at</b>	Reliable Tech Park, 403-A, B-Wing, 4th Floor, Thane - Belapur Road, Airoli, Navi Mumbai 400708.
<b>Address for Correspondence</b>	Reliable Tech Park, 403-A, B-Wing, 4th Floor, Thane - Belapur Road, Airoli, Navi Mumbai 400708. Tel. No : +91-22-40381500 , Fax No. : +91-22-40381511

#### 8. Distribution of Shareholding as on March 31, 2016:

Sr. no	Category	Shareholders		Shares held	
		No. of holders	% of Total	No. of shares	% of Total
1	Up to 1 - 5000	0	0	0	0
2	5001 - 10000	0	0	0	0
3	10001 - 20000	0	0	0	0
4	20001 - 30000	0	0	0	0
5	30001 - 40000	0	0	0	0
6	40001 - 50000	0	0	0	0
7	50001 - 100000	0	0	0	0
8	100001 & Above	9	100	20,00,00,000	100
	<b>Total</b>	<b>9</b>	<b>100</b>	<b>20,00,00,000</b>	<b>100.00</b>

#### Shareholding Pattern as on March 31, 2016:

Sr. No	Category	No of Shareholders	No. of shares held	% of shareholding
(A)	<b>PROMOTER AND PROMOTER GROUP</b>	3	11,20,00,000	56.00
(B)	<b>PUBLIC SHAREHOLDING</b>		-	-
(a)	Financial Institutions /Banks	1	1,00,00,000	5.00
(b)	Bodies Corporate	3	5,80,00,000	29.00
(c)	Individuals	2	2,00,00,000	10.00
(d)	HUF		-	-
(e)	Trusts		-	-
(f)	Non-Resident Indian		-	-
	<b>Total B</b>	<b>6</b>	<b>8,80,00,000</b>	<b>44.00</b>
	<b>Total (A+B)</b>	<b>9</b>	<b>20,00,00,000</b>	<b>100.00</b>

## **9. OTHER DISCLOSURES:**

### **A. Disclosures on materially significant related party transactions**

The Company has not entered into any materially significant related party transactions that may have potential conflict with the interests of the Company at large. The Related Party Transactions Policy is hosted on the website of the Company and can be accessed at <http://www.icexindia.com/static/disclosures.aspx>. Further the Company does not have any subsidiary Company and hence policy on determining material subsidiaries is not adopted.

### **B. Penalties or strictures imposed on the Company by SEBI or any statutory authority, on any matter related to the capital markets during the last three years:-**

Nil

### **C. Disclosure relating to Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee**

The Company has a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The policy is hosted on the website of the Company and can be accessed at <http://www.icexindia.com/static/disclosures.aspx> under the other disclosures tab. Further no personnel have been denied access to the Audit Committee.

### **D. Details of Compliance with mandatory and non-mandatory requirement**

As per regulation 35 of SECC Regulations, 2012, the disclosure requirements and corporate governance norms as applicable to a listed entity are mutatis mutandis applicable to a recognized stock exchange. The Company has complied with the applicable mandatory requirements of Listing Regulation unless stated otherwise.

The Company has complied with the following Non-Mandatory requirements:

- a) The Internal Auditor reports directly to the Audit Committee.

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

**Ashok Sinha**  
**Chairman**  
**DIN: 00299600**

**Date: 31/08/ 2016**  
**Place: Navi Mumbai**

## RECEIPT OF AFFIRMATIONS ON COMPLIANCE WITH THE CODE OF CONDUCT

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year 2015-16 as adopted by the Board of Directors.

**Ashok Sinha**  
**Chairman**  
**DIN: 00299600**

Date: 31/08/2016

## CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

(Issued in accordance with the provisions of Regulation 35 of SECC Regulations 2012 read with Regulation 17(8) of the Listing Regulations)

To  
The Board of Directors  
Indian Commodity Exchange Limited

Dear Sirs,

I have reviewed the financial statements and the cash flow statement of Indian Commodity Exchange Ltd for the financial year ended March 31, 2016 and to the best of my knowledge and belief, I hereby certify that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations, except as disclosed in the notes to the financial statements.

There are, to the best of my knowledge and belief, no transactions entered into by the Company during the financial year ended March 31, 2016 which are fraudulent, illegal or violative of the Company's code of conduct.

I accept responsibility for establishing and maintaining internal controls for financial reporting. I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which I am aware and steps taken or proposed to be taken for rectifying these deficiencies. In my opinion there are adequate internal controls over financial reporting.

I have indicated to the Auditors and the Audit Committee that:

1. As required under the Companies Act, 2013, I have implemented internal control over financial reporting during the year;
2. There are no significant changes in accounting policies made during the year except as disclosed in the notes to the financial statements.

3. There are no instances of fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a role in the Company's internal control system over financial reporting.

Yours Sincerely,

**Ghanashyam V. Rao**  
**Chief Financial Officer**  
**PAN: AIWPR2811A**

Date: 21/04/2016

## **CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

**To the Members,  
Indian Commodity Exchange Limited**

We have examined the compliance of conditions of Corporate Governance by Indian Commodity Exchange Limited (hereinafter “the Company”), for the year ended March 31, 2016 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as “SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company’s management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Company Secretaries of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015, to the extent practical and applicable.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For G. S. Shetty & Associates  
Company Secretaries**

**CS. Ganesha Sanjeeva Shetty  
Proprietor  
M.No.: F7904  
COP : 7729**

Date: 24/08/2016  
Place: Mumbai.

## Independent Auditors' Report

To the Members  
**Indian Commodity Exchange Limited**

### **I. Report on the Financial Statements**

We have audited the attached financial statements of **Indian Commodity Exchange Limited** (hereinafter referred to as the Company), comprising of the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended along with the Significant Accounting Policies and other explanatory information forming an integral part thereof.

### **II. Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013 (hereinafter referred to as the Act), read with Rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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.

### **III. Auditors' Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the

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

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

#### IV. **Opinion**

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

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

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the **Annexure-1** a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable to the Company during the year under review.
2. Further to our comments in the Annexure referred to in 1. above as per the requirements of Section 143(3) of the Act, we report as follows:
  - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the respective directors as on 31<sup>st</sup> March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;

- (f) With respect to the adequacy of the Internal Financial Control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure -2**;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- i) the Company does not have any pending litigations which would impact its financial position;
  - ii) the Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Shyam Malpani & Associates**  
Chartered Accountants  
Firm Registration No. 120438 W

**Shyam Malpani**  
Proprietor  
Membership No. F 034171

Mumbai, dated 21<sup>st</sup> April, 2016.

**Annexure -1 to the Auditors' Report on the Financial Statements of Indian  
Commodity Exchange Ltd.,**

*(Referred to in paragraph V(1) of our report of even date)*

In terms of the information and explanations given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further report as under:

1. **Fixed Assets**

The Company has maintained proper records in respect of its fixed assets. Based on the physical verification reports produced before us, in our opinion, the said assets have been physically verified by the management at reasonable intervals. We were explained that no discrepancies were noted upon the comparison of the physical balances with the books of the Company. The Company does not own/hold any immovable property during the year under review.

2. **Inventory**

There was no inventory with the Company at any time during the year.

3. **Loans to parties of Directors' interest**

During the year, the Company has not granted any loans, secured or unsecured to the parties covered in the register maintained under Section 189 of the Act.

4. **Loans/Guarantees/Investments in / Provision of Security to certain parties**

As per the records of the Company, during the year, the Company has not given any loans /guarantees to or made any investments or provided any security within the purview of the Sections 185 and 186 of the Act.

5. **Acceptance of Deposits**

According to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

6. **Maintenance of Cost Records**

As explained to us, maintenance of cost records has not been prescribed by the Central Government for the Company under Section 148(1) of the Act.

7. **Undisputed & Disputed Statutory Dues**

(a) According to the information and explanations given to us and as per the records verified by us, the Company has been regular in depositing undisputed statutory dues involving Income Tax, Provident Fund dues, Professional Tax, Value Added Tax and Service Tax with the appropriate authorities and there were no arrears

under the above heads which were due for more than six months from the date they become payable as at the close of the year. Keeping in view the present operations of the Company, statutes relating to Employees' State Insurance, Sales-tax, Custom Duty, Excise Duty and Cess are not applicable to the Company during the year under review.

- b) As per the records, no disputed statutory dues have been lying pending with the Company as at the close of the year under review.

8. **Loans from Banks/Financial Institutions/ Government/Debentures**

As per the records verified by us, the Company has not availed any loan/facility from banks/financial institutions/Government and hence the question of default in repayment of the same does not arise. Further, no amounts were borrowed by the Company through Debentures.

9. **Proceeds of Public issue (including debt instruments)/Term Loans**

The Company has not raised any money during the year through initial / further public offer (including debt instruments). Also, the Company has not availed any term loans during the current or earlier years and hence the matter of application of the same doesn't arise.

10. **Frauds on or by the Company**

During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company or its officers, noticed or reported during the year, nor have we been informed of such case by the management.

11. **Managerial Remuneration**

No managerial remuneration has been paid/provided for by the Company during the year under review within the purview of Section 197, read with Schedule V to the Act .

12. **Nidhi Companies**

The Company is not a Nidhi company during the year under review and hence, the criteria as stipulated under Nidhi Rules 2014 are not applicable to the Company.

13. **Related Party Transactions**

As per the information and explanations given during the course of our verification, in our opinion, all transactions with the related parties made by the Company were in compliance with Sections 177 and 188 of the Act, to the extent applicable to the Company during the year, the relevant details in respect of which have been appropriately disclosed in the financial statements.

14. **Preferential Issue**

During the year, the Company has not made any preferential allotment or private placement of equity shares or convertible debentures and hence the requirements of Section 42 of the Act are not applicable.

15. **Non-cash Transactions with Directors, etc.**

As per the information and explanations provided to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors within the purview of Section 192 of the Act are not applicable.

16. **Provisions of 45-IA of the Reserve Bank of India Act,1934**

As per the information and explanations provided to us and based on the overall operations of the Company, during the year, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

**For Shyam Malpani & Associates**  
Chartered Accountants  
Firm Registration No. 120438 W

**Shyam Malpani**  
Proprietor  
Membership No. F 034171

Mumbai, dated 21<sup>st</sup> April, 2016

## **Annexure-2 to the Independent Auditor's Report of even date on the financial statements of Indian Commodity Exchange Ltd.**

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

We have audited the internal financial controls over financial reporting of **Indian Commodity Exchange Ltd.**("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company comprising of the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended.

#### **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 (the ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility:**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by the ICAI 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 ICAI. Those standards and the Guidance Note that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion:**

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

**For Shyam Malpani & Associates**  
Chartered Accountants  
Firm Registration No. 120438 W

**Shyam Malpani**  
Proprietor  
Membership No. F 034171

Mumbai, dated 21<sup>st</sup> April 2016

**Indian Commodity Exchange Limited**

**Balance Sheet as at March 31, 2016**

	Note No.	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 Amount (Rs.)
<b>I. Equity &amp; Liabilities</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	3	1,00,00,00,000	1,00,00,00,000
(b) Reserves and Surplus	4	(96,19,14,942)	(1,00,98,86,535)
<b>(2) Share application money pending allotment</b>	5	25,00,00,000	-
<b>(3) Settlement guarantee fund</b>	6	-	16,52,09,417
<b>(4) Non-current liabilities</b>			
Long-term Provisions	7	38,92,111	8,70,371
<b>(5) Current liabilities</b>			
(a) Trade Payables	8	61,50,543	62,25,886
(b) Other Current Liabilities	9	6,89,40,668	5,65,19,216
(c) Short-term Provisions	10	1,55,23,766	1,81,53,097
<b>Total</b>		<b>38,25,92,146</b>	<b>23,70,91,452</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		41,91,848	55,09,964
(ii) Intangible Assets		1,60,717	54,347
(b) Long Term Loans and Advances	12	23,55,481	77,199
<b>(2) Current assets</b>			
(a) Trade Receivables	13	-	16,07,958
(b) Cash and Cash Equivalents	14	28,57,32,626	16,75,78,535
(c) Short-term Loans and Advances	15	8,93,22,556	6,22,63,449
(d) Other Current Assets	16	8,28,918	-
<b>Total</b>		<b>38,25,92,146</b>	<b>23,70,91,452</b>

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

As per our report of even date

**For Shyam Malpani & Associates**

Chartered Accountants

Firm Registration No. 120438 W

Sd/-

**Shyam Malpani**

Proprietor

Membership No. 034171

Mumbai , April 21, 2016

**For and on behalf of the Board of Directors of  
Indian Commodity Exchange Limited**

Sd/-

**Ashok Sinha**

Director

DIN:00299600

Mumbai , April 21, 2016

Sd/-

**Lav Chaturvedi**

Director

DIN: 02859336

Mumbai , April 21, 2016

Sd/-

**Ghanashyam V. Rao**

Chief Financial Officer

Mumbai , April 21, 2016

Sd/-

**Ranjit Kumar Samantaray**

Company Secretary

Mumbai , April 21, 2016

**Indian Commodity Exchange Limited**

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

	Note No.	For the year ended March 31, 2016 Amount (Rs.)	For the year ended March 31, 2015 Amount (Rs.)
<b>I. Income</b>			
Revenue from Operations	17	40,870	54,117
Other Income	18	70,95,320	23,03,558
<b>Total Revenue</b>		<b>71,36,190</b>	<b>23,57,675</b>
<b>II. Expenses</b>			
Operating Costs	19	3,23,40,004	2,39,31,624
Employee benefit expenses	20	2,50,09,964	1,32,58,863
Financial Costs	21	8,716	14,557
Depreciation	11	52,36,650	1,45,61,025
Other Expenses	22	1,91,03,959	3,21,53,487
<b>Total Expenses</b>		<b>8,16,99,293</b>	<b>8,39,19,556</b>
<b>III. Profit / (loss) before prior period, exceptional and extraordinary items and tax (I-II)</b>		(7,45,63,103)	(8,15,61,881)
<b>IV. Prior Period Items</b>		-	-
<b>V. Profit/ (loss) before exceptional and extraordinary items and tax (III-IV)</b>		(7,45,63,103)	(8,15,61,881)
<b>VI. Exceptional items</b>		-	-
<b>VII. Profit / (loss) before extraordinary items and tax (V-VI)</b>		(7,45,63,103)	(8,15,61,881)
<b>VIII. Extraordinary items</b>		-	-
<b>IX. Profit / (loss) before tax (VII-VIII)</b>		(7,45,63,103)	(8,15,61,881)
<b>X. Tax expense:</b>		-	-
<b>XI. Profit / (loss) for the year (IX-X)</b>		<b>(7,45,63,103)</b>	<b>(8,15,61,881)</b>
Earnings per Share - Basic (Rs.)	30	(0.37)	(0.41)
- Diluted (Rs.)		(0.37)	(0.41)
Face Value Per Share (Rs.)		5.00	5.00

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

As per our report of even date

**For Shyam Malpani & Associates**  
Chartered Accountants  
Firm Registration No. 120438 W

Sd/-  
**Shyam Malpani**  
Proprietor  
Membership No. 034171  
Mumbai , April 21, 2016

**For and on behalf of the Board of Directors of  
Indian Commodity Exchange Limited**

Sd/-  
**Ashok Sinha**  
Director  
DIN:00299600  
Mumbai , April 21, 2016

Sd/-  
**Ghanashyam V. Rao**  
Chief Financial Officer  
Mumbai , April 21, 2016

Sd/-  
**Lav Chaturvedi**  
Director  
DIN: 02859336  
Mumbai , April 21, 2016

Sd/-  
**Ranjit Kumar Samantaray**  
Company Secretary  
Mumbai , April 21, 2016

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016 Amount (Rs.)	For the year ended March 31, 2015 Amount (Rs.)
<b>A Cash flows from operating activities :</b>		
Profit / (loss) before prior period, exceptional and extraordinary items and tax	(7,45,63,103)	(8,15,61,881)
Adjustments for:		
Depreciation	52,36,650	1,45,61,025
Gratuity & leave encashment expenses	4,22,936	(19,713)
Provision for bonus	32,89,870	-
Interest income on fixed deposits	(58,11,949)	(10,52,339)
Provision for doubtful advances	-	2,29,678
Provision for doubtful debts & bad debt	-	(1,15,439)
Loss on disposal of tangible fixed assets (including assets written off)	58,369	41,16,216
Provision on surrender of memberships	-	1,87,00,000
Dividend on units of mutual funds	(57,830)	(1,50,596)
Excess provisions written back	(12,02,484)	(4,04,652)
Profit on redemption of units of mutual funds	-	(1,21,494)
<b>Operating Profit / (loss) before working capital changes</b>	<b>(7,26,27,541)</b>	<b>(4,58,19,195)</b>
Working capital changes:		
Decrease /(increase) in trade receivables	16,07,958	60,76,498
(Increase)/decrease in short term loans and advances	(2,42,04,604)	(3,52,828)
(Increase)/decrease in long term loans and advances	(22,78,282)	86,15,748
(Decrease) / increase in trade payables	(75,343)	(1,45,57,959)
(Decrease) / increase in long term and short term provisions	(33,20,397)	(50,52,510)
Increase/(decrease) in other current liabilities	1,36,23,936	(2,93,58,711)
<b>Cash generated from / (used in) operations</b>	<b>(8,72,74,273)</b>	<b>(8,04,48,957)</b>
Taxes paid	(28,54,503)	60,10,047
<b>Net cash generated from / (used in) operating activities</b>	<b>(9,01,28,776)</b>	<b>(7,44,38,910)</b>
<b>B Cash flows from investing activities</b>		
(Purchase) / Sale of fixed assets (net)	(40,83,273)	8,29,633
Interest received on fixed deposits	49,83,031	41,06,621
Dividend received on units of mutual funds	57,830	1,50,596
Interest received on fixed deposits of SFG & penalties collected	(4,26,74,721)	(13,76,724)
Fixed deposit receipt with original maturity for more than 12 months	7,30,51,559	(1,48,16,533)
Proceeds from redemption of units of mutual funds (net)	-	1,21,494
<b>Net cash generated from / (used in) investing activities</b>	<b>3,13,34,426</b>	<b>(1,09,84,913)</b>
<b>C Cash flows from financing activities</b>		
Share application money	25,00,00,000	-
<b>Net cash generated from / (used in) financing activities</b>	<b>25,00,00,000</b>	<b>-</b>
<b>D Net increase/(decrease) in cash and cash equivalents ( A+B+C )</b>	<b>19,12,05,650</b>	<b>(8,54,23,823)</b>
<b>E Cash and cash equivalents at the beginning of the year</b>	<b>7,07,62,002</b>	<b>15,61,85,825</b>
<b>F Cash and cash equivalents at the close of the year ( D + E )</b>	<b>26,19,67,652</b>	<b>7,07,62,002</b>

Note:

1 The above cash flow statement has been prepared under the " Indirect Method " as set out in Accounting Standard (AS) - 3 'cash flow statements' notified under the Companies (Accounting Standards) Rules, 2006, as amended.

**Indian Commodity Exchange Limited**

**Cash Flow Statement for the year ended March 31, 2016 (continued)**

2 Cash and cash equivalents as at the close of the year comprise:

	<b>As at March 31, 2016 Amount (Rs.)</b>	<b>As at March 31, 2015 Amount (Rs.)</b>
Cash and Bank Balances (Refer note 14)		
Cash on Hand	46	6,791
Balances with scheduled banks		
In Current Accounts	25,19,66,606	27,55,211
In Fixed Deposit Accounts with original maturity of less than three months	<u>1,00,01,000</u>	<u>6,80,00,000</u>
<b>Cash and cash equivalents</b>	<b><u>26,19,67,652</u></b>	<b><u>7,07,62,002</u></b>
In Fixed Deposit Accounts with original maturity for more than 3 months but less than 12 months	<u>2,37,64,974</u>	<u>9,68,16,533</u>
	<b><u>28,57,32,626</u></b>	<b><u>16,75,78,535</u></b>

As per our report of even date

**For Shyam Malpani & Associates**  
Chartered Accountants  
Firm Registration No. 120438 W

Sd/-  
**Shyam Malpani**  
Proprietor  
Membership No. 034171  
Mumbai , April 21, 2016

**For and on behalf of the Board of Directors of  
Indian Commodity Exchange Limited**

Sd/-  
**Ashok Sinha**  
Director  
DIN:00299600  
Mumbai , April 21, 2016

Sd/-  
**Lav Chaturvedi**  
Director  
DIN: 02859336  
Mumbai , April 21, 2016

Sd/-  
**Ghanashyam V. Rao**  
Chief Financial Officer  
Mumbai , April 21, 2016

Sd/-  
**Ranjit Kumar Samantaray**  
Company Secretary  
Mumbai , April 21, 2016

## **Indian Commodity Exchange Limited**

### **Notes forming part of financial statements as at March 31, 2016**

#### **1. Corporate Information**

Indian Commodity Exchange Limited ("The Company" or "The Exchange") is a deemed Recognised Stock Exchange under the SCRA, 1956 in terms of Section 131[B] of Finance Act, 2015 pursuant to the Central Government notification dated August 28, 2015 providing a nation-wide on-line trading platform in commodity derivatives. Post Forward Markets Commission ("FMC") merger with Securities and Exchange Board of India ("SEBI") on September 28, 2015 the Exchange is now regulated by SEBI. The Exchange is currently being promoted by Reliance Exchange Next Limited and MMTC Limited. The Exchange was incorporated as a wholly owned subsidiary of Indiabulls Financial Services Limited ("IBFSL") on August 18, 2008 as International Multi Commodity Exchange Limited and is engaged in the business of commodity exchange by way of facilitating & managing nationwide trading in different types of contracts in commodities in India through its online exchange trading platform. The Company received formal approval from the FMC on October 9, 2009 to commence its business operations as a recognised commodity exchange and commenced its business operations with effect from November 27, 2009.

In accordance with the provisions of Section 21 and other applicable provisions of the Companies Act, 1956, the members of the Company at their Extraordinary General Meeting held on July 17, 2009, accorded their approval to change the name of the Company. The Company has since received approval of the Central Government in this regard and a fresh certificate of incorporation consequent upon change of name from the Registrar of Companies, National Capital Territory of Delhi & Haryana dated July 20, 2009, in respect of the said change. Accordingly, the name of the Company was changed from International Multi Commodity Exchange Limited to Indian Commodity Exchange Limited.

In pursuance of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, members of the Company in their annual general meeting held on September 29, 2009 granted their approval for sub-dividing the authorised share capital from Rs.100,00,00,000, divided into 10,00,00,000 equity shares of face value of Rs.10 each to Rs. 100,00,00,000, divided into 20,00,00,000 equity shares of face value of Rs.5 each. Further, members of the Company granted their approval for increase in the authorised share capital to Rs.110,00,00,000 divided into 22,00,00,000 equity shares of face value of Rs.5 each.

During the year the Company has increased the authorised share capital by 3,00,00,000 Equity Share of face value of Rs.5/- each vide Resolution of share holders dated 20.01.2016

#### **2. Summary of Significant Accounting Policies:**

##### **a) Basis of accounting and preparation of financial statements:**

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India ("GAAP") and in compliance with Accounting Standards (AS) as notified under the Companies (Accounting Standards) Rules, 2006, as amended. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

##### **b) Use of Estimates:**

The presentation of financial statements in conformity with GAAP requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Differences between the actual results and estimates are recognised in the year in which the results are known / materialized.

## Indian Commodity Exchange Limited

### Notes forming part of financial statements as at March 31, 2016

#### c) Tangible assets:

Tangible assets are stated at cost net of tax/duty credits availed, if any, less accumulated depreciation and impairment losses, if any. Cost includes cost of acquisition including incidental expenses related to the acquisition and installation of the respective assets.

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

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss as and when the asset is derecognised.

#### d) Depreciation on Tangible assets

Depreciation on tangible assets is provided as per the manner prescribed in Schedule II to The Companies Act, 2013. Leasehold improvements are depreciated over the unexpired period of respective leases.

Depreciation on additions / deletions to tangible assets is provided on pro-rata basis from / till the date the asset is put to use / discarded. Individual assets costing less than Rs.5,000/- are fully depreciated in the year of purchase.

#### e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life, from the date the assets are available for use, as mentioned below:

Description of asset	Estimated useful life
Software	Four years

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

## **Indian Commodity Exchange Limited**

### **Notes forming part of financial statements as at March 31, 2016**

#### **f) Impairment of Assets:**

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the re-assessed recoverable amount. Impairment losses previously recognised are accordingly reversed.

#### **g) Investments:**

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### **h) Revenue Recognition:**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- (i) Revenue from Membership fees (including processing fees) is recognised upon admission of the member to the Exchange.
- (ii) Revenue from Transaction fees is determined based on underlying trades and are accrued on the trade date of the underlying transactions.
- (iii) Income from Annual Subscription Fee and other membership charges are recognised on accrual basis.
- (iv) Income from Connectivity charges is recognised on accrual basis over the period during which connectivity services are provided to the members of the Exchange.
- (v) Interest income is recognised on accrual basis.
- (vi) Dividend income on units of Mutual Funds is recognised when the right to receive dividend is unconditionally established by the reporting date.
- (vii) Profit / loss on sale of investments are recognised as the difference between the sale proceeds and the carrying amount of investments.
- (viii) Income from Penalty charges, to the extent permissible to be retained by the Company, is recognised as income, on accrual basis.

## **Indian Commodity Exchange Limited**

### **Notes forming part of financial statements as at March 31, 2016**

#### **i) Foreign Currency Transactions:**

##### **(i) Initial Recognition:**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### **(ii) Conversion:**

Foreign currency monetary items are converted at the year end to the reporting currency using the closing rates at the reporting date. Non monetary items which are carried at historical cost denominated in foreign currency are reported at cost using the exchange rate as at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

##### **(iii) Exchange Differences:**

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised as income or expense in the year in which they arise except those arising from non-integral operations.

Exchange differences arising on a monetary item that in substance forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or expense.

#### **j) Taxes on Income:**

Taxes on income are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income", (AS 22). Tax expense comprises of current tax and deferred tax.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with the relevant tax regulations.

Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax / substantively enacted tax rates as on the Balance Sheet date, to the extent that the timing differences are expected to crystallise.

Deferred Tax Assets are recognised where realisation is reasonably certain, whereas, in case of carried forward losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation supported with convincing evidence. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

## **Indian Commodity Exchange Limited**

### **Notes forming part of financial statements as at March 31, 2016**

#### **k) Borrowing Cost:**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of the asset. All other borrowing costs are charged to revenue.

#### **l) Provisions, contingent liabilities and contingent assets:**

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent liability is disclosed for:

- (1) Possible obligations which will be confirmed only by future events not wholly within the control of the Company, or
- (2) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.

Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

#### **m) Earnings per share**

In determining basic earnings per share, the Company considers the net profit / (loss) after tax and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

#### **n) Employee Benefits:**

The Company's contribution to Provident Fund is charged to the Statement of profit and loss for the year when the contributions are due. The Company has unfunded defined benefit plans namely, Compensated Absences and Gratuity for all the employees, the liability for which is determined on the basis of actuarial valuation on yearly basis using Projected Unit Credit Method. Actuarial gains and losses are recognised immediately in Statement of Profit and Loss.

Actuarial gains and losses for both defined benefit plans are recognised in full in the period in which they occur in the statement of profit and loss.

#### **o) Leases:**

In case of operating lease, the lease rentals are charged to the Statement of profit and loss in accordance with Accounting Standard (AS) 19 – Leases as notified by the Companies (Accounting Standards) Rules, 2006.

	As At March 31, 2016 Amount (Rs.)	As At March 31, 2015 Amount (Rs.)
<b>3 Share Capital</b>		
<u>Authorised:</u>		
25,00,00,000 (Previous Year: 22,00,00,000) Equity Shares of face value of Rs.5/- each	1,25,00,00,000	1,10,00,00,000
<u>Issued, subscribed and paid up:</u>		
20,00,00,000 (Previous Year: 20,00,00,000) Equity Shares of face value of Rs.5/- each	1,00,00,00,000	1,00,00,00,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>1,00,00,00,000</b>	<b>1,00,00,00,000</b>

The Company has increased the Authorised share capital by 3,00,00,000 Equity Shares of face value of Rs.5/- each vide Resolution of share holders dated 20.01.2016

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

**Equity Shares**

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
Shares outstanding at beginning of the reporting period	20,00,00,000	1,00,00,00,000	20,00,00,000	1,00,00,00,000
Shares Issued during the year	-	-	-	-
<b>Shares Outstanding at end of the reporting</b>	<b>20,00,00,000</b>	<b>1,00,00,00,000</b>	<b>20,00,00,000</b>	<b>1,00,00,00,000</b>

**b. Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 5 per share. Each holder of equity shares is entitled to one vote per share.

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

**c. Details of Shareholders holding more than 5% shares in the Company**

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	% of Holding	No. of shares	% of Holding
Equity share of Rs.5 each fully paid up				
Shareholders having more than 5 % shares in the Company as follows:				
Reliance Exchangenext Limited	5,20,00,000	26%	5,20,00,000	26%
MMTC Limited	3,20,00,000	16%	5,20,00,000	26%
Indiabulls Housing Finance Limited	2,80,00,000	14%	2,80,00,000	14%
Abhinay Trading Private Limited	2,80,00,000	14%	2,80,00,000	14%
Indian Potash Limited	2,00,00,000	10%	2,00,00,000	10%

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

- d. In terms of the Guidelines for Grant of Recognition to New National Commodity Exchange under the provisions of the Forward Contracts (Regulation) Act, 1952, dated May 14, 2008, issued by Forward Market Commission (FMC), the Investment in the initial paid up capital of the Company by its shareholders was subject to a lock-in period of three years from the date of recognition (October 9, 2009) of the Exchange. As at March 31, 2010, Indiabulls Housing Finance Limited (“IHFL”) held 40% of the outstanding paid up equity share capital of the Company. In terms of the applicable guidelines issued by the FMC, Indiabulls Housing Finance Limited (“IHFL”) was required to dilute its shareholding to bring it down to 26% or below of the paid up equity share capital, within two years beginning with the fourth year from the date of recognition of the Exchange.

Pursuant to the Company’s application, Government of India and Forward Market Commission granted their approval vide their letters dated September 23, 2010 & October 04, 2010 respectively, for the transfer by Indiabulls Housing Finance Limited (“IHFL”) of 52,000,000 equity shares representing 26% of the outstanding paid up equity share capital of the Company to Reliance Exchangenext Limited. The said transfer of shares was concluded on December 13, 2010. The aforesaid approval from Government of India and Forward Markets Commission are subject to the following conditions: -

- (a) that three years lock-in period condition shall apply to the new anchor investor, Reliance Exchangenext Limited ("R-NEXT") afresh with effect from the date of Government approval, i.e., September 23, 2010;
- (b) that in case MMTC Ltd, which now becomes co-anchor investor, exercises its right to stake a claim to 14% in the Exchange from IHFL in pursuance to its right to first refusal, IHFL will be bound to transfer its remaining 14% to MMTC Ltd at the same price at which it has been offered to Reliance Exchangenext.

On October 21, 2011, MMTC Ltd submitted a petition before the Company Law Board, New Delhi, in terms of Sections 397, 398, 402 and 403 of the Companies Act, 1956, seeking declaration of the aforesaid transfer of shares as void, injunction and investigation into the affairs of the Company and appointment of Administrative Special Officer, Auditor, etc. Subsequently the Company has submitted its response to the aforesaid petition before the Honourable Company Law Board on February 10, 2012 refuting and denying the purported allegations against the Exchange. During the year, MMTC sold 10% of its stake in Exchange to outside investors at Rs.10 per shares (Including premium of Rs.5/- per share)

	As At March 31, 2016 Amount (Rs.)	As At March 31, 2015 Amount (Rs.)
<b>4 Reserves &amp; Surplus</b>		
<b>Deficit in the Statement of Profit &amp; Loss</b>		
Retained earnings - Opening Balance	(1,00,98,86,535)	(92,73,25,191)
Less : Additional Deprecation as per Sch II of The Company Act, 2013	-	9,99,463
Balance of Loss brought forward	(1,00,98,86,535)	(92,83,24,654)
Loss for the year	(7,45,63,103)	(8,15,61,881)
Amount available for appropriation (A)	(1,08,44,49,638)	(1,00,98,86,535)
<b>Add</b>		
Withdrawal from Settlement Guarantee Fund		-
Balance of Settlement Guarantee Fund	12,15,43,376	
Less : Accrued Interest & Tax deducted on Interest	(37,06,789)	
Opening Balance	11,78,36,587	
Additon during the year	12,63,602	
Closing Balance	11,91,00,189	
Add : Accrued Interest & Tax deducted on Interest	34,34,507	12,25,34,696
Total Appropriations (B)	12,25,34,696	-
<b>Net deficit in the statement of profit &amp; loss (A-B)</b>	<b>(96,19,14,942)</b>	<b>(1,00,98,86,535)</b>

	As At March 31, 2016 Amount (Rs.)	As At March 31, 2015 Amount (Rs.)
<b>5 Share Application Money Pending Allotment</b>	25,00,00,000	-
<b>As per Balance Sheet</b>	<u>25,00,00,000</u>	<u>-</u>

As at March 31, 2016, the Company has received an amount of Rs. 25,00,00,000/- towards share application money towards 2,50,00,000 equityshares of the Company at a premium of Rs. 5/- each. The share application money was received pursuant to an invitation to offer shares and in terms of such invitation, the Company is required to complete the allotment formalities by April 8, 2016. The Company has sufficient authorised capital to cover the allotment of these shares. Pending allotment of shares, the amounts are maintained in a designated bank account and is not available for use by the Company.

**6 Settlement Guarantee Fund (SGF)**

Opening Balance	11,78,36,587	10,73,98,692
- Settlement penalties received	-	4,036
- Interest income on SGF (Net of TDS)	12,63,602	1,04,33,859
	<u>11,91,00,189</u>	<u>11,78,36,587</u>
- Base Minimum Capital *	-	4,73,72,830
- Withdrawal for fund	(11,91,00,189)	-
<b>As per Balance Sheet</b>	<u>-</u>	<u>16,52,09,417</u>

\* In terms of the Revised Guidelines for Settlement Guarantee Fund ("Guidelines") dated August 23, 2013, as issued by the Forward Markets Commission ("FMC"), the Company is required to create an Settlement Guarantee Fund ("SGF") with the objective of protection of investors' funds from default risk of any member of the Exchange.

Fixed deposit receipts provided by the member towards Base Minimum Capital (BMC) have been considered as part of Settlement Guarantee Fund. The amount of fixed deposit receipts forming part of SGF as at 31 March 2016 aggregate Rs. Nil (Previous year Rs. 1,09,37,500/-) .

FMC has directed Exchange vide its letter dated 22 May 2015 to refund all BMC & Trade Margin Capital (TMC) deposits margins to the members. The management has complied to the same and responded to FMC.

**7 Long term provisions**

**Provision for employee benefits**

Provision for gratuity	4,08,999	5,34,091
Provision for compensated absences	1,93,242	3,36,280
Other provisions	32,89,870	-
<b>As per Balance Sheet</b>	<u>38,92,111</u>	<u>8,70,371</u>

**8 Trade Payables**

Trade Payables		
(a) Dues to Micro and Small Enterprises	-	-
(b) Dues to others	61,50,543	62,25,886
<b>As per Balance Sheet</b>	<u>61,50,543</u>	<u>62,25,886</u>

	As At March 31, 2016 Amount (Rs.)	As At March 31, 2015 Amount (Rs.)
<b>9 Other Current Liabilities</b>		
Amount received from members and applicants towards -		
- Trading Margins received from Members	-	2,51,14,880
- Application money pending admission	11,05,348	11,27,821
- Advance Payments for which services yet to be given	-	2,59,258
Investor Protection Fund	1,69,83,692	1,58,72,303
Less: Amounts deposited and kept in designated bank account & Fixed Deposit towards Investor Protection Fund	15,660	
	<u>1,69,68,032</u>	<u>1,58,70,918</u>
Statutory Liabilities -		
Tax deducted at source	14,78,139	1,17,247
Professional Tax	8,600	1,000
Maharashtra Value Added Tax	45,035	29,619
Other liabilities	98,593	1,57,202
Expenses payable	6,61,89,293	2,97,10,804
<b>As per Balance Sheet</b>	<b><u>6,89,40,668</u></b>	<b><u>5,65,19,216</u></b>

<b>10 Short Term Provisions</b>		
Provision for employee benefits -		
Provision for gratuity	5,874	8,334
Provision for compensated absences	3,817	5,688
Provision on surrender of memberships	1,55,14,075	1,81,39,075
<b>As per Balance Sheet</b>	<b><u>1,55,23,766</u></b>	<b><u>1,81,53,097</u></b>

**11 Fixed Assets**

**a) Tangible assets**

	Furniture & fixtures	Computers	Office Equipment	Amount (Rs.) Total
<b>Cost or valuation</b>				
<b>As at March 31, 2015</b>	2,27,007	6,24,18,131	22,03,164	<b>6,48,48,302</b>
Additions	-	30,64,929	8,53,464	<b>39,18,393</b>
Disposal	-	-	2,78,988	<b>2,78,988</b>
<b>As at March 31, 2016</b>	<b><u>2,27,007</u></b>	<b><u>6,54,83,060</u></b>	<b><u>27,77,640</u></b>	<b><u>6,84,87,707</u></b>
<b>Depreciation</b>				
<b>As at March 31, 2015</b>	69,413	5,79,99,500	12,69,425	<b>5,93,38,338</b>
Charge for the year	26,271	42,91,845	8,60,024	<b>51,78,140</b>
Disposal during the year	-	-	2,20,619	<b>2,20,619</b>
<b>As at March 31, 2016</b>	<b><u>95,684</u></b>	<b><u>6,22,91,345</u></b>	<b><u>19,08,830</u></b>	<b><u>6,42,95,859</u></b>
<b>Net Block</b>				
<b>As at March 31, 2015</b>	<b>1,57,594</b>	<b>44,18,631</b>	<b>9,33,739</b>	<b>55,09,964</b>
<b>As at March 31, 2016</b>	<b>1,31,323</b>	<b>31,91,715</b>	<b>8,68,810</b>	<b>41,91,848</b>

11 Fixed Assets (Continued)

b) Intangible assets

	Software	Total
<b>Cost or valuation</b>		
As at March 31, 2015	5,97,72,378	5,97,72,378
Additions	1,64,880	1,64,880
Disposal	-	-
<b>As at March 31, 2016</b>	<b>5,99,37,258</b>	<b>5,99,37,258</b>
<b>Amortisation</b>		
As at March 31, 2015	5,97,18,031	5,97,18,031
Charge for the year	58,510	58,510
Disposal during the year	-	-
<b>As at March 31, 2016</b>	<b>5,97,76,541</b>	<b>5,97,76,541</b>
<b>Net Block</b>		
As at March 31, 2015	54,347	54,347
<b>As at March 31, 2016</b>	<b>1,60,717</b>	<b>1,60,717</b>

	As At March 31, 2016 Amount (Rs.)	As At March 31, 2015 Amount (Rs.)
<b>12 Long Term Loans and Advances</b>		
<b>Security deposit</b>		
Unsecured, considered good	22,34,400	-
Sub-total (A)	22,34,400	-
<b>Other loans and advances ( Considered good)</b>		
Prepaid expenses	1,21,081	77,199
Sub-total (B)	1,21,081	77,199
<b>As per Balance Sheet (A+B)</b>	<b>23,55,481</b>	<b>77,199</b>

13 Trade Receivables

Outstanding for a period exceeding six months from the date they are due for payment

Secured, considered good	-	6,87,008
Unsecured, considered doubtful	40,26,067	41,05,785
Provision for doubtful debts	(40,26,067)	(41,05,785)
	-	<b>6,87,008</b>
<b>Others</b>		
Secured, considered good	-	103
Unsecured, considered good	-	9,20,847
	-	<b>9,20,950</b>
<b>As per Balance Sheet</b>	<b>-</b>	<b>16,07,958</b>

Notes forming part of financial statements as at March 31, 2016

	As At March 31, 2016 Amount (Rs.)	As At March 31, 2015 Amount (Rs.)
<b>14 Cash and Cash Equivalents</b>		
Cash on Hand	46	6,791
Balances with scheduled banks *		
In Current Accounts	25,19,66,606	27,55,211
In Deposits with original maturity of less than three months	1,00,01,000	6,80,00,000
Sub-total (A)	<u>26,19,67,652</u>	<u>7,07,62,002</u>
Other bank balances :		
Deposits with original maturity for more than 3 months but less than 12 months	2,37,64,974	9,68,16,533
Sub-total (B)	<u>2,37,64,974</u>	<u>9,68,16,533</u>
<b>As per Balance Sheet (A + B )</b>	<u><u>28,57,32,626</u></u>	<u><u>16,75,78,535</u></u>
* The amount includes Rs. Nil (Previous year Rs. 17,75,967/-) as in Current Account & Rs. Nil (Previous year Rs. 16,48,16,533) as in Deposit with Banks (Fixed deposits) created & earmarked for Settlement Guarantee Fund		
<b>15 Short Term Loans and Advances</b>		
<b>Capital Advances</b>		
Unsecured, considered good	1,84,02,296	-
Unsecured considered doubtful	9,52,650	9,52,650
Provision for doubtful advances	(9,52,650)	(9,52,650)
Sub-total (A)	<u>1,84,02,296</u>	<u>-</u>
<b>Security deposit</b>		
Unsecured, considered good	25,000	25,000
Sub-total (B)	<u>25,000</u>	<u>25,000</u>
<b>Advances recoverable in cash or kind</b>		
Unsecured considered good	11,98,559	1,80,543
Unsecured considered doubtful	50,00,000	52,29,678
Provision for doubtful advances	(50,00,000)	(52,29,678)
Sub-total (C)	<u>11,98,559</u>	<u>1,80,543</u>
<b>Other loans and advances ( Considered good)</b>		
Income taxes recoverable (net of provisions)	90,02,439	61,47,936
Prepaid expenses	29,68,375	2,89,775
Advance to employees	22,000	-
Balances with Statutory authorities (Service Tax)	5,77,03,887	5,56,20,195
Sub-total (D)	<u>6,96,96,701</u>	<u>6,20,57,906</u>
<b>As per Balance Sheet (A+B+C+D)</b>	<u><u>8,93,22,556</u></u>	<u><u>6,22,63,449</u></u>
<b>16 Other Current Assets</b>		
Interest accrued on fixed deposits	8,28,918	-
Other receivables from members on account of penalty charges levied	4,09,975	6,69,805
Less: Payables accrued but not due to be transferred to Investor Protection Fund on account of penalty charges uncollected from Members	(4,09,975)	(6,69,805)
<b>As per Balance Sheet</b>	<u><u>8,28,918</u></u>	<u><u>-</u></u>

	For the year ended March 31, 2016 Amount (Rs.)	For the year ended March 31, 2015 Amount (Rs.)
<b>17 Revenue From Operations</b>		
Other membership charges	40,870	54,000
Transaction fee	-	117
<b>As per Statement of Profit and Loss</b>	<b><u>40,870</u></b>	<b><u>54,117</u></b>
<b>18 Other Income</b>		
Interest income on bank deposits	58,11,949	10,52,339
Excess provisions written back	12,02,484	4,04,652
Dividend income on current investments	57,830	1,50,596
Connectivity charges	-	39,407
Income from penalty charges	7,500	-
Profit on redemption of units of mutual fund	-	1,21,494
Miscellaneous income	15,557	12,333
Interest on income tax refund	-	5,03,024
Excess employee benefit expenses written back	-	19,713
<b>As per Statement of Profit and Loss</b>	<b><u>70,95,320</u></b>	<b><u>23,03,558</u></b>
<b>19 Operating Costs</b>		
Information technology support expenses	3,12,56,153	2,17,55,286
Networking / leased line expenses	8,51,242	14,78,572
Settlement guarantee fund insurance	-	5,47,357
Subscription charges	2,32,609	1,50,409
<b>As per Statement of Profit and Loss</b>	<b><u>3,23,40,004</u></b>	<b><u>2,39,31,624</u></b>
<b>20 Employee Benefit Expenses</b>		
Salaries, wages and bonus	2,40,44,916	1,28,93,960
Contribution to provident and other fund	51,752	348
Gratuity & compensated absences expenses	4,22,936	-
Staff welfare expenses	4,90,360	3,64,555
<b>As per Statement of Profit and Loss</b>	<b><u>2,50,09,964</u></b>	<b><u>1,32,58,863</u></b>
<b>21 Financial Costs</b>		
Bank charges	8,716	14,557
<b>As per Statement of Profit and Loss</b>	<b><u>8,716</u></b>	<b><u>14,557</u></b>

**Indian Commodity Exchange Limited****Notes forming part of financial statements for the year ended March 31, 2016**

	<b>For the year ended March 31, 2016 Amount (Rs.)</b>	<b>For the year ended March 31, 2015 Amount (Rs.)</b>
<b>22 Other Expenses</b>		
Advertisement and business promotion expenses	20,35,000	-
Travelling and conveyance expenses	9,18,637	9,39,602
Repairs and Maintenance		
Office	10,43,757	39,604
Computer and software	47,85,743	-
Professional charges	37,90,334	25,83,572
Lease rentals	26,63,750	26,53,374
Rates and taxes	15,64,989	14,770
Printing and stationery	6,23,893	7,89,916
Communication expenses	2,21,799	94,723
Electricity expenses	32,519	5,06,380
Meeting expenses	20,000	-
Director's sitting fees	2,00,000	4,00,000
Insurance	5,20,586	6,16,208
Miscellaneous provision	-	2,48,857
Provision on refund of admission fee	-	1,87,00,000
Postage and courier	46,842	32,258
Writte off /disposal Loss on tangible fixed assets	58,369	41,16,216
Relocation Expenses	1,00,000	-
Diwali expenses	31,789	15,787
Auditor's remuneration		
Statutory audit	3,30,000	3,30,000
Certification	15,000	-
Tax audit fee	63,000	63,000
Miscellaneous expenses	37,952	9,220
<b>As per Statement of Profit and Loss</b>	<b><u>1,91,03,959</u></b>	<b><u>3,21,53,487</u></b>

## Indian Commodity Exchange Limited

### Notes forming part of financial statements as at March 31, 2016

23 During the current year, the Exchange has been operating in dormant mode without any major operating revenue. However, the Exchange has chalked out the revival plan and submitted the same to the Regulator after due approval from the Board of Directors. The office and technology infrastructure set-up are in place. The staff strength has increased from a team of 5 to 44 as on March 31, 2016. The shareholders reposed confidence on the growth plan of the Exchange by participating in the Rights. On April 8, 2016, subsequent to the Balance Sheet date, the Exchange has garnered Rs.50 Crores through Rights Issue which was fully subscribed at a 100% premium to the face value of Rs. 5 per share.

24 Disclosures in respect of Accounting Standard – 18 Related Party Disclosures notified under the Companies (Accounting Standards) Rules, 2006, as amended:

#### Nature of relationship with Related Parties

(a) **Related parties exercising significant influence :**

- (i) Reliance Exchangenext Limited
- (ii) MMTC Ltd (up to January 19, 2016)

(b) **Related parties under common control with the reporting enterprises:**

Reliance Spot Exchange Infrastructure Limited (Subsidiary of Reliance Exchangenext Limited)

(c) **Other Related parties: Key Managerial Personnel -**

- Mr. Lav Chaturvedi - Whole Time Director
- Mr. Ramesh Shetty - Chief Financial Officer (CFO) ( up to November 09, 2015 )
- Mr. Ghanashyam Rao - Chief Financial Officer (CFO) (with effect from December 23, 2015)
- Mr. Ranjit Samantaray - Company Secretary (CS) (with effect from December 23, 2015)

(d) **Significant Transactions with Related Parties:**

(Amount in Rs.)

Nature of Transaction	Current Year	Current Year	Previous Year
	Key Managerial Personnel	Related parties exercising control/ significant influence	
Remuneration to Key Managerial Personnel to CFO and CS ( Included under the head employee benefit expenses. Note -20 )	51,56,154	-	37,62,000
Share Application Money Received (Reliance Exchangenext Limited )	-	13,00,00,000	-
<b>Balance Outstanding as at Balance Sheet Date</b>			
Share Application Money Received	-	13,00,00,000	-

(d) **Statement of Material Transactions:**

In accordance with AS 18, disclosures in respect of transactions with identified related parties are given only for such period during which the relationship existed. Related party relationships as given above are as identified by the Company and relied upon by the auditors.

**25 Employee benefit obligations (Gratuity & Compensated Absences) :**

**(a) Defined Contribution Plans:**

The Company's contribution amounting to Rs. 48,199/- (Previous year Rs. Nil ) to defined contribution plan (Provident Fund) is recognized as expenses in the Statement of Profit and Loss for the year ended March 31, 2016.

**(b) Disclosures in respect of Employee Benefits in accordance with Accounting Standard 15 (AS 15) (Revised 2005) – Employee Benefits as notified under the Companies (Accounting Standards) Rules, 2006, as amended:**

Provisions for unfunded gratuity and compensated absences for all eligible employees are based upon actuarial valuation conducted yearly by an independent actuary. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions during the year ended March 31, 2016, have been accounted for in the Statement of Profit and Loss .

The table below provides disclosures in respect of gratuity and compensated absences in accordance with AS 15: -

Particulars	March 31, 2016		March 31, 2015	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)
Reconciliation of liability recognized in the Balance Sheet				
Present value of commitment (as per actuarial valuation)	4,14,873	1,97,059	5,42,425	3,41,968
Fair value of plans	-	-	-	-
Net liability in the Balance Sheet (Actual)	4,14,873	1,97,059	5,42,425	3,41,968
Movement in the net liability recognized in the Balance Sheet				
Net liability as at beginning of year	5,42,425	3,41,968	9,37,322	4,58,369
Net expenses recognized in the Statement of Profit and Loss	3,24,611	98,325	(1,69,842)	1,50,127
Contributions during the year	-	-	-	-
Benefits paid	(4,52,163)	(2,43,234)	(2,25,055)	(2,66,528)
Net liability as at end of the year / year	4,14,873	1,97,059	5,42,425	3,41,968
Expenses recognized in the Statement of Profit				
Current service cost	2,83,989	1,64,388	1,53,709	99,003
Interest cost	43,394	27,357	79,672	38,961
Expected return on plan assets	-	-	-	-
Actuarial (gains) / losses	(2,772)	(93,420)	(4,03,223)	12,163
Expenses charged to the Statement of Profit and	3,24,611	98,325	(1,69,842)	1,50,127
Reconciliation of defined-benefits commitments				
Commitments as at beginning of year	5,42,425	3,41,968	9,37,322	4,58,369
Current service cost	2,83,989	1,64,388	1,53,709	99,003
Interest cost	43,394	27,357	79,672	38,961
Paid benefits	(4,52,163)	(2,43,234)	(2,25,055)	(2,66,528)
Actuarial (gains) / losses	(2,772)	(93,420)	(4,03,223)	12,163
Commitments as at end of year	4,14,873	1,97,059	5,42,425	3,41,968

25 Employee benefit obligations (Continued)

The actuarial valuation to determine commitments and expenses in respect of gratuity and compensated absences is based on the following assumptions which if changed, would affect the commitment's size, funding requirement and expenses: -

	For the year ended March 31, 2016	For the year ended March 31, 2015
Discount rate	8.00%	8.50%
Expected return on plan assets	NA	NA
Expected rate of salary increase	6.00%	5.50%
Mortality Table	IALM (2006 - 08)	IALM (2006 - 08)

(Amount in Rs.)

Gratuity (Unfunded)					
Experience adjustment:	2015-16	2014-15	2013-14	2012-13	2011-12
On plan liabilities Gain/(Loss)	2,772	4,03,223	10,89,638	(4,10,161)	(8,80,653)
On plan assets Gain/ (Loss)	-	-	-	-	-
Present value of benefit obligations	4,14,873	5,42,425	9,37,322	17,91,719	14,05,958
Fair value of plan assets	-	-	-	-	-
Excess of (obligation over plan assets) / plan assets over obligations	(4,14,873)	(5,42,425)	(9,37,322)	(17,91,719)	(14,05,958)

(Amount in Rs.)

Compensated absences (Unfunded)					
Experience adjustment:	2015-16	2014-15	2013-14	2012-13	2011-12
On plan liabilities Gain/(Loss)	93,420	(12,163)	(4,33,441)	92,022	3,07,705
On plan assets Gain/ (Loss)	-	-	-	-	-
Present value of benefit obligations	1,97,059	3,41,968	4,58,369	9,56,527	8,10,380
Fair value of plan assets	-	-	-	-	-
Excess of (obligation over plan assets) / plan assets over obligations	(1,97,059)	(3,41,968)	(9,56,527)	(8,10,380)	(6,30,232)

The employer's best estimate of contributions expected to be paid during the annual period beginning after the Balance Sheet date, towards Gratuity and Compensated absences is Rs. 10,44,772/- {Previous year Rs.2,58,959/-} and Rs. 1,15,710/- {Previous year Rs.63,426/-} respectively.

## Indian Commodity Exchange Limited

### Notes forming part of financial statements as at March 31, 2016

#### 26 Capital and other commitments:

There are no capital and other commitment pending as at the end of the year.

#### 27 Contingent liabilities

Contingent liabilities as at March 31, 2016 - Nil (Previous year : Nil).

#### 28 Segment Reporting

The Company operates in one reportable business segment namely - "Commodity Exchange" and one reportable geographical segment, i.e., within India. Hence, no separate information for segment disclosures is required in respect of reportable segments under Accounting Standard (AS) 17 - Segment Reporting, as notified under The Companies (Accounting Standards) Rules, 2006 as amended, other than those already provided in the financial statements.

#### 29 Leases

The Company has taken office premises on operating lease under lease arrangements. Rent expenses of Rs. 26,63,750/- (Previous year: Rs. 26,53,374/-) in respect of the same have been charged to the Statement of Profit and Loss for the year ended March 31, 2016. The minimum lease rentals in respect of such leases are as under: -

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Not later than one year	44,68,800	-
Later than one year but not later five years	1,76,72,242	-
Later than five years	-	-

#### 30 Earnings per Share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit/(Loss) available for equity Shareholders (Rs.)	(7,45,63,103)	(8,15,61,881)
Weighted average number of Shares used in computing Basic and Diluted earnings per share	20,00,00,000	20,00,00,000
Face/Nominal Value of equity Shares - (Rs.)	5	5
Basic Earnings Per Share - (Rs.)	(0.37)	(0.41)
Diluted Earnings Per Share - (Rs.)	(0.37)	(0.41)

**31 Provisions, Contingent Liabilities and Contingent Assets**

As per the best estimate of the management, no provision is required to be made as per Accounting Standard – 29 ‘Provisions, Contingent Liabilities and Contingent Assets’ notified under the Companies (Accounting Standards) Rules, 2006, as amended, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.

**32 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

Disclosure required under section 22 of the Micro, Small and medium Enterprises Development Act, 2006 -

There were no payments of principal and interest due thereon payable to Micro, Small and Medium enterprises as at March 31, 2016. The Company has not received any intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises.

**33 Managerial Remuneration under Section 198 of the Companies Act, 1956 -**

No remuneration / commission has been paid / is payable to directors during the year ended March 31, 2016. However, sitting fee of Rs. 2,00,000/- (Previous year: Rs. 4,00,000/-) was paid to Directors during the year.

**34 Expenditure incurred in foreign currency (on accrual basis):**

(Amount in Rs.)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Information Technology Support Expenses	2,69,97,255	1,87,50,000

**35** The Company has not entered into any derivative instruments during the year. There were no foreign currency exposures as at March 31, 2016 (Previous year: Nil).

**36 Current Taxation**

(a) No provision is made for current tax in view of losses by the company during the year (previous year Rs. Nil)

(b) Deferred Tax

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Deferred Tax Assets</b>		
Arising on account of temporary differences due to:		
Depreciation / Amortization	68,70,521	74,94,326
Arising on account of temporary differences due to:		
Provision for employee benifites	1,29,375	1,69,367
Provision for doubtful debtors & others	60,37,904	68,73,662
brought forwarded income tax lossed	25,19,63,123	24,70,92,376
<b>Total</b>	<b>26,50,00,923</b>	<b>26,16,29,730</b>

The above deferred tax assets has not been recognised on a conservative basis, during the year ended March 31, 2016, in accordance with the recommendations of Accounting Standard -22 Accounting for taxes on income (Previous year - Rs. Nil)

Notes forming part of financial statements as at March 31, 2016

37 In terms of the Revised Guidelines for Investor Protection Fund (“Guidelines”) dated September 28, 2011, as issued by the Forward Markets Commission (“FMC”), the Company is required to create an Investor Protection Fund (“IPF”) with the objective of protection of investors’ funds from default risk of any member of the Exchange. The IPF will be administered by way of a Trust constituted for this purpose. Accordingly:

During the year ended March 31, 2016, the Company has deposited Rs. 67,500/- in a designated bank account towards the Investor Protection Fund. As at March 31, 2016, Rs. 15,660/- was the balance transferable to the designated bank account. Of the balance outstanding as at March 31, 2016, the Company has deposited, subsequent to the year end, till the date of signing of these financial statements, Rs. 15,660/- representing 90% of the amount collected by the Company from its Members, after retaining the permissible amounts of 10% of penalties collected as cost of administration. An amount of Rs.2,91,970/- included in other receivables is not due to be deposited in the IPF pending collection from the members of the Exchange.

A Summary of the movement in the IPF designated bank account is provided below:

	Amount (Rs.)	
	March 31, 2016	March 31, 2015
Opening balance	1,58,70,916	1,42,18,873
Amount transferred during the year	84,545	1,91,317
Amount of interest credited during the year (Net of TDS)	10,28,225	14,60,726
Closing balance*	1,69,83,686	1,58,70,916

\*Including amounts held in earmarked fixed deposits - Rs.1,69,65,000/- (Previous year Rs.1,54,00,000/-)

The Exchange is in the process of registration of the Trust to administer the IPF. Once the said Trust is registered, the funds in the designated bank account and earmarked fixed deposits shall be administered by it and shall be transferred from the books of account of the Company. The Exchange is currently in dormant state.

38 In respect of a case filed by the Registrar of Companies against the Company in a Delhi Court of Law in the matter of non-compliance with the appointment of woman director u/s 172 of the Companies Act, 2013, read with Rule 3 of Companies (Appointment & Qualification of Directors) Rules 2014, the Company has already taken up the matter with the Regulator by forwarding proposed names of woman director for its approval which is pending with the Regulator as at the close of the year.

39 In terms of the regulation 23(3) of SECC Regulations, 2012, the Exchange has to appoint two more independent directors. Further Section 149 of the Company Act, 2013 mandates the Company to have a woman director by virtue of its Paid - up Share Capital . As a step towards meeting both the compliances, the Exchange had sought prior approval for the appointment of two independent directors including a woman director from erstwhile FMC. Since FMC has already been merged with SEBI, the Exchange has forwarded again two women candidates to SEBI for the approval of one independent director.

40 Considering the class of the assets and their age and the future utility, the Exchange is of the opinion that there is no material impairment in the fixed assets of the Company as at the close of the year, within the preview of Accounting Standard - 28, Impairment of Assets.

41 In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at March 31, 2016.

## Indian Commodity Exchange Limited

### Notes forming part of financial statements as at March 31, 2016

- 42** Due to temporary suspension of operations, during the year, the Exchange has not strictly complied with the requirements of minimum number of Board Meetings ( Section 173 of the Company Act, 2013) , constitution of various committees and conducting its meetings and appointment of Key managerial personnel (Section 203 of the Company Act, 2013) . The same is under regularisation as at the close of the year.
- 43** A provision of Rs.1,55,14,075/- (previous year Rs.1,81,39,075/-) towards refund of admission fees pertaining to fees taken from members in FY 2009-10 has been considered in the Exchange's books. Further, the Exchange is seeking legal opinion in this regard.
- 44** In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at March 31, 2016 have a value on realization in the ordinary course of the Company's business at least equal to the amount at which they are stated in the Balance Sheet and no further provision is required to be made against the recoverability of these balances, other than already created in the financial statements.
- 45** Previous year figures have been regrouped / reclassified to confirm to the current year's classification.

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

As per our report of even date

**For Shyam Malpani & Associates**

Chartered Accountants  
Firm Registration No. 120438 W

Sd/-  
**Shyam Malpani**  
Proprietor  
Membership No. 034171  
Mumbai , April 21, 2016

**For and on behalf of the Board of Directors  
of Indian Commodity Exchange Limited**

Sd/-  
**Ashok Sinha**  
Director  
DIN:00299600  
Mumbai , April 21, 2016

Sd/-  
**Lav Chaturvedi**  
Director  
DIN: 02859336  
Mumbai , April 21, 2016

Sd/-  
**Ghanashyam V. Rao**  
Chief Financial Officer  
Mumbai , April 21, 2016

Sd/-  
**Ranjit Kumar Samantaray**  
Company Secretary  
Mumbai , April 21, 2016