

Indian Clearing Corporation Limited



Reliability builds relationships

INDIAN CLEARING CORPORATION LIMITED

ANNUAL REPORT

FINANCIAL YEAR ENDED MARCH 31, 2016

Board of Directors

Mr. S. Sundareshan, Chairman, Public Interest Director

Ms. Maya Sinha, Public Interest Director

Prof. T. Ramabhadran Public Interest Director

Mr. Prasad Dahapute, Public Interest Director

Mr. Nehal Vora, Shareholder Director

Mr. Neeraj Kulshrestha, Shareholder, Director

Mr. Kumar Kanakasabapathy, Managing Director & CEO

Auditors

M/s. S. Panse & Co., Chartered Accountants, Mumbai (FRN: 113470W)

Secretarial Auditors

M/s Mehta & Mehta, Company Secretaries
(ICSI Unique Code P1996MH007500)

Internal Auditors

M/s Dalal Doctor and Associates, Chartered Accountants

Registered Office

25th Floor, P.J. Towers, Dalal Street,
Fort, Mumbai – 400 001.

Registrar & Share Transfer Agent

Karvy Computershare Limited, Hyderabad.

Website

www.icclindia.com

Corporate Identity Number

U67120MH2007PLC170358

The Members,

Indian Clearing Corporation Limited

Your Directors have pleasure in presenting their Ninth Annual Report and Audited Accounts for the financial year ended 31st March, 2016.

i. FINANCIAL RESULTS:

The financial results for the year ended 31st March, 2016 are as follows:

PARTICULARS	(INR. In Lakh)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A. Income		
Income from Operations	4,256	4,553
Income from Investments and Deposits	2,702	4,469
Other Income	2	19
Total Income (A)	6,960	9,041
B. Expenditure		
Employee Benefits Expenses	581	438
Other Operating Expenses	1,346	1,255
Depreciation and Amortisation	108	97
Finance Cost	17	12
Total Expenditure (B)	2,052	1802
Profit before Exceptional Items & Tax (A-B)	4,908	7,239
Less Exceptional Items	72	-
Profit before Tax	4,836	7,239
Less: Provision for Tax	7	896
Profit after Tax	4,829	6,343
Balance of Profit brought forward from previous year	3,244	10,209
Amount available for appropriation	8,073	16,552
APPROPRIATIONS		
Interim Dividend	2771	-
Tax on Interim Dividend	565	-
Proposed/Final Dividend	662	4,757
Tax on Proposed/Final Dividend	135	968
Core Settlement Guarantee Fund	3,456	7,583
Balance of Profit carried to Balance Sheet	484	3,244

ii. PERFORMANCE & OPERATIONS

ICCL clears and settles various products traded on the BSE platform. The products cleared and settled by ICCL include:

1. Exchange traded Products

- Equity

- **Equity Derivatives**
 - Index Options
 - Index Futures
 - Stock Options
 - Stock futures
- **Currency Derivatives**
 - Currency Futures
 - Currency options
- **Interest Rate Derivatives**
- **Small and Medium Enterprises (“BSE SME”) and SME ITP**
- **Debt**
 - Government Securities
 - Corporate Bonds

2. Over the Counter Products

- Debt Market

3. Securities Lending & Borrowing (“SLB”)

- ICCL is authorized by SEBI to run a Securities lending & Borrowing program for its members.

4. Mutual Funds

During the period under review, the Company has introduced many new features and facilities to make the clearing & settlement system more efficient and user friendly for market participants in various segments.

Facilities / products recently introduced:

- i. Introduction of cash settled interest rate futures on 6 Year, 10 Year and 13 Year Government of India securities
- ii. Members of the SLB sub-segment were previously only allowed to deposit Cash, Bank Guarantees and Bank Fixed Deposit Receipts towards collateral (Liquid Assets). Members in addition to the above, are now also permitted to deposit units of Mutual Funds, G-Secs, T-Bills and shares of S&P BSE 100 index scrips subject to eligibility criteria, concentration limits and applicable haircuts.
- iii. Fungibility of Fixed Deposit receipts (“FDRs”) and Bank Guarantees (“BGs) across segments
- iv. E-FDR & E-BG: Electronic confirmation of Fixed Deposit Receipts and Bank Guarantees is available with select banks
- v. Members can create a lien on the G-Secs held in CSGL account of the members in favour of ICCL as part of their collateral requirements
- vi. Members can transfer their unutilized collateral from one segment to another, intraday, through the online CLASS module

- vii. Members can avail the facility of on-line real time auto take-up/confirmation of trades. Members have the option to set a limit for taking up of trades upto an assigned limit or taking up of position without any set limit
- viii. Facility for non demat transactions in BSE STAR Mutual Fund Segment
- ix. Facility for adjustment of Liquid Mutual Fund redemption pay-out against settlement obligation of Clearing Members in Equity Cash Segment
- x. Deposit of Cash equivalent collateral in case of retail investor category for OFS (Offer for Sale) Segment
- xi. Auto DO and Direct Pay-out to client (“DPC”) facility for SLB and ITP Segments
- xii. Development of the facility of early payin without client

New initiatives / products proposed:

- i. Clearing and settlement of Cross-Currency futures and options contracts traded on BSE
- ii. Clearing and settlement of Interest Rate options contracts traded on BSE
- iii. Settlement of Sovereign Gold Bonds (Primary market) bids collected by BSE
- iv. Clearing and settlement of Sovereign Gold Bonds contracts traded on BSE
- v. Settlement of Government Bonds (Primary market) bids collected by BSE
- vi. Settlement of OTC instruments through approved central counterparties

Clearstream and ICCL collaborate on triparty margin collateral management

- ICCL to be linked to Clearstream’s Global Liquidity Hub
- Clearing members/custodians can use the Global Liquidity Hub to manage margin requirements at ICCL
- Collaboration extends the reach of the Global Liquidity Hub in Asia

ICCL and the Luxembourg-based international central securities depository Clearstream have agreed to collaborate on collateral management. They have signed an agreement on linking ICCL to Clearstream’s integrated collateral management engine, the Global Liquidity Hub.

This step enables clearing members to manage their ICCL margin requirements resulting from trades executed on the BSE platform with the Global Liquidity Hub. Collateral can be

pooled at the Global Liquidity Hub from assets held at Clearstream and partner agent banks to avoid bottlenecks in the sourcing of the right high-grade collateral to meet the CCP's margin requirements.

This link to the triparty collateral management solution of Clearstream enables foreign investors trading on the BSE platform to deposit and use AAA rated foreign sovereign bonds as collateral with ICCL towards their margin requirements within a highly automated and efficient triparty collateral environment. This setup is based on the guidelines prescribed by RBI and SEBI in this regard. It is in line with their objectives of strengthening the stability of Indian capital markets through the use of high-quality collateral for risk management purposes and of facilitating access for foreign investors to make India a globally competitive market.

DIVIDEND

- The shareholders at their meeting held on June 22, 2015 approved the payment of Final Dividend of INR 0.134 per equity share of face value of INR 1/- each, for the financial year ended 31st March, 2015.
- The Board of Directors in their meeting held on July 8, 2015 approved the payment of Interim Dividend of INR 0.026 per equity share of face value of INR 1/- each, for the quarter ended June 30, 2015.
- The Board of Directors in their meeting held on October 26, 2015 approved the payment of Interim Dividend of INR 0.030 per equity share of face value of INR 1/- each, for the quarter ended September 30, 2015.
- The Board of Directors in their meeting held on January 25, 2016 approved the payment of Interim Dividend of INR 0.021 per equity share of face value of INR 1/- each, for the quarter ended December 31, 2015.

Further the Board, in its meeting held on April 29, 2016 have recommended a final dividend on Equity shares at the rate of INR 0.0187/- per equity share of INR 1/- each aggregating to INR 6,61,98,000/- (Rupees Six Crore Sixty One Lakh Ninety Eight Thousand only) excluding dividend distribution tax.

The dividend, if approved at the ensuing Annual General Meeting, will be paid to those members whose names appear in the Register of Members on June 18, 2016, being record date.

The total dividend amount is INR 4,131 Lakh (Previous year INR 4,757 Lakh). The total tax on dividend thereon is INR 698 lakh (Previous year INR 968 Lakh).

iii. SECURITIES CONTRACTS (REGULATION)(STOCK EXCHANGES AND CLEARING CORPORATIONS) REGULATIONS, 2012:

SEBI vide notification dated June 20, 2012 had notified new Regulations – The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 – to regulate recognition, ownership and governance in Stock

Exchanges and Clearing Corporations and matters connected therewith or incidental thereto.

Further SEBI had issued a circular no. CIR/MRD/DSA/33/2012 dated 13th December, 2012 on Procedural norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations. SEBI has vide letter no. MRD/DRMNP/OW/27749/2015 dated October 1, 2015 granted recognition to ICCL to act as a Clearing Corporation for a period of one year from October 3, 2015 to October 2, 2016.

iv. RISK AND INTERNAL ADEQUACY

Your Company has an elaborate Risk Management procedure, which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed with the Risk Management Committee.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Risk Management / Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

Your Company manages cash and cash flow processes assiduously, involving all parts of the business. The Company's low debt equity ratio provides ample scope for gearing the Balance Sheet, should the need arise.

1. 'Reversal Trade Prevention Check' ("RTPC") launched by BSE

BSE, after the successful launch of various pro-active measures for maintaining market integrity and to curb potential misuse of exchange trading platforms, implemented a 'Reversal Trade Prevention Check' ("RTPC") on March 14, 2016. To begin with, RTPC has been made applicable on a select set of contracts in the Equity Derivatives segment.

RTPC is introduced with an intention to prevent potential cases of trade reversal taking place on the Exchange trading platform which may have been undertaken for the purposes of tax evasion. RTPC will act as a preventive measure wherein the second leg of a potential reversal trade shall be automatically cancelled by trading system at the time of order matching in an on-line real time manner. This check shall be applicable on trades executed on the given trading day and in an instrument (contract).

2. ICCL has taken Counterparty Default Insurance for INR 411.24 Crore.

ICCL remains committed to the safety of investors and members and to further add to this security, ICCL has subscribed to a unique Insurance Policy for INR 411.24 Crore across all segments. The objective of the Policy is to protect ICCL against counterparty defaults, and add a further capital cushion to the ICCL net-worth making the resources of the non-



defaulting members even safer. The policy also adds to the ability of ICCL to absorb higher losses before any resources of the non-defaulting members are put at risk.

ICCL provides full novation and has the responsibility of guaranteeing contractual performance by playing the role of a central counterparty for all trades on BSE, thereby eliminating counterparty risk for the members. In essence, it splits the original contract between the initiating counterparties into two new contracts; one each between ICCL and the initiating counterparties. ICCL has put in place a risk management framework to mitigate the risk it undertakes in its capacity as a Clearing Corporation.

However, as a second line of defense to the margining and risk management systems, ICCL has subscribed to the Insurance policy. In the case of loss arising out of defaults, the capital of Clearing Corporation and its non-defaulting members would be at risk, in accordance with the default waterfall. The magnitude of potential loss due to default a clearing corporation can undertake without affecting the capital of non-defaulting members is contingent upon the networth of the Clearing Corporation and additional capital cushions, which insulate the default loss and the non-defaulting members' resources.

ICCL, with its net-worth of over INR 450 Crore, which is nearly 3 times its default fund requirements, is well capitalized and instills a high level of confidence in its members and investors of the ability of ICCL to handle extreme loss situations. The additional capital cushion of INR 411.24 Crore, provided by the Insurance cover, along with the net-worth covers over 5 times the default fund requirement of ICCL and further increases the safety for domestic and international participants alike.

3. India Ratings & Research assigned rating of 'IND AAA'; Outlook Stable and CARE assigned 'CARE AAA(IS)' rating to ICCL

ICCL continues to remain the only clearing corporation in India to be granted "AAA" rating by two rating agencies, India Ratings Ltd. (Indian arm of Fitch Ratings) and Care Ratings Ltd.

4. ICCL has applied for ESMA recognition under the EMIR

ICCL has applied to European Securities and Market Authority ("ESMA") as a Third Country Central Counterparty ("TC-CCP") under the European Market Infrastructure Regulations ("EMIR"). ICCL has received a notification of completeness of application from ESMA and is currently awaiting recognition.

5. ICCL published its self-assessment of the PFMI's prescribed by CPMI-IOSCO

ICCL continued being the leader in Risk Management practices and disclosures by being the first CCP in India to publish its self-assessment of the Committee on Payments and Market Infrastructures ("CPMI") - International Organization of Securities Commissions



("IOSCO") Principles of Financial Market Infrastructures ("PFMIs") on its website to ensure a clear understanding and assessment of the risks associated with ICCL.

v. DIRECTORS

Mr. S. Sundareshan (Chairman) (DIN: 01675195), Ms. Maya Sinha (DIN: 03056226), Mr. Ramabhadran Thirumalai (DIN: 07059883) are Public Interest Directors of ICCL. Mr. Nehal Vora (DIN: 02769054) is the Shareholder Director of ICCL, representing BSE Ltd. Mr. K. Kumar (DIN: 06632984) is the Managing Director & CEO of the Company. Mr. Prasad Dahpute (DIN: 03471995) has been nominated as Public Interest Director on 31st March, 2016. SEBI vide its letter dated April 27, 2016, approved the nomination of Mr. Neeraj Kulshreshtha (DIN: 02994647) as a Shareholder Director.

In accordance with Article 131 of the Articles of Association of the Company read with applicable provisions of Companies Act, 2013, Mr. Nehal Vora retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Board recommends the appointment of Mr. Nehal Vora as Director of the Company.

vi. MEMBERSHIP

During the FY 2015-16, ICCL received 70 applications from Clearing Member (CMs). Of this, 37 applications were for the Equity Cash Segment, 6 for Equity Derivatives Segment, 24 for Currency Derivatives Segment and 3 applications were for the New Debt Segment of BSE. As on March 31, 2016 total Clearing Members with ICCL operating in different Segments of BSE were 1606. Of this 1361 were in the Equity Cash Segment, 131 in the Equity Derivatives Segment, 78 in the Currency Derivatives Segment and 36 in the New Debt Segment of BSE. Total applications received for surrender / cancellation of Clearing Membership with ICCL across different Segments of BSE were 10. Of these 9 were for the Equity Derivatives Segment and 1 for the Currency Derivatives Segment of BSE. As on March 31, 2016 5 applications received for surrender / cancellation had been approved by SEBI / Clearing Corporation. 5 applications were under process / pending with SEBI.

vii. HUMAN RESOURCE

ICCL has aligned the compensation packages of Management and laid down HR policies to make benefits and compensation more transparent and employee-friendly.

Also, the organizational structure of ICCL has undergone significant restructuring to enhance accountability and efficiency with a view to aligning performance management and reward strategies.

As of March 31, 2016, ICCL had 42 employees.

viii. THE COMPANIES ACT

Disclosure in Directors Report as per Companies Act 2013

I. Extract Annual Return (sec 92)

The details forming part of the extract of the Annual Return in form MGT 9 is enclosed as **Annexure - A**.

II. Number of Board Meetings

During the year, ten Board Meetings were convened and held on 15th May, 2015, 22nd June 2015, 8th July, 2015, 28th August 2015, 21st September 2015, 26th October 2015, 20th November, 2015, 5th December 2015, 25th January 2016 and 31st March 2016.

During the year under review Circular Resolution of the Board of Directors passed on 29th February 2016.

III. Directors' Responsibility Statement

Pursuant to sub-section (5) of Section 134 of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, it is hereby confirmed:-

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. 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;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis; and
- e. 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.

IV. Declarations by Independent Directors

All Public Interest Directors / Independent Directors have given declarations that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013.

V. Company's policy on Directors' appointment and remuneration

The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

VI. Comment on 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 Messrs Mehta & Mehta, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report along with the comments thereto is enclosed as **Annexure – B**.

VII. Particulars of Loans, Guarantees or Investments by the Company under Section 186 of the Companies Act, 2013

A detailed disclosure of the particulars relating to Loans and investments by the company as per Section 186 of the Companies Act, 2013 read with The Companies (Meetings of the Board and its Powers) Rules, 2014 is given in the Financial Statements.

VIII. Particulars of Contracts or Arrangements with Related Parties referred to in sub-section (1) of Section 188

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. A detailed disclosure of these transactions with the Related Parties is annexed with this report in Form AOC-2 in **Annexure - C**.

IX. Material Changes and Commitments Affecting the Financial Position of the Company

There have been no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

X. Technology upgrade

To be in line with best practices with regards to risk mitigation, ICCL has setup the new DR (Disaster Recovery) site to a different seismic zone at Hyderabad.

BSE/ICCL conducted live trading for two consecutive days successfully from new DR centre.

XI. Annual Evaluation of the Performance of the Board

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has an evaluation Policy of its own performance.

XII. Change in the Nature of Business

Your Company has not undergone any changes in the nature of the business during the Financial Year.

XIII. Details of Directors or Key Managerial Personnel who were appointed or have resigned during the year pursuant to Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014:

Appointment

Ms. S. Sundareshan and Mr. Ramabhadran Thirumalai was appointed as a Public Interest Director with effect from 28/08/2015. Mr. M. N. Hariharan, Chief Financial Officer was appointed on 28/08/2015, Mr. Arup Mukherjee was designated as Chief Regulatory Officer wef 28/08/2015 and Mr. Prasad Sawant, Company Secretary was appointed on 05/12/2015. Mr. Prasad Dahapute was nominated as a Public Interest Director on 31/03/2016. SEBI vide its letter dated April 27, 2016, approved the nomination of Mr. Neeraj Kulshreshtha (DIN: 02994647) as a Shareholder Director.

Cessation

Mr. G. Sethu, (DIN:00034908) Public Interest Director had stepped down from the Board with effect from 11/06/2015 and Mr. Ashishkumar Chauhan, (DIN: 00898469) Shareholder Director had stepped down from the Board with effect from 14/08/2015. Ms. Manisha Thakur, Company Secretary and Chief Regulatory Officer had resigned with effect from 13/08/2015. The Board records its deep appreciation of the valuable services rendered by them during their association with the Company.

Retirement by Rotation

In accordance with the provisions of Companies Act, 2013 and the Company's Articles of Association Mr. Nehal Vora shall retire by rotation in this Annual General Meeting and being eligible for re-appointment, offers himself for re-appointment.

Key Managerial Personnel

Mr. K. Kumar, Managing Director & CEO, Mr. Tushar Ambani, Chief Operating Officer, Mr. Arup Mukherjee, Chief Regulatory Officer, Mr. M. N. Hariharan, Chief Financial Officer and Mr. Piyush Chourasia, Chief Risk Officer and Head-Strategy are the Key Management Personnel of the Company pursuant to the and the Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

Further, Mr. Mr. K. Kumar, Managing Director & CEO, Mr. M. N. Hariharan, Chief Financial Officer and Mr. Prasad Sawant, Company Secretary have been appointed as Key Managerial Personnel as per Section 203 of the Companies Act, 2013.

XIV. Companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year

Nil

XV. Deposits

The Company has not accepted any public deposits during the financial year ended on 31st March, 2016 and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

XVI. Details of Deposits not in compliance with the requirements of the Act

Since the Company has not accepted any deposits during the financial year ended on 31st March, 2016, there has been no non-compliance with the requirements of the Act.

XVII. Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations In future

There have been no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going Concern status and your company's Operations in Future. The details of the order of the Calcutta High Court is given as Item XXIV.

XVIII. Changes in Share Capital

During the year there has been no change in the Company's shareholding.

XIX. Audit Committee

The Board has a well-defined Audit Committee the details of which have been given in the Corporate Governance Report.

XX. Report on performance of subsidiaries, associates companies and joint ventures:

Not applicable. ICCL is a wholly owned subsidiary of BSE Limited.

XXI. Vigil Mechanism

The Company has a Whistle Blower Policy, hosted on its website, to deal with instances of fraud and mismanagement, if any.

XXII. Disclosures if MD/WTD is receiving remuneration or commission from a MD/WTD or subsidiary company: Nil

XXIII. DISCLOSURE ABOUT ESOP AND SWEAT EQUITY SHARE: Nil

XXIV. ORDER OF COURT:

Calcutta Stock Exchange (CSE) had filed a writ petition before the Hon'ble High Court, Calcutta against SEBI. ICCL was made a respondent along with the Ministry of Finance and Ministry of Corporate Affairs.

The petition had been filed by CSE on account of SEBI's letter dated November 3, 2014 directing CSE to accept the exit policy for non-operational stock exchanges. CSE had filed the writ petition, *inter alia* seeking the following:

- i. to direct SEBI to withdraw its notice dated November 3, 2014, issued to CSE, to follow the exit policy circular.
- ii. to allow CSE to continue as a stock exchange. CSE sought liberty to enter into agreement with MCX-SX or ICCL or to setup its own company for Clearing & Settlement.
- iii. to review the SEBI (SECC) Regulations, 2012.

The Hon'ble High Court, Calcutta, vide its order dated April 12, 2016, dismissed the writ petition of Calcutta Stock Exchange and inter-alia held the following:

- The exit policy of SEBI, promulgated by the circular dated May 30, 2012, was in consonance with Section 5 of the SCRA, 1956.
- CSE was obliged to apply for continuance of its clearing house business in terms of the SECC Regulations, 2012.
- The procedure undertaken by SEBI to close down the clearing house business of CSE was not vitiated by the breach of the principles of natural justice.
- Given the facts of this case, SEBI was justified in taking steps to make CSE exit the market compulsorily.

XXV. DETAILS OF EMPLOYEES DRAWING SALARY ABOVE PRESCRIBED LIMITS

In compliance with the requirements of Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2012, a statement containing details of employees is enclosed as **Annexure - D**.

XXVI. PARTICULARS RELATING TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in ICCL's premises through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has adopted a policy on Prevention of Sexual Harassment at Workplace which aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour. An Internal Complaints Committee (ICC) was set up from the senior management with women employees constituting majority. ICCL is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

During the year ended 31 March, 2016, no complaints have been received pertaining to sexual harassment.

XXVII CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

A] Conservation of Energy, Technology Absorption:

Considering the nature of operations of the Company, your Directors have nothing to report pursuant to Section 134 of the Companies Act, 2013.

B] Foreign Exchange Earning and Outgo:

The particulars of foreign exchange earning and outgo during the year under review are furnished here under

Foreign Exchange Earning: INR

Foreign Exchange Outgo: INR 21 Lakhs (Previous Year INR 36 lakhs)

XXVIII AUDITORS

Subject to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, M/s S. Panse & Co., Chartered Accountants, Mumbai are the Statutory Auditors of the Company holding office from the conclusion of this Annual General Meeting up to the conclusion of the eleventh Annual General Meeting of the Company (F.Y. 2018-19), subject to ratification of the appointment by the Members of the Company at every Annual General Meeting as per the provisions of the Companies Act, 2013. M/s. S. Panse & Co., Chartered Accountants, Mumbai shall be paid remuneration of Rs. 5 Lakhs per annum in addition to the reimbursement of service tax and actual out of pocket expenses for conducting the Statutory Audit, Audit of Internal Financial Controls, three limited reviews i.e. for June,

September and December quarters for the financial year 2016-17, Tax Audit and issuing net worth certificate.

AUDITORS REPORT

The Auditors' Report on the financial statements of the company for financial year ended 31st March, 2016 does not contain any reservation, qualification or adverse remark.

XIX CORPORATE SOCIAL RESPONSIBILITY

As mentioned in Section 135 of the Companies Act, 2013, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

The Companies (Corporate Social Responsibility Policy) Rules, 2014 further elaborates in detail the formulation of the policy, the roles and responsibilities of the same and such other relevant matters including CSR Expenditures and CSR Reporting. ICCL has complied with the requirements of the said section.

The composition of the CSR Policy has been disclosed in the Corporate Governance Report which forms a part of the Annual Report, enclosed as **Annexure - E**. The disclosure required to be made in the Directors' Report as per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure - F**.

XX ACKNOWLEDGEMENTS:

The Board thanks the Government of India, Securities and Exchange Board of India, Reserve Bank of India, the Government of Maharashtra and other State Governments and various government agencies for their continued support, cooperation and advice.

The Board is grateful to the members of various committees constituted during the year. The Board also acknowledges the support extended by clearing members, issuers, investors in the capital market, and other market intermediaries and associates. The Board expresses sincere thanks to all its business associates, consultants, bankers, auditors, solicitors and lawyers for their continued partnership and confidence in the Clearing Corporation.

The Board wishes to thank all the employees for the dedication and excellence displayed in discharge of their duties for the Clearing Corporation.

Indian Clearing Corporation Limited



Reliability builds relationships

Finally, the Board expresses its gratitude to you as shareholders for the confidence reposed in the management of the Exchange.

For and on behalf of the Board

K. Kumar
Managing Director & CEO
DIN: 06632984

S. Sundareshan
Chairman, Public Interest Director
DIN: 01675195

Place: Mumbai

Date: April 29, 2016

Registered Office: 25th Floor, P. J. Towers, Dalal Street, Fort, Mumbai - 400001.

**Form No. MGT-9
 EXTRACT OF ANNUAL RETURN
 as on the financial year ended on March 31, 2015**

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- **U67120MH2007PLC170358**
- ii) Registration Date: **April 26, 2007**
- iii) Name of the Company: **Indian Clearing Corporation Limited**
- iv) Category / Sub-Category of the Company: **Company limited by shares**
- v) Address of the Registered office and contact details: **25th Floor, P.J Towers, Dalal Street Mumbai-400 001**
- vi) Whether listed company Yes / No: **NO**
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: **Karvy Computershare Limited, Hyderabad.**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and description of main products/ services	NIC Code of the Product /Service	% to total turnover of the company
1	Income from Operations	6611	61%
2	Income from Invest/Deposits	6611	39%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No	Name and address of the Company	CIN/GLN	Holding/S subsidiary/ Associate	% of Share s held	Applicable section
1	BSE Limited	U67120MH2005PLC155188	Holding	100%	Sections 2(46) & 2(87) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	% change during the Year
					As a percentage of(A+B)	
(I)	(II)	(III)	(IV)	(V)	(VI)	
(A)	Shareholding of Promoter and Promoter Group					
1	Indian					
(a)	Individuals/ Hindu Undivided Family	---	---	---	---	
(b)	Central Government/ State Government(s)	---	---	---	---	
(c)	Bodies Corporate	1	3,54,00,00,000	3,53,99,99,994	100.00	
(d)	Financial Institutions/ Banks	---	---	---	---	
(e)	Any Others(Specify)	---	---	---	---	
	Sub Total(A)(1)	1	3,54,00,00,000	3,53,99,99,994	100.00	
2	Foreign					
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	---	---	---	---	



Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	% change during the Year
b	Bodies Corporate	---	---	---	---	
c	Institutions	---	---	---	---	
d	Qualified Foreign Investor	---	---	---	---	
e	Any Others(Specify)	---	---	---	---	
	Sub Total(A)(2)	---	---	---	---	
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1	3,54,00,00,000	3,53,99,99,994	100.00	
(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/ UTI	---	---	---	---	
(b)	Financial Institutions / Banks	---	---	---	---	
(c)	Central Government/ State Government(s)	---	---	---	---	
(d)	Venture Capital Funds	---	---	---	---	
(e)	Insurance Companies	---	---	---	---	
(f)	Foreign Institutional Investors	---	---	---	---	
(g)	Foreign Venture	---	---	---	---	



Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	% change during the Year
	Capital Investors					
(h)	Qualified Foreign Investor	---	---	---	---	
(i)	Any Other (specify)	---	---	---	---	
	Sub-Total (B)(1)	---	---	---	---	
B 2	Non-institutions					
(a)	Bodies Corporate	---	---	---	---	
(b)	Individuals	---	---	---	---	
I	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	---	---	---	---	
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	---	---	---	---	
(c)	Qualified Foreign Investor	---	---	---	---	
(d)	Any Other (specify)	---	---	---	---	
	Sub-Total (B)(2)	---	---	---	---	
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	---	---	---	---	



Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	% change during the Year
	TOTAL (A)+(B)	1	3,54,00,00,000	3,53,99,99,994	100.00	
(C)	Shares held by Custodians and against which Depository Receipts have been issued	---	---	---	---	
1	Promoter and Promoter Group	---	---	---	---	
2	Public	---	---	---	---	
	Sub-Total (C)	---	---	---	---	
	GRAND TOTAL (A)+(B)+(C)	1	3,54,00,00,000	3,53,99,99,994		

(ii) Shareholding of Promoters

Sr. No.	Name of the shareholder	Shareholding at the Beginning of the Year		Shareholding at the end of the year				
		Number of shares held	% 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	% change in shareholding during the year
1	BSE Limited	3,54,00,00,000	100.00	---	3,54,00,00,000	100.00	---	NIL
TOTAL		3,54,00,00,000	100.00	---	3,54,00,00,000	100.00	---	NIL

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

Sr. No.		Shareholding at the Beginning of the Year		Cumulative Shareholding during the Year	
		Number of shares held	% of total shares of the Company	No. of Shares	% of total shares of the company
	At the beginning of the Year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
	At the end of the Year	NIL	NIL	NIL	NIL

(iv) Shareholding Pattern of Top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.		Shareholding at the Beginning of the Year		Cumulative Shareholding during the Year	
		Number of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the Year	3,54,00,00,000	100.00	3,54,00,00,000	100.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
	At the end of the Year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

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

Sr. No.	For Each of the Directors and KMP	Shareholding at the Beginning of the Year		Cumulative Shareholding during the Year	
		Number of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
	At the beginning of the Year 1. Mr. Nehal Vora (Equity Share held as nominees of BSE Ltd)	1	0.00	1	0.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
	At the end of the Year 1. Mr. Nehal Vora (Equity Share held as nominees of BSE Ltd)	1	0.00	1	0.00

V. INDEBTEDNESS:**Indebtedness of the Company including interest outstanding/accrued but not due for the payment.**

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

VI. Remuneration of Directors and Key Managerial Personnel

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

(Amount in Lakh)

Sl No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount (INR)
		Mr. K. Kumar				
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	72				
2.	Stock Options	NIL				
3.	Sweat Equity	NIL				
4.	Commission - As % of profit - Others, specify	NIL				
5.	Others, please specify (Pension, severance pay etc.)	NIL				
	Total (A)	72				
	Ceiling as per the Act	483				

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Mr. S. Sundareshan	Ms. Maya Sinha	Mr. Ramabhadran Thirumalai	Mr. Nehal Vora	
1.	Independent Directors • Fees for attending Board, Committee Meetings • Commission • Others, please specify	10,40,000 NIL NIL	17,10,000 NIL NIL	7,10,000 NIL NIL	N.A.	34,60,000
	Total (1)					
	Other Non- Executive Directors • Fees for attending Board, Committee Meetings • Commission • Others, please specify	NIL	NIL	NIL	NIL	

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
	(Pension, severance pay etc.)					
	Total (2)	NIL	NIL	NIL	NIL	
	Total (B)=(1+2)	10,40,000	17,10,000	7,10,000	NIL	34,60,000
	Total Managerial Remuneration	10,40,000	17,10,000	7,10,000	NIL	34,60,000
	Overall Ceiling as per the Act					5,31,00,000

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

(Amount in Lakh)

S. No.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	Company Secretary (Ms. Manisha Thakur)	Company Secretary (Mr. Prasad Sawant)	CFO	Total
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	72	12	3	25	112
2.	Stock Options	NIL	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL	NIL
4.	Commission - As % of profit - Others, specify	NIL	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total	72	12	3	25	112

VII. Penalties/Punishment/ Compounding of Offence

Type	Section of the Companies Act	Brief Description	Details of Penalties/Punishment /Compounding fees imposed	Authorised (RD/NCLT/ Court)	Appeal made, if any(give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL



Type	Section of the Companies Act	Brief Description	Details of Penalties/Punishment /Compounding fees imposed	Authorised (RD/NCLT/ Court)	Appeal made, if any(give Details)
C. Other Officers in default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

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

**To,
The Members,
Indian Clearing Corporation Limited
25th Floor, P. J. Towers,
Dalal Street, Mumbai 400001.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate provisions by **Indian Clearing Corporation 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, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officer, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed hereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing (during the year under review not applicable to the Company as the company does not have any Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(during the year under review not applicable to the Company);
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (during the year under review not applicable to the Company);

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (during the year under review not applicable to the Company as the Company is an unlisted company);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the year under review not applicable to the Company);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Company); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (during the year under review not applicable to the Company);
- (vi) The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 ("the SECCR");

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

- a) Secretarial Standards issued by the Institute of Company Secretaries of India;
- b) The Listing Agreements only with respect to clause 49 of the Listing Agreement and regulations 17 to 27, 46(2)(b) to 46(2)(i) and para C, D, E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as per the requirement of regulation 35 of the SECCR;

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines etc. mentioned above, *Subject to the following observations:-*

In terms of the requirement of clause 49(III)(B) of the Listing Agreement, the Audit Committee is required to meet at least four times in a year and not more than four months shall elapse between two meetings. The gap between audit committee meeting dated 15th May 2015 and 21st September 2015 is more than four months which is not in compliance with clause 49(III)(B) of the Listing Agreement and applicable to the Company in terms of regulation 35 of the SECCR.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All decisions of the Board are carried through unanimously. As per the records provided by the Company, none of the member of the Board dissented on any resolution passed at the meeting of the Board.

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



We further report that during the audit period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

**For Mehta & Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)**

**Dipti Mehta
Partner**

**FCS No : 3667
CP No. : 3202**

**Place : Mumbai
Date : April 29, 2016**

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

To,
The Members,
Indian Clearing Corporation Limited
25th Floor, P. J. Towers,
Dalal Street, Mumbai 400001

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

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

For Mehta & Mehta,
Company Secretaries,
(ICSI Unique Code P1996MH007500)

Dipti Mehta
Partner

FCS No : 3667
CP No. : 3202

Place : Mumbai
Date : April 29, 2016

Comments on the Secretarial Audit Report for the Financial Year 2015-16

M/s. Mehta & Mehta, Company Secretaries undertook the secretarial audit of ICCL for the financial year 2015-16 and reported the following observation:

In terms of the requirement of clause 49(III)(B), the Audit Committee is required to meet at least four times in a year and not more than four months shall elapsed between two meetings. The gap between audit committee meeting dated 15th May 2015 and 21st September 2015 is more than four months and which is not in compliance with clause 49(III)(B) of the Listing Agreement and applicable to the Company in terms of regulation 35 of the SECCR.

The Management response with regard to the above observation is as follows:

There was an inadvertent delay of 9 days in holding the meeting of the Audit Committee. The Company shall henceforth ensure due compliance with the relevant meeting norms.

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 arms length transactions under third proviso thereto

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

- (a) Name(s) of the related party and nature of relationship
- (b) Nature of contracts/arrangements/transactions
- (c) Duration of the contracts / arrangements/transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) date(s) 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 material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship

S. No.	Name of the related party	Nature of relationship
1.	BSE Limited	Holding Company
2.	Marketplace Technologies Private Ltd.	Fellow Subsidiary
3.	Central Depository Services (India) Ltd.	Fellow Subsidiary
4.	BSE CSR Integrated Foundation	Fellow Subsidiary

(b) Nature of contracts/arrangements/transactions

S. No.	Name of the related party	Nature of contracts/arrangements/ transactions
1.	BSE Limited	Rendering/availing various services viz. infrastructure and operational expenses, incurred by BSE on behalf of ICCL.
2.	Marketplace Technologies Private Ltd.	Availing Technology related services
3.	Central Depository Services (India) Ltd.	Availing of depository participant services
4.	BSE CSR Integrated Foundation	Corporate Social Responsibility activities



(c) Duration of the contracts / arrangements/transactions:

Till the termination by either of the parties and on a transaction need basis.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

ICCL reimburses the costs incurred by BSE on behalf of ICCL, towards providing infrastructure and operational expenses.

(e) Date(s) of approval by the Board, if any:

May 15, 2015, July 8, 2015, October 26, 2015, January 25, 2016, March 31, 2016.

(f) Amount paid as advances, if any: **N.A.**

For and on behalf of the Board of Directors

K. Kumar
Managing Director & CEO
DIN: 06632984

S. Sundareshan
Chairman, Public Interest Director
DIN: 01675195

Date: April 29, 2016

Place: Mumbai

Registered Office: 25th Floor, P. J. Towers, Dalal Street, Fort, Mumbai – 400001.

STATEMENT UNDER RULE 5 OF THE COMPANIES APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND THE SECURITIES CONTRACTS (REGULATION) (STOCK EXCHANGES AND CLEARING CORPORATION) REGULATIONS, 2012. FOR THE PERIOD FROM 01.04.2015 TO 31.03.2016

S. No.	Name	Age (yrs.)	Date of Joining	Total Remuneration (INR in lakh)*	Designation/Nature of Duties	Educational Qualifications	Experience in years	Previous Employment
1.	Mr. K. Kumar	61	05-Sept-2013	72,22,722	Managing Director and Chief Executive Officer	M.A. (Hons) (Economics) (BITS, Pilani)	37	United Stock Exchange of India Ltd. (USE)
2.	Mr. Tushar Ambani	51	25-Sept-1984	54,10,634	Chief Operating Officer	L.L.B. (General) and B.Com	32	N.A.
3.	Mr. Arup Mukherjee	51	04-May-2015	20,45,625	Chief Regulatory Officer	M.M.S. (Finance) and B.Com	28	National Stock Exchange of India Limited (NSE)
4.	Mr. M. N. Hariharan	49	13-July-2015	25,84,130	Chief Financial Officer	A.C.A. and B.Com	23	Virtuous Retail Services Pvt. Ltd.
5.	Mr. Piyush Chourasia	31	01-Oct-2011	25,85,930	Chief Risk Officer and Head Strategy	PGDM (IIM Ahmedabad) and B. Tech (NIT Nagpur)	07	United Stock Exchange of India Ltd. (USE)
6.	Ms. Manisha Thakur [#]	49	28-01-2014	11,54,278	Company Secretary and Chief Regulatory Officer	ACS, LL.B and B.Com,	20	United Stock Exchange of India Ltd. (USE)

* Total Remuneration stated above is excluding unpaid 50% of total variable pay as per Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations, 2012 but including employer's contribution to Provident Fund.

Notes:

1. Nature of employment : Contractual
2. Remuneration as shown above includes Salary, Allowances, Ex-gratia, Contribution to Provident Fund, Performance Linked Bonus and other perquisites.
3. None of the employees named above is relative of any Director of the Company.
4. None of the employees named above hold any equity shares in the Company.
5. # Ms. Manisha Thakur resigned as the Company Secretary and Chief Regulatory Officer on August 13, 2015.

For and on behalf of the Board

Place: Mumbai

Date: April 29, 2016

Registered Office: 25th Floor, P. J. Towers, Dalal Street, Fort, Mumbai – 400001.

K. Kumar
Managing Director & CEO
DIN : 06632984

S. Sundareshan
Chairman, Public Interest Director
DIN : 01675195

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2016
(as per Schedule V of the SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015)

1. The Company's Corporate Governance Philosophy

Indian Clearing Corporation Limited (ICCL) is a Qualified Central Counterparty (QCCP) in the Indian securities markets. ICCL has qualified as QCCPs in view of the fact that it is regulated by Securities and Exchange Board of India (SEBI) under SEBI Act 1992, Securities Contract (Regulation) Act, 1956 (SCRA) and Rules and Regulations made there under.

Indian Clearing Corporation Ltd. (ICCL) is a wholly owned subsidiary of BSE Ltd and was incorporated in 2007 to function as a fullfledged Clearing Corporation. ICCL has been set up with an objective of promoting financial stability, integrity and expanding its capacities to support an efficient securities markets. ICCL is working towards becoming a globally recognized CCP that clears and settles trades for a multitude of diverse and sophisticated products.

ICCL operates under the regulation of the Securities and Exchange Board of India (SEBI). Mr. S. Sundareshan, Ms. Maya Swaminathan Sinha, and Mr. Ramabhadran Thirumalai are Independent Directors, and Mr. K. Kumar is the MD & CEO of ICCL. The total number of employees as on 31st March 2016 stood at 42 (Forty Two). The Company has set itself the objective of expanding its capacities and becoming globally competitive in its business.

As a part of its growth strategy, the Company believes in adopting the 'BEST PRACTICES' that are followed in the area of Corporate Governance across various geographies. The Company emphasises the need for full transparency and accountability in all its transactions, and the Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. As a clearing corporation is a systemically important institution in the financial sector, the Board has the additional responsibility towards all the stakeholders in the securities markets.

ICCL has taken Counterparty Default Insurance for INR 411.24 Crore.

ICCL remains committed to the safety of investors and members and to further add to this security, ICCL has subscribed to a unique Insurance Policy for INR 411.24 Crore across all segments. The objective of the Policy is to protect ICCL against counterparty defaults, and add a further capital cushion to the ICCL network making the resources of the non-defaulting members even safer. The policy also adds to the ability of ICCL to absorb higher losses before any resources of the non-defaulting members are put at risk.

ICCL provides full novation and has the responsibility of guaranteeing contractual performance by playing the role of a central counterparty for all trades on BSE, thereby eliminating counterparty risk for the members. In essence, it splits the original contract between the initiating counterparties into two new contracts; one each between ICCL and the initiating



counterparties. ICCL has put in place a risk management framework to mitigate the risk it undertakes in its capacity as a Clearing Corporation.

However, as a second line of defense to the margining and risk management systems, ICCL has subscribed to the Insurance policy. In the case of loss arising out of defaults, the capital of Clearing Corporation and its non-defaulting members would be at risk, in accordance with the default waterfall. The magnitude of potential loss due to default a clearing corporation can undertake without affecting the capital of non-defaulting members is contingent upon the networth of the Clearing Corporation and additional capital cushions, which insulate the default loss and the non-defaulting members' resources.

ICCL, with its networth of over INR 450 Crore, which is nearly 3 times its default fund requirements, is well capitalized and instills a high level of confidence in its members and investors of the ability of ICCL to handle extreme loss situations. The additional capital cushion of INR 411.24 Crore, provided by the Insurance cover, along with the networth covers over 5 times the default fund requirement of ICCL and further increases the safety for domestic and international participants alike.

ICCL continues to remain the only clearing corporation in India to be granted "AAA" rating by two rating agencies, India Ratings Ltd. (Indian arm of Fitch Ratings) and Care Ratings Ltd.

2. Board of Directors

Profile –

Mr. S. Sundareshan is an IAS officer of the 1976 Batch belonging to the Kerala Cadre. Mr. S. Sundareshan has held several senior positions of responsibility in the Government of India and the Government of Kerala in his career spanning 38 years including Joint Secretary in the Department of Economic Affairs, Ministry of Finance, Government of India; Minister (Economic and Commercial) in the Embassy of India at Tokyo, Japan; Secretary, Revenue, Expenditure, Public Works Department and Secretary, Irrigation in the State of Kerala.

He has been the Managing Director of several State Public Sector Undertakings. His most recent appointment was as the Secretary, Department Of Heavy Industry, Ministry of Heavy Industries & Public Enterprises during which time, he was also on the Board of Oil and Natural Gas Corporation Ltd. (ONGC), GAIL India Ltd. and Indian Oil Corporation Ltd. and the Chairman of Petronet LNG Ltd.

Mr. Sundareshan was the Chairman of the Forward Market Commission from 2005-2007. He was instrumental in putting in place appropriate regulations and structures for the growth of the commodities futures market.

He holds an MBA Degree from the University of Leeds, United Kingdom and an M.A. from the University of Bombay.

Details of directorship in other companies:

- i. Patspin India Limited
- ii. GTN Textiles Limited
- iii. Tide Water Oil Corporation Limited
- iv. India Power Corporation Limited
- v. Krishnapatnam Port Company Limited
- vi. Great Eastern Energy Corporation Limited

Mr. Sundareshan does not hold any shares or any convertible instruments in the Company or any of its subsidiaries.

Ms. Maya Swaminathan Sinha age 54 years is Masters from Delhi School of Economics, Delhi University where she has specialized in Econometrics, Monetary finance, Public Economics from 1978-1980 and further from 1975-1978, she has done BA (Honours) in Economics and Mathematics from Lady Shri Ram College, Delhi University. From 1981-2003, she was a member of Indian Revenue Services (IRS-Income Tax) has worked in various capacities such as Assistant Commissioner, deputy Commissioner, Joint Commissioner, Additional Commissioner and Commissioner in metro cities of New Delhi, Mumbai and Chennai as well as non-metros like Nagpur. She had opportunity to function in New Delhi as well as Mumbai in prestigious investigation Directorate of Income Tax Department, involving conducting searches and in depth investigation in large tax evasion. From 2003-2006, she was a Financial Advisor and Commissioner of Khadi and Village Industries Commission (KVIC). From 2006-2010, she was Deputy Chairman of Jawaharlal Nehru Port Trust (JNPT), the largest container Port of India.

Details of directorship in other companies:

- i. Clear Maze Consulting Private Limited
- ii. Shreyas Shipping and Logistic Limited
- iii. Shriram Equipment Finance Company Limited
- iv. Shriram City Union Finance Limited
- v. Punjab Biomass Power Limited
- vi. CMC Skills Private limited

Ms. Sinha does not hold any shares or any convertible instruments in the Company or any of its subsidiaries.

Prof. Ramabhadran Thirumalai is an Assistant Professor of Finance at the Indian School of Business ("ISB"). He is working on issues related to pre-trade transparency in equity markets, arbitrage trading between individual stock futures and underlying stocks, retail and institutional investor trading frictions in equity markets, intraday stock return momentum and promoting share pledges in India. He has held positions at the Indiana University's Kelley School of Business in Bloomington and the University of Pittsburgh's Joseph M. Katz Graduate School of Business. His research interests are in market microstructure and corporate finance.

He holds a PhD in Finance from the Kelley School of Business at Indiana University, Bloomington, an MS in Statistics from the University of South Carolina, Columbia and a BE (Honours) in Chemical Engineering from Birla Institute of Technology and Science, Pilani.

Details of directorship in other companies: Nil



Prof. Ramabhadran does not hold any shares or any convertible instruments in the Company or any of its subsidiaries.

Mr. Nehal Vora is Shareholder Director, Indian Clearing Corporation Ltd. (a wholly owned subsidiary of BSE Ltd) and is Chief Regulatory Officer, BSE Limited (BSE). He has more than 17 years of rich and varied experience in the area of Compliance and regulation.

Mr. Vora is the Chief Regulatory Officer of BSE Limited and heads all the regulatory functions at BSE. He is also Head – Planning and Policy at BSE.

As a board member of Indian Clearing Corporation Limited he oversees the activities of the clearing corporation in a supervisory capacity especially in the areas of regulation. Other Board Memberships include that of National Power Exchange Ltd, Asian Indices Pvt Ltd, The BSE Institute Ltd, Institutional Investor Advisory Services India Limited (IIAS) and United Stock Exchange (USE).

Earlier, as Director, Compliance at Merrill Lynch, India he headed the compliance for the broking, investment banking and fixed income businesses. In recognition of his commitment and dedication to the Compliance Function at Merrill Lynch, he was awarded OGC Living the Mission Award in 2008.

Prior to that he has worked with the Securities and Exchange Board of India (SEBI) for more than 10 years in varied areas of derivatives, venture capital and surveillance. He holds a Commerce degree from Mumbai University, a Master of Management Studies degree in Finance from the Narsee Monjee Institute of Management Studies, University of Mumbai.

Details of directorship in other companies:

- i. Central Depository Services (India) Limited
- ii. BSE Investments Limited
- iii. BSE Sammaan CSR Limited
- iv. BSE CSR Integrated Foundation

Mr. Nehal Vora holds one equity share in the Company as a nominee of the holding Company, BSE Limited.

Mr. K Kumar is MD & CEO, Indian Clearing Corporation Ltd. (a wholly owned subsidiary of BSE Ltd). He has exhaustive knowledge of Membership, Inspection, Compliance, Regulatory, Trading, Clearing & Settlement systems and processes of Stock Exchange and Clearing Corporation. He has rich experience of 35 years. He is associated with ICCL Ltd since April 2013 onwards. He has raised the credibility bar with investors by putting stringent measures in place, for ensuring smooth completion of transactions. He has overall rich managerial and administrative capability. He is committed to fulfilling the duties and responsibilities in strict accordance with the Articles of Association and other regulations while working to increase transparency of information and long-term returns for the company.



Mr. Kumar is Master Honours (M.A.) (Economics) from Birla Institute of Technology and Science, Pilani.

Mr. Kumar has worked in Stock Exchanges like NSE, USE and in Finance Companies like Cazenove, IL&S and AloulaGeojit (at Riyadh). He was part of the 5 Member Core Team which set up NSE. He has also worked in SBI and IDBI.

Mr. Kumar does not hold any shares or any convertible instruments in the Company or any of its subsidiaries.

Prof. G. Sethu was a Director in the Indian Clearing Corporation Ltd. and resigned w.e.f. June 11, 2015. He holds a B.Tech in Mechanical Engineering from Indian Institute of Technology (IIT), Kharagpur, M.Tech in Mechanical Engineering from IIT, Chennai and a Doctorate in Management from Indian Institute of Management (IIM), Ahmedabad.

He has over 35 years of experience in administration, research, consultancy and teaching. He is a professor of finance at the Indian Institute of Management, Tiruchirappalli. He has served as a member of Indian Administrative Service. He has been a faculty member in finance at XLRI, Jamshedpur, Indian Institute of Capital Markets and was also with the National Institute of Securities Markets.

He has been a visiting faculty member at IIM, Ahmedabad, IIM, Indore, IIM, Kozhikode and IIT, Mumbai. He has been a guest faculty member in the executive education programmes at IIM, Bangalore, National Police Academy, National Insurance Academy, State Bank of India, Lal Bahadur Shastri National Academy of Administration, National Academy of Audit and Accounts, Jawaharlal Nehru Institute for Development Banking, and several other institutions.

He has been a member of a number of committees in the financial markets. He has been a member on the board of directors of OTCEI Securities Limited, UTI Funds Management Limited, ABN AMRO Trustee Limited, and UTI Technology Services. He has served on the board of SBI Funds Management Limited and UTI's Asset Management Committee. He was a member of University of Mumbai's Ad-hoc Board of Studies in Banking and Finance and was an external examiner for University of Wales validated schemes of study.

Prof. Sethu does not hold any shares or any convertible instruments in the Company or any of its subsidiaries.

Mr. Ashishkumar Chauhan is the MD & CEO of the BSE Ltd., Asia's first stock exchange and he was a Shareholder Director of the Indian Clearing Corporation Ltd. (a wholly owned subsidiary of BSE Ltd) and resigned w.e.f. August 14, 2015. He serves on the Board of CDSL, BSE Training Institute, BFSI Sector Skill Council and Marketplace Technologies Limited. He is also a member of the Board of Governors of IIT D&M, Jabalpur and a few SEBI committees. He currently is the Chairman of the Advisory Committee on Technology of FMC, member of several SEBI committees and has served on various other government and regulatory committees; CDBT and FMC, among others in the past. He is also a member of the Advisory Board of Lend a Hand India – a NGO working in implementing vocational skill development programs for rural and urban youth by providing them practical training at high school level. He is a member of the Capital Markets Committee of FICCI, National Council on Corporate Governance & Regulatory Affairs of CII and Financial Sector Development Council of CII.



Mr. Chauhan has over 22 years of experience in Financial Markets and technology. He set up NSE's equities and derivatives segments and created the NSE Fifty (Nifty) index. He was the President and CIO of the Reliance group and was ranked amongst the top 50 CIOs in the world by several magazines and institutions. He also headed the Corporate Communications for Reliance group in between and was the CEO of Mumbai Indians.

Mr. Chauhan holds a B.Tech in Mechanical Engineering from IIT Bombay and PGDM from IIM Calcutta.

Best known as the Father of Modern Financial Derivatives in India, he was part of a core team of 5 people from IDBI selected to set up National Stock Exchange. At BSE, he has been responsible for bringing the fastest trading system in India and revamping BSE.

He currently serves on the Board of various group companies and is a member of the Board of Governors of IIT Jabalpur. He serves as Chairman of the Technology Committee of FMC and is a member of several SEBI and other government and industry body committees.

He has recently been a recipient of the Zee Business award for business transformation.

He is considered as one of the foremost experts in policies, market microstructure, Information technology, organized retail, telecommunications, social issues, cricket etc. He has been widely awarded; recently he was felicitated with the Distinguished Alumni Award by IIT Bombay.

Mr. Chauhan does not hold any shares or any convertible instruments in the Company or any of its subsidiaries.

3. CORPORATE GOVERNANCE

Transparency and accountability are the two basic tenets of Corporate Governance.

The Board of Directors ('the Board') is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the globe.

As on 31st March 2016, the Company had five Directors on its Board, of which three are independent.

Appointment and Tenure

As regards the appointment and tenure of Independent Directors, following is the policy adopted by the Board:

- The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and SECC Regulation 2012.
- The Independent Directors will serve a maximum of two terms of 3 years each.

Independent Directors' Meetings

The Independent Directors meet at least twice in a year.

Board Induction and Training

Upon appointment, Company provides new Directors, both Executive and Non-Executive, with a briefing on their legal and regulatory responsibilities as Directors and Company's current structure and performance of business.

The details of the familiarisation program provided to the Independent Directors is given at [http://www.icclindia.com/static/about/Compliance with Corporate Governance.aspx](http://www.icclindia.com/static/about/Compliance%20with%20Corporate%20Governance.aspx)

Board Evaluation

The Board of Directors has adopted a policy on Board Evaluation. The policy provides for evaluation of the Board, the Committees of the Board and individual Directors, including the Chairman of the Board. As per the Policy, the Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships held by them in other Companies are given below:

Name of the members of Governing Board	Director Identification Number (DIN)	Type of Director i.e. PID/SHD/MD	Meetings held during the tenure of the member	Meetings attended by the member	No. of Directorship in Other Companies
Mr. S. Sundareshan	01675195	PID	07	07	06
Ms. Maya Sinha	03056226	PID	10	10	06
Mr. Ramabhadran Thirumalai	07059883	PID	07	07	Nil
Mr.G. Sethu*	00034908	PID	01	01	N.A.
Mr. Ashishkumar Chauhan**	00898469	SHD	03	03	N.A.
Mr. Nehal Vora	02769054	SHD	10	05	04
Mr. K Kumar	06632984	MD	10	10	Nil

*Ceased to be director with effect from June 11, 2015.

**Ceased to be director with effect from August 14, 2015.

During the Financial Year 10 Board Meetings were held on the following dated:

- 1) 15th May, 2015
- 2) 22nd June 2015
- 3) 8th July, 2015
- 4) 28th August 2015
- 5) 21st September 2015
- 6) 26th October 2015
- 7) 20th November, 2015
- 8) 5th December 2015



9) 25th January 2016

10) 31st March 2016

Shareholder Information:

General Body Meetings.

Details of last three Annual General Meeting and Extra ordinary General Meeting and the summary of Special Resolution passed therein are as under:

Annual General Meeting				
Financial year ended	Date & Time	Venue	Special Resolution/Business Passed	Names of the Directors who attended the General Meetings to be inserted
March 31, 2013	April 23, 2013, 5:15 P.M.	The Board Room, BSE Limited, 26 th Floor, P.J Towers, Dalal Street, Mumbai-400 001.	Adoption of new set of Articles of Association of the Company	<ul style="list-style-type: none"> • Mr. Ashishkumar Chauhan • Mr. Nehal Vora • Mr. K. Kumar
March 31, 2014	May 26, 2014, 3:00 P.M.	15 th Floor, Conference Room, P.J Towers, Dalal Street, Mumbai-400 001.	<ul style="list-style-type: none"> • Appointment of Mr. K. Kumar as Managing Director & Chief Executive Officer • Power to make Inter Corporate Loans, Investments, Give Guarantees, provide Securities etc, under section 186 of the Companies Act 1956. • Consider and recommend increase in borrowing limits up to Rs. 1000 Crores. • Power to create charge and/or mortgage on the properties of the Company under section 180(1) (a) of the Companies Act, 2013. 	<ul style="list-style-type: none"> • Mr. M. B. N. Rao • Mr. G. Sethu • Mr. Ashishkumar Chauhan • Mr. Nehal Vora • Mr. K. Kumar
March 31, 2015	June 22, 2015, 3:00	25 th Floor, Conference	• Increase in Remuneration of MD & CEO for September 6,	• Ms. Maya Swaminathan



	P.M.	Room, P.J. Towers, Dalal Street, Mumbai - 400 001.	2014 to September 5, 2015.	Sinha • Mr. Ashishkumar Chauhan • Mr. Nehal Vora • Mr. Kumar
Extra Ordinary General Meeting				
Financial year ended	Date & Time	Venue	Special Resolution/Business Passed	
March 31, 2012	February 29, 2012 12:30 P.M	The Board Room, BSE Limited, 25 th Floor, P.J Towers, Dalal Street, Mumbai-400 001.	<ul style="list-style-type: none"> • Increase in authorised share capital of the Company and consequent alteration of Clause V (A) of the Memorandum of Association of the Company. • Issue of 304,00,00,000 (Three Hundred and Four Crore only) Equity Shares of Re 1/- each for cash at par to BSE Limited on preferential basis. • Increase in borrowing limit from Rs. 100 Crores to Rs. 500 Crores 	• Mr. Nehal Vora
March 31, 2015	September 05, 2014, 5:00 P.M	15 th Floor, Conference Room. P.J Towers, Dalal Street, Mumbai-400 001	<ul style="list-style-type: none"> • Alteration of Memorandum of Association- Object Clause. 	<ul style="list-style-type: none"> • Mr. Ashishkumar Chauhan • Mr. K. Kumar
March 31, 2016	September 21, 2015	Board Room, BSE Limited, 25 th floor, P.J. Towers, Dalal Street, Mumbai - 400 001.	<ul style="list-style-type: none"> • To consider and approve the borrowing power upto Rs. 1500 Crs. and creation of charge. • To consider and approve increase in remuneration payable to Mr. K Kumar, MD & CEO. 	<ul style="list-style-type: none"> • Mr. S. Sundareshan • Mr. Maya Sinha • Mr. Ramabhadran Thirumalai • Mr. Nehal Vora • Mr. K. Kumar • Mr. Neeraj Kulshrestha

During the previous three financial years (2012-13, 2013-14, 2014-15) and in the current financial year 2015-16, the company did not hold any general meeting through postal ballot.

Top 10 shareholdings as on March 31, 2016 (Other than promoters): NIL

The details of Meetings attended by the Directors are given below:



1) Audit Committee					
Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-MD & CEO	Date of approval of minutes of the meetings
15.05.2015	08.05.2015	2	1	NIL	29.05.2015
21.09.2015	14.09.2015	2	1	NIL	16.10.2015
26.10.2015	19.10.2015	2	0	NIL	16.11.2015
25.01.2016	18.01.2016	2	0	NIL	11.02.2016

2) Membership Selection Committee					
Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-MD & CEO	Date of approval of minutes of the meetings
22.06.2015	15.06.2015	1	NIL	1	30.06.2015
21.09.2015	14.09.2015	2	NIL	1	16.10.2015
26.10.2015	19.10.2015	2	NIL	1	16.11.2015
25.01.2016	18.01.2016	2	NIL	1	11.02.2016

3) Disciplinary Action Committee					
Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-MD & CEO	Date of approval of minutes of the meetings
22.06.2015	15.06.2015	1	NIL	1	08.07.2015
21.09.2015	14.09.2015	2	NIL	1	09.10.2015
25.01.2016	18.01.2016	2	NIL	1	11.02.2016

4) Defaulters Committee/SGF Utilisation Committee					
Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-MD & CEO	No of attendees-Outside Expert	Date of approval of minutes of the meetings
02.04.2015	26.03.2015	2	1	11	29.05.2015
02.04.2015	26.03.2015	2	1	10	29.05.2015
29.05.2015	22.05.2015	2	NIL	1	29.05.2015
21.09.2015	14.09.2015	3	NIL	NIL	09.10.2015
25.01.2016	18.01.2016	3	NIL	NIL	11.02.2016



5) Nomination and Remuneration/Compensation Committee					
Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-MD & CEO	Date of approval of minutes of the meetings
15.05.2015	08.05.2015	2	1	NIL	29.05.2015
22.06.2015	15.06.2015	1	1	NIL	30.06.2015
28.08.2015	21.08.2015	1	1	NIL	21.09.2015
21.09.2015	14.09.2015	2	1	NIL	16.10.2015
26.10.2015	19.10.2015	2	0	NIL	25.10.2015
05.12.2015	27.11.2015	2	0	NIL	18.12.2015
25.01.2016	18.01.2016	2	0	NIL	11.02.2016

6) Standing Committee on Technology					
Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-Outside Expert	Date of approval of minutes of the meetings
30.06.2015	23.06.2015	NIL	1	1	22.07.2015
26.10.2015	19.10.2015	1	0	1	19.11.2015

7) Sub-Committee for monitoring compliance of suggestions given in SEBI inspection report					
Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-MD & CEO	Date of approval of minutes of the meetings
22.06.2015	15.06.2015	1	1	NIL	22.06.2015
21.09.2015	14.09.2015	2	1	1	26.10.2015
26.10.2015	19.10.2015	2	0	1	16.11.2015
25.01.2016	18.01.2016	2	0	1	11.02.2016

8) Investor Services Committee					
Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-MD & CEO	Date of approval of minutes of the meetings
26.10.2015	19.10.2015	2	NIL	1	19.11.2015

9) Public Interest Directors Committee					
Date of Meeting	Date of issue of notice	No of attendees-	No of attendees-	No of attendees-MD & CEO	Date of approval of minutes of the meetings



	convening the meeting	Independent Director	Shareholder Director		
21.09.2015	14.09.2015	3	NIL	NIL	09.10.2015
25.01.2016	18.01.2016	3	NIL	NIL	11.02.2016

10) Ethics Committee

Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-Compliance Officer	Date of approval of minutes of the meetings
25.01.2016	18.01.2016	2	0	2	11.02.2016

11) Independent oversight Committee of the governing board for member regulation

Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-Outside Expert	Date of approval of minutes of the meetings
21.09.2015	14.09.2015	2	NIL	1	09.10.2015
25.01.2016	18.01.2016	2	NIL	0	11.02.2016

12) Risk Management Committee

Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-Outside Expert	Date of approval of minutes of the meetings
26.10.2015	19.10.2015	2	NIL	2	19.11.2015

13) Advisory Committee

Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-Outside Expert	Date of approval of minutes of the meetings
30.06.2015	23.06.2015	1	NIL	10	15.07.2015
21.09.2015	14.09.2015	1	NIL	11	09.10.2015
01.12.2015	24.11.2015	1	NIL	9	21.12.2015
31.03.2016	21.03.2016	1	NIL	10	29.04.2016

14) Corporate Social Responsibility Committee

Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-MD & CEO	Date of approval of minutes of the meetings
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05.05.2015	28.04.2015	2	1	1	21.05.2015
21.09.2015	14.09.2015	2	1	1	09.10.2015
26.10.2015	19.10.2015	2	0	1	19.11.2015
05.12.2015	27.11.2015	2	0	1	18.12.2015
25.01.2016	18.01.2016	2	1	1	11.02.2016
31.03.2016	21.03.2016	2	1	1	29.04.2016

15) Selection Committee

Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-Outside Expert	Date of approval of minutes of the meetings
NIL					

16) Grievance Redressal Committee (GRC)

Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-Outside Expert	Date of approval of minutes of the meetings
NIL					

17) Stakeholder Relationship Committee

Date of Meeting	Date of issue of notice convening the meeting	No of attendees-Independent Director	No of attendees-Shareholder Director	No of attendees-Outside Expert	Date of approval of minutes of the meetings
26.10.2015	19.10.2015	2	0	1	19.11.2015

The Details of the Directorship of the Directors in other Companies is as given below:

Sr No.	Name of the Director	Directorship in other Companies
1.	Mr. S. Sundareshan	1. Patspin India Limited 2. GTN Textiles Limited 3. Tide Water Oil Corporation Limited 4. India Power Corporation Limited 5. Krishnapatnam Port Company Limited 6. Great Eastern Energy Corporation Limited
2.	Ms. Maya Sinha	1. Clear Maze Consulting Private Limited 2. Shreyas Shipping and Logistic Limited 3. Shriram Equipment Finance Company Limited 4. Shriram City Union Finance Limited 5. Punjab Biomass Power Limited 6. CMC Skills Private limited
3.	Prof. Ramabhadran Thirumalai	NIL



Sr No.	Name of the Director	Directorship in other Companies
4.	Mr. Nehal Vora	1. BSE Investments Limited 2. Central Depository Services (India) Limited 3. BSE Sammaan CSR Limited 4. BSE CSR Integrated Foundation
5.	Mr. K. Kumar	NIL

None of the Directors is a member of the Board of more than fifteen Companies or a Member of more than ten Board-level Committees or a Chairman of more than five such Committees.

None of the Directors are inter-se related.

3. MANDATORY COMMITTEES FOR CLEARING CORPORATION

1) Membership Selection Committee: The functions handled are Selection/admission of members to the various segments of the clearing corporation.

2) Disciplinary Action Committee :

- a) The Committee shall formulate the policy for regulatory actions including warning, monetary fine, suspension, deactivation of terminal, expulsion, to be taken for various violations by the members of the clearing corporation.
- b) Based on the laid down policy, the Committee shall consider the cases of violations observed during inspection, etc and impose appropriate regulatory measure on the members of the clearing corporation.
- c) While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the "Principles of natural justice".

3) Grievance Redressal Committee :

To deal with the complaints referred to it by the Clearing Corporation, hear the parties and resolve their complaints/disputes.

4) Defaulters' Committee/SGF Utilisation Committee:

- a) To realize all the assets/deposits of the defaulter/expelled member and appropriate the same amongst various dues and claims against the defaulter/expelled member in accordance with the Rules, Byelaws and Regulations of the Clearing corporation.
- b) Admission or rejection of claims of clients/trading members/clearing members over the assets of the defaulter/expelled member.
- c) The defaulter's committee or any other committee set up by the Governing Board of the clearing corporation with similar composition shall manage the settlement guarantee fund/trade guarantee fund of the clearing corporation.

5) Nomination & Remuneration Committee:

- a) The committee shall lay down the policy for compensation of key management personnel in terms of the compensation norms prescribed by the SEBI.
- b) The committee shall determine the tenure of the key management personnel to be posted to a regulatory department.

6) Standing Committee on technology

- a) To monitor whether the technology used by the clearing corporation remains up to date and meets the growing demands of the markets.
- b) To monitor the adequacy of systems capacity and efficiency.
- c) To look into the changes being suggested by the clearing corporation to the existing software/hardware.
- d) To investigate into problems of computerised Risk Management/Clearing and Settlement system, such as hanging/slowdown/breakdown.
- e) To ensure that transparency is maintained in disseminating information regarding slowdown/breakdown in Risk Management/Clearing and Settlement system.
- f) The Committee shall submit a report to the Governing Board of the clearing corporation. The Board will deliberate on the report and suitable action/remedial measure will be taken.
- g) Any stoppage beyond five minutes to be explained and reported to the Board. The Clearing Corporation shall issue a press release specifying the reasons for the breakdown.

7) Sub-Committee for Monitoring Compliance of suggestions given in SEBI inspection report

- a) To review the actions taken to implement the suggestions of SEBI's Inspection Reports.
- b) To place the same before the Governing Board of the clearing Corporation.
- c) To follow up and ensure compliance/implementation of the inspection Observations.

8) Investor Services Committee: Supervising the functioning of Investors' Services cell of the Clearing corporation which includes review of complaints remaining unresolved over long period of time, estimate the adequacy of resources dedicated to investor services, etc.

9) Public Interest Directors Committee : During their meetings, the Public Interest Directors shall review the following:

- a) Status of compliance with SEBI letters/circulars.
- b) Review the functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions.
- c) The public Interest Directors shall prepare a report on the working of the other committees on which they are present in. The report shall be circulated to the other public interest directors.
- d) A consolidated report shall then be submitted to the Governing Board of the clearing corporation.
- e) The public interest directors shall identify important issues which may involve conflict of interest for the clearing corporation or may have significant impact on the market and report the same to SEBI.

10) Ethics Committee : The Committee shall oversee the implementation of the code of ethics

11) Independent oversight committee of the governing board for member regulation:

- a) The committee shall oversee matters related to member regulation such as admission of members, inspection, disciplinary action, etc.

- b) The head(s) of department(s) handling the above matters shall report directly to the committee and also to the managing director.
- c) Any action of a recognised clearing corporation against the aforesaid head(s) shall be subject to an appeal to the committee, within such period as may be determined by the governing board.
- d) The committee shall oversee SEBI inspection observations on membership related issues.
- e) To estimate the adequacy of resources dedicated to member regulation
- f) Monitor the disclosures made by the clearing corporation in accordance with regulation 35 of SECC Regulations.

12) Risk Management Committee

- a) Formulate a detailed risk management policy which shall be approved by the governing board.
- b) The head of the risk management department shall report to the risk management committee and to the managing director of the recognised clearing corporation.
- c) The Risk Management committee shall monitor implementation of the risk management policy and keep the Board and the governing board informed about its implementation and deviation, if any.

13) Advisory Committee: To advise the governing board on non-regulatory and operational matters including product design, technology, charges and levies.

14) Audit Committee: The terms of reference of the Audit Committee are broadly as follows:

- a) To review compliance with internal control systems;
- b) To review the findings of the Internal Auditor relating to various functions of the company;
- c) To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors;
- d) To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board;
- e) To make recommendations to the Board on any matter relating to the financial management of the Company, including statutory & Internal Audit Reports;
- f) Recommending the appointment of statutory auditors and internal auditors and fixation of their remuneration.
- g) Reviewing the Company's financial and risk management policies.

Disclosures

- a) Disclosures have been received from key managerial personnel relating to Code of Ethics and Securities transactions where they and/or their relatives have personal interest. There are no related party transactions which have potential conflict with the interest of the Company at large.

- b) The Company has complied with the requirements of the SEBI and other statutory authorities on all matters relating to capital markets. No penalties or strictures have been imposed on the Company by SEBI or other statutory authorities relating to the above.
- c) The Company has adopted a Procedure & Policy for employees to report concerns about unethical behaviour.

Subsidiary Companies

As on 31st March 2016, ICCL did not have any 'material non-listed subsidiary'. However, the policy for material non-listed subsidiary' is being disseminated on the website of the Company on the following link:

[http://www.icclindia.com/static/about/Compliance with Corporate Governance.aspx](http://www.icclindia.com/static/about/Compliance%20with%20Corporate%20Governance.aspx)

Internal Controls and Risk Management

The Company has robust systems for internal audit and risk assessment and mitigation.

Risk Assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with Corporate Policies. There is an ongoing process to track the evolution of risks and delivery of mitigating action plans.

Board Membership Criteria

The Board of Directors is collectively responsible for selection of a member on the Board. The Nomination and Remuneration Committee of the Company follows a defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board. The criteria for appointment to the Board include:

- composition of the Board, which is commensurate with the size of the Company and its business.
- diversity on the Board;
- size of the Board with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law;
- professional qualifications, expertise and experience in specific area of business;
- balance of skills and expertise in view of the objectives and activities of the Company;
- avoidance of any present or potential conflict of interest;
- availability of time and other commitments for proper performance of duties;
- personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

Preventing Conflict of Interest

The Board of Directors is responsible for ensuring that rules are in place to avoid conflict of interest by the Board members. The Company has adopted the Code of Conduct for the members of the Board and Senior Management Team. The Code provides that the Directors are required to avoid any interest in contracts entered into by the Company.



The members of the Board and the Management Committee annually confirm the compliance of the Code of Conduct to the Board.

Whistle Blower Policy

The Company has adopted a Whistle Blower Policy to provide appropriate avenues to the employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the fundamental business principles of the Company.

Affirmation and Disclosure

All the members of the Board and the Management Committee have affirmed their compliance with the Code of Conduct as on March 31, 2016.

There were no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors for the financial year ended March 31, 2016 that may have a potential conflict with the interests of the Company at large.

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board and the interested Directors neither participate in the discussion nor vote on such matters.

Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in this Annual Report and they are not in conflict with the interest of the Company at large.

Compliance with the Governance Framework

The Company is in compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 35 of the SEBI (Stock Exchanges and Clearing Corporations) Regulations, 2012.

Secretarial Standards and Secretarial Audit Report.

The Company has undertaken Secretarial Standards Audit for the year 2015-2016 for audit of secretarial records and procedures followed by the Company in compliance with relevant Secretarial Standards issued by the Institute of Company Secretaries of India. The Secretarial Standards Audit Report is attached as an Annexure to the Directors' Report.

CEO/ CFO certification

The Managing Director and CFO certification of the financial statements for the financial year 2015-16 is enclosed at the end of the report.

Dividend

- The shareholders at their meeting held on June 22, 2015 approved the payment of Final Dividend of INR 0.134 per equity share of face value of INR 1/- each, for the financial year ended 31st March, 2015.

- The Board of Directors in their meeting held on July 8, 2015 approved the payment of Interim Dividend of INR 0.026 per equity share of face value of INR 1/- each, for the quarter ended June 30, 2015.
- The Board of Directors in their meeting held on October 26, 2015 approved the payment of Interim Dividend of INR 0.030 per equity share of face value of INR 1/- each, for the quarter ended September 30, 2015.
- The Board of Directors in their meeting held on January 25, 2016 approved the payment of Interim Dividend of INR 0.021 per equity share of face value of INR 1/- each, for the quarter ended December 31, 2015.
- The Board in their meeting held on April 29, 2016, approved the payment of Final Dividend of INR 0.0187/- per equity share of face value of INR 1/- each, for the financial year ended March 31, 2016, subject to the approval of the shareholders in the ensuing annual general meeting.

Remuneration Policy

The remuneration policy has been briefed in the Director's Report.

Details of remuneration to all the directors

Provided in Form MGT 9, which is an Annexure to the Directors' Report.

Shareholders Information

The Quarterly Results, Shareholding Pattern and all other corporate communications are disseminated on the website of ICCL.

Mr. Prasad Sawant is the Company Secretary of the Company. The Company has not received any complaints from the shareholders till date. Further, there are no pending complaints from the shareholders. The Company is a wholly owned subsidiary of BSE Limited. The Company did not receive any grievance from its shareholder(s) in respect by transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc. during the year.

- Disclosures regarding the appointment/re-appointment of directors: **Mr. Nehal Vora retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. The profile of Mr. Nehal Vora, Director is being provided in the Notice convening the Annual General Meeting.**
- Stock Exchanges on which shares of the Company are listed: **N.A.**
- Stock code: **N.A.**
- Market Price of securities of the Company: **N.A.**

- Performance of the securities in comparison with other broad based indices: **N.A.**
- Securities suspended from trading: **N.A.**
- Distribution of shareholding, details of dematerialisation: **Refer point IV of Form MGT - 9, Extract of Annual Return**
- Outstanding ADRs, GDRs or any other convertible security: **N.A.**
- Plant Locations: **N.A.**
- Address for Correspondence: **P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.**
- Company Secretary: **Mr. Prasad Sawant, Tel No.: +912222728418, Email ID: prasad.sawant@icclindia.com.**
- Registrar and Transfer Agent of the Company: **M/s Karvy Computershare Private Limited.**
- Details of establishment of vigil mechanism, whistle blower policy: **The whistle blower policy is disseminated on the website of the Company under the following link:**
http://www.icclindia.com/static/about/Compliance_with_Corporate_Governance.aspx
- Web link where policy for determining 'material' subsidiaries is disclosed;
http://www.icclindia.com/static/about/Compliance_with_Corporate_Governance.aspx
- Disclosure with respect to demat suspense account/ unclaimed suspense account: **N.A.**
- Details of the materially significant related party transactions that may have potential conflict with the interests of listed entity at large: **N.A.**
- Disclosure of Accounting Treatment: **ICCL follows the guidelines of Accounting Standards laid down by the Central Government under the provisions of Section 133 of the Companies Act, 2013 in the preparation of its financial statements.**
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by SEBI or any other statutory authority on any matter related to capital markets during the last three years: **There have been no penalties, strictures imposed by SEBI or any other statutory authority during the past three years, for any non-compliance.**



CERTIFICATE OF CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by INDIAN CLEARING CORPORATION LIMITED (“the Corporation”) for the year ended 31st March, 2016, for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreements with the Stock Exchanges for the period from April 1, 2015 to November 30, 2015 and the Chapter IV to the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 from the period December 1, 2015 to March 31, 2016 and pursuant to Regulation 35 of SECC Regulation, 2012 read with paragraph 14.4 of SEBI Circular dated 13th December, 2012.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Corporation for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Corporation.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Corporation has complied with the conditions of corporate governance as stipulated in clause 49 of the Listing Agreement and the Chapter IV of Listing Regulations, 2015 and pursuant to Regulation 35 of SECC Regulation, 2012 read with paragraph 14.4 of SEBI Circular dated 13th December, 2012.

Place: Mumbai
Date: April 29, 2016

for **N. L. Bhatia & Associates**

N. L. Bhatia
FCS - 1176
CP NO: 422



CODE OF CONDUCT

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the code of conduct for the Financial Year 2015-16.

For the purpose of this declaration, Senior Management Personnel means Key Management Persons appointed under SCR(SECC) Regulations, 2012.

Date: April 29, 2016

Place: Mumbai

Regd. Office: 25th Floor, P.J. Towers, Dalal Street,
Fort, Mumbai – 400 001.

K. Kumar

Managing Director & CEO

DIN: 06632984

CORPORATE SOCIAL RESPONSIBILITY

As mentioned in Section 135 of the Companies Act, 2013, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

The Companies (Corporate Social Responsibility Policy) Rules, 2014 further elaborates in detail the formulation of the policy, the roles and responsibilities of the same and such other relevant matters including CSR Expenditures and CSR Reporting. ICCL has complied with the requirements of the said section.

The concept of CSR is governed by clause 135 of the Companies Act, 2013, which was passed by both Houses of the Parliament, and had received the assent of the President of India on 29 August 2013. The provisions of CSR are applicable to the ICCL as it fulfils the criteria of having a net profit of Rs. 5 crores. While there may be no single universally accepted definition of CSR. The roots of CSR lie in philanthropic activities (such as donations, charity, relief work, etc.) of corporations. The Objective of the CSR to ensure a high social impact in a manner which is aligned with ICCL's tradition of creating wealth in the community using a three pronged focus on Education, Health and the Environment. The CSR policy shall be applicable to all CSR projects undertaken by the Company in India as per Schedule VII of the Companies Act. The CSR policy shall be applicable to the Company and all its employees.

The CSR Committee of the Company shall be responsible for –

- a. Formulating and recommending to the Board, the CSR Policy which shall indicate activities to be undertaken in line with Section 135 read with Schedule VII of the Companies Act, 2013.
- b. Approving the budgetary allocation for CSR projects / activities to be undertaken by the Company within the Board approved CSR annual budget.
- c. Recommending to the Board, modifications to the CSR policy as and when required.
- d. Regularly monitoring the implementation of the CSR policy including compliance with provisions relating to mandatory spend towards CSR projects / activities and reporting to the Board.

1. CSR Committee Composition

The CSR committee shall be constituted by the Board of Directors and shall consist of 3 board members or more, out of which at least one board member would be an independent director.

MEMBERS

1. Ms. Maya Sinha (DIN:03056226) - Public Interest Director and Chairperson of the Committee
2. Mr. S. Sundareshan (DIN:01675195) - Public Interest Director
3. Mr. Nehal Vora (DIN:02769054) - Shareholder Director
4. Mr. K. Kumar (DIN:06632984) - Managing Director & CEO

As per section 135 (4)(a) of the Act, ICCL discloses the contents of the CSR Policy in company's website :

<http://www.icclindia.com/downloads/Corporate Social Responsibility Policy.pdf>

2. Average net profit of ICCL for the last three financial years: The average net profit of ICCL calculated pursuant to Section 135 read with Section 198 for last three Financial Years is INR. 7,275.00 Lakhs.

3. Prescribed CSR Expenditure (2% of the amount as in item 4 below): The Prescribed CSR expenditure budget at 2% of the amount as in item no. 4 below is INR. 145.50 Lakhs.

4. Details of CSR expenditure spent during the financial year:

(a) Total amount to be spent during the financial year: INR 145.50 Lakhs

(b) Amount unspent, if any: INR 17.50 Lakhs

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or others (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Directly or through implementing agency
(1)	Donation to Ramana Sunritya Aalaya (RASA)	Education	Tamil Nadu	10.00 lakhs	(1) Nil (2) 10.00 lakhs	10.00 lakhs	Directly
(2)	Donation to Nav Srijan Education Society	Education	Uttar Pradesh	2.00 lakhs	(1) Nil (2) 2.00 lakhs	2.00 lakhs	Directly
(3)	Donation to Shri Muktananda Sankrit Mahavidyalya	Education	Gujarat	5.00 lakhs	(1) Nil (2) 5.00 lakhs	5.00 lakhs	Directly
(4)	Donation to	Health,	Maharashtra	2.00	(1) Nil	2.00 lakhs	Directly



Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or others (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Directly or through implementing agency
	Vanvasi Kalyan Ashram	Child Education, Sports and Culture		lakhs	(2) 2.00 lakhs		
(5)	Contribution to technology incubator	Entrepreneurship development	Mumbai, Maharashtra	109.00 lakhs	(1) Nil (2) 109.00 lakhs	109.00 lakhs	Through BSE CSR Integrated Foundation
	Total	-	-	128.00 Lakhs	(2) 128.00 lakhs	128.00 lakhs	-

5. The Company has not spent an amount of Rs.17.50 lakhs during FY 2015-2016. The unspent amount in FY 2015-16 would be spent along with the amount required to be spent in FY 2016-17.

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

Date: April 29, 2016

Place: Mumbai

K. Kumar
Managing Director & CEO
DIN: 06632984

Maya Sinha
Chairperson, CSR Committee
DIN: 03056226



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. GLOBAL ECONOMY

Global growth fell short of expectations in 2015, decelerating to a 2.4% growth, down from 2.6% in 2014. The performance mainly reflected a growth deceleration in emerging and developing economies amid post-crisis lows in commodity prices, weaker capital flows and subdued global trade. Global growth is projected to edge up in the coming years, and is expected to reach 2.9% in 2016-17 and 3.1% in 2017-18. This pickup is contingent upon continued gains in major high-income countries, a gradual tightening of financing conditions, a stabilization of commodity prices, and a gradual rebalancing in China. The forecast is subject to downside risks, including a slowdown in major emerging market economies, financial market turmoil arising from sudden shifts in borrowing costs amid deteriorating fundamentals, lingering vulnerabilities in some countries, and heightened geopolitical tensions. Weakening growth and sharply lower commodity prices have narrowed the room for policy makers to respond, especially in commodity-exporting countries, should risks materialize.

Global inflation is expected to increase moderately in 2016 as commodity prices level off, but the increase is expected to be lower by historical standards.

Downside risks dominate and have become increasingly centred on emerging and developing countries, as a gradual recovery in major high-income countries takes hold. A slowdown in China, and widespread weakness across other BRICS, could have substantial spill overs on other emerging and developing economies. Financial market turbulence—triggered, for instance, by spikes in borrowing costs during the U.S. tightening cycle or by rising risk aversion—could significantly impact capital flows to the more vulnerable emerging and developing economies and intensify balance-sheet vulnerabilities. Commodity exporters and countries with large imbalances and policy uncertainty are particularly exposed to these risks. While past experience suggests that isolated terrorism-related events amid heightened global geopolitical risks do not appear to have lasting economic consequences, escalation could have uncertain regional repercussions. As yet, unrealized gains from declining oil prices for importers pose an upside risk.

2. INDIAN ECONOMY

Growth accelerated in FY 2015-16 and the World Bank forecasts that India will be the fastest-growing large economy until at least 2018. The Indian economy is expected to accelerate from 7.5% in 2016 to 7.7% in 2017 based on the expectation of strong private investment, a push in infrastructure spending, an improved investment climate, and deleveraged corporate and financial balance sheets.

Notwithstanding unexpected delays in enacting some economic reform, the prospects for continued rapid growth are undiminished. An increase in bank deposit and credit growth in the second half of FY 2015-16 helped financial, real estate, and professional services grow at a healthy 10.3%.

Inflation has stayed subdued, averaging 5.0% in FY 2015-16. The easing of food inflation overall was helped by lower global commodity prices, restrained increases in domestic procurement prices, and improved management of government food stocks.

The government was able to achieve its target of reducing the budget deficit to the equivalent of 3.9% of GDP from 4.1% in FY 2014-15. The reduction came through curtailed current expenditure and through tax revenue growth that exceeded the target.

Buoyed by measures to enhance foreign direct investment—including raising the ceiling for investment in several important sectors such as broadcasting and defence, as well as rationalizing and simplifying procedures—net flows of foreign direct investment surged to an estimated \$32 billion, nearly 26% higher than in the previous year. Inflows in the form of deposits by non-resident Indians also remained strong, growing to nearly \$15 billion in FY 2015-16. These inflows and continuing business and government loan inflows increased gross international reserves in FY 2015-16 by \$9.2 billion to over \$350 billion

The Indian rupee depreciated by 8% against the US dollar in FY 2015-16. However, it weakened in nominal effective terms by a smaller 5%, and in real effective terms by less than 3%, implying that it moved in parallel with the currencies of trading partners.

3. CAPITAL MARKET DEVELOPMENTS

The S&P BSE SENSEX ended FY 2015-16 at 25,342 compared to 27,958 at year end 2014-15, a decrease of 9.36% over the year. Correspondingly, a decline in trading volumes was observed.

During FY 2015-16, 24 companies came to the market through the Initial Public Offering (“IPO”) process in the Main Board while another 38 companies raised INR 236.51 crores through the SME IPO process in FY 2015-16.

The total number of companies listed on BSE rose to 5814.

The average daily value of equity turnover on BSE in FY 2015-16 was INR 3,008 crore, an annual decrease of about 14.5% from INR 3,518 crore in FY 2014-15. Equity derivatives trading, reached an average daily volume of 4, 31,746 contracts per day in FY 2015-16. In currency derivatives, BSE’s market share increased to 36.41% in FY 2015-16 from 33.86% in FY 2014-15 while market share in Interest rate derivative increased to 17.19% in FY 2015-16 from 8.85% in FY 2014-15.

4. CLEARING CORPORATIONS (“CCPs”) IN INDIA AND REGULATORY DEVELOPMENTS

In India, there are four CCPs, three of whom clear exchange listed products while one CCP operates in the over- the- counter (“OTC”) clearing space. CCPs clearing exchange listed products are primarily regulated by the Securities and Exchange Board of India (“SEBI”), with the Reserve Bank of India (“RBI”) acting as a secondary regulator for certain products, while the OTC CCPs are solely regulated by the RBI. During the last decade the central clearing sector has experienced a large number of changes, in terms of awareness, reach and mandate, thus broadening its role in the financial infrastructure space and its own market structure.

CCPs have been the focus of the Global as well as Indian Regulators. SEBI introduced the guidelines on stress testing, Core Settlement Guarantee Fund (“Core SGF”)/ Default Fund and Default Waterfall in FY 2014-15, to ensure that Indian CCPs are compliant with International benchmarks and regulations, including the Principles for Financial Market Infrastructures (“PFMI”) issued by the Committee on Payments and Market Infrastructures (“CPMI”) and the International Organisation of Securities Commissions (“IOSCO”) and the European Market Infrastructure Regulation (“EMIR”). IOSCO has issued discussion papers on Recovery and Resolution and Cyber Risk, areas which are expected to witness regulatory guidance in the next few years. IOSCO is also expected to lay guidelines on standardised stress testing for CCPs across the World, and the first discussion paper in this regard is expected to be published in Q2 of FY 2016-17. SEBI being a member of IOSCO, these international regulatory changes would impact ICCL. ICCL has applied for Third Country Central Counterparty (“TC-CCP”) recognition to the European Securities and Markets Authority (“ESMA”) under EMIR which is contingent upon India being rated “Equivalent” by the European Commission. ICCL has received a notification of completeness of application from ESMA and expects to receive its approval from ESMA in the second half of FY 2016-17.

5. FEATURES AND DEVELOPMENTS

5.1 Competitive Strengths

Sound corporate governance and regulatory framework

ICCL has been accorded Qualified Central Counterparty (“QCCP”) status by SEBI and is additionally required to comply with the rules and regulations that are consistent with the PFMI issued by CPMI- IOSCO. ICCL in its endeavour to enhance transparency, became the first CCP in India to publish its self-assessment of the PFMI issued by CPMI-IOSCO on its website to ensure a clear understanding and assessment of the risks associated with ICCL.

As a QCCP, ICCL is subject to a high level of regulatory oversight. ICCL’s Board comprises of a majority of independent directors. ICCL has a multitude of Committees chaired by Independent Directors which overlook the operations, risk, investment and other functions. ICCL has implemented a Code of Conduct for its Directors and Code of Ethics for its Directors and Key Management Personnel. ICCL has completely segregated its Business function from its Regulatory function and the information flow across departments is on a strict need-to-know basis.

Financial strength

ICCL’s financial policy seeks to maintain sufficient financial resources to finance growth and ensure financial flexibility while maintaining creditworthiness and liquidity. ICCL continues to be the only CCP in the World with a Default Insurance cover of INR 411.24 Crore, which comes above the Default Fund of the CCP, in the Default Waterfall. The objective of the Policy is to protect ICCL against counterparty defaults, and add a further capital cushion to the ICCL networth making the resources of the non-defaulting members even safer. The additional



capital cushion of INR 411.24 Crore, provided by the Insurance cover, along with the networth covers nearly 5 times the default fund requirement of ICCL and further increases the safety for domestic and international participants alike.

ICCL continues to remain the only CCP in India to be granted “AAA” rating by two rating agencies, India Ratings Ltd. (Indian arm of Fitch Ratings) and Care Ratings Ltd.

Robust Risk Management Framework

ICCL’s primary objective is to manage risk. Credit Risk, Liquidity Risk, Settlement Risk, Custody and Investment Risk, Collateral Risk, etc. are some of the risks that ICCL needs to deal with on an everyday basis. ICCL has a sound risk framework for the comprehensive management of all material risks, and has established documented policies, procedures and systems and controls to identify measure, monitor and manage such risks. ICCL has a dedicated risk management function and a Risk Management Committee comprising of Independent Directors and outside experts. The Chief Risk Officer has a dual reporting – to the MD&CEO as well as the Risk Management Committee.

ICCL has created a dedicated Default Fund, which is readily and unconditionally available to meet settlement obligations of ICCL in case of clearing member(s) failing to honour settlement obligation.

ICCL maintains a dedicated Default Waterfall for each segment, effectively ring fencing each segment of ICCL from defaults in other segments. ICCL has limited the liability for non-defaulting members to a maximum of INR 1 million across segments. ICCL is the only CCP in the World which has not sought contribution from members towards its Default Fund (ICCL’s Default Fund is 75% self-funded, while 25% is funded by the Exchange, BSE). ICCL carries out daily stress tests for credit risk, daily liquidity stress test to assess the adequacy of liquidity arrangements, periodic reverse stress tests and daily back tests for adequacy of margins. ICCL maintains a Business Continuity Plan (“BCP”) and Disaster Recovery (“DR”) Plan for systems as well as manpower. ICCL has a far DR, situated in a different seismic zone and INR 100 Crore is kept separately as part of recovery and resolution for covering operational cost for 1 year, legal cost, regulatory cost, and other liabilities.

ICCL aims to provide market participants with the latest market offerings and functionalities and signed an agreement with Clearstream on collateral management whereby foreign investors can deposit “AAA” rated foreign government securities as collateral.

5.2 Key Strategies

Technology Leadership

ICCL is a clearing corporation to the fastest exchange in the world with a speed of 6 microseconds.



ICCL provides its members with a Real Time Risk Management System (“RTRMS”) terminal, free of cost, to monitor and manage their own risks and that of their constituents. ICCL also has a versatile collateral management system (“CLASS”) for members to manage their segment-wise collateral. The collateral system is interlinked with RTRMS and change in collateral is reflected in the trading limits of the member. They provides front end facility to approximately 1300 clearing members to monitor and manage their collaterals and trading limits. ICCL also has some other periphery support systems like BEFS (for member filing), which enable the members to add/update their membership and other details online.

ICCL ensures that the systems are reliable and resilient even during stressed market conditions and are based on internationally recognised technical standards and industry best practices.

Product Leadership

ICCL settles trades reported on the Indian Corporate Debt Segment and the Mutual Fund (“StAR MF”) Segment of BSE and clears and settles trades executed on all the other segments of BSE, including Equity Cash, Equity Derivatives, BSE SME, Offer for Sale, Securities Lending & Borrowing, Debt Segment, Interest Rate Futures and the Currency Derivatives Segment.

ICCL will soon begin settlement of government bonds and sovereign gold bond bids collected in the primary market.

ICCL will also commence providing clearing and settlement services for cross-currency derivatives, interest rate options and Sovereign Gold Bond contracts traded on the BSE platform.

Services Leadership

ICCL continues to work closely with market participants and exchanges so as to capitalize opportunities and continues to improve its systems and processes to provide the most efficient clearing and settlement system in India.

ICCL’s dictum is Reliability builds Relationships and ICCL strives to uphold the confidence and integrity of the financial markets by aligning its systems with the industry’s best- practices.

5.3 Developments in Human Resource

ICCL’s focus is on matching skills and expertise to the roles to enhance employee satisfaction. Recognizing the growing importance of talent in driving the success of the organisation and the changing dynamics of business, ICCL has built a talent pool of around 42 professionals with an ideal mix of experience and youth. Knowledge updation of employees is taken care by regularly sending them for various public seminars and in-house training sessions as well. The in-house training is imparted through 100% subsidiary company BSE Institute Limited.

6. INTERNAL CONTROL, RISKS AND CONCERNS

6.1 Internal Control Systems and their Adequacy

ICCL identifies a risk based internal audit scope and assesses the inherent risk in the processes and activities of the department within the company and ensures that appropriate risk management limits, control mechanisms and mitigation strategies are in place. The Internal Auditors, via, their internal audit reports, make observations relating to the deficiencies/non-compliance of various audit areas and give suggestions/recommendations and control directives like periodic reconciliation, proper authorizations/ approvals, processing controls, segregations of duties, maker – checker approach, etc., so as to mitigate the deficiencies and make the process, procedure, systems and functions more robust, accountable, reliable and compliant. The observations made by the internal auditors and the compliances thereof are placed before the Audit Committee.

ICCL has further implemented pre-audit of all the major payments made to vendors based on a set criteria. It strives to put in checks and controls like internal approvals, budgetary controls, documentary controls, compliance to statutory requirement, etc.

ICCL conducts in-house monitoring of the statutory and regulatory compliances that are important and applicable to the Exchange. We identify and prioritize key compliance issues with the help of an outsourced agency. The compliances and the monitoring thereof are regularly placed before the Audit Committee.

The Company has an Audit Committee, the details of which have been provided in the Corporate Governance Report. The Committee reviews audit reports submitted by the internal auditors. Suggestions for improvement are considered and the Committee follows up on the implementation of corrective actions. The Committee also meets the Company's statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company.

6.2 Risks and Concerns

- Since ICCL is a clearing and settlement agency, its performance is dependent upon the trading activity on BSE's trading platform, the number of active traders in the market, the number of new/further listings and the amount of capital raised through such listings.
- Adverse economic conditions could negatively affect the business, financial condition and results of operations.
- The industry ICCL operates in is highly competitive and ICCL competes with a broad range of market participants for clearing and settlement volumes.
- ICCL operates in a business environment that continues to experience significant and rapid regulatory and technological changes.
- ICCL operates in a highly regulated industry and may be subject to censures, fines and other legal proceedings if it fails to comply with its legal and regulatory obligations. Changes in government policies could adversely affect trading volumes of instruments traded on the exchange and hence the settlement volumes of ICCL.
- The continuation or recurrence of systemic events such as the global economic crisis, changes in economic policies and the political situation in India or globally may adversely affect ICCL's performance.

7. FINANCIAL PERFORMANCE

During the financial year 2015-16, the total revenue of ₹ 6,960 lakhs was lower by 23% from ₹ 9,041 lakh for the year 2014-15. The lower revenue was mainly due to (a) decrease in operational income by 7% to ₹ 4,256 lakhs (FY 2014-15 ₹ 4,553 lakhs), (b) decrease in Income from investment and deposits by 40% to ₹ 2,702 lakhs (FY 2014-15 ₹ 4,469 lakh) mainly due to contribution towards Core Settlement Guarantee Fund (Core SGF) and (c) decrease in other income by 89% to ₹ 2 lakh (FY 2014-15 ₹ 19 lakhs).

The total expenditure during the financial year 2015-16 has gone up by 14% from ₹ 1,802 lakh for the year 2014-15 to ₹ 2,052 lakhs for the year 2015-16. This increase was mainly due to (a) increase in employee cost by 33% to ₹ 581 lakhs (FY 2014-15 ₹ 438 lakhs) on account of increase in headcount from previous year (b) increase in other operating expenses by 7% to ₹ 1,346 lakhs (FY 2014-15 ₹ 1,255 lakhs) on account of increased spends on CSR and Computer Technology expenses (c) increase in depreciation by 11% to ₹ 108 lakh (FY 2014-15 ₹ 97 lakhs) and (d) increase in finance cost by 42% to ₹ 17 lakhs (FY 2014-15 ₹ 12 lakh).

The total Profit before tax for the financial year 2015-16 was ₹ 4,836 lakhs as against ₹ 7,239 lakhs for the year 2014-15.

The total Profit after tax for the financial year 2015-16 was ₹ 4,829 lakhs as against ₹ 6,343 lakh for the year 2014-15, decrease of appx 24%.

Financial Statement as on March 31, 2016

Share Capital

The total paid up capital of the Company as on March 31, 2016 is ₹ 35,400 lakhs (previous year ₹ 35,400 lakhs) divided in to 3,54,00,00,000 equity shares of ₹ 1 each.

Reserves & Surplus

The total Reserves & Surplus as on March 31, 2016 is ₹ 12,747 lakh (previous year ₹ 11,174 lakhs) comprising of Core Settlement Guarantee Fund (Core SGF) of ₹ 12,263 lakh (previous year ₹ 7,930 lakhs) and statement of profit & loss of ₹ 484 lakhs (previous year ₹ 3,244 lakhs).

Thus the total Net worth of the Company as on March 31, 2016 is ₹ 48,147 lakhs (previous year ₹ 46,574 lakhs).

Liabilities

Total liabilities stood at ₹ 69,033 lakhs (previous year ₹ 79,563 lakhs). The details are as under:
(a) Deferred Tax Liability: ₹ 15 lakhs (previous year ₹ 13 lakhs)

(b) Other Long-term Liabilities: ₹ 5,375 lakhs (previous year ₹ 2,854 lakhs). The increase in other long term liabilities is due to contribution received from BSE Ltd towards Core SGF

(c) Trade Payable: ₹ 176 lakhs (previous year ₹ 2,287 lakhs). The reduction is due to settlement of holding company dues during the year

(d) Other Current Liabilities: ₹ 62,621 lakhs (previous year ₹ 68,652 lakhs). The decrease is mainly due to reduction in deposits of clearing banks and margin money received from members

(e) Short-term Provisions: decrease to ₹ 846 lakhs (previous year ₹ 5,757 lakhs)

Assets

Total assets stood at ₹ 1,17,180 lakhs (previous year ₹ 1,26,137 lakhs). The major components are given below:

(a) Fixed Assets: Total Gross Block as on March 31, 2016 is ₹ 475 (previous year ₹ 329 lakhs) lakhs and total Accumulated depreciation up to March 31, 2016 is ₹ 234 lakhs (previous year ₹ 126 lakhs). Thus Net Fixed Assets is ₹ 241 lakhs (previous year ₹ 203 lakhs). In addition, intangible working in progress is ₹ 15 lakh (previous year ₹ 6 lakhs).

(b) Non-current Investments: ₹ 26,227 lakhs (previous year ₹ 31,172 lakhs). The decrease is mainly due to classification from non-current to current portion of long investment.

(c) Long-term Loans and Advances: ₹ 1,553 lakhs (previous year ₹ 858 lakhs). The increase is mainly due to advances taxes paid including tax deducted at source (net of provision).

(d) Current Investment: ₹ 5,244 lakhs (previous year ₹ 24,116 lakhs).

(e) Trade Receivable: ₹ 199 lakhs (previous year ₹ 30 lakhs)

(f) Cash and Bank Balances: ₹ 79,781 lakhs (previous year ₹ 65,700 lakhs)

(g) Short-term Loans and Advances: ₹ 664 lakhs (previous year ₹ 197 lakhs). The increase is on account of cenvat receivable

(h) Other Current Assets: ₹ 3,256 lakhs (previous year ₹ 3,855 lakhs).

8. FUTURE OUTLOOK

The role of CCPs in facilitating safer financial markets has been gaining wide-spread importance over the recent years. The Indian and the international CCP framework has witnessed significant developments in the past year.

In India, the merger of the Forward Market Commission ("FMC") and SEBI, has opened up a new avenue for commodities clearing by CCPs. The Kamath Committee Report on CCPs submitted its recommendation on the viability of introducing interoperability in India as well as issues pertaining to investments, calculation of liquid assets in net worth of CCP and transfer of profits by recognised stock exchanges to the fund of CCPs. It has put forth a strong case for Interoperability by citing the case of Europe where the cost of clearing has come down by 40%.



ICCL is considering clearing OTC instruments, a space which currently is a monopoly. ICCL believes the next step after the same would be cross margining between exchange and OTC positions. This would be beneficial as it will enable efficient use of collateral, effective risk management depending on the client's position across exchange listed and OTC products, and would promote transparency. According to the Gandhi Committee report, clearing OTC products through CCPs will reduce systemic risk by improving counterparty risk management, reducing interconnectedness and enhancing the netting of financial exposures and reducing the probability that the default of a market participant will destabilize other participants.

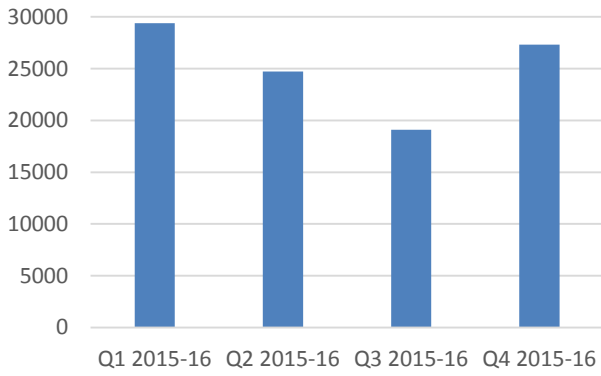
RBI has proposed to put in place a policy framework for authorization of electronic platforms with linkage to an approved central counterparty for settlement. This move would broaden participation in OTC instruments and provide a safe trading environment. RBI is also in the process of reviewing the existing guidelines on OTC instruments so as to make participation in OTC derivative markets through electronic platforms more broad-based.



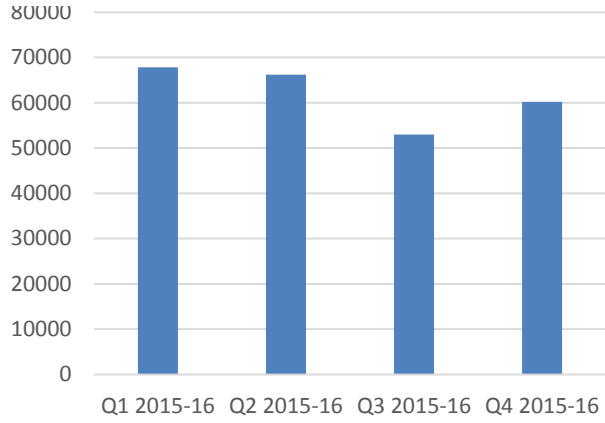
9. KEY BUSINESS STATISTICS

INR in Crore

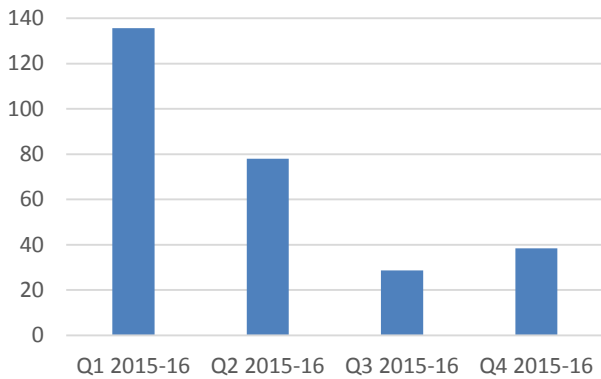
Equity Cash Segment: Funds Settled



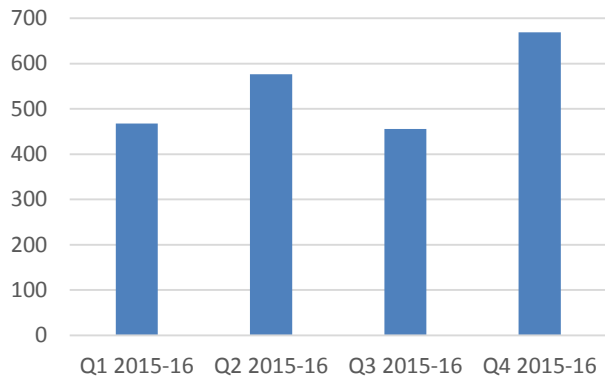
Equity Cash Segment: Securities Settled (Value)



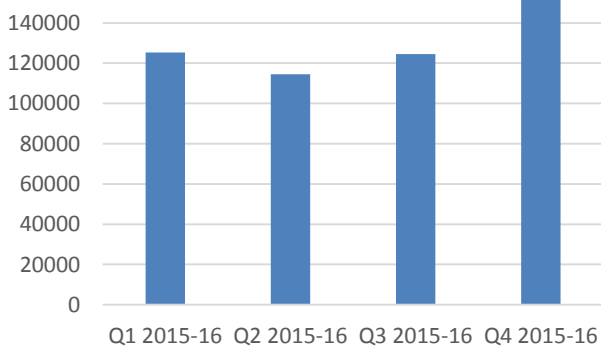
Equity Derivatives Segment: Funds Settled



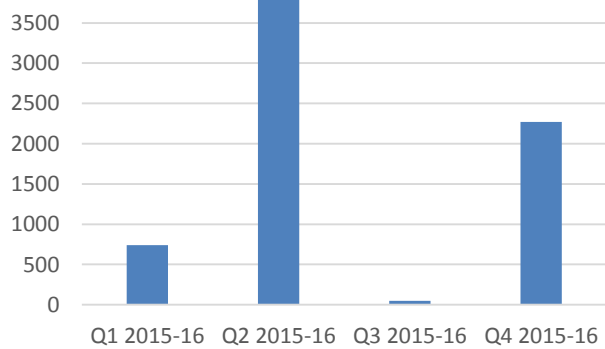
Currency Derivatives Segment: Funds Settled



ICDM Segment: Settlement Value



OFS Segment: Settlement Value



Independent Auditor's Report

To the Members of Indian Clearing Corporation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Indian Clearing Corporation Limited ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit

procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

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 March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the director is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

- (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, to the best of our information and according to the explanations given to us we state that:
- (i) the Company has disclosed the details of pending litigation in respect of Income Tax demand of ₹ 59 lakh in Note 22 to the financial statements on Contingent Liabilities and Commitments (to the extend not provided for). The management of the Company including its tax advisors believes that its position will likely be upheld in the appellate process and thus the amount is not provided in the books.
- (ii) a sum of ₹ 137 lakh has been shown as receivable from a defaulter member as on March 31, 2016. Based on the negotiation with the said member, the Company is of the opinion that the amount of ₹ 137 lakh is receivable and hence no provision is made in the books of account.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. Panse & Co.
Chartered Accountants
(Firm Registration No: 113470W)

Supriya Panse
Partner
Membership No.: 46607
April 29, 2016

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified once every year. The fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not hold any immovable property. Thus, paragraph 3(i) (c) of the Order is not applicable to the Company.
- (ii) The Company is a service company, primarily rendering clearing and settlement services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans to entities covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) According to the information and explanations given to us The Company is not required to maintain cost records as prescribed by the Central Government under section 148(1) of the Act for the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. In case of any delay in payment the amounts are paid along with the interest to the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us following dues of income tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (in Rs) of demand	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax, Interest	59 Lakh	Assessment Year 2013-14	CIT (A)

- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.



- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45 -IA of the Reserve Bank of India Act 1934.

For S. Panse & Co.

Chartered Accountants

(Firm Registration No: 113470W)

Supriya Panse

Partner

Membership No.: 46607

April 29, 2016

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Indian Clearing Corporation Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 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 S. Panse & Co.
Chartered Accountants
(Firm Registration No: 113470W)

Supriya Panse
Partner
Membership No.: 46607
April 29, 2016

INDIAN CLEARING CORPORATION LIMITED
 BALANCE SHEET AS AT MARCH 31, 2016

₹ In Lakh

Particulars		Note No	As at March 31, 2016	As at March 31, 2015
I.	EQUITY AND LIABILITIES			
1	Shareholder's Funds			
	(a) Share Capital	2	35,400	35,400
	(b) Reserves And Surplus	3	12,747	11,174
			48,147	46,574
2	Non-Current Liabilities			
	(a) Deferred Tax Liability (net)	4	15	13
	(b) Other Long-term Liabilities	5	5,375	2,854
			5,390	2,867
3	Current Liabilities			
	(a) Trade Payables	6		
	i) total outstanding dues of micro enterprises and small enterprises		-	-
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises		176	2,287
	(b) Other Current Liabilities	7	62,621	68,652
	(c) Short-term Provisions	8	846	5,757
			63,643	76,696
	Total		1,17,180	1,26,137
II.	ASSETS			
1	Non-current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets	9	30	21
	(ii) Intangible Assets	9	211	182
	(iii) Intangible Assets Under Development		15	6
	(b) Non-current Investments	10	26,227	31,172
	(c) Long-term Loans And Advances	11	1,553	858
			28,036	32,239
2	Current Assets			
	(a) Current Investments	12	5,244	24,116
	(b) Trade Receivables	13	199	30
	(c) Cash and Cash Equivalents	14	79,781	65,700
	(d) Short-term Loans And Advances	15	664	197
	(e) Other Current Assets	16	3,256	3,855
			89,144	93,898
	Total		1,17,180	1,26,137

See accompanying notes forming part of financial statements

1-34

For and on behalf of the Board of Directors

In terms of our report attached

For **S. Panse & Co.**

Chartered Accountants

Firm Reg. No.: 113470W

S. Sundareshan
Chairman

K. Kumar
Managing Director & CEO

Supriya Panse

Partner

Membership No.: 46607

Place: Mumbai

Date: April 29, 2016

M. N. Hariharan
Chief Financial Officer

Prasad Sawant
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

₹ In Lakh

Particulars		Note No	For the year ended March 31, 2016	For the year ended March 31, 2015
I	REVENUES			
	(a) Revenue From Operations	17	4,256	4,553
	(b) Revenue From Investments And Deposits	18	2,702	4,469
	(c) Other Income	19	2	19
	Total Revenue		6,960	9,041
II	EXPENSES			
	(a) Employee Benefits Expenses	20	581	438
	(b) Other Operating Expenses	21	1,346	1,255
	(c) Depreciation And Amortisation	9	108	97
	(d) Finance Cost - Interest		17	12
	Total Expenses		2,052	1,802
III	Profit Before Exceptional, Extraordinary Items And Tax (I - II)		4,908	7,239
IV	Exceptional Items (Refer Note 30)		72	-
V	Profit Before Extraordinary Items And Tax (III - IV)		4,836	7,239
VI	Extraordinary Items		-	-
VII	Profit Before Tax (V - VI)		4,836	7,239
VIII	Tax Expense:			
	Current Tax		349	895
	MAT Credit Entitlement		(349)	-
	Deferred Tax		2	1
	Tax Adjustment For Earlier Years		5	-
IX	Profit From Continuing Operations (VII - VIII)		4,829	6,343
X	Profit From Discontinuing Operations		-	-
XI	Profit For The Year (IX + X)		4,829	6,343
XII	Earning Per Equity Share:			
	Basic And Diluted		0.14	0.17
	Par Value Of Share (Re.)		1	1
	Weighted Average Number Of Shares (Nos.)		3,54,00,00,000	3,54,00,00,000

See accompanying notes forming part of financial statements

1-34

In terms of our report attached

For and on behalf of the Board of Directors

For **S. Panse & Co.**

Chartered Accountants

Firm Reg. No.: 113470W

S. Sundareshan
Chairman

K. Kumar
Managing Director & CEO

Supriya Panse

Partner

Membership No.: 46607

M. N. Hariharan
Chief Financial Office

Prasad Sawant
Company Secretary

Place: Mumbai

Date: April 29, 2016

INDIAN CLEARING CORPORATION LIMITED
 CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

₹ In Lakh

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	4,836	7,239
<u>Adjustments For:</u>		
Amortisation Of Bonds Premium / Discount On Bonds	(47)	(67)
Finance Cost	17	12
Depreciation On Fixed Assets	108	97
Penalties/Contribution received towards Settlement Guarantee Fund	877	66
Provision for Compensated absence	33	25
Provision for Gratuity	2	-
(Profit) / Loss On Sale / Redemption Of Mutual Funds	-	(1)
Provision in Diminution of Current Investment	-	(53)
Interest Income	(2,385)	(4,112)
Dividend Income	(260)	(122)
	(1,655)	(4,155)
Operating Profit Before Working Capital Changes	3,181	3,084
<u>Adjustments For (Increase)/Decrease In :</u>		
Trade Receivables	(169)	58
Short-term Loans And Advances	(467)	85
Long-term Loans And Advances	(1)	(2)
Other Non Current Assets	-	3
Other Current Assets	1,119	(2,710)
<u>Adjustments For Increase/(Decrease) In Operating Liability :</u>		
Trade Payable	(2,111)	2,116
Other Current Liabilities	(5,688)	(19,167)
Short Term Provisions	(18)	(3)
Other Long term Current Liabilities	2,521	2,554
	(4,814)	(17,066)
Taxes Paid	(699)	(1,528)
Net Cash From / (Used In) Operating Activities	(2,332)	(15,510)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(155)	(108)
Purchase of Long Term Investments	-	(4,036)
Net (Increase) / Decrease In Current Investments	23,864	18,156
Net (Increase) / Decrease In Fixed Deposits With Banks	(14,574)	17,739
Interest Income	1,850	3,823
Dividend From Mutual Funds	260	122
Net Cash From / (Used In) Investment Activities	11,245	35,696
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(4,757)	(2,564)
Tax On Dividend Paid	(968)	(436)
Interim Dividend Paid	(2,771)	-
Tax on Interim Dividend Paid	(565)	-
Finance Cost	(17)	(12)
Net Cash From / (Used In) Financing Activities	(9,078)	(3,012)

D. Net (Decrease) / Increase In Cash And Cash Equivalents	(165)	17,174
Cash And Cash Equivalents At The End Of The Year		
In Current Account	15,350	6,315
In Deposit Account	17,790	26,990
	33,140	33,305
Cash And Cash Equivalents At The Beginning Of The Year	33,305	16,131
Changes In Cash & Cash Equivalents	(165)	17,174
Cash And Cash Equivalents At The End Of The Year	33,140	33,305
Add: Earmarked Bank balance	-	2
Add: Fixed Deposits original maturity more than 3 Months	46,641	32,067
Add: Earmarked Fixed Deposits	-	326
Cash and Cash Equivalents as per note no. "14"	79,781	65,700

Note 1: Cash flow does not include Cash and Cash Equivalents of earmaked fund except Core SGF.

See accompanying notes forming part of financial statements

For and on behalf of the Board of Directors

In terms of our report attached

For **S. Panse & Co.**

Chartered Accountants
Firm Reg. No.: 113470W

S. Sundareshan
Chairman

K. Kumar
Managing Director & CEO

Supriya Panse

Partner

Membership No.: 46607

Place: Mumbai

Date: April 29, 2016

M. N. Hariharan

Chief Financial Officer

Prasad Sawant

Company Secretary

Significant Accounting Policies and Notes to Accounts

Notes annexed to and forming part of Financial Statements for the Year ended March 31, 2016.

Company Overview

Indian Clearing Corporation Limited (“ICCL” or “company”) was incorporated in 2007 as a wholly owned subsidiary of BSE Ltd. ICCL carries out the functions of clearing, settlement, collateral management and risk management for various segments of different stock exchanges.

1. Significant Accounting Policies

1.1 Basis of preparation of financial statements:

The financial statements are prepared on the historical cost convention, on the accrual basis of accounting and conform to accounting principles generally accepted in India and the Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006, in terms of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

1.2 Use of Estimates:

The preparation of financial statements, in conformity with Indian GAAP, requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the year. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

1.3 Revenue Recognition:

- 1.3.1 Revenue from Service is recognized as and when the service is performed as per the relevant agreements and when there is a reasonable certainty of ultimate realization.
- 1.3.2 Dividend Income is recognized when the unconditional right to receive dividend is established.
- 1.3.3 Interest income is recognized on a time proportion method, based on rates implicit in the transaction. Premium paid/discount received at the time of acquisition of Government / Debt securities is amortised over the residual period of its maturity.

1.4 Fixed Assets:

1.4.1 Tangible Assets:

Tangible Assets are stated at cost net of recoverable taxes, less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises purchase price and any cost directly attributable to bringing the assets to its working condition for its intended use.

1.4.2 Intangible Assets:

- (i) Cost of development and production of internally developed or purchased software, used for the purpose of operations, is capitalised.
- (ii) Any expense on software for support, maintenance, upgrades etc., payable periodically is charged to the Statement of Profit and Loss.

1.4.3 Intangible assets under development:

Intangible assets under development include cost of fixed assets that are not ready for their intended use at the reporting date.

1.5 Depreciation:

1.5.1 Tangible Assets:

Depreciation on tangible assets is provided on the 'Written Down Value' basis, except depreciation on Motor Vehicle, as per useful life of the assets as prescribed under Schedule II of the Companies Act, 2013 for the number of days the assets have been ready to put to use for their intended purposes.

Depreciation on Motor Vehicle assets is depreciated over a useful life of 3 years which represent the lease period of the asset purchased on finance lease.

1.5.2 Intangible Assets:

Intangible assets consisting of computer software are being depreciated at 40% on the 'Written Down Value' basis for the number of days the assets have been ready to put to use for their intended purposes

1.6 Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date to assess if there is an indication of impairment based on the internal and external factors.

An asset is treated as impaired when its carrying cost exceeds the recoverable amount of the asset. An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which the asset is identified as impaired. Reversal of impairment loss recognised in prior years is recorded when there is an indication that impairment losses recognised for the assets no longer exist or have decreased.

1.7 Investments:

Investments are either classified as current or non-current based on the Management's intention at the time of investment.

Current investments are carried at the lower of cost and fair value of each investment individually.

Non-Current investments are stated at cost. Provision for diminution is made to recognize a decline other than temporary, in the value of such investments. The cost of investment includes acquisition charges such as brokerage, etc. Front-end discount/incentive earned in respect of direct subscription is adjusted towards the cost of investment. Income on investments is accounted for on accrual basis.

1.8 Employee Benefits:

Employee benefits are accrued in accordance with Accounting Standard-15 (Revised) "Employee Benefits" issued by the Institute of Chartered Accountant of India (ICAI).

1.8.1 Provident Fund – Defined Contribution Plan

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contribution along with interest thereon is paid on cessation of services. Both the employee and the company make monthly contributions to the "BSE Employees' Provident Fund", a trust set up and administered by the BSE Ltd. The company is liable for any shortfall in the fund assets based on the minimum rate of return specified by the Government, which is debited to the Statement of Profit and Loss as and when services are rendered by the employees.

1.8.2 Gratuity – Defined Benefit Plan

The Company accounts for the liability for future gratuity benefits based on an independent external actuarial valuation. The gratuity obligation is wholly funded. The net present value of the company's obligation towards the same is based on the projected unit credit method as at the Balance Sheet date.

1.8.3 Compensated Absences

The Company accrues the liability for compensated absences based on independent external actuarial valuation as at the balance sheet date conducted by an independent actuary. The net present value of the Company's obligation is determined based on the projected unit credit method as at the Balance Sheet date.

1.9 Leases

Assets taken on lease by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability are created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

1.10 Tax Expense:

Tax expenses comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax-law) and deferred tax charge or credit (reflecting the tax effects of timing difference between accounting income and taxable income for the year).

Current Tax:

Current tax is measured at the amount expected to be paid to the taxation authorities, using applicable tax rates and tax laws.

Deferred Tax:

Deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in the future; however where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax (MAT):

In accordance with the guidance note issued by the Institute of Chartered Accountants of India ('ICAI') on accounting for credit available in respect of MAT under the Income-tax Act, 1961, the Company recognises MAT credit as an asset only when and to the extent there is convincing evidence that the Company will be liable to pay normal income tax during the specified period.

1.11 Provisions, Contingent Liabilities, Contingent Assets and Events Occurring after the Balance Sheet Date:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in Notes to Accounts, while Contingent assets are neither recognised nor disclosed in the financial statements. Adjustments to assets and liabilities is made for events occurring after the balance sheet date that provide additional information materially affecting the determination of the amounts relating to conditions existing at the balance sheet date. Adjustments to assets and liabilities are not made for events occurring after the balance sheet date, if such events do not relate to conditions existing at the balance sheet date.

1.12 Foreign Currency Transaction:

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. All foreign currency current assets/liabilities are translated at the rates prevailing on the date of the Balance Sheet. Foreign Exchange rate differences arising on settlement(s) / conversion(s) are recognised in the Statement of Profit and Loss.

1.13 Earnings per Share:

Basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

1.14 Settlement Obligation:

Pay-in/Pay-out obligation (Settlement Obligation) of the company are accounted based on settlement dates.

1.15 Cash flow statement

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

1.16 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term investments (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.17 Current / Non-current classification

The Schedule III to the Act requires assets and liabilities to be classified as either Current or Non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within twelve months after the balance sheet date;
- or
- d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in, the entity's normal operating cycle;

- b) it is held primarily for the purpose of being traded; it is due to be settled within twelve months after the balance sheet date; or
- c) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

All other liabilities are classified as non-current.

Operating Cycle

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

1.18 Earmarked Funds:

Earmarked Funds represent deposits, margins, etc held for specific purpose. These amounts are invested and same shall be earmarked in Balance Sheet. Income earned on investment from those earmarked funds are shown as liabilities and not routed through Statement of Profit and Loss.

1.19 Core Settlement Guarantee Fund (Core SGF) :

As per SEBI vide circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014 every recognised clearing corporation shall establish and maintain a Fund for each segment, to guarantee the settlement of trades executed in respective segment of a recognised stock exchange. Clearing Corporation (CC) shall have a fund called Core SGF for each segment of each Recognised Stock Exchange (SE) to guarantee the settlement of trades executed in respective segment of the SE. In the event of a clearing member (member) failing to honour settlement commitments, the Core SGF shall be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process. Core SGF shall be contributed by Clearing Corporation (ICCL) and Stock exchange (BSE) as prescribed by SEBI. This fund is represented by earmarked Core SGF investments. The income earned on such investments (ICCL) is credited to the respective contributor's funds. Penalties and fines levied by the Company are directly transferred to Core SGF as Other Contributions.

2. SHARE CAPITAL

₹ In lakh

Particulars	As at	As at
	March 31, 2016	March 31, 2015
Authorised		
5,00,00,00,000 Equity Shares of ₹ 1/- each with voting rights (As at March 31, 2015: 5,00,00,00,000 Equity Shares of ₹ 1/- each)	50,000	50,000
Issued, Subscribed and Fully Paid - up		
3,54,00,00,000 Equity Shares of ₹ 1/- each with voting rights (As at March 31, 2015: 3,54,00,00,000 Equity Shares of ₹ 1/- each)	35,400	35,400
Total	35,400	35,400

2(a). Reconciliation of number of shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹ In lakh	No. of Shares	₹ In lakh
Equity shares at the beginning of the year	3,54,00,00,000	35,400	3,54,00,00,000	35,400
Additions during the year	-	-	-	-
Equity shares at the end of the year	3,54,00,00,000	35,400	3,54,00,00,000	35,400

2(b). In the period of five years immediately preceding March 31, 2016:

- I) The Company has not allotted any class of equity share without payment being received in cash or by way of bonus shares.
- II) The Company has not bought back any class of equity shares.

2(c). List of shareholders holding more than 5% shares

Name of Shareholders	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% of total shares	No. of Shares	% of total shares
BSE Limited and its nominees	3,54,00,00,000	100	3,54,00,00,000	100

2(d) I. The holders of equity shares are entitled to dividends, if any, proposed by the board of directors and approved by the shareholder at the Annual General Meeting.

2(d) II. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of preferential amount. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

3. RESERVES AND SURPLUS

₹ In lakh

Particulars	As at March 31, 2016	As at March 31, 2015
Core Settlement Guarantee Fund (Refer to Note 1.19 & 28)		
Opening Balance	7,930	368
Add : Corpus transferred from Statement of Profit & Loss	3,456	7,314
Add : Income Earned during the year	877	-
Add : Appropriation from Statement of Profit & Loss	-	248
Sub-Total	12,263	7,930
Statement of Profit and Loss		
Opening Balance	3,244	10,209
Add : Profit for the year	4,829	6,343
<i>Less : Appropriations</i>		
Corpus transferred to Core SGF	3,456	7,314
Income transferred to Core SGF	-	248
Income transferred to Core SGF (Others Contributions)	-	15
Exchange Contribution towards Core Settlement Guarantee Fund	-	6
Interim Dividend	2,771	-
Tax on Interim Dividend	565	-
Final Dividend	662	4,757
Tax on Final Dividend	135	968
Sub-Total	484	3,244
Total	12,747	11,174

4. DEFERRED TAX LIABILITY (NET)

₹ In lakh

Particulars	As at March 31, 2016	As at March 31, 2015
Deferred Tax Liabilities:		
Depreciation	31	24
Less : Deferred Tax Asset		
Provision for Leave Encashment	16	11
Net Deferred Tax Liability	15	13

5. OTHER LONG-TERM LIABILITIES

₹ In lakh

Particulars	As at March 31, 2016	As at March 31, 2015
Lease Rental Payable	-	5
Accrued Employee Benefits Expense	33	25
Core Settlement Guarantee Fund (Exchange Contribution and Others Contributions) (Refer to Note 1.19 & 28)	5,342	2,824
Total	5,375	2,854

6. TRADE PAYABLES

₹ In lakh

Particulars	As at March 31, 2016	As at March 31, 2015
i) total outstanding dues of micro enterprises and small enterprises	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
a) Payable to Service Providers	120	179
b) Payable to Holding Company	56	2,108
Total	176	2,287

Note - The Company has received information from some "Suppliers" regarding their status under the Micro, Small, and Medium Enterprises Development Act, 2006. Based on the information received, there are no amounts unpaid as at the year end.

7. OTHER CURRENT LIABILITIES

₹ In lakh

Particulars	As at March 31, 2016	As at March 31, 2015
Deposit from Clearing Banks	13,801	14,801
Deposit and Margins from Members	18,157	22,314
Settlement Obligation Payable	29,698	30,362
Clearing and Settlement - Others	809	717
Accrued Employee Benefits Expense	134	92
Lease Rental Payable	5	3
Statutory Remittances	17	20
Earmarked - Defaulters Liabilities	-	343
Total	62,621	68,652

8. SHORT-TERM PROVISIONS

₹ In lakh

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits		
Provision for Compensated Absences	47	32
Provision for Gratuity	2	-
Other Provision		
Final Dividend Payable	662	4,757
Tax on Final Dividend Payable	135	968
Total	846	5,757

9. FIXED ASSETS

₹ in Lakh

Particulars	Gross Block			Accumulated depreciation and amortisation			Net Carrying Value	
	As at April 01, 2015	Additions	As at March 31, 2016	As at April 01, 2015	Depreciation/ Amortisation for the year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets :								
Computer Equipment * (Previous Year)	25 (14)	32 (11)	57 (25)	9 -	20 (9)	29 (9)	28 (16)	16 (14)
Motor Vehicles (Previous Year)	12 (12)	- -	12 (12)	7 -	3 (7)	10 (7)	2 (5)	5 (12)
Office Equipment * (Previous Year)	-	-	-	-	-	-	-	-
Intangible Assets :								
Software (Previous Year)	292 (196)	114 (96)	406 (292)	110 (29)	85 (81)	195 (110)	211 (182)	182 (167)
Total	329	146	475	126	108	234	241	203
Previous financial year	(222)	(107)	(329)	(29)	(97)	(126)	(203)	

* Notes: Opening Balance and depreciation includes amounts less than ₹ 50,000/-.

10. NON-CURRENT INVESTMENTS

₹ In lakh

Particulars	As at March 31, 2016	As at March 31, 2015
Non Trade Investments (At cost, unless otherwise specified): (Fully Paid-up, unless otherwise stated)		
Unquoted - Investments in Equity Instruments 25,000 Shares of BSE CSR Integrated Foundation of ₹ 1/- each (P.Y. - Nil)	-	-
Quoted - Investment in Bonds		
Own Fund	20,292	25,228
Clearing and Settlement Fund	4,550	4,559
Earmarked -Core Settlement Guarantee Fund	1,385	1,385
Total	26,227	31,172
Book Value of Quoted Investment	26,227	31,172
Market Value of Quoted Investment	28,096	33,033

Script-wise Details of Investment in Bonds

₹ In lakh

Particulars	No. of Units	As at March 31, 2016	No. of Units	As at March 31, 2015
Investment in Bonds				
Own Fund				
8.20% - Power Finance Corporation - 01 February 2022	1,19,000	1,232	1,19,000	1,240
8.23% - Indian Railway Financial Corporation - 18 February 2024	10,00,000	10,000	10,00,000	10,000
8.35% Power Finance Corporation Ltd - 15 May 2016	-	-	500	4,931
8.00% - Indian Railway Finance Corporation Ltd - 23 February 2022	61,000	601	61,000	599
8.27% - National Highway Authority of India - 05 February 2024	8,12,098	8,121	8,12,098	8,121
8.20% - National Highway Authority of India - 25 January 2022	34,000	338	34,000	337
		20,292		25,228
Clearing and Settlement Fund				
8.27% - National Highway Authority of India - 05 February 2024	49,400	494	49,400	494
8.23% - Indian Railway Financial Corporation - 18 February 2024	2,50,000	2,517	2,50,000	2,519
7.93% - Rural Electrification Corporation - 27 March 2022	1,50,000	1,539	1,50,000	1,546
		4,550		4,559
Earmarked - Core SGF				
8.27% - National Highway Authority of India - 05 February 2024	1,38,502	1,385	1,38,502	1,385
		1,385		1,385
Total		26,227		31,172

11. LONG-TERM LOANS AND ADVANCES

₹ In lakh

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured - (considered good)		
Deposit with Others	5	5
Income Tax Paid In Advance (net of provisions)	1,535	841
Loans and advances to Staff	12	10
Prepaid Expenses	1	2
Total	1,553	858

12. CURRENT INVESTMENTS

₹ In lakh

Particulars	As at March 31, 2016	As at March 31, 2015
QUOTED INVESTMENTS (At lower of cost or fair value)		
Investment in Certificates of Deposit		
Own Fund	-	12,983
Clearing and Settlement Fund	-	4,993
Subtotal (A)	-	17,976
Investment in Units of Mutual Funds		
Own Fund		
Units of Dividend Oriented Liquid Schemes of Mutual Funds	-	-
Clearing and Settlement Fund		
Units of Dividend Oriented Liquid Schemes of Mutual Funds	-	1
Units of Growth Oriented Liquid Schemes of Mutual Funds	252	425
Earmarked - Core SGF		
Units of Dividend Oriented Liquid Schemes of Mutual Funds	-	5,714
Subtotal (B)	252	6,140
CURRENT PORTION OF LONG TERM INVESTMENTS (At Cost)		
Quoted Investment in Bonds		
Own Fund	4,992	-
Sub total (C)	4,992	-
Total (A+B+C)	5,244	24,116
Aggregate Cost of Mutual Funds	252	6,140
NAV of Mutual Funds	314	6,204
Aggregate Book value of Quoted investment (Other than Mutual Funds)	4,992	17,976
Market value of Quoted investment	5,000	17,978

Script-wise Details of Current Investments

₹ In lakh

Particulars	No. of Units	As at March 31, 2016	No. of Units	As at March 31, 2015
Certificates of Deposit (At cost) :				
Own Fund				
Bank of India-06 Apr 2015	-	-	5,000	4,994
Indusind Bank-06 Apr 2015	-	-	8,000	7,989
Clearing and Settlement Fund				
South Indian Bank 06 Apr 2015	-	-	3,000	2,996
ICICI Bank Limited CD 06-Apr-2015	-	-	600	598
Axis Bank 06 Apr 2015	-	-	1,400	1,399
Sub-Total (A)		-		17,976
Mutual Funds				
Clearing and Settlement Fund				
DWS Insta Cash Plus Fund-Dir-DDR	-	-	825	1
HDFC Liquid Fund - Dir - Growth	10,517	252	17,71,700	425
Earmarked - Core SGF				
HDFC Liquid Fund Dir DDR		-	57,11,006	5,714
Sub-Total (B)		252		6,140
Current Portion of Long Term Investments				
8.35% - Power Finance Corporation Ltd - 15 May 2016	500	4,992	-	-
Grand Total		5,244		24,116

13. TRADE RECEIVABLES

₹ In lakh

Particulars	As at March 31, 2016	As at March 31, 2015
Outstanding for a period exceeding six months (from the date they became due for payment)		
Secured and Considered Good	1	1
Other Receivable		
Secured and Considered Good	195	-
Unsecured, considered good	3	29
Total	199	30

14. CASH AND CASH EQUIVALENTS

₹ In lakh

Particulars	As at	As at
	March 31, 2016	March 31, 2015
Cash on hand	-	-
Balances with banks		
In Current accounts		
Own Fund	530	84
Clearing and Settlement Fund	14,731	5,619
Earmarked - Core SGF	89	612
Earmarked - Defaulter	-	2
In Deposit accounts		
Own Fund	5,109	3,121
Clearing and Settlement Fund	41,975	53,070
Earmarked - Core SGF	17,347	2,866
Earmarked - Defaulter	-	326
Total	79,781	65,700

Notes:

- Balances in Deposits with Banks includes ₹ 13,249 Lakh (As at March 31, 2015 ₹ 155 Lakh), which have an remaining maturity of more than 12 months (Including Earmarked).

- Balances in Deposits with Banks of ₹ 20,687 Lakh (As at March 31, 2015 ₹ 17,999 Lakh), are pledged against bank over draft.

15. SHORT-TERM LOANS AND ADVANCES

₹ In lakh

Particulars	As at	As at
	March 31, 2016	March 31, 2015
Unsecured - (considered good)		
Balances with government authorities:		
Cenvat Credit Receivable	459	-
Prepaid Expenses	204	195
Loan and advance to Staff	1	2
Total	664	197

16. OTHER CURRENT ASSETS

₹ In lakh

Particulars	As at	As at
	March 31, 2016	March 31, 2015
Accrued interest :		
Deposits		
Own Fund	204	2
Clearing and Settlement Fund	919	1,422
Earmarked - Core SGF	431	67
Earmarked - Defaulter	-	15
Bonds		
Own Fund	1,271	938
Clearing and Settlement Fund	289	518
Earmarked - Core SGF	5	108
Others Receivable from defaulter member (Refer to Note 31)	137	785
Total	3,256	3,855

17. REVENUE FROM OPERATIONS

₹ In lakh

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
<u>Sale of services</u>		
Clearing and Settlement Services (Refer note 29)	-	1,613
Auction Fees	83	100
<u>Other Operating Revenue</u>		
Treasury Income from Clearing and Settlement Funds	4,130	5,319
<i>Less : payable to BSE Ltd (Refer note 29)</i>	-	(2,539)
Others	43	51
Other - Earmarked Fund - Core SGF	-	9
Total	4,256	4,553

18. REVENUE FROM INVESTMENTS AND DEPOSITS

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Income from Long Term Investments:		
Income From Bonds	2,143	2,132
Income from Current Investments:		
Income on Certificates of Deposit	17	10
Profit on Sale / Redemption of Mutual Funds	-	1
Dividend From Mutual Funds	260	99
Interest income from deposits	282	1,939
Sub-Total	2,702	4,181
<u>Income on Earmarked Fund - Core SGF</u>		
Income from Long Term Investments:		
Income From Bonds	-	156
Income from Current Investments:		
Dividend From Mutual Funds	-	34
Interest income from deposits	-	98
Sub-Total	-	288
Total	2,702	4,469

19. OTHER INCOME

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Interest Income on Income Tax Refund	-	18
Miscellaneous Income	2	1
Total	2	19

20. EMPLOYEE BENEFITS EXPENSES

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Salaries, Allowances and Bonus	523	387
Contribution to Provident and Other Funds	14	18
Provision for Compensated Absence	33	25
Staff Welfare Expenses	11	8
Total	581	438

21. OTHER OPERATING EXPENSES

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Auditors' Remuneration	5	4
Contribution to Corporate Social Responsibility	128	40
Electricity Charges	7	7
Rent	40	38
Computer Technology Related Expenses	646	600
Insurance	197	218
Service Tax Expense	18	6
Property Tax Expenses	4	3
Clearing House Charges	37	47
Directors' Sitting Fees	10	6
Legal Fees	30	62
Membership & Subscription Fees	14	-
Personnel Deputation Cost	-	50
Professional Fees	86	83
Provision in Diminution of Current Investment	-	(53)
Stamp Duty, Registration Charges & Regulatory Fees	6	6
Travelling Expenses	43	55
Committee Meeting Sitting Fees	47	59
Miscellaneous Expenses	28	24
Total	1,346	1,255

Notes:

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Auditors' Remuneration Includes:		
Statutory Audit Fees	4	3
Tax Audit Fees	1	1
Total	5	4

22. Contingent Liabilities and Commitments (to the extent not provided for)

₹ in lakh

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
a)	<u>Contingent Liability</u> Claims against the company not acknowledged as debts in respect of : Income tax matters (The company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process.)	59	Nil
b)	<u>Commitments</u> Estimated amount of unexecuted capital contracts	14	25

23. As per the definitions of 'business segment' and 'geographical segment', contained in Accounting Standard – 17 (AS-17) "Segment Reporting", the Management is of the opinion that as the Company's operations comprise only facilitating clearing and settlement activities and the activities incidental thereto, there is neither more than one business segment nor more than one reportable geographical segment.

24. In terms of the Scheme of Amalgamation ("the Scheme"), United Stock Exchange of India Limited (USE) has been merged with BSE Ltd (BSE). The said scheme of amalgamation filed by BSE has been approved by Hon'ble High Court of Bombay vide their order dated May 14, 2015, with the appointed date of April 01, 2014. Accordingly all transaction entered by the Company during the financial year 2014-15 with USE are disclosed as related party transactions with BSE.

25. Related party Transactions:**I. List of Related Party and Relationships**

Sr. No.	Name of Related Party	Relationship
1.	BSE Limited	Holding Company
2.	Marketplace Technologies Private Ltd	Fellow Subsidiary
3.	Central Depository Services (India) Ltd	Fellow Subsidiary
4.	BSE CSR Integrated Foundation (Being a Section 8 company under companies Act, 2013)	Fellow Subsidiary
5.	BOI Shareholding Ltd (Till January 11, 2016)	Joint Venture of Holding Company
6.	Shri K. Kumar	Key Management Personnel (KMP) - Managing Director & CEO

II. Transactions with Related Parties

(a) BSE Ltd (Holding Company):

₹ in Lakh

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Income		
Clearing and Settlement Charges	-	1,613
Income on Clearing and Settlement Fund payable to BSE	-	-2,539
Expenditure		
Personnel Deputation Cost	-	50
Rent	38	38
Computer Technology Related Expenses	242	166
Electricity Charges	7	7
Property Tax	4	3
Membership & Subscription Fees	13	-
Others Expenses	15	4

Particulars	As at March 31, 2016	As at March 31, 2015
Assets		
Prepaid Expenses	2	2
Liability		
Contribution towards Core SGF (excluding interest earned thereon)	4,305	2,565
Payable (net)	56	2,108

(b) Marketplace Technologies Private Ltd (Fellow Subsidiary):

₹ in Lakh

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Computer Technology Expenses	361	386
Software (Fixed Assets/CWIP)	114	93

Particulars	As at March 31, 2016	As at March 31, 2015
Liability		
Payable	45	77

(c) Central Depository Services (India) Ltd (Fellow Subsidiary):

₹ in Lakh

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Expenditure		
Administrative & Other Expenses	5	2

Particulars	As at March 31, 2016	As at March 31, 2015
Assets		
Deposits (Asset)	5	5
Prepaid Expenses	1	2

(d) BSE CSR Integrated Foundation (Fellow Subsidiary):

₹ in Lakh

Particulars	As at March 31, 2016	As at March 31, 2015
Expenditure		
Contribution to Corporate Social Responsibility	109	-
Assets		
Investment (25,000 Equity shares of ₹ 1/- each – P.Y. Nil)	-	-

(e) BOI Shareholding Ltd (Joint Venture of Holding Company):

₹ in Lakh

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Expenditure		
Clearing House Service Charges	36	47
Administrative & Other Expenses	-	1

Particulars	As at March 31, 2016	As at March 31, 2015
Liability		
Payable	3	3

(f) Shri K. Kumar (KMP):

₹ in Lakh

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Gross remuneration and other benefits paid	72	60

26. Earnings per Share:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit after tax (₹ in lakh)	4,829	6,343
Less: Appropriations (net of tax) (₹ in lakh)	-	263
Profit attributable to Equity Shareholders (₹ in lakh)	4,829	6,080
Weighted average number of Equity shares used in computing Basic and Diluted earnings per share (Nos.)	3,54,00,00,000	3,54,00,00,000
Face value of equity shares (₹)	1	1
Basic and Diluted earnings per share (₹)	0.14	0.17

27. Expenditure in Foreign Currency:

₹ in Lakh

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Software Expenses	7	23
Travel Expenses	11	13
Membership Fees	2	-
Seminar & Participant Fees	1	-

28. a) As per SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014, ICCL has established a fund called Core SGF for each segment (Equity, Equity Derivative, Debt & Currency Derivative) of each Recognised SE to guarantee the settlement of trades executed in respective segment of the SE. Accordingly, an amount ₹ 13,915 lakh as at March 31, 2016 (₹ 7,930 lakh as at March 31, 2015) has been earmarked from investments and bank balances towards the Core SGF maintained for various segment by ICCL including ₹ 877 lakh (P. Y. ₹ 248 lakh) income earned thereon during the year. The contribution made by BSE Ltd to the said Core SGF amounts to ₹ 4,599 lakh as at March 31, 2016 (₹ 2,579 lakh as at March 31, 2015) including ₹ 279 lakh (P. Y. ₹ 14 lakh) income earned thereon during the year. Further, Other Contribution represent an amount (i) ₹ 405 lakh as at March 31, 2016 (₹ Nil as at March 31, 2015) including ₹ 33 lakh (P. Y. ₹ Nil) income earned thereon during the year, have been received under the Scheme of amalgamation between United Stock Exchange of India Limited and BSE Ltd (ii) ₹ 338 lakh as at March 31, 2016 (₹ 245 lakh as at March 31, 2015) including ₹ 19 lakh (P. Y. ₹ 15 lakh) income earned thereon during the year, being fines & penalties collected from members by ICCL have been included in Core SGF.

₹ in Lakh

Particulars	BSE Contribution	ICCL Contribution	Other Contributions	Total
Equity Segment	2,731	8,205	327	11,263
Equity Derivative Segment	387	1,159	6	1,552
Currency Derivative Segment	1,481	4,431	410	6,322
Debt	-	120	-	120
Grand Total	4,599	13,915	743	19,257

b) Earlier, the income earned on Core SGF investments (ICCL and others contribution) was credited to the Statement of Profit and Loss and then appropriated to the Fund (net of taxes). Effective April 01, 2015 the said Income is directly credited to the Core SGF of respective contributors.

29. As per the terms of cost and revenue sharing agreement with BSE Limited (BSE), the clearing and settlement income has been recognised by the company at 20% on transaction charges earned by BSE till September 30, 2014. As per the revised terms between the parties, the clearing and settlement income for the period October 01, 2014 to March 31, 2015 was recognised at cost plus a mark-up of 20% (Cost included all operational cost) and considering the fact that the business activities undertaken by the Company primarily derived out of transactions executed on the trading platform of BSE, it was agreed between the parties that the Company will pay to BSE an amount equal to the income generated on investment of margins, collateral and deposits placed by the members and clearing banks. Accordingly the income earned on investments of margins, collateral and deposits placed by the members and clearing banks for the said period October 01, 2014 to March 31, 2015 has been paid by Company to BSE Limited.

The above arrangement was reviewed by the parties and it was agreed that effective April 01, 2015 the Company will not charge clearing and settlement income to BSE and also the Company will not pay the income generated on investment of margins, collateral and deposits placed by the members and clearing banks

30. A sum of ₹ 72 lakh (net) paid to associates of a defaulter member as per the directive of Defaulter's Committee of the company has been charged off as an exceptional item.
31. A sum of ₹ 137 lakh (P. Y. ₹ 785 Lakh) has been shown as receivable from a defaulter member. Based on the negotiation with the said member, the company is of the opinion that the amount of ₹ 137 lakh is receivable and hence no provision is made in the books of account.

32. Disclosure as required under Accounting Standard – 15 on “Employee Benefits” is as under:

Defined Benefit Plan – Gratuity:

	Period of accounting	As at March 31, 2016	As at March 31, 2015
I	Summary of Membership Data		
	Number of Employees (Nos.)	42	33
	Total Monthly Salary (₹ in Lakhs)	9	8
	Average Age (Nos.)	37	37
	Average Past Service (Nos.)	7	7

₹ in Lakh

II	Assumptions as at	As at March 31, 2016	As at March 31, 2015
	Mortality	Published rates under the Indian Assured Lives Mortality (2006-08) Ult table	
	Discount Rate	7.80%	7.95%
	Rate of increase in compensation	7.00%	7.00%
	Rate of return (expected) on plan assets	8.50%	8.50%
	Withdrawal rate		
	-21 to 44 years	2.50%	2.50%
	-45 to 59 years	1.00%	1.00%

Amount to be recognised in the Balance Sheet and Movement in net (liability)/assets:

₹ in Lakh

III	Particulars	As at March 31, 2016	As at March 31, 2015
	Present Value of Funded Obligations	80	72
	Fair Value of Plan Assets	78	72
	Net Liability / (Assets)	(2)	-

Expenses Recognized in Statement of Profit and Loss

₹ in Lakh

IV	Particulars	For the year Ended March 31, 2016	For the year Ended March 31, 2015
	Current Service Cost	5	3
	Interest on Defined Benefit Obligations	6	6
	Expected Return on Plan Assets	(6)	(5)
	Net Actuarial Losses / (Gains) Recognised during the year	(3)	4
	Total Included in “Employee Benefit Expense”	2	8
	Actual Return on Plan Assets	5	5

Reconciliation of Benefit Obligation

₹ in Lakh

V	Particulars	As at March 31, 2016	As at March 31, 2015
	Opening Defined Benefit Obligation	72	59
	Current Service Cost	5	3
	Interest Cost	6	6
	Actuarial Loss / (Gain)	(3)	4
	Benefits Paid	-	-
	Closing Defined Benefit Obligation	80	72

Reconciliation of Fair Value of Plan Assets

₹ in Lakh

VI	Particulars	As at March 31, 2016	As at March 31, 2015
	Opening Fair Value of Plan Assets	72	63
	Expected Return on Plan Assets	6	5
	Actuarial Gain / (Loss)	(1)	-
	Contributions by Employer	1	4
	Benefits Paid	-	-
	Closing Fair Value of Plan Assets	78	72

Composition of Plan Assets

VII	Particulars	As at March 31, 2016	As at March 31, 2015
	Government of India Securities	0%	0%
	Corporate Bonds	0%	0%
	Special Deposit Schemes	0%	0%
	Equity Shares of Listed Companies	0%	0%
	Property	0%	0%
	Insurer Merger Funds	98%	92%
	Others	2%	8%

Experience Adjustment

₹ in Lakh

VIII	Particulars	As at Mar 31, 2016	As at Mar 31, 2015	As at Mar 31, 2014	As at Mar 31, 2013	As at Mar 31, 2012
	Defined Benefit Obligations	80	72	60	56	52
	Plan Assets	78	72	63	59	-
	Surplus / (Deficit)	(2)	-	3	3	(52)
	Experience Adjustments on Plan Liabilities	(5)	(4)	3	(4)	-

VIII	Particulars	As at Mar 31, 2016	As at Mar 31, 2015	As at Mar 31, 2014	As at Mar 31, 2013	As at Mar 31, 2012
	Experience Adjustments on Plan Assets	(1)	-	(1)	3	-

Other Details:

The estimates of future salary increase considered in the actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is certified by the actuary and relied upon by the Auditors.

Defined Contribution Plan:

Amount recognised as an expense and included under the head “Contribution to Provident and Other Funds” of Statement of Profit and Loss ₹ 12 Lakh (For the year ended March 31, 2015 ₹ 10 Lakh).

33. The Board of Directors, in its meeting held on April 29, 2016, have proposed a final dividend of ₹ 0.0187 per equity share for the financial year ended March 31, 2016. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting.
34. Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with the current year’s classification / disclosure.

For and on behalf of the Board of Directors

S. Sundareshan
Chairman

K. Kumar
Managing Director & CEO

M. N. Hariharan
Chief Financial Officer

Prasad Sawant
Company Secretary

Mumbai, April 29, 2016