



NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

The Exchange was incorporated as a public limited company on April 23, 2003, pursuant to a certificate of incorporation, and commenced its business pursuant to a certificate for commencement of business dated May 9, 2003, each granted by the Registrar of Companies, Maharashtra at Mumbai (the "RoC"). The Exchange was registered with the Forward Markets Commission as a recognised association under the Forward Contracts (Regulation) Act, 1952, pursuant to a certificate of registration dated August 23, 2004. With effect from September 28, 2015, the Exchange became a deemed recognised stock exchange under the Securities Contracts (Regulation) Act, 1956 in terms of Section 131(B) of Finance Act, 2015 pursuant to notification no. 1/9/SM/2015 dated August 28, 2015. The Exchange has been allotted Code Number 35 for trading and settlement operations by SEBI pursuant to a letter (CDMRD-DEA/05/13/1/15) dated October 21, 2015.

Registered and Corporate Office: 1st Floor, Akuriti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg (West), Mumbai 400 078, Maharashtra

For further details relating to changes in the registered and corporate office, see "History and Certain Corporate Matters" on page 133.

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Corporate Identity Number: U51909MH2003PLC140116

THE EXCHANGE IS PROFESSIONALLY MANAGED AND DOES NOT HAVE AN IDENTIFIABLE PROMOTER IN TERMS OF THE SEBI ICDR REGULATIONS (AS DEFINED BELOW)

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED (THE "EXCHANGE" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE ("OFFER PRICE"), AGGREGATING UP TO ₹[●] MILLION, COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES BY THE EXCHANGE, AGGREGATING UP TO ₹1,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 14,453,774 EQUITY SHARES BY THE SELLING SHAREHOLDERS (AS DEFINED HEREINAFTER) AGGREGATING UP TO ₹[●] MILLION (THE "OFFER FOR SALE") AND TOGETHER WITH THE FRESH ISSUE REFERRED TO AS THE "OFFER"). THE OFFER SHALL CONSTITUTE [●] % OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF THE EXCHANGE.

THE PRICE BAND WILL BE DECIDED BY THE EXCHANGE IN CONSULTATION WITH THE SELLING SHAREHOLDERS AND THE BOOK RUNNING LEAD MANAGERS ("BRLMS" AS DEFINED HEREINAFTER) AND THE MINIMUM BID LOT WILL BE DECIDED BY THE EXCHANGE IN CONSULTATION WITH THE BRLMS, AND WILL BE ADVERTISED IN [●] EDITIONS OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), AND [●] EDITIONS OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER) AND [●] EDITIONS OF [●] (A WIDELY CIRCULATED MARATHI NEWSPAPER, MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA, WHERE THE REGISTERED AND CORPORATE OFFICE OF THE EXCHANGE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.

In case of any revision in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, the Exchange may, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to Self-Certified Syndicate Banks ("SCSBs"), Sponsor Bank and other Designated Intermediaries, as applicable.

The Offer is being made in terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"). This Offer is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"), provided that the Exchange, in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. At least one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. If at least 75% of the Offer cannot be Allotted to QIBs, the Bid Amounts received by the Exchange shall be refunded. Further, not more than 15 % of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All Bidders, other than Anchor Investors, are mandatorily required to participate in the Offer through the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective ASBA Accounts or by providing details of their respective UPI ID under the UPI Mechanism, as applicable pursuant to which their corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks or Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see "Offer Procedure" on page 305.

RISK IN RELATION TO THE FIRST OFFER

This being the first public offer of the Exchange, there has been no formal market for the Equity Shares. The face value of the equity shares of the Exchange is ₹10 each. The Offer Price/Floor Price/Price Band should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of the Exchange and the Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 27.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

The Exchange, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Exchange and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms that the statements made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus, to the extent of information specifically pertaining to itself and its portion of the Offered Shares, and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares, when offered through the Red Herring Prospectus, are proposed to be listed on the Stock Exchanges. The Exchange has received "in-principle" approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 344.

BOOK RUNNING LEAD MANAGERS

REGISTRAR TO THE OFFER



ICICI Securities Limited
ICICI Centre
H.T. Parekh Marg, Churchgate
Mumbai 400 020, Maharashtra
Telephone no.: +91 22 2288 2460
E-mail: nclex.ipo@icicisecurities.com
Investor grievance e-mail: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Arjun A Mehrotra / Anurag Byas
SEBI Registration No.: INM000011179

SBI Capital Markets Limited*
202, Maker Tower 'E'
Cuffe Parade
Mumbai 400 005, Maharashtra
Telephone no.: +91 22 2217 8300
E-mail: nclex.ipo@sbicaps.com
Investor grievance e-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Karan Savardekar
SEBI Registration No.: INM000003551

Link Intime India Private Limited
C-101, 1st Floor, 247 Park
Lal Bhadur Shastri Marg, Vikhroli (West)
Mumbai 400 083, Maharashtra
Telephone no.: +91 22 4918 6200
E-mail: nclex.ipo@linkintime.co.in
Investor grievance e-mail:
nclex.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

OFFER PROGRAMME

BID/OFFER OPENS ON**	[●]
BID/OFFER CLOSES ON***	[●]

*OJIF (as defined hereinafter) is proposing to participate as a Selling Shareholder in the Offer for Sale. SBI Capital Markets Limited ("SBICAP") has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. OJIF and SBICAP are associates in terms of the SEBI (Merchant Bankers) Regulations, 1992, as amended ("SEBI Merchant Bankers Regulations"). Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.

**The Exchange may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date i.e. [●].

***The Exchange may, in consultation with the Selling Shareholders and the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below, and references to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policy as amended, supplemented or re-enacted from time to time, and any reference to a statutory provision shall include any subordinate legislation notified from time to time under that provision.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such words and expressions under the Companies Act, the SEBI ICDR Regulations, the SCRA, the SECC Regulations or the rules and regulations made thereunder.

Notwithstanding the foregoing, terms used in “Statement of Special Tax Benefits”, “Financial Statements”, “Description of Equity Shares and terms of the Articles of Association”, “Outstanding Litigation and Material Developments” and “Key Regulations and Policies” on pages 84, 171, 322, 274 and 126, respectively, shall have the meaning ascribed to such terms in these respective sections.

General Terms

Term	Description
“Exchange” or “Issuer” or “NCDEX”	National Commodity & Derivatives Exchange Limited, a company incorporated under the erstwhile Companies Act, 1956, and having its registered and corporate office at 1 st Floor, Akruiti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg (West), Mumbai 400 078, Maharashtra
“we”, “us”, or “our”	Unless the context otherwise indicates or implies, the Exchange together with its Subsidiaries and ReMS, on a consolidated basis

Exchange Related Terms

Term	Description
“Articles of Association” or “AoA”	Articles of association of the Exchange, as amended
“Associate”	Power Exchange India Limited
“Audit Committee”	The audit committee of the Board, as described in “ <i>Our Management</i> ” on page 150
“Auditors” or “Statutory Auditors”	Statutory auditors of the Exchange, namely, M/s. K.S. Aiyar & Co., Chartered Accountants
“Board” or “Board of Directors”	Board of directors of the Exchange or a duly constituted committee thereof
“Capital Raising Committee”	The capital raising committee of the Board
“Chief Executive Officer”	Chief executive officer of the Exchange, namely, Vijay Kumar V.
“Chief Financial Officer”	Chief financial officer of the Exchange, namely, Atul Roongta
“Company Secretary and Compliance Officer”	Company secretary and compliance officer of the Exchange, namely, Harish Kumar
“Corporate Social Responsibility Committee”	The corporate social responsibility committee of the Board, as described in “ <i>Our Management</i> ” on page 153
“Director(s)”	Director(s) on the Board
“Equity Shares”	Equity shares of the Exchange of face value of ₹10 each
“Executive Director”	An executive director of the Exchange
“Group Companies”	Power Exchange India Limited and Rashtriya e Market Services Private Limited
“Key Managerial Personnel”	Key managerial personnel of the Exchange in terms of the SEBI ICDR Regulations, and as disclosed in “ <i>Our Management</i> ” on page 154
“Material Subsidiaries”	NeML, NERL and NCCL have been identified as material subsidiaries of the Exchange in terms of Regulation 16(1)(c) of the SEBI Listing Regulations
“Materiality Policy”	The policy adopted by our Board on February 10, 2020, for identification of (a) material litigation involving the Exchange, Subsidiaries and Directors; (b) companies to be classified as group companies; and (c) material creditors, pursuant to SEBI ICDR Regulations and for the purposes of disclosure in this Draft Red Herring Prospectus
“Memorandum of Association” or “MoA”	Memorandum of association of the Exchange, as amended
“NABARD”	National Bank for Agriculture and Rural Development

Term	Description
“NCCL”	National Commodity Clearing Limited
“NCMSL”	National Collateral Management Services Limited
“NICR”	NCDEX Institute of Commodity Markets and Research
“NeML”	NCDEX e Markets Limited
“NERL”	National E-Repository Limited
“OIJIF”	Oman India Joint Investment Fund
“Nomination and Remuneration Committee”	The nomination and remuneration committee of the Board, as described in “ <i>Our Management</i> ” on page 151
“Public Interest Directors” or “PID” or “Independent Directors”	A non-executive, independent director of the Exchange as per the Companies Act, the SEBI Listing Regulations and the SECC Regulations. For details of the Public Interest Directors, see “ <i>Our Management</i> ” on page 141
“PXIL”	Power Exchange India Limited
“Risk Management Committee”	The risk management committee of the Board as described in “ <i>Our Management</i> ” on page 153
“ReMS”	Rashtriya e Market Services Private Limited
“Registered and Corporate Office”	The registered office and corporate office of the Exchange is located at 1 st Floor, Akruti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg (West), Mumbai 400 078, Maharashtra
“Registrar of Companies” or “RoC”	Registrar of Companies, Maharashtra at Mumbai
“Restated Financial Information”	The restated consolidated financial information of the Exchange as of, and for, Fiscals 2019, 2018 and 2017 and the six month period ended September 30, 2019, prepared in accordance with Companies Act and restated in accordance with the requirements of the SEBI ICDR Regulations
“Senior Management”	The senior management personnel of the Exchange and its Subsidiaries, as disclosed in “ <i>Our Management</i> ” on page 157
“Shareholder(s)”	Equity shareholders of the Exchange, from time to time
“Shareholder Director(s)”	A Director nominated by a Shareholder and appointed as per the SECC Regulations
“Subsidiaries”	NeML, NERL, NCCL and NICR, being the subsidiaries of the Exchange
“Stakeholders Relationship Committee”	The stakeholders relationship committee of the Board as described in “ <i>Our Management</i> ” on page 152

Offer Related Terms

Term	Description
“Acknowledgement Slip”	The slip or document issued by a Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
“Allot”, “Allotment” or “Allotted”	Unless the context otherwise requires, allotment of Equity Shares to successful Bidders pursuant to the Fresh Issue or transfer of Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders
“Allotment Advice”	A note or advice or intimation of Allotment sent to each successful Bidder who has been or would be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
“Allottee”	A successful Bidder to whom the Equity Shares are Allotted
“Anchor Investor”	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus
“Anchor Investor Allocation Price”	The price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by the Exchange, in consultation with the Selling Shareholders and the BRLMs on the Anchor Investor Bidding Date
“Anchor Investor Application Form”	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the SEBI ICDR Regulations and the Red Herring Prospectus and Prospectus
“Anchor Investor Bidding Date”	The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the BRLMs will not accept any Bids in the Anchor Investor Portion, and allocation to Anchor Investors shall be completed

Term	Description
“Anchor Investor Offer Price”	The final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by the Exchange, in consultation with the Selling Shareholders and the BRLMs
“Anchor Investor Pay - in Date”	With respect to Anchor Investor(s), the Anchor Investor Bidding Date, and, in the event the Anchor Investor Allocation Price is lower than the Offer Price a date being, not later than two Working Days after the Bid/Offer Closing Date
“Anchor Investor Portion”	Up to 60% of the QIB Portion which may be allocated by the Exchange, in consultation with the BRLMs, to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
“Application Supported by Blocked Amount” or “ASBA”	An application, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the ASBA Account or to block the Bid Amount using the UPI Mechanism upon receipt of UPI Mandate Request by RIBs using UPI
“ASBA Account”	A bank account maintained with an SCSB which may be blocked by such SCSB or the account of the RIBs blocked upon acceptance of UPI Mandate Request by the RIBs using the UPI Mechanism to the extent of the Bid Amount of the ASBA Bidder
“ASBA Bidders”	All Bidders except Anchor Investors
“ASBA Form”	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
“Banker(s) to the Offer”	Collectively, the Escrow Collection Bank(s), Refund Bank(s), Sponsor Bank and Public Offer Account Bank(s)
“Basis of Allotment”	The basis on which Equity Shares will be Allotted to successful Bidders under the Offer, as described in “Offer Procedure” on page 305
“Bid”	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto, as permitted under the SEBI ICDR Regulations in terms of the Red Herring Prospectus and Bid cum Application Form The term “Bidding” shall be construed accordingly
“Bid Amount”	In relation to each Bid, the highest value of optional Bids indicated in the Bid cum Application Form and payable by the Anchor Investor or blocked in the ASBA Account of the ASBA Bidders, as the case maybe, upon submission of the Bid in the Offer
“Bid cum Application Form”	The Anchor Investor Application Form or the ASBA Form, as the context requires
“Bid Lot”	[●] Equity Shares
“Bid/Offer Closing Date”	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper), and [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Marathi newspaper, Marathi being the regional language of Maharashtra where our Registered and Corporate Office is located). In case of any revisions, the extended Bid/Offer Closing Date shall also be notified on the websites and terminals of the members of the Syndicate, as required under the SEBI ICDR Regulations The Exchange may, in consultation with the Selling Shareholders and the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI ICDR Regulations

Term	Description
“Bid/Offer Opening Date”	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being [●], which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper), and [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Marathi newspaper, Marathi being the regional language of Maharashtra where our Registered and Corporate Office is located)
“Bid/Offer Period”	<p>Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and Bid cum Application Form. Provided that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors. In cases of force majeure, banking strike or similar circumstances, the Exchange may, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days</p> <p>The Exchange may, in consultation with the Selling Shareholders and the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI ICDR Regulations</p>
“Bidder”	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
“Bidding Centres”	Centres at which at the Designated Intermediaries shall accept the Bid cum Application Forms being Designated Branches for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
“Book Building Process”	Book building process, as provided in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer Price shall be determined
“Book Running Lead Managers” or “BRLMs”	<p>The book running lead managers to the Offer namely, ICICI Securities and SBICAP*</p> <p>*OIJIF is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. OIJIF and SBICAP are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.</p>
“Broker Centres”	<p>Broker centres notified by the Stock Exchanges where Bidders (other than Anchor Investors) can submit the ASBA Forms to a Registered Broker</p> <p>The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)</p>
“CAN” or “Confirmation of Allocation Note”	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on/after the Anchor Investor Bidding Date
“Cap Price”	The higher end of the Price Band, subject to any revisions thereof, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted (including any revisions thereof)
“Circulars on Streamlining of Public Issues”	Circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 amended by circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019 and circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019 and any subsequent circulars issued by SEBI in this regard
“Client ID”	Client identification number maintained with one of the depositories in relation to demat account

Term	Description
“Collecting Depository Participant” or “CDP”	A depository participant, as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of the Circulars on Streamlining of Public Issues
“Cut-off Price”	Offer Price, finalised by the Exchange, in consultation with the Selling Shareholders and the BRLMs, which shall be any price within the Price Band Only RIBs are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
“Demographic Details”	Details of the Bidders including the Bidder’s address, name of the Bidder’s father/husband, investor status, occupation and bank account details and UPI ID, wherever applicable
“Designated Branches”	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
“Designated CDP Locations”	Such locations of the CDPs where Bidders (except Anchor Investors) can submit the ASBA Forms and in case of RIBs only ASBA Forms with UPI. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and updated from time to time
“Designated Date”	The date on which funds are transferred from the Escrow Accounts and instructions are given to unblock the Bid Amounts blocked in the ASBA Accounts and transfer the amounts blocked from the ASBA Accounts to the Public Offer Account or the Refund Account, as applicable, in terms of the Red Herring Prospectus and the Prospectus, after the finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Offer
“Designated Intermediaries”	Collectively, the members of the Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from ASBA Bidders, in relation to the Offer
“Designated RTA Locations”	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
“Designated SCSB Locations”	Such branches of the SCSBs which shall collect the ASBA Forms (other than ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIBs using the UPI Mechanism), a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes Intermediaries or at such other website as may be prescribed by SEBI from time to time
“Designated Stock Exchange”	[●]
“Draft Red Herring Prospectus” or “DRHP”	This draft red herring prospectus dated February 10, 2020 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer including any addenda or corrigenda hereto
“Eligible NRI(s)”	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus will constitute an invitation to subscribe to the Equity Shares
“Escrow Account(s)”	Account(s) opened with the Escrow Collection Bank(s) pursuant to the Escrow and Sponsor Bank Agreement
“Escrow and Sponsor Bank Agreement”	Agreement to be entered into by the Exchange, the Selling Shareholders, the Registrar to the Offer, the BRLMs and the Banker(s) to the Offer in accordance with the Circulars on Streamlining of Public Issues, for the collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
“Escrow Collection Bank(s)”	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Account(s) will be opened

Term	Description
“First Bidder”	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
“Floor Price”	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
“Fresh Issue”	Fresh issue of up to [●] Equity Shares aggregating up to ₹1,000 million by the Exchange as part of the Offer, in terms of the Red Herring Prospectus and Prospectus
“General Information Document”	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, the circular (CIR/CFD/DIL/1/2016) dated January 1, 2016 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019 and circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, as amended from time to time, and notified by SEBI and included in section “Offer Procedure” on page 305
“ICICI Securities”	ICICI Securities Limited
“Mutual Fund Portion”	5% of the Net QIB Portion (excluding the Anchor Investor Portion), or [●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price
“Mutual Funds”	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
“Net Proceeds”	The proceeds from the Fresh Issue less the Offer related expenses to be borne by the Exchange
“Net QIB Portion”	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
“Non-Institutional Bidder” or “NIBs”	All Bidders that are not QIBs or RIBs and who have Bid for Equity Shares for an amount more than ₹200,000 (but not including NRIs other than Eligible NRIs)
“Non-Institutional Portion”	The portion of the Offer being not more than 15% of the Offer or [●] Equity Shares, available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
“Non-Resident”	A person resident outside India, as defined under FEMA and includes NRIs, FPIs, VCFs and FVCIs
“Offer”	The initial public offering of the Equity Shares of the Exchange comprising a fresh issue of up to [●] Equity Shares by the Exchange, aggregating up to ₹1,000 million and an offer for sale of up to 14,453,774 Equity Shares by the Selling Shareholders aggregating up to ₹[●] million
“Offer Agreement”	The agreement dated February 10, 2020, amongst the Exchange, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
“Offer for Sale”	Offer for sale of up to 14,453,774 Equity Shares by the Selling Shareholders, aggregating up to ₹[●] million, in the Offer
“Offer Price”	The final price at which Equity Shares will be Allotted to successful Bidders, other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus The Offer Price will be decided by the Exchange, in consultation with the Selling Shareholders and the BRLMs, on the Pricing Date, in accordance with the Book Building Process and in terms of the Red Herring Prospectus
“Offered Shares”	Up to 14,453,774 Equity Shares in aggregate being offered by the Selling Shareholders by way of the Offer for Sale. For details of Offered Shares of each of the Selling Shareholders, see “Other Regulatory and Statutory Disclosures” on page 283

Term	Description
“Price Band”	Price band of a minimum price of ₹[●] per Equity Share (Floor Price) and the maximum price of ₹[●] per Equity Share (Cap Price) including any revisions thereof. The Price Band and the minimum Bid Lot for the Offer will be decided by the Exchange, in consultation with the Selling Shareholders and the BRLMs, and will be advertised, in [●] editions of the [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Marathi newspaper, Marathi being the regional language of Maharashtra where our Registered and Corporate Office is located) at least two Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
“Pricing Date”	The date on which the Exchange, in consultation with the Selling Shareholders and the BRLMs, will finalise the Offer Price
“Prospectus”	The Prospectus to be filed with the RoC in relation to the Offer, on or after the Pricing Date in accordance with the Companies Act, and the SEBI ICDR Regulations, containing, among other things, the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
“Public Offer Account”	Bank account(s) to be opened with the Public Offer Account Bank under Section 40(3) of the Companies Act, to receive monies from the Escrow Account(s) and ASBA Accounts on the Designated Date
“Public Offer Account Bank(s)”	The bank(s) with which the Public Offer Account is opened for collection of Bid Amounts from Escrow Account(s) and ASBA Accounts on the Designated Date
“QIB Portion”	The portion of the Offer (including the Anchor Investor Portion) being not less than 75% of the Offer or [●] Equity Shares which shall be Allotted to QIBs (including Anchor Investors), of which 5% shall be allocated to Mutual Funds
“Qualified Institutional Buyers” or “QIBs” or “QIB Bidders”	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
“Red Herring Prospectus” or “RHP”	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer including any addenda or corrigenda thereto The Bid/Offer Opening Date shall be at least three Working Days after filing of the Red Herring Prospectus with the RoC. The Red Herring Prospectus will become the Prospectus upon its filing with the RoC after the Pricing Date
“Refund Account(s)”	The account(s) opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount shall be made to Bidders, in accordance with the Escrow and Sponsor Bank Agreement
“Refund Bank(s)”	The bank with whom the Refund Account(s) will be opened
“Registered Brokers”	Stock brokers registered with SEBI and the stock exchanges having nationwide terminals, other than the members of the Syndicate, and eligible to procure Bids in terms of circular CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI
“Registrar Agreement”	The agreement dated February 10, 2020, among the Exchange, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
“Registrar and Share Transfer Agents” or “RTAs”	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the lists available on the websites of BSE and NSE
“Registrar to the Offer” or “Registrar”	Link Intime India Private Limited
“Retail Individual Bidder(s)” or “RIB(s)”	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
“Retail Portion”	The portion of the Offer being not more than 10% of the Offer consisting of [●] Equity Shares which shall be available for allocation to RIBs, which shall be not be less than minimum Bid lot, subject to availability in the Retail Portion

Term	Description
“Revision Form”	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s) as applicable QIB and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date
“SBICAP”	SBI Capital Markets Limited
“Self-Certified Syndicate Bank(s)” or “SCSB(s)”	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmid=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmid=35 , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmid=40 or such other website as updated from time to time
“Selling Shareholders”	Build India Capital Advisors LLP, Canara Bank, Indian Farmers Fertiliser Cooperative Limited, Investcorp Private Equity Fund I (formerly known as IDFC Private Equity Fund III), Jaypee Capital Services Limited, National Bank for Agriculture and Rural Development, Oman India Joint Investment Fund and Punjab National Bank
“Share Escrow Agent”	Escrow agent to be appointed pursuant to the Share Escrow Agreement
“Share Escrow Agreement”	Agreement to be entered into amongst the Exchange, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of Equity Shares under the Offer by such Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
“Specified Locations”	Bidding centres where the Syndicate shall accept ASBA Forms from ASBA Bidders, a list of which is included in the ASBA Form
“Sponsor Bank”	The Banker to the Offer registered with SEBI which will be appointed by the Exchange to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the mandate collect requests and / or payment instructions of the RIBs into the UPI, the Sponsor Bank
“Stock Exchanges”	Collectively, BSE and NSE
“Syndicate Agreement”	Agreement to be entered into among the Exchange, the Registrar to the Offer, the Selling Shareholders, BRLMs and the Syndicate Members in relation to collection of Bid cum Application Forms by Syndicate Members (other than Bids directly submitted to the SCSBs under the ASBA process and Bids submitted to the Registered Brokers at the Broker Centres)
“Syndicate Members”	Intermediaries registered with SEBI who are permitted to accept Bids, applications and place orders with respect to the Offer and carry out activities as an underwriter
“Syndicate” or “members of the Syndicate”	Collectively, the BRLMs and the Syndicate Members
“Systemically Important Non-Banking Financial Company” or “SI – NBFC”	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations as a non-banking financial company registered with the Reserve Bank of India and recognised as a systemically important non-banking financial company by the Reserve Bank of India
“Underwriters”	The underwriters to be appointed in terms of the Underwriting Agreement
“Underwriting Agreement”	The agreement among the Underwriters, the Exchange and the Selling Shareholders to be entered into on or after the Pricing Date
“UPI”	Unified Payments Interface, an instant payment system developed by the National Payments Corporation of India. It enables merging several banking features, seamless fund routing and merchant payments into one hood. UPI allows instant transfer of money between any two persons’ bank accounts using a payment address which uniquely identifies a person’s bank account
“UPI ID”	ID created on UPI for single-window mobile payment system developed by the NPCI

Term	Description
“UPI Mandate Request”	A request (intimating the RIB by way of a notification on the UPI application and by way of a SMS directing the RIB to such UPI application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds in the relevant ASBA Account through the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
“UPI Mechanism”	The mechanism that may be used by a RIB to make a Bid in the Offer in accordance with the applicable Circulars on Streamlining of Public Issues
“UPI PIN”	Password to authenticate a UPI transaction
“Working Day”	Any day on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, “Working Day” shall mean any day, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circulars issued by SEBI circular number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016, the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 and the Circulars on Streamlining of Public Issues

Technical / Industry Related Terms

Term	Description
“ADTV”	Average daily turnover (by value)/average daily traded value
“AGMARK”	Agricultural Marketing
“APMC”	Agriculture produce market committee
“CARE”	CARE Advisory Research and Trading Limited
“CARE Report”	The report titled “Commodity Derivative Market” dated January 2020, prepared by CARE Advisory Research and Trading Limited
“CERC”	Central Electricity Regulatory Commission
“CTT”	Commodities Transactions Tax
“CWC”	Central Warehousing Company
“SGF”	Settlement Guarantee Fund
“Core SGF”	Core Settlement Guarantee Fund
“e-NAM”	National Agricultural Market
“eNWR”	Electronic negotiable warehouse receipts
“FCI”	Food Corporation of India
“FIA”	Futures Industry Association
“FSSAI”	Food Safety and Standards Authority of India
“FPO”	Farmer producer organisation
“GVA”	Gross Value Added
“ICEX”	Indian Commodity Exchange
“MCX”	Multi Commodity Exchange
“MSP”	Minimum Support Price
“NCDFI”	National Cooperative Dairy Federation of India
“NAFED”	National Agricultural Cooperative Marketing Federation of India Limited
“NMCE”	National Multi Commodity Exchange of India Limited
“OI”	Open Interest
“RMS”	Risk management system
“TO”	Turnover
“Vol”	Volume
“WFE”	World Federation of Exchange
“WSP”	Warehouse Service Providers

Conventional Terms / Abbreviations

Term	Description
“₹” or “Rs.” or “Rupees” or “INR”	Indian Rupees
“2016 Circular”	Circular no. CIR/MRD/DSA/01/2016 dated January 1, 2016 issued by SEBI
“AGM”	Annual general meeting
“AIF”	Alternative Investment Fund as defined in and registered with SEBI under the

Term	Description
	SEBI AIF Regulations
“AS” or “Accounting Standards”	Accounting Standards issued by the Institute of Chartered Accountants of India
“Bn” or “bn”	Billion
“BIS”	Bureau of Indian Standards
“BSE”	BSE Limited
“CAGR”	Compound Annual Growth Rate
“Category I AIF”	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
“Category II AIF”	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
“Category III AIF”	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
“Category I FPI(s)”	FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations
“Category II FPI(s)”	FPIs who are registered as “Category II foreign portfolio investors” under the SEBI FPI Regulations
“CDSL”	Central Depository Services (India) Limited
“CIN”	Corporate Identification Number/ Corporate Identity Number
“CMIE”	Centre for Monitoring India Economy Private Limited
“Companies Act”	Companies Act, 2013, read with the rules, regulations, clarifications and modifications thereunder
“Companies Act, 1956”	The erstwhile Companies Act, 1956, along with the relevant rules made thereunder
“CY”	Calendar Year
“Depositories”	Collectively, NSDL and CDSL
“Depositories Act”	Depositories Act, 1996
“DIN”	Director Identification Number
“DPIIT”	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (earlier known as the Department of Industrial Policy and Promotion)
“DP ID”	Depository Participant’s Identification
“DP” or “Depository Participant”	A depository participant as defined under the Depositories Act
“EBITDA”	Net income before interest expense, exceptional items, taxes, depreciation and amortization
“EGM”	Extraordinary General Meeting
“EPS”	Earnings per share
“FCRA”	The Forward Contracts (Regulation) Act, 1952
“FDI”	Foreign Direct Investment
“FEMA”	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
“FEMA Rules”	Foreign Exchange Management (Non-Debt Instruments) Rules, 2019
“Financial Year” or “Fiscal” or “fiscal” or “Fiscal Year” or “FY”	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
“FMC”	Forward Markets Commission
“FPI(s)”	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
“Fugitive Economic Offender”	A fugitive economic offender as defined under the Fugitive Economic Offenders Act, 2018
“FVCI”	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
“GDP”	Gross domestic product
“GoI” or “Government”	Government of India
“GST”	Goods and services tax
“HUF”	Hindu undivided family
“ICAI”	The Institute of Chartered Accountants of India
“IFFCO”	Indian Farmers Fertilizers Cooperative Limited
“IFRS”	International Financial Reporting Standards
“Income Tax Act” or “IT Act”	Income Tax Act, 1961
“Ind AS”	Indian Accounting Standards as referred to in and notified by the Ind AS Rules
“Ind AS Rules”	The Companies (Indian Accounting Standard) Rules, 2015

Term	Description
“India”	Republic of India
“IOMA”	Institute of Management and Administration
“IPO”	Initial public offering
“IST”	Indian Standard Time
“LIC”	Life Insurance Corporation of India
“MCA”	Ministry of Corporate Affairs, Government of India
“MIS”	Management information system
“MF”	Mutual Fund
“Mn” or “mn”	Million
“N.A.” or “NA”	Not applicable
“NACH”	National Automated Clearing House
“NAV”	Net asset value
“NBFC”	Non-Banking Financial Company
“NEFT”	National Electronic Fund Transfer
“No.”	Number
“NPCI”	National Payments Corporation of India
“NR”	Non-resident
“NRE Account”	Non Resident External Account
“NRI”	A person resident outside India, who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or an ‘Overseas Citizen of India’ cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955
“NRO Account”	Non Resident Ordinary Account
“NSDL”	National Securities Depository Limited
“NSE”	National Stock Exchange of India Limited
“OCB” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
“OTC”	Over The Counter
“p.a.”	Per annum
“P/E Ratio”	Price/Earnings Ratio
“PAN”	Permanent Account Number
“PAT”	Profit after tax
“PMKSY”	Pradhan Mantri Krishi Sinchayee Yojana
“PMKVY”	Pradhan Mantri Kaushal Vikas Yojana
“PMS”	Portfolio Management Services
“RBI”	Reserve Bank of India
“Regulation S”	Regulation S under the U.S. Securities Act
“RTGS”	Real Time Gross Settlement
“SCRA”	Securities Contracts (Regulation) Act, 1956
“SCRR”	Securities Contracts (Regulation) Rules, 1957
“SEBI”	Securities and Exchange Board of India constituted under the SEBI Act, 1992
“SEBI Act”	Securities and Exchange Board of India Act, 1992
“SEBI AIF Regulations”	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
“SEBI FPI Regulations”	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
“SEBI FVCI Regulations”	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
“SEBI ICDR Regulations”	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
“SEBI Listing Regulations”	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
“SEBI Merchant Bankers Regulations”	SEBI (Merchant Bankers) Regulations, 1992
“SEBI SBEB Regulations”	Securities and Exchange Board of India (Share Based Employee Benefits)

Term	Description
	Regulations, 2014
“SEBI VCF Regulations”	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as repealed by the SEBI AIF Regulations
“SECC Regulations”	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018
“STT”	Securities Transaction Tax
“Takeover Regulations”	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
“Trademarks Act”	Trade Marks Act, 1999
“U.S.” or “USA” or “United States”	United States of America
“U.S. GAAP”	Generally accepted accounting principles in the United States
“USD” or “US\$”	United States Dollars
“U.S. Securities Act”	U.S. Securities Act of 1933
“VAT”	Value Added Tax
“VCFs”	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
“Wilful Defaulter(s)”	Wilful defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
“WDRA”	Warehouse Development and Regulatory Authority

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references to “India” contained in this Draft Red Herring Prospectus are to the Republic of India. All references to the “Government”, “Indian Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Financial Data

Unless stated otherwise, our financial information in this Draft Red Herring Prospectus is derived from our Restated Financial Information. The Restated Financial Information has been prepared in accordance with IND-AS, Companies Act and restated in accordance with the requirements of the SEBI ICDR Regulations.

The Exchange’s financial year commences on April 1 of each year and ends on March 31 of the following year. Accordingly, all references to a particular financial year or fiscal, unless stated otherwise, are to the 12 month period ended on March 31 of that year. Unless stated otherwise, or the context requires otherwise, all references to a “year” in this Draft Red Herring Prospectus are to a calendar year.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All figures in decimals, including percentage figures have been rounded off to the second decimal. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than two decimal points to conform to their respective sources. Figures in parenthesis represent negatives, unless otherwise indicated.

The degree to which the Restated Financial Information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and SEBI ICDR Regulations. Any reliance by persons not familiar with the aforementioned policies and laws on the financial disclosures presented in this Draft Red Herring Prospectus should be limited. The Exchange does not provide a reconciliation of its financial statements with IFRS or U.S. GAAP requirements. For details in connection with risks involving differences between Ind AS and other accounting principles, please see *“Risk Factors – Significant differences exist between Indian Accounting Standards (“Ind AS”) and other accounting principles, such as the generally accepted accounting principles in the US (“US GAAP”) and International Financial Reporting Standards (“IFRS”), which may be material to an investor’s assessment of our financial condition.”* on page 46.

Unless the context otherwise indicates, any percentage amounts, as set forth in *“Risk Factors”*, *“Our Business”* and *“Management’s Discussion and Analysis of Financial Condition and Results of Operations”* on pages 27, 109 and 251, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Financial Information.

Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” or “Re.” are to Indian Rupee, the official currency of the Republic of India; and
- “USD” or “US\$” are to United States Dollar, the official currency of the United States.

The Exchange has presented certain numerical information in this Draft Red Herring Prospectus in “million” and “billion” units. One million represents 1,000,000 and one billion represents 1,000,000,000. However, where any figures that may have been sourced from third party industry sources are expressed in denominations other than millions or billions, such figures appear in the Draft Red Herring Prospectus expressed in such denominations as provided in their respective sources.

Time

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time.

Exchange Rates

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and US\$:

(Amount in ₹, unless otherwise specified)

Currency	As at				
	December 31, 2019	September 30, 2019	March 31, 2019*	March 31, 2018	March 31, 2017
1 US\$	71.27	70.68	68.90	65.04	64.84

Source: RBI Reference Rate, <https://fbil.org.in/>.

*Exchange rate as on March 29, 2019, as RBI Reference Rate is not available for March 31, 2019 and March 30, 2019 being a public holiday, a Sunday and a Saturday, respectively.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information as well as industry publications and sources as the report titled “Commodity Derivative Market”, dated January 2020 (“**CARE Report**”) prepared by CARE.

Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Although we believe that the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us, our Directors, the Selling Shareholders, the BRLMs or any of their respective affiliates or advisors, and none of the parties make any representations as to the accuracy of this information. The data used in these sources may have been reclassified by us for the purposes of presentation. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect.

Further, the extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in “*Risk Factors*” on page 27.

The CARE Report has been prepared at the request of the Exchange. In this regard, please see below the disclaimer specified in the CARE Report:

“This report is prepared by CARE Advisory. CARE Advisory has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Advisory operates independently of ratings division and this report does not contain any confidential information obtained by ratings division, which they may have obtained in the regular course of operations. The opinion expressed in this report cannot be compared to the rating assigned to the company within this industry by the ratings division. The opinion expressed is also not a recommendation to buy, sell or hold an instrument.”

CARE Advisory is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that CARE (including all divisions) has no financial liability whatsoever to the user of this product. This report is for the information of the intended recipients only and no part of this report may be published or reproduced in any form or manner without prior written permission of CARE Advisory.”

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”, which are not statements of historical facts. These forward-looking statements include statements with respect to our business strategy, objectives, plans, prospects, financial conditions, results of operations or goals. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “estimate”, “expect”, “intend”, “objective”, “plan”, “propose”, “project”, “will”, “will continue”, “will pursue”, “seek to”, “shall” or other words or phrases of similar import. However, these are not exclusive means of identifying forward looking statements. All forward-looking statements (whether made by us or any third party) are predictions and are subject to risks, uncertainties and assumptions about us or other facts and circumstances that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Forward looking statements made by us reflect our current views with respect to future events as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements, including forward looking statements made by third parties, included in this Draft Red Herring Prospectus, are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Further, the actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to our business and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in our industry and incidence of any natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Market trends and other factors beyond our control could significantly reduce demand from our customers for our products and services. Any such decline in demand may harm our business, financial condition and results of operations.
- There can be no assurance that we will be successful in implementing our current and future strategic initiatives and plans. Any such failure in implementation could have an adverse effect on our operations and financial position.
- The Exchange had undertaken certain preferential allotments of Equity Shares which were not in compliance with certain requirements of the erstwhile Companies Act, 1956, read with the erstwhile Unlisted Public Companies (Preferential Allotment) Rules, 2003. While the Exchange has applied to the RoC for compounding such instances of non-compliance, we cannot assure you that these non-compliances will be compounded in a timely manner, or at all. Further, we cannot assure you that any compounding fee imposed on the Exchange will be reasonable and that such compounding will not have an adverse effect on the operations of the Exchange.
- Our business and results of operations may be adversely affected if we are unable to maintain or increase the turnover of commodity futures and options contracts traded on the Exchange or retain our current members or attract new members to the Exchange.
- The turnover of commodity futures contracts traded on the Exchange in the past has been concentrated in certain commodities. Further, we may not be able to achieve the desired increase and expected ADTV. A decline in volume of trade or in our market share in such commodities or failure to achieve desired ADTV may adversely affect our business and results of operations.
- For the six month period ended September 30, 2019 and Fiscal 2019, Fiscal 2018 and Fiscal 2017, the top 50 trading members of the Exchange accounted for approximately 79.04%, 76.09%, 76.45% and 64.39%, respectively, of the total traded value. Any loss of these members could significantly affect the Exchange’s average traded value and OI, which could have a material adverse effect on our financial position and results of operations.
- The Exchange is dependent on its Subsidiaries for various processes relating to its operations. Any disruptions in the synergies shared between the Exchange and its Subsidiaries or change in its shareholding may adversely affect our business, financial condition and results of operations.
- As per the Restated Financial Information, for the six month period ended September 30, 2019, ReMS and PXIL have contributed 68.61% to our PAT, and for Fiscal 2019 and Fiscal 2017, ReMS has contributed 20.58% and 36.32%, respectively. For Fiscal 2018, our loss after tax was reduced to the extent of ₹29.04 million on account of our share of

net profits from ReMS. We cannot assure you that we will continue to earn such profits, or any profits at all, from ReMS and PXIL, which could have an adverse effect on our financial results.

- One of the objects of the Fresh Issue is contribution to the Core SGF and towards net worth requirements of NCCL. However, the quantum of contribution for our Core SGF as well as the amount required for complying with net worth requirements are dynamic in nature, and there cannot be any guarantee that the capital raised through our objects will suffice or that the entire amount will be invested, as envisaged in the objects of the Fresh Issue.
- Changes in laws and regulations concerning the SGF may have a material adverse effect on us.

There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Neither the Exchange or our Directors or the Selling Shareholders or the BRLMs nor any of their respective affiliates or associates have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI ICDR Regulations, the Exchange and BRLMs will ensure that the investors in India are informed of material developments pertaining to the Exchange and the Offered Shares from the date of the Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. The Selling Shareholders shall, severally and not jointly, ensure that investors are informed of material developments in relation to statements and undertakings specifically made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus until the grant of listing and trading permission by the Stock Exchanges.

SUMMARY OF THE OFFER DOCUMENT

This section is a general summary of certain disclosures included in this Draft Red Herring Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to the Bidders. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections titled “Risk Factors”, “The Offer”, “Capital Structure”, “Objects of the Offer”, “Industry Overview”, “Our Business”, “Our Principal Shareholders”, “Financial Statements”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Outstanding Litigation and Material Developments” and “Offer Structure” on pages 27, 59, 68, 76, 87, 109, 159, 171, 251, 274 and 300, respectively.

Primary business of the Exchange

The Exchange is a leading agricultural commodity exchange in India, with a market share of 78.0%, 81.5%, 79.9% and 78.1% in the agricultural commodity segments, based on ADTV, for the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively (*Source: CARE Report*). The Exchange has maintained its leadership position since 2005, in the agricultural commodity derivatives market, in terms of ADTV (*Source: CARE Report*). Further, the Exchange is a professionally managed company, which is driven by technology.

Summary of the industry in which the Exchange operates

Commodities are broadly classified as soft and hard commodities. Soft commodities are commodities that are grown and include mainly agricultural, agricultural processed commodities such as wheat, soybean, corn/maize, coffee and sugar etc., while the hard commodities are commodities that are mined, such as metals, gold, silver and energy products like oil, gas and coal. In India, the regulatory framework for the commodities markets (both spot as well as derivatives markets) and related ancillary infrastructures are diversified, independent and not unified. The development of the commodity derivatives market is one of SEBI’s main agendas.

Names of the Promoters

The Exchange is a professionally managed company and does not have an identifiable promoter in terms of the SEBI ICDR Regulations.

Offer Size

Offer ⁽¹⁾	up to [●] Equity Shares, aggregating up to ₹[●] million
<i>Of which</i>	
Fresh issue	up to [●] Equity Shares, aggregating up to ₹1,000 million
Offer for sale ⁽²⁾	up to 14,453,774 Equity Shares, aggregating up to ₹[●] million by the Selling Shareholders

⁽¹⁾ The Offer has been authorised by our Board pursuant to its resolutions dated December 14, 2018 and August 9, 2019, and the Fresh Issue has been authorised by our Shareholders pursuant to their resolution dated September 26, 2019.

⁽²⁾ Each of the Selling Shareholders has confirmed that its Offered Shares are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details of authorisations received from the Selling Shareholders for the Offer, see “Other Regulatory and Statutory Disclosures” on page 283.

For details of the Offer structure, please see “Offer Structure” on page 300.

Objects of the Offer

The Exchange proposes to utilise the Net Proceeds towards funding the following objects:

Sr. No.	Particulars	Amount (in ₹ million)*
1.	Contribution to the Core SGF and towards net worth requirements of NCCL	700.00
2.	General corporate purposes**	[●]
	Net Proceeds	[●]

* To be finalised upon determination of the Offer Price.

** The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Fresh Issue.

Aggregate Pre-Offer shareholding of the Selling Shareholders

The equity shareholding of the Selling Shareholders as on the date of this Draft Red Herring Prospectus and the percentage of pre-Offer equity share capital (including the maximum number of Equity Shares held by such Selling Shareholder) is set forth below:

S. No.	Selling Shareholder	No. of Equity Shares	% of total pre-Offer paid up Equity Share capital
1.	Build India Capital Advisors LLP	2,533,799	5.00
2.	Canara Bank	3,055,519	6.03
3.	Indian Farmers Fertiliser Cooperative Limited	5,068,000	10.00
4.	Investcorp Private Equity Fund I (formerly known as IDFC Private Equity Fund III)	2,533,800	5.00
5.	Jaypee Capital Services Limited	1,204,800	2.38
6.	National Bank for Agriculture and Rural Development	5,625,000	11.10
7.	Oman India Joint Investment Fund	5,067,600	10.00
8.	Punjab National Bank	3,694,446	7.29
	Total	28,782,964	56.80

Summary of Financial Statements

(In ₹ million other than earnings per Equity Share (both basic and diluted) and net asset value per Equity Share)

Particulars	Six month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Share capital	506.76	506.76	506.76	506.76
Net worth (excluding non-controlling interest)	4,726.89	4,569.38	4,374.51	4,513.85
Total income	926.04	1,947.47	1,621.85	1,663.27
Net profit/ (loss) after tax	73.40	156.20	(108.79)	215.70
Earnings per share (₹)	-	-	-	-
- Basic	1.60	3.22	(2.09)	4.26
- Diluted	1.60	3.22	(2.09)	4.26
Net asset value per equity share	93.28	90.17	86.32	89.07
Total borrowings (₹)	-	-	-	-

For further details please see “Financial Statements” on page 171.

Qualifications of the Auditors

There are no qualifications from the auditors which have not been given effect to in the Restated Financial Information.

Summary of Outstanding Litigation and Material Developments

A summary of litigations involving the Exchange, its Directors, its Subsidiaries and Group Companies as on the date of this Draft Red Herring Prospectus, as disclosed in the section titled “Outstanding Litigation and Material Developments” on page 274, in terms of the SEBI ICDR Regulations and the Materiality Policy, is provided below:

Type of Proceedings	Number of Cases	Amount involved* (₹ in million)
Cases against the Exchange		
Criminal proceedings	1	14.21
Actions taken by statutory or regulatory authorities	Nil	Nil
Claims related to direct and indirect taxes	17	276.82
Other pending material litigation	7	Not quantifiable
Total	25	Not quantifiable
Cases by the Exchange		
Criminal proceedings	31	Not quantifiable
Other pending material litigation	2	58.12

Type of Proceedings	Number of Cases	Amount involved* (₹ in million)
Compounding application	1	Not quantifiable
Total	34	Not quantifiable
Cases against the Directors		
Criminal proceedings	1	198.40
Actions taken by statutory or regulatory authorities	Nil	Nil
Direct and indirect taxes	Nil	Nil
Other pending material litigation	Nil	Nil
Total	1	198.40
Cases by the Directors		
Criminal proceedings	Nil	Nil
Other pending material litigation	Nil	Nil
Total	Nil	Nil
Cases against the Subsidiaries		
Criminal proceedings	Nil	Nil
Actions taken by statutory or regulatory authorities	Nil	Nil
Direct and indirect taxes	5	23.94
Other pending material litigation	144	Not quantifiable
Total	149	Not quantifiable
Cases by the Subsidiaries		
Criminal proceedings	1	0.67
Other pending material litigation	2	253.33
Total	3	254.00
Cases against the Group Companies		
Pending litigation which may have a material impact on the Exchange	1	Not quantifiable
Total	1	Not quantifiable
Cases by the Group Companies		
Pending litigation which may have a material impact on the Exchange	Nil	Nil
Total	Nil	Nil

*To the extent quantifiable

For further details of the outstanding litigation proceedings, see “*Outstanding Litigation and Material Developments*” on page 274.

Risk Factors

Investors should see “*Risk Factors*” on page 27 to have an informed view before making an investment decision.

Summary of contingent liabilities of the Exchange on a consolidated basis

(₹ in million)					
S. No.	Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
1.	On account of income taxes	171.07	113.07	113.07	113.07
2.	On account of legal claim	18.50	18.50	18.50	18.50
3.	On account of payment of bonus for the Fiscal 2015	1.05	1.05	1.56	1.56
4.	NERL - on account of bank guarantee	50.00	50.00	50.00	5.00
5.	NeML - on account of service tax	23.89	123.01	-	-
6.	NeML - on account of income tax	21.50	-	-	-
7.	NeML - on account of bank guarantee	23.50	-	-	-

For further details of the contingent liabilities, see “*Financial Statements – Commitments & Contingencies*” on page 215.

Summary of Related Party Transactions

(₹ in million)

Particulars	Transaction with	Relationship	Six-month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Remuneration						
Samir Shah	Exchange	Key Management Personnel	-	-	20.30	27.45
Vijay Kumar V.	Exchange	Key Management Personnel	8.48	16.60	3.32	-
Atul Roongta	Exchange	Key Management Personnel	7.48	13.91	8.44	-
Komal Shahani	Exchange	Key Management Personnel	-	-	1.49	4.01
Ananda K.	Exchange	Key Management Personnel	-	-	2.42	6.93
Samir R.	Exchange	Key Management Personnel	-	2.49	2.18	-
Harish Kumar	Exchange	Key Management Personnel	2.03	0.19	-	-
Recovery of expense						
PXIL	Exchange	Associates	-	-	0.02	0.12
NeML	Exchange	Subsidiary	3.53	13.16	29.70	31.80
NERL	Exchange	Subsidiary	5.37	8.91	7.53	-
NCCL	Exchange	Subsidiary	34.65	45.81	17.07	15.20
NICR	Exchange	Subsidiary	4.57	0.79	0.89	-
Services rendered						
PXIL	NeML	Associates	24.00	-	-	4.32
ReMS	NeML	Joint venture of NeML	17.60	34.25	37.51	37.92
Dividend received						
ReMS	NeML	Joint venture of NeML	7.00	6.00	5.00	2.50
Key Management Personnel						
Sitting fees paid to Directors	Exchange	Key Management Personnel	4.64	11.50	13.74	12.08
Conversation of preference shares into equity shares						
PXIL	Exchange	Associates	50.00	-	-	-
NeML	Exchange	Subsidiary	-	-	120.00	-
Fees Paid						
NERL	Exchange	Subsidiary	-	1.71	1.75	-
NCCL	Exchange	Subsidiary	-	22.71	36.91	45.20
NCCL	NERL	Subsidiary	1.75	1.79	-	-
Expenses paid on behalf of Subsidiaries/Associates						
NeML	Exchange	Subsidiary	-	-	0.15	0.10
NICR	Exchange	Subsidiary	-	0.38	0.44	0.20
NERL	Exchange	Subsidiary	0.06	11.25	15.00	6.50

Particulars	Transaction with	Relationship	Six-month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
NCCL	Exchange	Subsidiary	0.07	2.35	1.99	-
Transfer of asset						
NeML	Exchange	Subsidiary	-	-	-	0.20
NeML	NERL	Subsidiary	-	-	11.25	-
NeML	NCCL	Subsidiary	-	-	-	0.02
NCCL	Exchange	Subsidiary	-	6.84	-	0.02
NERL	NeML	Subsidiary	-	-	35.25	-
Expenses paid by Subsidiaries / Associates on Exchange's behalf						
NeML	Exchange	Subsidiary	0.18	-	0.10	-
NERL	Exchange	Subsidiary	0.01	-	-	-
NCCL	Exchange	Subsidiary	-	0.39	-	-
Research expenses paid to Subsidiaries						
Exchange	NICR	Subsidiary	4.53	-	-	-
Rent expenses paid to Subsidiaries						
Exchange	NeML	Subsidiary	0.04	-	-	-
Sale of Comtrack Business Undertaking						
Exchange	NERL	Subsidiary	-	-	461.00	-
Investment in Equity Shares						
Exchange	NERL	Subsidiary	-	-	284.50	260.00
Exchange	NCCL	Subsidiary	97.50	100.00	910.00	-
Income collected on behalf Subsidiaries / Associates						
NERL	Exchange	Subsidiary	-	0.09	1.48	-
NCCL	Exchange	Subsidiary	-	8.29	-	-
Fund transfer on account of business transfer						
NERL	Exchange	Subsidiary	-	-	74.04	-
Interest on advance						
Exchange	NICR	Subsidiary	0.67	1.32	1.19	1.20
Exchange	NERL	Subsidiary	-	-	0.03	-
Interest expenses						
Exchange	NERL	Subsidiary	-	-	1.62	-
Loans given						
Exchange	NICR	Subsidiary	-	1.00	0.71	0.40
Exchange	NCCL	Subsidiary	-	1.90	1.99	-

Particulars	Transaction with	Relationship	Six-month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Loan repayment received						
Exchange	NCCL	Subsidiary	-	1.90	1.99	-
Repayment on Interest on advance						
NICR	Exchange	Subsidiary	-	-	0.02	-
Dues recovered from deposits lying with NCCL						
Exchange	NCCL	Subsidiary	8.29	4.89	-	-
SGF Contribution						
Exchange	NCCL	Subsidiary	16.52	311.80	-	-
Transfer of clearing and settlement operations						
Exchange	NCCL	Subsidiary	-	1,384.00	-	-

For details of the related party transactions, as per the requirements under IndAS ‘*Related Party Disclosures*’ issued by the Institute of Chartered Accountants of India and as reported in the Restated Financial Information, see “*Financial Statements*” on page 171.

Financing Arrangements

There have been no financing arrangements whereby our Directors or their relatives have financed the purchase by any other person of securities of the Exchange during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Weighted average price of acquisition of Equity Shares acquired by the Selling Shareholders in the last one year

The Selling Shareholders have not acquired Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus.

Average cost of acquisition of Equity Shares of the Selling Shareholders

The average cost of acquisition per Equity Share of the Selling Shareholders, as at the date of this Draft Red Herring Prospectus, is as follows:

Name of the Selling Shareholder	Number of Equity Shares	Average cost of acquisition per Equity Share (in ₹)
Build India Capital Advisors LLP	2,533,799	163.70
Canara Bank	3,055,519	31.45
Indian Farmers Fertiliser Cooperative Limited	5,068,000	46.25
Investcorp Private Equity Fund I (formerly known as IDFC Private Equity Fund III)	2,533,800	180
Jaypee Capital Services Limited	1,204,800	141.36
National Bank for Agriculture and	5,625,000	30

Name of the Selling Shareholder	Number of Equity Shares	Average cost of acquisition per Equity Share (in ₹)
Rural Development		
Oman India Joint Investment Fund	5,067,600	182.41
Punjab National Bank	3,694,446	45.04

Issue of Equity Shares for consideration other than cash in the last one year

The Exchange has not issued any Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus.

Split / Consolidation of Equity Shares in the last one year

There has been no split or consolidation of the Equity Shares in the last one year preceding the date of this Draft Red Herring Prospectus. Please see “*Capital Structure*” on page 68 for further details.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described in this section are those that we consider to be the most significant to our business, results of operations and financial condition, the Equity Shares and the industry in which we operate, as at the date of this Draft Red Herring Prospectus. If any one or a combination of any of the following risks were to occur, our business, results of operations, financial condition, cash flows and prospects could suffer, and the price of the Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. In making an investment decision, prospective investors should rely on their own examination of us and the terms of this Offer, including the merits and risks involved. Unless stated otherwise, the financial information used in this section has been derived from our Restated Financial Information.

Any potential investor in, and purchaser of, the Equity Shares should pay particular attention to the fact that we are a recognised stock exchange, incorporated under the laws of India and governed by a legal and regulatory environment which may differ in certain respects from those of other countries. In addition, the risks set out in this Draft Red Herring Prospectus are not exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. To obtain a complete understanding of our business, this section should be read together with "Industry Overview", "Our Business", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 87, 109 and 251 as well as the Restated Financial Information and other financial information included elsewhere in the Draft Red Herring Prospectus on page 171. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For more information, please see "Forward-Looking Statements" on page 18.

Unless otherwise stated or the context otherwise requires, references in this section to the "Exchange" are to National Commodity & Derivatives Exchange Limited and, references to "we", "our", "us", "our Group" are to National Commodity & Derivatives Exchange Limited, its Subsidiaries, and ReMS, a joint venture between Government of Karnataka and NeML, as applicable.

Risks Relating to our Business

1. Market trends and other factors beyond our control could significantly reduce demand from customers for our products and services. Any such decline in demand may harm our business, financial condition and results of operations.

Our business, financial condition and results of operations are highly dependent upon the levels of activity on the Exchange, and in particular upon the volume, turnover and number of commodities traded, volatility and similar factors. Our revenue depends on trading, clearing and settlement, issuance of electronic negotiable warehouse receipts ("eNWRs") and other related activities and comprises, amongst other things, transaction charges, annual subscription charges, admission fees, risk management fees, delivery charges, Comtrack / repository charges, warehouse charges, data, analytics and technology sales, pledge finance charges and other income. Our financial condition and results of operations are also dependent upon the volume of trading activities, value of the traded commodities, volume of e-auctions, success of our clearing, settlement, repository and other services, which, in turn, are directly dependent on the free collaterals from our members, liquidity and financial strength of our customers, namely financial intermediaries such as brokers and their respective clients, hedgers, traders and warehouse service providers ("WSPs"). We also depend upon the relative attractiveness of the commodities contracts traded on the Exchange, and the relative attractiveness of the Exchange as a market on which these commodities contracts are traded. All of these variables are also largely influenced by the economic, political and market conditions in India.

Other factors, which are beyond our control, that may materially adversely affect our business, financial condition and results of operations, include:

- volatility in agricultural produce or prices, and trends in Indian agricultural production and demand and supply scenario;
- changes in domestic and global government policies, including on trade, procurement, storage, support prices for agricultural commodities and subsidies;
- broad trends in business and finance, including industry specific circumstances, trends in capital and commodities markets;
- inflation;
- adverse environmental conditions;

- level of institutional or retail confidence in commodity and futures markets;
- the availability of short-term and long term funding and capital;
- the availability of alternative investment opportunities;
- ability to obtain approvals from relevant regulators for products in a timely manner, and prohibition in trading in a particular commodity by SEBI;
- changes in tax policy (including imposition of commodity transaction tax) and tax treaties between India and other countries;
- changes in regulations governing SGF and contribution to SGF;
- levy of any additional charge on the Exchange pursuant to changes in regulations;
- the level and volatility of interest rates;
- legislative and regulatory changes; and
- unforeseen market closures or other disruptions in trading.

If the levels of activity on the Exchange are materially adversely affected by any of the factors described above or any other factors beyond its control, our business, financial condition and results of operations could also be materially adversely affected.

2. *There can be no assurance that we will be successful in implementing our current and future strategic initiatives and plans. Any such failure in implementation could have an adverse effect on our operations and financial position.*

We have undertaken several initiatives in the past and continue to do so with our focus centered around enhancing participation from newly permitted categories of investors in the derivatives markets, scaling existing portfolio of products and services, benefiting from government policies and participation, and product innovation in order to expand and grow our business. Some of our initiatives include the *mandi* modernization project, research initiatives, FPO engagement, working with new participants like AIFs, eligible foreign entities and financial institutions, technological advances with NERL such as digital warehouses, introduction of eNWRs, radio-frequency identification (“**RFID**”) tagging of physical agricultural commodities and mobile applications. Our business strategies seek to create a holistic ecosystem of the Exchange, the clearing corporation, the repository and the electronic marketplace and further diversify our product and service offerings in our trading and non-trading businesses through innovation and investment in high growth areas of our businesses, increasing trading volumes by listing new commodities and attracting new investors to the ecosystem, maintenance and upgrading our infrastructure and technology and pursuit of additional partnerships and collaborations. For further details, please see "*Our Business — Strategies*" on page 115. Factors that may have an effect on this business strategy include, among others:

- trends in Indian agricultural production and demand and supply scenario, including negative changes in the agricultural economy;
- adverse environmental conditions;
- the general condition of the Indian economy;
- the political issues prevailing across the country;
- levels of trading on the Exchange;
- our ability to successfully maintain or introduce new services and products;
- our ability to recruit new trading members or retain existing ones;
- our ability to implement new technologies;
- competition from industry peers; and
- regulatory restrictions and approvals for commodities and contracts traded on our platform.

Many of these factors are beyond our control. As a result, there can be no assurance that we will be successful in implementing our current and future strategic plans and any failure to do so may have a material adverse effect on our prospects and future financial condition and results of operations.

The success of our business depends greatly on our ability to effectively implement our business and growth strategies. We may not be able to execute such strategies in the future. Further, our growth strategies could place significant demand on our management team and other resources and would require us to continuously develop and improve our operational, financial and other controls, none of which can be assured. Any failure on our part to scale up our infrastructure and management could cause disruptions to our business and could be detrimental to our long-term business outlook and may have an adverse effect on our operations and financial position.

3. *The Exchange had undertaken certain preferential allotments of Equity Shares which were not in compliance with certain requirements of the erstwhile Companies Act, 1956, read with the erstwhile Unlisted Public Companies (Preferential Allotment) Rules, 2003. While the Exchange has applied to the RoC for compounding such instances of non-compliance, we cannot assure you that these non-compliances will be compounded in a timely manner, or at all. Further, we cannot assure you that any compounding fee imposed on the Exchange will be reasonable and that such compounding will not have an adverse effect on the operations of the Exchange.*

Two preferential allotments undertaken by the Exchange in 2004 were not in compliance with certain requirements of the erstwhile Companies Act, 1956, read with the erstwhile Unlisted Public Companies (Preferential Allotment) Rules, 2003. The Exchange has, by way of an application dated December 2, 2019, sought to compound the above-mentioned non-compliances. For further details in relation to this application, please refer to “*Outstanding Litigation and Material Developments*” on page 274.

While the RoC has accepted our compounding application and compounding proceedings are yet to commence, we cannot assure you that these non-compliances will be compounded in a timely manner, or at all. Further, while the Exchange has sought that these non-compliances be compounded with the payment of a minimum compounding fee, we cannot assure you that any compounding fee imposed on the Exchange will be reasonable and that such compounding will not have an adverse effect on the operations of the Exchange.

4. *Our business and results of operations may be adversely affected if we are unable to maintain or increase the turnover of commodity futures and options contracts traded on the Exchange or retain our current members or attract new members to the Exchange.*

We derive our revenue primarily from transaction charges, annual subscription charges, admission fees, delivery charges, risk management fees, Comtrack / repository charges, warehouse charges, data, analytics and technology sales, pledge finance charges and other operating revenues, which collectively accounted for 76.44%, 77.22%, 69.41%, and 62.51% of our total revenue for the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively.

The success of our business depends, in part, on our ability to maintain and increase the number of our members as well as the resultant income from transaction charges. Our income from transaction charges depends on the average daily turnover generated by members and is, therefore, correlated with the volume and value of the commodity futures and options contracts. Please see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 251 for further details.

Any decline in the trading volume or the number of members trading on the Exchange could lead to a decline in the income from transaction charges. Our success also depends on our ability to offer competitive prices with respect to transaction and membership charges and services. We cannot assure you that we will be able to continue to expand our portfolio of contracts, or that we will be able to retain our current members or attract new members. We also cannot assure you that we will not lose members to competitors. In addition, our success in growing the Exchange’s membership will depend on our ability to offer an effective and liquid trading platform that facilitates efficient price discovery to attract more participation. Any decline in the Exchange’s membership may negatively affect market liquidity, which could lead to further loss of trading volume. Further, the trading volume on the Exchange may be affected by a number of other factors, including:

- development of new and addition of existing commodity futures and options contracts on competing exchanges, including those which could offer greater liquidity;
- volatility in commodity prices;
- availability of more electronic trading platforms;
- regulatory changes;
- negative publicity and regulatory investigations;
- investor preferences on trading in commodities; and
- ability to expand product offerings.

If trading volume is not maintained or we fail to retain our current members or attract new members to the Exchange, our business and results of operations may be adversely affected.

5. *The turnover of commodity futures contracts traded on the Exchange in the past has been concentrated in certain commodities. Further, we may not be able to achieve the desired increase and expected ADTV. A decline in volume of trade or in our market share in such commodities or failure to achieve desired ADTV may adversely affect our business and results of operations.*

The turnover from commodity futures contracts traded on the Exchange in the past has been concentrated in certain commodities. For Fiscal 2019, the traded value of contracts of the top five commodities traded on the Exchange, namely guar seed, castor seed, soyabean, guar gum and chana, accounted for 66.20% to the total traded value. For the six month period ended September 30, 2019, the traded value of contracts of the top five commodities traded on the Exchange, namely castor seed, guar seed, chana, cotton cake and soyabean accounted for 67.40% to the total traded value.

As the transaction charges we collect are directly related to the value of commodity futures contracts traded on the Exchange, our income and results of operations could be adversely affected by any decline in total value of commodity futures contracts for these commodities traded on the Exchange and their volumes.

We have no direct control over the trading volumes of these commodities or their resulting concentration on the Exchange. Any decline in the trading volume in any of these commodities may adversely affect our business and results of operations. Further, any temporary or permanent suspension of any of the contracts could have a material adverse effect on our operations and revenue. For example, guar seed, which was the top contributor to our revenue for Fiscal 2019 and Fiscal 2018 had stopped trading previously in Fiscal 2019. Chana, which had been discontinued with effect from July 27, 2016, was reintroduced in 2018 and was one of the top five commodities in Fiscal 2019.

Our revenue and forecasts are dependent upon our current ADTV as well as the amount by which we expect it to increase. Increasing the trading volumes on our trading platforms, as well as our ability to continue to grow our business, may depend, in part, on:

- ability to enhance our existing services and maintain and improve the functionality and reliability of our electronic platform, in particular, reducing network downtime or disruptions;
- ability to enhance capacity to cope with increasing trading volume on our online platform during peak trading hours or unusual market volatility;
- demand for agricultural commodities;
- market and price volatility;
- ability to anticipate and respond to technological advances or service offerings by competitors and emerging industry practices on a cost-effective and timely basis;
- ability to continue to attract and retain skilled technology staff to maintain and develop our existing technology and to adapt to and manage emerging technologies;
- ability to respond to failure of systems due to power or telecommunications failure, acts of God, war or terrorism, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, acts of vandalism or similar events; and
- insufficiency or failure of our business continuity plan and data recovery process.

Our current offerings primarily comprise agricultural commodities. We cannot assure you that we will be able to successfully maintain the current trading volume or increase them as per our expectations. Any of the foregoing risks and consequent failure to maintain the present or expected trading volumes could have an adverse effect on our business and results of operations.

6. For the six month period ended September 30, 2019 and Fiscal 2019, Fiscal 2018 and Fiscal 2017, the top 50 trading members of the Exchange accounted for approximately 79.04%, 76.09%, 76.45% and 64.39%, respectively, of the total traded value. Any loss of these members could significantly affect the Exchange's average traded value and OI, which could have a material adverse effect on our financial position and results of operations.

Our members are responsible for trading on the Exchange. One of the key sources of the Exchange's revenue is income from transaction charges for transactions executed by its trading members. For the six month period ended September 30, 2019 and Fiscal 2019, Fiscal 2018 and Fiscal 2017 the top 50 trading members of the Exchange accounted for approximately 79.04%, 76.09%, 76.45% and 64.39%, respectively, of the total traded value. Loss of these trading members may significantly affect the Exchange's average traded value and OI. Since we are dependent on such trading members for a significant portion of the Exchange's operations, the loss of any of them or a significant reduction in trading from them could have a material adverse effect on our financial position and results of operations.

7. The Exchange is dependent on its Subsidiaries for various processes relating to its operations. Any disruptions in the synergies shared between the Exchange and its Subsidiaries or change in its shareholding may adversely affect our business, financial condition and results of operations.

The Exchange is dependent on its Subsidiaries for various processes relating to its operations. For instance, the Exchange depends on NCCL for completion of the clearing and settlement cycles of the commodities traded on the Exchange and on NERL for generating and processing of eNWRs. These processes form an integral aspect of our operations, and any disruptions in such processes could have an adverse effect on our trading activities, reputation and experience of clearing

members. Further, any reduction in our shareholding in NCCL may require us to find alternatives for operations handled by NCCL, as we may not be able to avail such services on similar or better terms. Any disruptions in the synergies shared between the Exchange and its Subsidiaries, or change in shareholding or control may adversely affect our business, financial condition and results of operations.

8. As per the Restated Financial Information, for the six month period ended September 30, 2019, ReMS and PXIL have contributed 68.61% to our PAT, and for Fiscal 2019 and Fiscal 2017, ReMS has contributed 20.58% and 36.32% to our PAT, respectively. For Fiscal 2018, our loss after tax was reduced to the extent of ₹29.04 million on account of our share of net profits from ReMS. We cannot assure you that we will continue to earn such profits, or any profits at all, from ReMS and PXIL, which could have an adverse effect on our financial results.

As per the Restated Financial Information, for the six month period ended September 30, 2019, our Profit After Tax of ₹73.40 million, included our share of net profits from our joint venture and our Associate, amounting to ₹50.36 million, which was contributed by ReMS and PXIL. Similarly, for Fiscal 2019 and Fiscal 2017, our share of net profit from our Joint Venture, being ReMS, amounted to ₹32.15 million and ₹78.34 million respectively. For Fiscal 2018, our loss after tax was reduced to the extent of ₹29.04 million on account of our share of net profits from ReMS.

We have not been, and are not, involved in the day-to-day operations of ReMS, being a joint venture between GoK and NeML, or PXIL, being an associate company. We cannot assure you that we will continue to earn such profits, or any profits at all, from ReMS and PXIL, which could have an adverse effect on our financial results.

Further, PXIL has recently started to earn profits, on account of which, the Exchange wrote back its investment of ₹200 million in PXIL for the six month period ended September 30, 2019. In the past, the Exchange had impaired its investment in PXIL to the entire extent of ₹200 million on account of persistent losses and erosion of the net worth of PXIL. Accordingly, our financial results as at, and for the six month period ended, September 30, 2019 may not be comparable to our previous financial results. Investors are accordingly advised to limit their reliance on our Restated Financial Information in making a judgment of our historical performance or the trends in our performance.

For further details, please refer to the sections titled “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 171 and 251, respectively.

9. One of the objects of the Fresh Issue is contribution to the Core SGF and towards net worth requirements of NCCL. However, the quantum of contribution for our Core SGF as well as the amount required for complying with net worth requirements are dynamic in nature, and there cannot be any guarantee that the capital raised through our objects will suffice or that the entire amount will be invested, as envisaged in the objects of the Fresh Issue.

Every recognised clearing corporation is required to establish and maintain a settlement guarantee fund (“SGF”), to guarantee the settlement of trades executed in each segment of a recognised stock exchange. Further, each clearing corporation is also required to create a core fund within the SGF (“Core SGF”), and which is readily and unconditionally available to meet the settlement obligations of the clearing corporation in case of clearing members failing to honour their settlement obligations. The contribution to the SGF and its Core SGF is required to be made by a recognised stock exchange, recognised clearing corporation and the clearing members, in such manner as specified by SEBI from time to time. In case of a shortfall in the SGF or Core SGF, the recognised clearing corporation and the recognised stock exchange may have to replenish such fund to the requisite level as may be specified by SEBI. Further, NCCL, being a recognised clearing corporation, is required to maintain, at all times, a minimum net worth of ₹1,000 million or such capital as may be prescribed by SEBI.

One of the objects of the Fresh Issue is contribution to the Core SGF and towards net worth requirements of NCCL. However, the quantum of contribution to the Core SGF as well as the amount required for complying with the aforementioned net worth requirements are dynamic in nature, and there cannot be any guarantee that the capital raised through the Fresh Issue will be sufficient to meet these regulatory requirements. In the event of any shortfall, we may be required to fund such additional requirements through, amongst other things, our internal accruals. Any inability on our part to comply with these regulatory requirements in a timely manner, could give rise to action from SEBI, which could have a material impact on our reputation and operations. For further details, please see “Objects of the Offer” on page 76.

10. Changes in laws and regulations concerning the SGF may have a material adverse effect on us.

Every recognised clearing corporation is required to maintain a settlement guarantee fund for each segment to guarantee the settlement of trades executed in each segment of a recognised stock exchange. The contribution to the SGF is to be made by a recognised stock exchange, recognised clearing corporation and the clearing members, in such manner as specified by SEBI from time to time. In case of a shortfall in the SGF, NCCL and the Exchange will have to replenish the SGF to the threshold specified by SEBI. Further, the contribution requirement towards SGF may increase, as it has in the

past. For further details, please see “*Key Regulations and Policies*” on page 126. Meeting any increased SGF requirements may require us to raise additional capital, which may not be available to us on commercially acceptable terms, or at all, and may require us to fund such requirements through internal accruals, which in turn may stress our financial performance, which could have a material adverse effect.

11. We operate in a business environment and industry that has historically experienced and continues to experience significant and rapid technological change. Any inability on our part to keep pace with such changes could materially adversely affect our business, financial condition and results of operations.

Technology is a key component of our operations and business strategy, and we regard it as an important component of our success. However, we operate in a business environment that has undergone, and continues to experience, significant and rapid technological change. In recent years, electronic and high speed trading has grown significantly. To remain competitive, we must continue to enhance and improve the responsiveness, functionality, capacity, resiliency, accessibility and features of our trading and clearing platforms, software, systems and technologies. Our success may depend, in part, on our ability to:

- develop and / or license new technologies and services that address the increasingly sophisticated and varied needs of our members and prospective clients;
- enhance existing trading, rematerialisation, warehousing and clearing platforms and services;
- anticipate the demand for new services and respond to customer demands, technological advances and emerging industry standards and practices on a cost-effective and timely basis;
- continue to attract and retain a workforce highly skilled in technology and to develop and maintain existing technology; and
- respond and adapt to competition from and opportunities of emerging technologies such as *fintech* innovation.

All trading on the Exchange is conducted exclusively on an electronic basis and, hence, we are heavily dependent on the technology we use for our electronic trading platform.

There can be no assurance that we will be able to respond to customer demands, technological advances and emerging industry standards and practices on a cost-effective and timely basis, or that we will be able to continue to optimise and improve the responsiveness, functionality, capacity, accessibility, scalability, features or efficiency of our trading and clearing platforms, software, systems and technologies.

Further, the adoption and implementation of new technologies or market practices and the addition of new products or services to our trading platforms may require us to devote significant additional resources to improve and adapt our services. Keeping pace with the ever-changing requirements can be expensive, and we can give no assurance that we will succeed in making improvements to our technology infrastructure in a timely manner or at all. Even after incurring these costs, we ultimately may not realise any, or may realise only small amounts of revenues from these new products or services. If revenue does not increase in a timely fashion as a result of these expansion initiatives, the up-front costs associated with expansion may exceed revenue and prevent us from making any return on such investments, which in turn may adversely impact our revenues, profitability and results of operations.

Our business also depends on the performance, reliability and upgrades of complex computer and communications systems as well as third party systems and links and third party service providers including settlement banks, certain data suppliers, server hardware suppliers, software providers, telecommunications equipment suppliers and telecommunications providers. Heavy use of our platforms and order routing systems during peak trading times or at times of unusual market volatility could cause our systems to operate slowly or even to fail for periods of time. Our or any third party service provider’s failure to maintain systems or to ensure sufficient capacity may also affect its operations or result in disruptions of its regulatory and reporting functions, leading to claims, reputational damage and sanctions by regulators.

During the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, we experienced an aggregate of five instances of technical problems during trading hours. These technical problems were due to issues with, among other things, our network and hardware, which, however, did not result in a halt any trading. Any future instances of technical problems may adversely affect our business and operations and any breakdown, stoppage, halt or pause in our information technology systems could have a material adverse effect on our business, results of operations, financial condition and prospects.

We also rely on third parties for system support. Any interruption in these third-party services or deterioration in the performance of these services, regardless of the cause, could also be disruptive to our business and affect trading activity. While we have backup systems in place for certain aspects of our operations, our systems and infrastructures are not fully redundant, disaster recovery planning is not sufficient for all eventualities and our property and business interruption

insurance coverage may not be adequate to compensate us fully for any losses that we may suffer.

If we, or third parties upon which we rely, cannot expand system capacity to handle increased demand, or if any of its systems otherwise fail to perform and we, or any third party upon which we rely, experience interruptions, malfunctions, disruptions in service, slower response times or delays in introducing new products and services, then we could incur reputational damage, regulatory sanctions, litigation, loss of trading share, loss of trading volume and loss of revenues, any of which could materially adversely affect our business, financial condition and results of operations.

12. Cyber security risks, breaches and/or malfunction of any of our systems could disrupt our operations and could materially and adversely affect our business, financial condition and results of operations.

We rely on our information technology systems for our operations and their reliability and functionality is critical to our business success. Our dependence on our IT infrastructure, applications and data has caused us to have a vested interest in its reliability and functionality which can be affected by a number of factors, including, but not limited to, the increasing complexity of the IT systems, frequent change and short life span due to technological advancements and data security. If our IT systems malfunction or experience extended periods of downtime, we may not be able to run our operations safely or efficiently. We are subject to cyber security risks and may incur costs to minimise those risks. Cyber security breaches, such as unauthorised access, accidents, employee errors or malfeasance, computer viruses, computer hackings or other disruptions could compromise the security of our data and infrastructure, thereby exposing such information to unauthorised access by third parties. Techniques used to obtain unauthorised access to, or to sabotage, systems change frequently and generally are not recognised until launched against a target. We may be required to deploy significant capital and other resources to remedy, protect against or alleviate these and related problems, and we may not be able to remedy these problems promptly, or at all. Any security breaches that occur could disrupt our operations, increase our security costs, or expose us to potential losses due to data corruption or information leakage, which could have a material adverse effect on our reputation, business, financial condition and results of operations.

Further, persons who circumvent security measures could wrongfully access and use our information or our customers' information, or cause interruptions or malfunctions in our operations. Such breaches or any actual, threatened or perceived attacks in the future could compromise our confidential data, such as clients' trading data and positions, which could lead to lawsuits against us and could result in government agencies commencing investigations of our operations, which could result in negative publicity, harm to our reputation, and subject us to government fines and regulatory sanctions. The market perception of the effectiveness of our security measures could be harmed and could cause members, customers and investors to either reduce or stop their use of our electronic trading platforms, leading to loss of trading share, loss of trading volume and loss of revenues, any of which could materially adversely affect our business, financial condition and results of operations. We may also be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm, caused by any cyber-attacks or security breaches.

Should such an interruption or delay occur because of any of the above factors, we can neither assure you that it may not result in the loss of data or information that is important to our business nor that we may be able to restore our operational capacity within a sufficiently adequate time-frame to avoid disruptions to our business or at all. If our systems malfunction or experience extended periods of downtime, we may not be able to run our operations safely or efficiently. We may suffer losses in revenue, reputation, volume of business, and our business, financial condition and results of operation may be materially and adversely affected.

13. Our operations are dependent on safe and secure data storage. Any disruptions affecting our data storage centres, may have a material impact on our operations.

The secure transmission of confidential information over public and other networks is also a crucial element of our operations. Our operations are dependent on the safe and secure storage and transmission of data relating to trades executed on the Exchange as well as operations of our Subsidiaries. Our primary data site is located at Kanjurmarg, Mumbai. Our near site and disaster recovery centres are located at Chandivali in Mumbai and Tidel Park in Chennai, respectively. Further, our business continuity centre is located in New Delhi. It is possible that we may experience systems failures in the future even with our back-up and risk management systems in place. Systems failures (including those for third party service providers) could be caused by, among other things, cyber-attacks, periods of insufficient capacity or network bandwidth, power or telecommunications disruptions or failures, acts of God or war, terrorism, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism and similar events over which we have little or no control. On April 16, 2018, there was a fire that broke out at our primary data site in Kanjurmarg, Mumbai, which required us to initiate a back-up recovery process. Consequently, our systems were operated from our disaster recovery centre in Chennai till July 7, 2018, until the primary site was restored and operational again. Further, trading from our primary site was suspended on April 16, 2018. The clearing functions and other end of trading day operations were completed from the disaster recovery centre. There can be no assurance that similar incidents will not happen in the future or that a simultaneous failure of all our data centres will not occur. In the event of such failures, our operations may be disrupted which may have a material adverse effect on our

operations, reputation and financial position.

14. A writ petition has been filed in the High Court of Karnataka, contending that the shareholders' agreement executed between the Government of Karnataka ("GoK") and NeML on December 23, 2013 ("JV Agreement") is ultra vires. Further, the Commissioner of Central Tax, Bengaluru North Commissionerate, issued a show cause notice to ReMS dated March 5, 2019 seeking reasons for the services being rendered to not be held as "declared services" as defined in the Finance Act, 1994 and service tax not being levied in terms of Sections 66B, 77(1) and 77(2) of the Finance Act, 1994 respectively, along with interest and penalty. Any adverse ruling in this regard, could have a material adverse effect on our business, reputation and financial position.

The GoK, in the Karnataka Agricultural Marketing Policy, 2013, envisaged an appropriate private public partnership arrangement for providing technology, for marketing of produce and attendant requirements in Karnataka. Pursuant to the aforementioned policy, the GoK selected NeML to be the private partner in terms of the shareholders' agreement dated December 23, 2013, and a joint-venture, namely ReMS, was incorporated in January 2014.

On April 25, 2018 a writ petition was filed before the High Court of Karnataka against the Union of India, NeML, the Exchange and others, challenging, amongst other things, the legality of (a) the Karnataka Agricultural Marketing Policy, 2013 and (b) the shareholders' agreement dated December 23, 2013, entered into between the State of Karnataka and NeML for incorporation of a joint venture, Rashtriya e-Market Services Private Limited. The petitioner alleged that the act of entering into the JV Agreement for incorporating ReMS resulted in a violation of various statutes, besides being discriminatory, arbitrary and a *mala fide* exercise of power, and the same being *ultra vires* of Karnataka Agricultural Marketing (Development and Regulation) Act, 1960. For details, please see "*Outstanding Litigation and Material Developments*" on page 274.

Further, the Commissioner of Central Tax, Bengaluru North Commissionerate, issued a show cause notice to ReMS dated March 5, 2019 seeking the reasons for the services being rendered by the company to not be held as "declared services" as defined in Section 65B (44) of Finance Act, 1994 and service tax not being levied in terms of Sections 66B, 77(1) and 77(2) of the Finance Act, 1994 respectively, along with interest and penalty. The department has assessed ₹12.30 crores as the service tax liability of ReMS for the period from April 1, 2014 to March 31, 2017. Furthermore, the Joint Commissioner, Bengaluru North Commissionerate, also issued another show cause notice dated September 25, 2019 for the subsequent period from April 2017 to June 2017 in the same manner and seeking explanation as to why service tax should not be levied in terms of Sections 66B, 77(1) and 77(2) of the Finance Act, 1994, respectively, alongwith interest and penalty. It has assessed the service tax liability at ₹0.85 crores for the aforesaid period.

In response to both the notices, ReMS has furnished replies, categorically negating the classification of the services by the department under section 65(105) clause (zh) of the Finance Act, 1994 which relates to "online information and data base access or retrieval or both in electronic form through computer network, in any manner" read with section 65B (51) of Finance Act, 1994. ReMS has stated that its services to the farmers, traders and other market participants, for sale or purchase of agricultural commodities falls under the negative list Section 65D (d)(vii) of the Finance Act, 1994, and do not attract service tax.

ReMS has also contended legally the levy of penalty and interest. Though replies for the first and second show cause notices were furnished by ReMS to the department on April 5, 2019 and October 28, 2019 respectively, no further communication has been received from the department in this regard, as on date of this Draft Red Herring Prospectus.

Any adverse ruling in the above matters, may have a material adverse effect on our business, reputation and financial position.

15. NCCL is dependent on sufficiency of collaterals of its clearing members to settle the trades executed by them and of the trading members clearing through them. Any insufficiency of collaterals due to default by clearing members in fulfilment of settlement obligations could affect the Exchange's business and results of operations.

NCCL is dependent on sufficiency of collaterals of its clearing members to settle the trades executed by them and of the trading members clearing through them. The purpose of the SGF is to guarantee the settlement of trades executed in the futures as well as options segments of the Exchange. In the event of a clearing member failing to honour settlement commitments, the SGF shall be used to fund the obligations of that member and complete the settlement without affecting the normal settlement process. Thus, while we believe that the Exchange has appropriate mitigants and risk mechanisms in place, there can be no assurance that such measures and mechanisms will ensure sufficiency of collateral or any contingencies arising out of a lack thereof. Any insufficiency of collaterals due to default by clearing members in fulfilment of their settlement obligations could affect the Exchange's business and results of operations.

16. We operate in an industry which is highly regulated. We may be subject to commodity contract suspensions, censures, fines, allegations, complaints, other legal proceedings if we fail to comply with our legal and regulatory

obligations, which could materially adversely affect our reputation, our business, our financial condition and results of operations

We operate in a highly regulated industry and are subject to extensive regulation. SEBI regulates us and has broad powers to withhold approvals or consents with respect to proposals made by us (whether with respect to rule amendments, product range or infrastructure or market development initiatives), to issue suspension orders and to require us to produce records and supply information. We have experienced instances of suspension of contracts in the past including with respect to chana, soy oil, potato and rubber in 2008, and castor seed in 2016. Where SEBI is satisfied that it is appropriate to do so in the interest of the investing public or in the public's interest, for the protection of investors or for the proper regulation of us, SEBI may suspend any of the functions of the Exchange or NCCL. In the event that SEBI exercises such powers, this would have a material adverse effect on our business, reputation, financial condition and results of operations.

The Exchange incurs various regulatory fees and costs on account of its operations. In this regard, SEBI is empowered to, at its discretion, dictate the manner in which profits from any reduction in regulatory cost may be utilised by the Exchange. For example, reduction in regulatory fee in respect of agricultural commodity derivatives has to be used for encouragement of FPO participation with indicative manner of spending of profits being set out by SEBI.

Additionally, we are required to perform certain regulatory functions as prescribed by SEBI. Any increase in the levels of monitoring that we are required to perform, including on account of regulatory changes, may impose or result in increased or excessive regulatory burdens on and compliance costs for us. Further, failure to adequately monitor compliance with applicable commodity derivatives related laws for contracts listed on our platform may subject us to penalties, fines, suspension of our license or third-party lawsuits. While we have an investor grievance portal and a dedicated investor grievance cell to address complaints from investors and clients, such complaints may give rise to litigation or regulatory action, and may cause reputational damage or otherwise may materially and adversely affect our business. Investors may lose faith in us as an exchange, stop trading on the Exchange and/or conduct transactions on other exchanges instead of ours. We may be exposed to a higher risk of reputational damage or financial loss due to the higher exposure to regulatory requirements and sanctions, penalties or fines resulting from failure to comply with any new, newly applied or existing laws or regulations. For details on how reputational damage can materially and adversely affect the Exchange, please see "*Risk Factors - We operate in an industry where reputation and market participant confidence are extremely important. Any damage to our reputation could materially adversely affect our business and future prospects*" on page 35.

We may also expect increased operational costs or sustain losses or financial consequences if our contracts must be renegotiated, or if contract terms must be altered as a result of new or newly applied laws, regulations or court decisions. Our ability to comply with applicable laws and rules may largely depend on our ability to establish and maintain appropriate systems and procedures as well as our ability to attract and retain qualified personnel and professionals.

In the case of actual or alleged non-compliance with regulatory requirements, we could be made subject to investigations and administrative or judicial proceedings that may result in substantial penalties. Further, being an exchange, we are constantly subject to public scrutiny and perception. Allegedly aggrieved persons could approach SEBI with complaints that pertain to our operations, based on which we may be made subject to regulatory inquiry and / or investigations. For instance, we have, in the past, had instances of anonymous complaints being filed with SEBI in relation to alleged governance and administration issues at the Exchange. While such allegations have been responded to by the Exchange and no actions have been initiated against the Exchange till date, there can be no assurance that any complaints, including any allegations made against us in the future, will not result in comprehensive investigation by SEBI. Any such investigation or proceeding, whether successful or unsuccessful, could result in substantial costs and diversions of resources, which could negatively affect our reputation and have a material adverse effect on our business and cash flows, financial condition and results of operations.

17. We operate in an industry where reputation and market participant confidence are extremely important. Any damage to our reputation could materially adversely affect our business and future prospects.

We operate in an industry where reputation and market participant confidence (including that of farmers, traders and processors) are extremely important. One of our competitive strengths is our reputation and brand name as a recognizable commodities and derivatives exchange in India.

Due to the role that we perform in the Indian commodities and derivatives markets, errors in our transaction systems, interruptions in trading, operational errors, inadvertent leakages of confidential information relating to customers, legal proceedings, quality of commodities traded or delivered, press speculation or other unfavourable information could damage our brand and reputation. The actions of other entities in the exchange market, including traders, financial intermediaries and competing trading platforms, acting contrary to accepted standards of conduct or market practice could undermine general confidence in the Indian markets and in our business. Finally, our members and employees may engage in fraud or other misconduct, and although we take precautions to prevent and detect this activity, such precautions may not be effective in all cases, which could result in sanctions or serious harm to our reputation.

We cannot guarantee that these issues will not occur, thereby resulting in market disruption, regulatory investigations and reputational damage. Damage to our reputation may steer investors to what they deem to be more reliable exchanges thereby reducing the trading volume on the Exchange. As a result, such reputational damage or any litigation or investigations may affect our business, financial condition and results of operations.

18. Our duties as a stock exchange may conflict with our Shareholders' interests.

In discharging our obligations to ensure an orderly and fair commodities market and/or to ensure that risks are managed prudently, we are required to act in the interests of the public, having particular regard to the interests of the investing public, and to ensure that where such interests conflict with any other interests, the former will prevail. There is no assurance, therefore, that our results will not be materially adversely affected through placing public interest ahead of our own interests, including the interests of our Shareholders.

19. Any delay or refusal to approve new rules and bye laws, amendments to existing rules and bye laws or fees may force us to halt or modify our operations, which could have a material adverse effect on us.

We operate the Exchange and, as a recognised stock exchange in India, have power to make rules and bye laws for the purposes of discharging our duties, but no rule and bye laws or amendment of our rules and bye laws will be effective unless we have SEBI's approval in writing and publish notifications regarding the amendments in the Gazette of India and the Maharashtra State Gazette.

SEBI may approve, disapprove, or recommend changes to rules or amendments to existing rules and bye laws that we submit to it for approval. Any delay or refusal in approving changes, or the altering of any proposed change, could have a material adverse effect on our business, financial condition and results of operations.

20. We operate in a competitive industry and face competition from other players for trading, clearing and settlement volumes in relation to commodities, and if our commodity futures contracts and services are not competitive, our business, financial condition and results of operations may be adversely affected.

We face competition for our contracts, clearing and settlement, trading futures and options, indices and other derivative products, e-Markets, government programs as well as our data sales business. As a result of increased liberalization and globalization of world capital markets, industry consolidation and an increasing number of traditional and non-traditional trading venues, we expect such competition to continue and increase.

In October 2018, SEBI introduced universal exchanges, thereby permitting traditional stock exchanges to offer trading in commodity contracts. This resulted in BSE and NSE entering the commodity markets. We compete with national market participants in India, such as MCX, NSE, BSE and ICEX in a variety of ways, including the cost, quality and speed of trade execution, market liquidity, functionality, ease of use and performance of trading systems, the range of products and services offered to customers and listed companies, and technological innovation and reputation.

Increased competition from existing, new and potential competitors could cause us to experience a decline in our market share. Such a decline would translate into a decrease in associated transaction charges, risk management fees, data fees, net investment income, and other related revenue, which would materially adversely affect our financial conditions and results of operations. In addition, increased competition particularly in a highly regulated environment may exert a downward pressure on fees in order for us to remain competitive, which could materially adversely affect our business, financial condition and results of operations. We could lose a substantial percentage of our market share of trading if we are unable to effectively compete on price, or our profit margins could decline if we reduce pricing in response to increased competition. Further, our competition may introduce pricing measures which may hamper our business.

If we fail to compete successfully, our business, financial condition and results of operations may be materially adversely affected. For more information on the competitive environment in which we operate, see "*Our Business — Competition*" on page 123.

Further, the commodity derivatives market is generally highly competitive. We expect that competition may increase and continue to intensify in the future. Our ability to maintain and enhance our competitiveness may have a direct effect on our business, financial condition and results of operations. We believe competition in our industry is based on the ability to provide services and business capabilities including:

- market liquidity;
- market reach;
- transparency;

- technological advancements;
- trading platform efficiency and reliability;
- new product offerings;
- pricing; and
- risk management capabilities.

We face competition mainly from national commodity exchanges, namely, NSE, BSE, MCX, NMCE and ICEX. According to the CARE Report, in Fiscal 2019, the market share of the Exchange, MCX, ICEX, BSE, and NMCE, based on ADTV of agricultural commodities, was 81.5%, 15.5%, 2.3%, 0.7% and 0.0%, respectively. While our business has grown in recent years, the emergence of new market entrants provides new challenges in the markets in which we operate. Competition within the Indian commodity futures exchanges may intensify as new commodities futures exchanges are established. Increased competition could lead to price competition, which could adversely affect our profit margins and increase the importance of the economies of scale. In addition, our competitors may also:

- respond more quickly to competitive pressures;
- introduce new commodity futures contracts and services that are preferred by our customers;
- develop products that compete with our commodity futures contracts;
- price their products and services more competitively;
- develop and expand their network infrastructure and service offerings more efficiently;
- utilise better, more user-friendly and more reliable technology; or
- take greater advantage of organic and inorganic growth opportunities, including acquisitions, alliances and other opportunities.

There can be no assurance that we will be able to continue to compete effectively. If our commodity futures contracts and services are not competitive, our business, financial condition and results of operations may be adversely affected.

21. The commodities traded on the Exchange are subject to approvals from SEBI for such trading. Any suspension, delay or failure to obtain and / or maintain approvals for the products offered by the Exchange could materially and adversely affect our business, results of operations, financial condition and prospects.

The commodities traded on the Exchange are subject to approval from SEBI. The approvals granted by SEBI for the commodities are for a limited period of time and we are required to renew such approvals upon expiry of the same. There can be no guarantee that we will continue to receive such approvals and / or renewals thereof. Further, our competitors may launch any discontinued contracts on their platforms. For example, chana, which had been discontinued with effect from July 27, 2016, was reintroduced in 2018 and was one of the top five commodities in Fiscal 2019. The total turnover for the chana contract traded on the Exchange for Fiscal 2016 was ₹1,603,575.60 million, and it accordingly resulted in a loss of revenue from transaction charges for the Exchange, for the period during which the contract remained suspended. Further, in the event the receipt of approvals for products from SEBI is delayed beyond the anticipated time frames, the products for which such approvals are sought may become redundant.

The erstwhile FMC banned the trading of chana, soy oil, potato and rubber in 2008, and, urad and tur in 2007. Further, we have applied for trading of urad and tur, which continue to remain pending with SEBI. Any such suspension, delay or failure to obtain and / or maintain approvals, or ban from SEBI in relation to products offered by us, could materially and adversely affect our business, results of operations, financial condition and prospects. Further, SEBI has recently mandated all recognised stock exchanges dealing in the commodities derivatives segment, to constitute, for consultation, a product advisory committee for each group or complex of commodities having common stakeholders or value chain participants, for which derivatives are traded or are proposed to be traded on the Exchange. The aforesaid product advisory committee requires balanced representation from industry stakeholders, such as trade associations, producers, farmers, independent experts and representatives from certain sectors and from the exchange and clearing corporation responsible for the specific commodity. Accordingly, this vast participation in the product advisory committee, could result in a delay, amongst other things, in the process of introduction of new commodity derivatives or amendments to existing commodity derivatives. For details regarding pending approvals as of the date of this Draft Red Herring Prospectus, see “Government and Other Approvals” beginning on page 279.

22. The Exchange is under a regulatory mandate to reduce its current shareholding in (i) NERL from 67.22% to 51.00% or lower by December 22, 2020 and (ii) PXIL from 34.21% to 25.00% or lower by April 23, 2021. Any inability to comply with such reduction in shareholding within the prescribed timelines, or at all, may lead to regulatory action and penalties being imposed upon the Exchange.

In terms of the Guidelines on Repositories and Creation and Management of eNWRs issued by WDRA, if one of the sponsors of a repository is an exchange, such exchange is not permitted to hold more than 51.00% of the paid up equity share capital of the repository, and is required to reduce its shareholding in the repository to 24.00% within a period of ten

years from the date of grant of certificate of registration. Currently, WDRA, by way of its letter dated November 19, 2019, has mandated December 22, 2020 as the deadline for reduction of our shareholding in NERL to 51% or lower. Accordingly, we are required to initiate the necessary divestment measures.

Further, in terms of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010, any shareholder, other than a member of a power exchange, cannot hold in excess of 25.00% of the share capital (whether direct or indirect) in a power exchange. The Central Electricity Regulatory Commission, New Delhi has, by way of its order dated April 24, 2019, mandated April 23, 2021 as the deadline for reduction of our shareholding in PXIL to 25.00% or lower.

We cannot assure you that we will be able to divest our shareholding in NERL and PXIL, within the prescribed timelines, or if such divestment can be done on favourable terms. Any inability to comply with such reduction in shareholding within the prescribed timelines, may lead to regulatory action and penalties being imposed on the Exchange.

23. Any failure to successfully execute any current or proposed strategic investment, alliance, joint venture or other business combination may materially adversely affect our financial condition and results of operations.

In order to stay competitive, we may seek to enter into future investments, alliances, joint ventures or other business combinations. However, there can be no assurance that we will be able to adequately assess and identify suitable opportunities for business diversification or other purposes, obtain the financing necessary to complete and support such investments, alliances or ventures on satisfactory terms, or that any such business combination may prove to be profitable or create value for our shareholders. For example, the Exchange had originally set up PXIL to provide innovative and credible solutions to Indian power trading markets. We cannot assure you that our joint venture partners will not deviate from our understanding with them or their commitments. Furthermore, there can be no assurance that any investment, alliance, joint venture or other business combination offer made by us will be accepted. Additionally, potential strategic investments, alliances and joint ventures may result in our exposure to unanticipated liabilities and we can provide no assurance that we would be able to identify any actual or potential liabilities. Any failure to complete any proposed strategic investment, alliance, joint venture or other business combination in accordance with our expectations, or the failure to identify suitable opportunities, may result in a material adverse effect on our results of operations or financial condition.

24. Changes in interest rates may materially adversely affect our profitability.

We derive a part of our income from interest on bank deposits, bonds, and financial assets, which we invest as per our investment policy. Accordingly, we are exposed to the effects of fluctuations in the prevailing levels of market interest rates on our financial position and cash flows. Interest rates are sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond our control.

25. The Exchange, as well as its Subsidiaries, and ReMS (one of our Group Companies), may be involved in certain legal proceedings, which may adversely affect our business and prospects.

We may be involved in disputes with various parties, including local governments, suppliers, customers and subcontractors. These disputes may lead to legal or other proceedings and may result in substantial costs, delays in our development and operation schedule, and the diversion of resources and management’s attention, regardless of the outcome. We may also have disagreements with regulatory authorities in the course of our operations, which may subject us to administrative proceedings and unfavourable decisions that result in penalties or delay or disrupt the development and operations of our facilities. In particular, resolution of disputes with any governmental entities may be costly and difficult. Any disputes with governmental entities could potentially lead to revocation of necessary permits and licences if the disputes are not successfully resolved and it may take a substantially longer period of time to resolve such disputes than disputes with private counterparties. In the ordinary course of business, the Exchange, its Subsidiaries and ReMS (one of our Group Companies), are involved in certain legal proceedings, which are pending at varying levels of adjudication at different forums across various jurisdictions. A summary of outstanding matters set out below includes details of criminal proceedings, tax proceedings, statutory and regulatory actions and other material pending litigation involving the Exchange and Subsidiaries, and a summary of outstanding matters involving ReMS, our Group Company, which may have a material impact on the Exchange, as detailed in the section titled “*Outstanding Litigation and Material Developments*” at page 274:

Type of Proceedings	Number of Cases	Amount involved* (₹ in million)
Cases against the Exchange		
Criminal proceedings	1	14.21
Actions taken by statutory or regulatory authorities	Nil	Nil

Type of Proceedings	Number of Cases	Amount involved* (₹ in million)
Claims related to direct and indirect taxes	17	276.82
Other pending material litigation	7	Not quantifiable
Total	25	Not quantifiable
Cases by the Exchange		
Criminal proceedings	31	Not quantifiable
Other pending material litigation	2	58.12
Compounding application	1	Not quantifiable
Total	34	Not quantifiable
Cases against the Directors		
Criminal proceedings	1	198.40
Total	1	198.40
Cases against the Subsidiaries		
Criminal proceedings	Nil	Nil
Actions taken by statutory or regulatory authorities	Nil	Nil
Direct and indirect taxes	5	23.94
Other pending material litigation	144	Not quantifiable
Total	149	Not quantifiable
Cases by the Subsidiaries		
Criminal proceedings	1	0.67
Other pending material litigation	2	253.33
Total	3	254.00
Cases against the Group Companies		
Pending litigation which may have a material impact on the Exchange	1	Not quantifiable
Total	1	Not quantifiable

*To the extent ascertainable

26. Trading of agricultural commodity derivatives on the Exchange is subject to position limits which may be prescribed by SEBI from time to time, which may limit trading on the Exchange and, consequently, may have an adverse effect on our business and results of operations.

In any given year, based on the average of production data and import data of the past five years on a rolling basis and various extraneous factors that affect trading in derivatives, agricultural commodities are classified into three categories, being, sensitive, broad and narrow, and each such category is subject to certain position limits *vis-à-vis* the deliverable supply, which is prescribed by SEBI from time to time. The client level position limits currently published by SEBI are 1% of the deliverable supply in terms of broad commodities, 0.5% of deliverable supply in terms of narrow commodities, and 0.25% of deliverable supply in terms of sensitive commodities. These limits are subject to review and change by SEBI and may accordingly restrict trading on the Exchange. Such limits in trading may have an adverse effect on our business and results of operations.

27. Our risk management methods and insurance policies may not be effective or adequate, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are exposed to investment and market risk with respect to interest rates, as well as credit risk, operational risk, counterparty default risk and liquidity risk. While we have risk management policies and procedures designed to prevent the occurrence of, or mitigate, such risks, these policies and procedures may not be fully effective. Managing legal and regulatory risk requires, among other things, IT systems, policies and procedures and personnel to properly monitor, record and verify a large number of transactions and events. We can provide no assurance that our IT systems, policies, procedures and personnel will always be effective or that we will always be successful in monitoring or evaluating the compliance risks to which we are or may be exposed. Non-compliance could lead to reduced levels of issuer and investor activity on our markets and may have a material adverse effect on our business.

We maintain insurance coverage against some risks relating to our business such as natural disasters, fire and arson, business contingency, employee, medical claim, health and director's and officer's liability, electronic equipment, theft, burglary and other crimes, damage to property, operations with forged securities and payment documents, and other documents and computer crimes, as well as certain operational activities. However, our insurance may not always be adequate to cover losses we incur, including any losses suffered due to system failure, and large, uninsured losses or claims may have a material adverse effect on our business, financial condition, results of operations and prospects. For a detailed description of the insurance policies obtained by us including the assets covered under such insurance, see "Our Business" on page 109.

28. *Certain critical components of our technological infrastructure are licensed from third parties.*

Our trading technological infrastructure has been obtained by us pursuant to licensing arrangements entered into with third party service providers. Our trading technological infrastructure forms the core of our trading operations and should it become unavailable to us, our operations would be subjected to severe disruptions which would have a material adverse effect on our business, financial condition, results of operations and prospects. In case of termination of our license or the absence of a renewal of this license on favourable terms or at all, we may incur significant cost in procuring or developing and implementing a new trading engine. Further, technology obsolescence may lead to this trading engine becoming redundant within a time period far shorter than anticipated by us. Accordingly, we may be required to invest additional amounts and incur significant costs in upgrading or purchase of newer technologies.

Any deficiency in our trading technological infrastructure due to the aforesaid factors or time taken for updates may have a material adverse impact on our business, cash flows, results of operations, reputation, profitability and prospects.

29. *Our existing products and services may lose market appeal and we may be unable to identify opportunities and expand into new product lines, services or attract new types of market participants.*

Our revenue from operations consists of transaction charges, annual subscription charges, admission fees, risk management fees, delivery charges, Comtrack / repository charges, warehouse charges, data, analytics and technology sales, pledge finance charges and other income. For the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal, 2017, our revenue from operations was ₹707.88 million, ₹1,503.84 million, ₹1,125.66 million and ₹1,039.71 million, respectively, and our profit after tax was ₹73.40 million, ₹156.20 million, ₹(108.79) million and ₹215.70 million, respectively. Our continued success and future growth depend on our ability to develop and offer new products and services that appeal to our existing and prospective customers. We may spend substantial money and time, including management time and attention, developing or improving products and services and such investments may not yield expected benefits. Further, incorrect price polling for products offered on NeML may also affect its market appeal. For example, the Exchange ventured into commodity trading for gold in 2004. However, the revenue realised was not as per expectations and the contract was subsequently discontinued.

Our current products or services may become outdated or lose market favour before adequate enhancements or replacements can be developed. If a significant portion of our existing product portfolio becomes outdated or loses market favour and we are unable to offer new products in their place, or if we fail to increase the demand by investors for our products, our business, financial condition, results of operations and prospects could be materially adversely affected. Further, we may not be able to maintain or increase our market share in the newer product segments that we currently offer or maintain our market share for product segments which we currently have a sizeable or large market share. Consequently, our continued success and future growth rely on the development and introduction of new financial and related products that appeal to the market participants, as well as on the ability to attract new types of market participants to our products. However, there can be no assurance that we would be able to obtain approvals required for the introduction of new products or innovations in a timely manner or at all. Further, there is no guarantee that the product segments we offer will be commercially successful, which may result in a material adverse effect on our results of operations or financial condition. For further details regarding our approvals as of the date of this Draft Red Herring Prospectus, see “*Government and Other Approvals*” on page 279.

30. *Our business may be materially adversely affected by risks associated with clearing and settlement activities.*

NCCL, being a recognized clearing corporation, acts as a central counterparty, and is responsible for our clearing and settlement activities for contracts entered into by the Exchange's participants. Accordingly, NCCL is subject to credit risk, liquidity risk, settlement risk and collateral risk in our clearing and settlement business.

Further, NCCL is exposed to significant credit risks of our clearing members. Parties to a settlement may default on their obligations for various reasons beyond our control. We may incur a loss if a member defaults on its obligations to us and its margin and security deposits are insufficient to meet its obligations.

For example, in October 2019, there were defaults by certain clearing members in the futures contracts for castor seed, one of the top contributors for the Exchange in terms of revenue and ADTV, which, consequently, resulted in market volatility and loss of revenue on account of reduced trading volumes. Such defaults may have a material adverse effect on the operations and financial condition of the Exchange and NCCL.

Although we have risk management related policies and procedures in place, these policies and procedures may not be sufficient to detect problems or prevent defaults. As part of our risk management policies, we collect various forms of collateral from members as security for honouring their trade obligations, including cash, fixed deposits receipts, bank guarantees, mutual funds, securities and commodities. Accordingly, we are subject to inherent risks associated with the

nature of the collateral such as extreme market conditions that could result in a reduction in the liquidation value of the collateral compared to the obligation which the collateral secures. NCCL is also subject to liquidity risk when either a clearing member defaults or delays in fulfilling its obligations or when a clearing bank defaults or delays in facilitating the pay-out of funds.

We cannot assure you that our clearing arrangements will be satisfactory to our members or will not require additional substantial system modifications in the future. If the various measures to cover any default and maintain liquidity are not sufficient to protect us from a default or if significant defaults take place, our business and results of operations may be adversely affected. Further, funding of the SGF has, in the past, required and may, in the future, continue to require significant contribution. In addition to the above, NCCL has empanelled WSPs for physical delivery of commodities intended towards settlement. Any dispute with WSPs could adversely affect NCCL.

Any of the foregoing risks could adversely and materially affect our financial position, the results of our operations and prospects.

31. All financial settlements for trades executed on the NeML platform are routed through NeML, and physical settlement is done independently by market participants. Any failure in effective settlement could hamper our reputation and impact overall trading for NeML.

NeML does not depend on NCCL or any third party for settlement of trades on its platform, and all settlement related activities are undertaken independently. All financial settlements for trades executed on the NeML platform are routed through NeML, and physical settlement is done independently by market participants. Any failure or inefficient physical settlement due to lapses by such market participants could hamper our reputation and impact overall trading for NeML, which in turn may adversely affect our profitability and results of operations.

32. Government policies in the commodities markets may affect our business.

The Central and State Governments may make changes to their policy measures with respect to trading and storage of agricultural commodities, considering the demand and supply in the country. Certain measures like imposition of stock limits, import and export restrictions, changes in import and export duties, fixing of minimum selling price in case of certain commodities may affect our business. For example, in case of sugar, various measures have been initiated by the government like imposition of stock limits and imposition of export duty during the Fiscal Years 2017 and 2018. Measures such as increase in import duty, withdrawal of export duty, fixation of minimum selling price for mills were announced. The total turnover for sugar contracts traded on the Exchange, which was ₹80,820.23 million in Fiscal 2017, fell to ₹514.12 million in 2018, and it accordingly resulted in a loss of revenue from transaction charges. Any such measures that endeavour to restrict free trade or fix prices and benchmarks may have affect commodity derivatives.

33. Agriculture in India is seasonal and dynamic in nature. Any disruptions in the agricultural production could affect the products offered by us and affect our financial position, the results of our operations and prospects.

We are primarily an agricultural commodity business. The agricultural practices in India depend on seasons for the annual crop produce. Due to the dynamic nature of the agricultural produce, there may be instances of surplus supply in the market. Any disruption in production, resulting in a surplus of supply in the market, while having a favourable effect on the agricultural market, could have an adverse effect on our business. The volume of commodities traded on the Exchange and their price is affected by any variation in the production supply of agricultural commodities. Most agricultural commodities are produced and harvested only once in a year. Further, the sufficiency in terms of infrastructure of warehouses and cold storage facilities may not be enough for the produce in a year, which can contribute to price volatility. Any disruptions in the agricultural production, including a surplus supply of produce, could affect the products offered by us and affect our financial position, the results of our operations and prospects.

34. We could be harmed by member or employee misconduct or errors that are difficult to detect. Any such incidences could result in regulatory sanctions, financial losses and reputational harm.

We are exposed to the risk of our members and their constituents engaging in fraud or other misconduct. It is not always possible to detect misconduct, and the precautions we take to prevent and detect such activity may not be effective in all cases.

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and serious harm to our reputation. Such employee misconduct include binding us to transactions that exceed authorised limits that present unacceptable risks to us, hiding unauthorised or unsuccessful activities and improper use of confidential information. It is not always possible to detect or deter misconduct, and the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions in such case, our business, financial

condition, results of operations and reputation could be adversely affected.

35. *We have in the past entered into related party transactions and may continue to do so in the future.*

We have and may continue to enter, into transactions with related parties. For more information on our related party transactions, see “*Financial Statements – Annexure XI*” on page 246. While we believe that all of our related party transactions have been conducted on an arm’s length basis in compliance with applicable law, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. The Companies Act, 2013 and the SEBI Listing Regulations require prior approval from the Audit Committee, Board and Shareholders for certain related party transactions. There can be no assurance that such transactions will be approved. There can also be no assurance that we will be able to maintain existing terms, or in case of any future transactions with related parties, that such transactions will be on terms favourable to us in future. In addition, it is probable that we will enter into further related party transactions in the future. Any future transactions with our related parties could potentially involve conflict of interests, which could be detrimental to the Exchange. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, financial condition and results of operations.

36. *The Exchange, NCCL and their respective shareholders are subject to certain restrictions and have to comply with certain criteria under the SECC Regulations. Any failure to comply with the requirements of the SECC Regulations could result in penalties and actions, which could have an adverse effect on our reputation, profitability and operations.*

The Exchange, NCCL and their respective shareholders are subject to, and will have to continuously comply with, the SECC Regulations and the circulars issued by SEBI from time to time, which imposes certain restrictions. These restrictions and compliances, amongst other things, include “fit and proper” criteria for shareholders and limits / requirement for approvals for shareholding in excess of certain thresholds. For further details, please see “*Key Regulations and Policies*” on page 126.

For instance, SEBI has, by way of its letter dated May 23, 2019 read with its letter dated February 5, 2020, instructed the Exchange to ensure that the shareholding of its Shareholders, who are not compliant with the prescribed shareholding limits are compliant by August 3, 2020, failing which regulatory action may be initiated by SEBI. OIJIF and IFFCO hold 10% each of the share capital of the Exchange, as on the date of this Draft Red Herring Prospectus, each of whom are proposing to offer 2,281,675 Equity Shares and 2,281,675 Equity Shares, respectively, for sale by way of this Offer for Sale. Any failure to comply with this mandate may result in regulatory action being initiated and / or penalties being imposed on the Exchange and / or the non-compliant shareholders.

Further, any investor acquiring Equity Shares pursuant to this Offer is required to comply with and certify compliance with the ‘fit and proper’ criteria and submission of a Bid in the Offer will be deemed to be a declaration of compliance with such ‘fit and proper’ criteria under the SECC Regulations. Failure to adhere to such criteria and shareholding limits imposed by the SECC Regulations could lead to freezing of shareholding and corporate benefits thereon and may also require Shareholders to dilute or divest their shareholding. For example, pursuant to SEBI’s letters dated May 23, 2019 and February 5, 2020, the Exchange has, by way of a resolution of the Board of Directors dated February 10, 2020, frozen the voting rights and restricted entitlement to any corporate benefits, including dividend, over and above 5% of the paid-up capital of the Exchange held by Indian Farmers Fertiliser Cooperative Limited and Oman India Joint Investment Fund, till either (i) compliance with the SECC Regulations or (ii) up to August 3, 2020. We cannot assure you that the Exchange and NCCL will be able to comply with all the requirements to which we are subject, within the prescribed time, or at all, or be able to obtain waivers or relaxations, if required in a timely manner, or at all, failing which our business and operations could be adversely affected.

37. *Our Auditor’s examination report on the Restated Financial Information contains certain matters of emphasis in relation to the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017.*

Our Auditor’s examination report on the Restated Financial Information contains certain matters of emphasis in relation to the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017. For further details, please see “*Financial Statements*” on page 171.

We cannot assure you that our examination reports for any future Fiscal periods will not contain such matters of emphasis, which may affect our financial condition or results of operations in such future periods. Further, the inclusion of any such matters of emphasis in our financial statements in the future may adversely affect the trading price of the Equity Shares.

38. *If market data disseminated by us contains undetected errors, this could have a material adverse effect on our business, financial condition or results of operations.*

Through our data services and also in the ordinary course of business, we distribute trading data, sourced from the Exchange, to third parties, as part of our data sales business, as well as on our website, for the benefit of market participants. We have also entered into agreements for such data feed with various data aggregators and information service providers. The market data distributed by us covers a variety of contracts traded on the Exchange as well as details of contract quotes, warehouses, market prices (including polled prices for commodities), MIS reports, daily margins, volume details *etc.* Further, the contracts traded on the Exchange for certain commodities serve as global pricing benchmarks. The compilation and/or dissemination of such market data or third-party index information could give rise to miscalculations or undetected errors. Market participants who use real time price and order book information or other market moving signals to make their buy or sell decisions and recommendations, or require accurate instrument reference data for risk management activities and error-free settlement, may base their decisions on miscalculated or erroneous information. Therefore, we may be exposed to damage claims brought against us based on such miscalculations or undetected errors which could result in harm to our reputation, contractual disputes, regulatory action, negative publicity, delays in or loss of market acceptance of our products or unexpected expenses and diversion of resources to remedy errors. This may have a material adverse effect on our business and cash flows, financial condition and results of operations.

39. We had contingent liabilities not provided for aggregating to ₹309.51 million as on September 30, 2019, and our profitability may be adversely affected if any of these contingent liabilities materialise.

The following table reflects our contingent liabilities, on a consolidated basis, as on September 30, 2019:

		<i>(in ₹ million)</i>
S. No.	Particulars	As on September 30, 2019
1.	On account of income taxes	171.07
2.	On account of legal claim	18.50
3.	On account of payment of bonus for Fiscal 2015	1.05
4.	NERL - on account of bank guarantee	50.00
5.	NeML - on account of service tax	23.89
6.	NeML - on account of income tax	21.50
7.	NeML - On account of bank guarantee	23.50

For further details of certain matters which comprise our contingent liabilities, not provided for, see “*Financial Statements*” on page 171.

There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current financial year or in the future. In the event, or to the extent, that any of our contingent liabilities is realised, it could have an adverse effect on our business, financial condition, results of operations, and prospects.

For further details, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contingent Liabilities*” and “*Outstanding Litigation and Other Material Developments*” on pages 251 and 274, respectively.

40. We have experienced negative cash flows in prior periods and any negative cash flows in the future could adversely affect our financial condition and the trading price of our Equity Shares.

We have experienced negative cash flows for certain operating, investing and financing activities in the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017. Any negative cash flows in the future could adversely affect our financial condition and the trading price of the Equity Shares and we cannot assure you that our net cash flows will be positive in the future. For further details, see “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 171 and 251, respectively.

41. We have incurred losses in the preceding financial years based on the Restated Financial Information.

We have incurred a loss after tax of ₹108.79 million in Fiscal 2018, based on the Restated Financial Information. We cannot assure you that the Exchange will not incur losses in the future. For further details, please refer to the sections titled “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 171 and 251, respectively.

42. We may not be able to protect our intellectual property rights, which may harm our business. Further, we have not received certain registrations in connection with protection of our intellectual property including trademarks. Any failure to protect our intellectual property rights could adversely affect our competitive position and business.

We rely primarily on trade secret and trademark law and contractual protections to protect our intellectual property. Use of our brand name or logo by third parties could adversely affect our reputation which could in turn adversely affect our financial performance and the market price of the Equity Shares. For further details of our intellectual property, please see “*Our Business – Intellectual Property*” on page 123.

Our trademark applications may not be allowed or competitors may challenge the validity or scope of our intellectual property. In addition, notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise obtain and use our proprietary technology without authorisation or otherwise infringe on our rights. Intellectual property rights and our ability to enforce them may be unavailable or limited in some circumstances.

Failure to protect our intellectual property rights may adversely affect our competitive business position, financial condition and profitability. If any of our unregistered trademark or propriety rights are registered by a third party, we may not be able to make use of such trademark or propriety rights in connection with our business and consequently, we may be unable to capitalise on the brand recognition associated with the Exchange. Until such time that we receive registered trademarks, we can only seek relief against ‘passing off’. Accordingly, we may be required to invest significant resources in developing a new brand. If we fail to successfully obtain or enforce intellectual property rights, our competitive position could suffer, which could harm our business. In addition, intellectual property protection obtained by us may be inadequate and/or we may be unable to detect any unauthorised use or that we may need to undertake expensive and time-consuming litigation to protect our intellectual property rights and this may have an adverse effect on our competitive position and business.

43. We may not be able to retain and maintain our key personnel that we rely on, which could impair our ability to reach our strategic goals and could have a material adverse effect on our reputation, business, financial condition and results of operations.

Our success depends to a significant extent upon the continued employment and performance of a number of key personnel, such as, our managing director and chief executive officer, our chief financial officer, our chief compliance officer, and our functional heads. As of September 30, 2019, we had 498 full time employees across various departments. The employment / service contracts for certain of our key management personnel are for a fixed term, in accordance with the SECC Regulations. The loss of any of our key personnel, whether such personnel forms part of the senior management or otherwise, could have a material adverse effect on our operations and performance. Our future success may to a large extent depend on our ability to retain key personnel and also our ability to attract and retain skilled technical, managerial and marketing personnel. There is high competition for such skilled and specialised personnel in our industry. There can be no assurance that we will be successful in retaining or attracting the personnel we require.

In order to effectively manage our operations and reach our strategic objectives, we must employ, retain and motivate highly qualified personnel. We have experienced an average attrition rate of 20.63% for the last three Fiscals. While, most of the attrition we have experienced is at the junior middle levels, any increase in the attrition of employees in key positions and our inability to find suitable replacements for our key personnel could lead to a temporary reduction in our operational efficiency due to lack of availability of potential employees with the relevant skills and the lengthy training processes required to train new employees in these positions. Due to the unique nature of our operations, potential employees who possess the requisite skills we require are scarce. In addition, we depend upon the services of a small number of key executive officers and directors. There can be no assurance that these individuals will continue to make their services available to us in the future. The loss of or diminution in the services of one or more of our key executive officers or directors, or our inability to attract, retain and maintain new executive officers or directors and highly qualified personnel, could impair our ability to reach our strategic goals and could have a material adverse effect on our reputation and/or our business, financial condition, results of operations and prospect.

Our future success will, to a large extent, depend on our ability to retain key personnel and our ability to attract and retain highly-skilled technical, managerial and marketing personnel. As a recognised stock exchange in India, we are prohibited from offering employee stock option plans to our key managerial personnel and are required to hire “fit and proper” (as defined under the SECC Regulations) key management personnel, and the ability of our employees to invest in securities is significantly restricted. These and similar restrictions may hinder our ability to recruit and hire personnel. Market conditions may also cause the costs of retaining and attracting such personnel to increase significantly beyond current levels.

There can be no assurance that we will be able to retain our highly-skilled employees or key personnel or to attract such additional personnel as our business needs expand or to replace departed personnel. Any increase in the turnover of employees in key positions could lead to a temporary reduction in our operational efficiency due to lack of availability of potential employees with the relevant skills and the lengthy training processes required to train new employees in these positions. The loss of or diminution in the services of our key personnel could impair our ability to reach our strategic

goals. These and other consequences could have an adverse effect on our business, results of operations, financial condition and prospects.

44. All properties occupied by us, including our Registered and Corporate Office are leased and not owned by us. In the event we lose or are unable to renew such lease agreements, our business, financial condition and prospects may be adversely affected.

We occupy our Registered and Corporate Office as well as other offices and data sites from where we conduct our business operations pursuant to lease arrangements. Such arrangements may be terminated by the lessors, including on account of any actual or alleged breach by us of the terms of such lease. We cannot assure you that we will continue to have the right to occupy, these premises in the future, or that we will be able to continue with the uninterrupted use of these premises, on the same or similar commercial terms. Any significant rent escalation or disturbance in the use of such leased premises may adversely affect our business, financial condition and prospects, or may require us to relocate, including at higher costs, which may have an adverse effect on the continuance of our site operations. For further details of the premises we occupy, see “Our Business – Property” on page 124.

45. Certain of our Key Managerial Personnel and our Directors may be interested in our performance in addition to their remuneration.

All of our Directors and Key Managerial Personnel are interested in the Exchange to the extent of remuneration / sitting fees paid / payable to them for services rendered as our Directors and Key Managerial Personnel, and reimbursement of expenses payable to them. One of our Key Managerial Personnel is interested in the Exchange to the extent of his shareholding in the Exchange. Our Directors may also be interested to the extent of any transaction entered into by us with any other company or firm in which they are directors, promoters, partners or proprietors.

Further, our Director, Mr. Srinath Srinivasan, may be interested in the Exchange to the extent of the beneficial interest of 0.000403% held by him in OIJIF, one of our Shareholders and a Selling Shareholder, including an interest in the proceeds of the Offer for Sale on account of such beneficial interest. Further, our Shareholder Directors may, in addition to their sitting fees and reimbursement of expenses, be deemed to be interested in our performance to the extent of such nominating Shareholder’s shareholding in the Exchange.

For further details, see “Objects of the Offer”, “Our Management” and “Capital Structure” on pages 76, 141 and 68, respectively.

46. This Draft Red Herring Prospectus contains information from industry sources including the industry report commissioned from CARE. Prospective investors are advised not to place undue reliance on such information.

The information in the sections “Risk Factors”, “Our Business” and “Industry Overview” on pages 27, 109 and 87 of this Draft Red Herring Prospectus includes information derived from a report dated January 2020, titled “Commodity Derivative Market”, prepared by CARE, pursuant to an engagement with the Exchange. We have commissioned this report for the purpose of confirming our understanding of the commodities trading industry in India. Neither we, nor any of the BRLMs, nor any other person connected with the Issue has verified the information in the industry report.

CARE has advised the following:

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47. Our inability to renew or maintain our statutory and regulatory permissions and approvals and operation of our business would adversely affect our operations and profitability.

We are required to obtain and maintain various statutory and regulatory permissions and approvals for the trading of

commodities on the Exchange and operating our business. While we believe that we will be able to renew or obtain such permissions and approvals as and when required, there can be no assurance that the relevant authorities will issue any such permissions or approvals in the timeframe anticipated by us or at all. Failure by us to renew, maintain or obtain the required permissions or approvals may result in the interruption of the trading of commodities and may subsequently have a material adverse effect on our business, financial condition and results of operations. Please see “Government and Other Approvals” on page 279.

48. Significant differences exist between Indian Accounting Standards (“Ind AS”) and other accounting principles, such as the generally accepted accounting principles in the US (“US GAAP”) and International Financial Reporting Standards (“IFRS”), which may be material to an investor’s assessment of our financial condition.

The financial statements included in this Draft Red Herring Prospectus have been prepared in accordance with Ind AS in the relevant period of reporting. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, which are restated as per the SEBI ICDR Regulations included in this Draft Red Herring Prospectus, will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly.

49. We may experience fluctuations in trading activities and thus in our total revenue and profitability from period to period coupled with the largely fixed nature of our expenses makes it difficult to adjust expenses quickly in response to fluctuations in operating income.

As a significant portion of our revenue is dependent in part on commodity derivatives, historically volatile products, as well as on a number of external factors, such as trading activity and price levels on our markets, our total revenue and profitability may fluctuate from one period to another. Further, a large proportion of our expenses, such as personnel expenses, equipment and intangible assets maintenance, taxes (other than income tax), amortisation of intangible assets and depreciation of property and equipment, are fixed in the short term. If total revenue falls below expectations or cannot be increased to match increased expenses, we may not be able to adjust operating expenses quickly enough to compensate for the reduction in profit, and our business, financial condition and results of operations for a given period may be materially adversely affected.

Further, because our cost structure is largely fixed, if demand for our current products and services declines for any reason, we may not be able to adjust our cost structure to counteract the associated decline in revenues. In the event of any of the forgoing, our business, results of operations, financial condition and prospects may be adversely affected.

50. The Exchange has provided an unsecured loan to its Subsidiary, NICR, which may be recalled at any time by the Exchange.

The Exchange has provided an unsecured loan of ₹19.61 million to its Subsidiary, NICR, for business purposes. This loan may be recalled at any time by the Exchange, in its capacity as the lender. There can be no assurance that recalling of such loan will not have an adverse effect on our operations and financial condition.

External risks

51. We cannot assure payment of dividends on the Equity Shares in the future.

While any declarations of dividends will be at the discretion of our Board and subject to Shareholder approval as set out in the chapter entitled “Dividend Policy” on page 170, the amount of future dividend payments by us, if any, will depend upon a number of factors, including but not limited to our earnings, capital requirements, contractual restrictions, results of operations, financial condition, cash requirements, business prospects and any other financing arrangements, applicable legal restrictions and overall financial position of the Exchange. We may decide to retain all of our earnings to finance the development and expansion of our business and therefore, we may not declare dividends on the Equity Shares. Additionally, in the future, we may be restricted by the terms of our loan agreements to make any dividend payments unless otherwise agreed with our lenders.

52. Changing laws, rules and regulations and legal uncertainties, including adverse interpretation or application of tax laws and regulations, may materially and adversely affect our business, prospects, future financial performance, trading price of the Equity Shares, financial condition and results of operations.

Our business, prospects, financial condition and results of operations could be materially and adversely affected by changes in law, or interpretations of existing laws, rules and regulations, or the promulgation of new laws, rules and

regulations in India, applicable to us and our business, including potentially adverse tax consequences.

Governmental and regulatory bodies in India may enact new regulations or policies, which may require us to obtain approvals and licenses from applicable governments and other regulatory bodies, or impose onerous requirements and conditions on our operations, in addition to those which we are in the process of obtaining. Any such changes and the related legal uncertainties with respect to the implementation of new regulations or owing to the overlap of different legal regimes may have a material adverse effect on our business, prospects, financial condition and results of operations.

For example, in India, as of July 1, 2017, a national goods and service tax (“GST”) replaced taxes levied by central and state governments with a unified tax regime in respect of certain goods and services for the whole of India. However, given the recent introduction of the GST in India, there is no well-established practice regarding the implementation of, and compliance with, GST. The implementation of GST affected the entire value chain of our business. Further, as GST is implemented, we cannot assure you that we will not be required to comply with additional procedures or obtain additional approvals and licenses from the government and other regulatory bodies or that they will not impose onerous requirements and conditions on our operations. As the taxation system in India will see significant changes as a result of GST, its consequent effects cannot be determined at present and we cannot assure you that such effects will not have a material adverse effect on our business, future financial performance and the trading price of the Equity Shares.

The application of GST and other applicable laws, rules and regulations to our business or to our equipment suppliers, now or in the future, may be subject to interpretation by relevant authorities, and, if amended or notified, could result in increased tax payments to us (prospectively or retrospectively) or to our equipment suppliers (thereby increasing their costs and the rates they charge us for their services), which could affect our business, prospects, financial condition and results of operations. Further, there is a risk that the Indian Income Tax Department may assess our tax liability to be materially different from the provision that we have carried in our books for the past periods.

53. Financial instability in other countries may cause increased volatility in Indian financial and commodity markets and may have a material adverse effect on our business and the trading price of the Equity Shares.

The Indian economy is influenced by economic and market conditions in other countries, including, but not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, materially and adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could materially and adversely affect our business, prospects, financial condition and results of operations.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. In Europe, the exit of the United Kingdom from the European Union, and any prolonged period of uncertainty which results, could have a significant negative impact on international markets. These could include further falls in stock exchange indices and/or greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets.

In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have a material adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

54. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have a material adverse effect on the trading price of, and returns on, our Equity Shares, independent of our operating results.

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend foreign investors receive. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds

received by Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have a material adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

55. *Government regulation of foreign ownership of Indian securities may have a material adverse effect on the price of the Equity Shares.*

Investment in stock exchanges and in Indian securities is subject to regulation. According to the SECC Regulations read with the SEBI circular dated January 1, 2016 (CIR/MRD/DSA/01/2016) ("**2016 Circular**"), the listing of securities of a stock exchange is permitted on recognised stock exchanges in India, subject to certain conditions, including:

- 51% of the issued and paid-up capital of the exchange is required to be held at all times by public shareholders who are not trading members or their associates, and the shareholding of trading members and their associates cannot exceed 49% at any time;
- depositories have to put in place mechanisms for the monitoring of shareholding of trading members, including monitoring of shareholding of such trading members and their associates on a daily basis;
- all shareholders of a stock exchange are required to be 'fit and proper' persons, in terms of the SECC Regulations, which shall be monitored, on a post listing basis, on the basis of self-certifications by acquirers;
- post-facto approval for acquisition of more than 2% of the issued and paid-up capital of a stock exchange from SEBI, within 15 days of such acquisition; and
- prior approval of SEBI for acquisition of more than five percent of the issued and paid-up capital of a stock exchange.

Under the 2016 Circular, persons acquiring shares of a recognised stock exchange have self declaration obligations and the depositories have an obligation to monitor, report and ensure compliance with the shareholding restrictions on stock exchanges. Accordingly, we cannot assure you that such infrastructure will be appropriate or adequate to ensure compliance with shareholding restrictions and monitoring requirements. Further, any failure to comply with the above restrictions could lead to freezing of corporate benefits on any Equity Shares held, and the requirement to dispose off any shareholding in excess of regulatory limits.

Under the SECC Regulations, no person is allowed to hold more than 2% of the issued and paid-up share capital of a stock exchange without seeking approval from SEBI within 15 days of such acquisition. Further, no person is allowed to hold more than five percent of the issued and paid-up share capital of a stock exchange without prior approval from SEBI. In addition to the above, no non-resident investor or entity, including persons acting in concert with such investor or entity, is entitled to hold more than five percent of the equity share capital in a stock exchange, except as specifically permitted under the SECC Regulations. According to the Consolidated FDI Policy issued by the Government of India's Ministry of Commerce and Industry, Department of Industrial Policy and Promotion, the purchase of Equity Shares by foreign portfolio investors are restricted to the secondary market. Accordingly, non-resident shareholders are restrained from acquiring any Equity Shares beyond five percent or participating in any primary issuance by the Exchange, and this in turn may constrain our ability to raise capital in the future and may make the exchange an unattractive investment proposition for investors. For further details in relation to the restrictions on shareholding, see "*Key Regulations and Policies*" on page 126. We cannot assure you that any required approval from the RBI or any other government agency can be obtained on terms favourable to a non-resident investor in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase and/or limiting losses during periods of price decline. This may have a material adverse effect on the price of the Equity Shares.

Risks related to the Offer

56. *After the Offer, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop.*

The price of our Equity Shares on the Stock Exchanges may fluctuate after the Offer as a result of several factors, including: volatility in the securities market; our operations and performance; performance of our competitors; adverse media reports about us or the derivatives industry generally; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalization and deregulation policies; and significant developments in India's fiscal regulations. There has been no public market for our Equity Shares prior to the Offer and the price of the Equity Shares may fluctuate after the Offer.

If the stock price of the Equity Shares fluctuates after the Offer, investors could lose a significant part of their investment. As of the date of this Draft Red Herring Prospectus, there is no formal market for the Equity Shares. Following the Offer, the Equity Shares are expected to trade on the Stock Exchanges. We cannot assure you that active trading in the Equity Shares will develop after the Offer or, if such trading develops, that it will continue. Investors might not be able to sell the

Equity Shares rapidly at the quoted price if there is no active trading in the Equity Shares.

57. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. A securities transaction tax (“STT”) is levied on and collected by an Indian stock exchange on which equity shares are sold. The Finance Act, 2018 has levied taxes on such long-term capital gains exceeding ₹0.10 million arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such equity shares. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially exempt or exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain resulting from the sale of the equity shares.

58. *The Offer Price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Offer.*

The initial public offering price will be determined by the Book Building Process and may not be indicative of prices that will prevail in the open market following the Offer. The market price of the Equity Shares may be influenced by many factors, some of which are beyond our control, including:

- the failure of security analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts;
- the activities of competitors and suppliers;
- future sales of the Equity Shares by us or our Shareholders;
- investor perception of us and the industry in which we operate;
- our quarterly or annual earnings or those of our competitors;
- developments affecting fiscal, industrial or environmental regulations;
- the public’s reaction to our press releases and adverse media reports; and
- general economic conditions.

As a result of these factors, investors may not be able to resell their Equity Shares at or above the Offer Price. In addition, the stock market often experiences price and volume fluctuations that are unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of the Equity Shares, regardless of our performance. There can be no assurance that the investor will be able to resell their Equity Shares at or above the Offer Price.

59. *Investors may have difficulty enforcing foreign judgments against us or our management.*

We are a limited liability company incorporated under the laws of India. The majority of our Directors are residents of India. As a result, it may be difficult for investors to effect service of process upon us or such persons outside India or to enforce judgments obtained against us or such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 (“CPC”) on a statutory basis. Section 13 of the CPC provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the CPC, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. However, under the CPC, such presumption may be displaced by proving that the court did not have jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the CPC provides that where a foreign judgment has been rendered by a superior court, within the meaning of that

Section, in any country or territory outside of India which the GoI has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties. The United Kingdom, Singapore, United Arab Emirates and Hong Kong have been declared by the Government of India to be reciprocating countries for the purposes of Section 44A of the CPC.

The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India.

Further, there may be considerable delays in the disposal of suits by Indian courts. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy or Indian practice. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. However, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 2000 (“FEMA”) to execute such a judgment or to repatriate any amount recovered.

60. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid and Retail Individual Investors are not permitted to withdraw their Bids after closure of the Offer.

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until closure of the Offer.

Therefore, QIBs and Non-Institutional Investors would not be able to withdraw or lower their Bids, notwithstanding adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations or financial condition, or otherwise, between the dates of the submission of their Bids and the Allotment.

While we are required to complete Allotment pursuant to the Offer within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed, events affecting the Bidders’ decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations or financial condition may arise between the date of submission of the Bid and Allotment. We may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders’ ability to sell the Equity Shares Allotted pursuant to the offer or cause the trading price of the Equity Shares to decline on listing.

61. The Exchange will not receive any proceeds from the Offer for Sale.

The Offer comprises a fresh issue of such number of Equity Shares aggregating to ₹1,000 million by the Exchange and an offer for sale of up to 14,453,774 Equity Shares by the Selling Shareholders. The proceeds from the Offer for Sale (net of applicable expenses) will be paid to the Selling Shareholders, in proportion of the respective portion of the Offered Shares transferred pursuant to the Offer for Sale, and the Exchange will not receive any such proceeds.

62. The objects of the Fresh Issue for which the funds are being raised have not been appraised by any bank or financial institution. Further, the deployment of the proceeds of the Fresh Issue is at the sole discretion of the Exchange and is not subject to monitoring by any independent agency.

The objects of the Fresh Issue have not been appraised by any bank or financial institution. As the Fresh Issue is for an amount aggregating up to ₹1,000 million, there is no requirement for appointment of a monitoring agency, in terms of the SEBI ICDR Regulation. Hence, deployment of the proceeds of the Fresh Issue will be at the sole discretion of the Exchange in terms of the objects of the Fresh Issue, as disclosed on page 76. However, such deployment will not be subject to any monitoring by any independent agency. We cannot assure you that we will be able to monitor the deployment of the proceeds of the Fresh Issue in a manner similar to the monitoring undertaken by a monitoring agency.

63. Any future issuance of Equity Shares by us or any sale, pledge, encumbrance of their Equity Shares by our major shareholders in the future may affect your shareholding and adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares by us, may dilute your shareholding in the Exchange, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our major shareholders, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. Except as disclosed in “*Capital Structure*” beginning on page 68, we cannot assure you that our major shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

SECTION III: INTRODUCTION

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Financial Information as of the end of and for the six month period ended September 30, 2019 and financial years ending March 31, 2019, March 31, 2018 and March 31, 2017.

The summary financial information presented below should be read in conjunction with “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 171 and 251, respectively.

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Restated Consolidated Statement of Assets and Liabilities

(₹ in millions)

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
ASSETS				
Non-Current Assets				
Property, plant and equipment	165.14	195.04	224.03	232.30
Right to use assets	181.97	205.55	273.49	107.50
Capital work-in-progress	2.00	-	8.98	-
Intangible assets	546.53	567.33	587.68	543.24
Intangible assets under development	17.91	15.71	10.70	0.73
Financial assets				
Investment in associates/joint ventures accounted for using the equity method	300.05	227.63	201.47	177.41
- Other financial assets				
- Bank balances	493.66	109.91	178.23	198.06
- Others	41.55	36.12	41.62	41.98
Deferred tax assets (net)	77.39	31.70	14.05	6.23
Income tax assets (net)	393.98	343.09	266.05	310.95
Other non-current assets	13.47	11.53	14.28	17.63
Total non-current assets	2,233.65	1,743.61	1,820.58	1,636.03
Current Assets				
Financial assets				
- Investment	361.40	482.70	2,946.63	3,757.17
- Trade receivables	204.25	180.12	185.69	166.16
- Cash and cash equivalents	4,014.29	784.71	435.04	1,442.98
- Bank balances other than cash and cash equivalents	4,376.52	4,600.72	2,745.39	2,553.15
- Others	737.04	435.96	163.31	87.68
Other current assets	271.07	230.25	212.64	219.67
Total current assets	9,964.57	6,714.46	6,688.70	8,226.81
TOTAL ASSETS	12,198.22	8,458.07	8,509.28	9,862.84
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	506.76	506.76	506.76	506.76
Other equity	4,220.13	4,062.62	3,867.75	4,007.09
Equity attributable to Owners	4,726.89	4,569.38	4,374.51	4,513.85
Non Controlling Interest	247.80	255.41	262.65	-
Total Equity	4,974.69	4,824.79	4,637.16	4,513.85

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
- Deposits	0.50	2.02	6.98	7.46
- Other Financial liabilities	2.85	1.38	-	-
- Lease Liabilities	116.60	141.42	202.91	50.06
Provisions	23.81	12.90	5.06	15.14
Deferred tax liabilities (net)	-	-	9.05	22.15
Total non-current liabilities	143.76	157.72	224.00	94.81
Current Liabilities				
Financial liabilities				
- Deposits	6,565.87	2,991.62	2,630.75	3,554.38
- Lease Liabilities	75.67	73.19	72.37	71.81
- Trade payables				
Total Outstanding dues of micro enterprises and small enterprises (MSME)	1.76	8.79	-	-
Total Outstanding dues of other than MSME	128.51	129.29	198.68	235.63
- Other Financial liabilities	117.27	132.91	601.98	1,287.15
Other current liabilities	160.49	122.40	122.50	94.18
Provisions	18.95	17.36	21.84	11.03
Current Tax Liabilities (Net)	11.25	-	-	-
Total current liabilities	7,079.77	3,475.56	3,648.12	5,254.18
TOTAL LIABILITIES	7,223.53	3,633.28	3,872.12	5,348.99
TOTAL EQUITY AND LIABILITIES	12,198.22	8,458.07	8,509.28	9,862.84

Restated Consolidated Statement of Profit and Loss

(₹ in millions)

Particulars	For the Half Year ended September 30, 2019	For the Year ended March 31, 2019	For the Year ended March 31, 2018	For the Year ended March 31, 2017
INCOME				
Revenue from operations	707.88	1,503.84	1,125.66	1,039.71
Other Income	218.16	443.63	496.19	623.56
Total Income	926.04	1,947.47	1,621.85	1,663.27
EXPENSE				
Employee benefits expense	340.14	655.65	633.18	566.73
Finance cost	8.16	19.30	8.23	12.00
Depreciation & amortization	131.60	276.53	264.74	236.23
Other expenses	409.32	855.63	792.14	760.95
Total expenses	889.22	1,807.11	1,698.29	1,575.91
Profit / (loss) before share of Net profit of Joint venture, exceptional items and income tax	36.82	140.36	(76.44)	87.36
Add : Exceptional item	(33.91)	-	-	95.40
Profit / (Loss) before share of Net profit of Joint venture and associates and income tax	2.91	140.36	(76.44)	182.76
Share of net profit from Joint venture and associates accounted for using equity method	50.36	32.15	29.04	78.34
Profit / (Loss) before tax	53.27	172.51	(47.40)	261.10
Tax expense				
Current tax	32.29	42.13	81.98	34.12
Deferred tax expense/ (credit)	(52.42)	(25.82)	(20.59)	11.28
Profit / (Loss) for the year (A)	73.40	156.20	(108.79)	215.70
Other comprehensive Income:				
Items that will not be reclassified to the Statement of profit and loss:				
Re-measurement of post-employment benefit obligations	(7.82)	(2.06)	(4.50)	(5.58)
Share of other comprehensive income of joint ventures	(0.03)	0.02	0.01	(0.004)
Income tax impact on above	2.23	0.48	1.44	1.83
Item that will be reclassified to the Statement of profit and loss:				
Debt instruments through Other Comprehensive Income	11.40	(2.60)	3.20	1.40
Income tax impact on above	(2.60)	0.60	(0.74)	(0.33)
Other comprehensive income for the year net of tax (B)	3.18	(3.56)	(0.59)	(2.68)

Particulars	For the Half Year ended September 30, 2019	For the Year ended March 31, 2019	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Total comprehensive income for the year (A+B)	76.58	152.64	(109.38)	213.02
Profit attributable to:				
Owners of the Company	81.10	163.24	(106.15)	215.70
Non-controlling interests	(7.70)	(7.04)	(2.64)	-
Other comprehensive income attributable to:				
Owners of the Company	3.18	(3.36)	(0.39)	(2.68)
Non-controlling interests	-	(0.20)	(0.20)	-
Total comprehensive income for the year attributable to:				
Owners of the Company	84.28	159.88	(106.54)	213.02
Non-controlling interests	(7.70)	(7.24)	(2.84)	-
Earnings per share from continuing and discontinued operations attributable to the equity holders of the Company during the year				
Earnings per share (Face value of ₹ 10 each)				
(1) Basic (₹)	1.60	3.22	(2.09)	4.26
(2) Diluted (₹)	1.60	3.22	(2.09)	4.26

Restated Consolidated Statement of Cash Flows

(₹ in millions)

Particulars	For the half year ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash flow from operating activities				
Profit before tax	53.27	172.51	(47.40)	261.10
<u>Adjustments for:</u>				
Depreciation & amortisation	131.60	276.53	264.74	236.23
Provision for leave encashment	0.65	(3.79)	(5.02)	(0.99)
Provision for gratuity	4.03	5.09	1.25	(10.12)
Provision no longer required	(0.07)	(2.90)	8.89	-
Loss/(Profit) on sale of fixed asset	(0.08)	(0.04)	(0.38)	(1.16)
(Profit) / Loss on sale of investments	(24.59)	(111.55)	(246.85)	(249.60)
Interest income	(168.24)	(283.27)	(192.05)	(258.46)
Interest on lease liabilities	8.16	19.30	8.23	12.00
Ind AS Fair value impact of mutual fund	-	146.30	(141.80)	(33.66)
Interest Exp MSME	(0.07)	0.28	-	-
Share of profit from Joint venture and associate	(50.36)	(32.15)	(29.04)	(78.34)
Utilisation from Investor Service fund	-	(1.00)	-	(0.51)
Utilisation from Risk Management Fund (RMF)	(0.03)	-	-	-
Contribution to Core SGF by Settlement Penalties	50.17	-	-	-
Reversal of Impairment loss	(29.09)	-	-	-
Operating profit before working capital changes	(24.65)	185.31	(379.43)	(123.51)
Movements in working capital:				
Decrease / (Increase) in trade receivables	(24.13)	5.57	(19.53)	(41.47)
Decrease / (Increase) in other current assets	(42.96)	(19.73)	42.28	(37.30)
Decrease / (Increase) in other non-current assets	1.94	2.13	2.21	(9.85)
Decrease / (Increase) other non-current financial assets	0.50	6.23	(2.87)	1.10
Decrease / (Increase) other financial assets	(46.99)	90.07	(104.58)	2.50
Increase / (Decrease) in non - current financial liabilities	-	(3.58)	(0.48)	1.70
Increase / (Decrease) in long term provision	-	-	-	9.08
Increase / (Decrease) in trade payables	(9.64)	(57.73)	(45.90)	54.54
Increase / (Decrease) in current financial liabilities	3,557.13	(79.72)	(1,623.52)	1,723.68
Increase / (Decrease) in other current liabilities	(24.70)	(42.23)	28.32	(10.19)
Cash generated/(used) from operations	3,386.50	86.32	(2,103.50)	1,570.28
Direct taxes paid (net of refunds)	33.28	76.84	36.71	28.17
Net cash generated/(used) in operating activities	3,353.22	9.48	(2,140.21)	1,542.11
	(A)			
B. Cash flows from investing activities				
Purchase of fixed assets, including intangible assets and CWIP	(93.46)	(176.96)	(237.27)	(373.45)
Proceeds from sale / disposal of fixed assets	45.86	7.30	2.94	1.81
Proceeds from sale of long term investments	-	-	-	201.84
Purchase of current investments	(32,464.36)	(74,238.17)	(68,103.88)	(59,050.04)

Particulars		For the half year ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Advance against Comlive ePledge Business Transfer Agreement		-	-	(35.25)	-
Proceeds from sale of current investments		32,378.85	76,389.42	69,306.27	58,185.68
Dividend Received from Joint venture		7.00	6.03	5.00	2.50
Interest received		208.12	250.54	217.79	285.72
Investment in fixed deposits (original maturity of more than three months)		(3,355.40)	(4,375.95)	(2,442.26)	(2,292.38)
Redemption/Maturity of fixed deposits (original maturity of more than three months)		3,195.85	2,588.94	2,269.85	2,616.54
Net cash generated/(used) in investing activities	(B)	(77.54)	451.15	983.19	(421.78)
C. Cash Flows from financing activities					
Proceeds from issuance of equity share capital to non-controlling interest		0.72	1.03	265.55	-
Share issue expenses		(1.90)	-	(11.45)	(6.48)
Dividend paid		-	(15.20)	(17.74)	(126.69)
Dividend tax paid		-	(3.10)	(3.61)	(25.79)
Payment of lease liabilities		(44.92)	(93.69)	(83.67)	(76.36)
Net cash generated/(used) from financing activities	(C)	(46.10)	(110.96)	149.08	(235.32)
Net increase / (decrease) in cash and cash equivalents (A + B + C)		3,229.58	349.67	(1,007.94)	885.01
Cash and cash equivalents at the beginning of the period		784.71	435.04	1,442.98	557.97
Cash and cash equivalents at the end of the period		4,014.29	784.71	435.04	1,442.98
Components of cash and cash equivalents (Refer note 10)					
Cash in hand		-	-	0.01	0.01
Balances with Banks					-
- on current accounts *		3,353.79	520.47	426.06	1,182.97
- on fixed deposits (Original maturity being three months or less) **		660.50	147.96	8.97	260.00
- Investments in mutual funds (Highly Liquid Funds)		-	116.28	-	-
Total		4,014.29	784.71	435.04	1,442.98
<p>*Includes ₹0.3 millions (March 31, 2019 : ₹0.3 millions, March 31,2018 : ₹0.3 millions, March 31,2017 : ₹0.3 millions) in Escrow account " NCDEX Joint Price Dissemination Account" ₹0.25 millions (March 31, 2019 : NIL millions, March 31, 2018 : ₹4.10 millions, March 31, 2017 : ₹3.70 millions) in Settlement Guarantee Fund ₹0.007 millions (March 31, 2019 : ₹0.11 millions, March 31, 2018: ₹0.087 millions, March 31, 2017 : ₹NIL) for Investor Service Fund. ₹49.90 millions Fund in Transit for which fixed Deposit created on October 01, 2019 for Core Settlement Guarantee Fund.</p> <p>**Includes ₹79.60 millions (March 31, 2019 : ₹NIL millions, March 31,2018 : ₹0.9 millions, March 31,2017 : ₹Nil) for Settlement Guarantee Fund.</p>					

THE OFFER

Offer ⁽¹⁾	Up to [●] Equity Shares, aggregating up to ₹[●] million
<i>Of which</i>	
Fresh Issue ⁽¹⁾	Up to [●] Equity Shares, aggregating up to ₹1,000 million
Offer for Sale ⁽²⁾	Up to 14,453,774 Equity Shares aggregating up to ₹[●] million
The Offer consists of:	
A) QIB Portion ⁽³⁾⁽⁴⁾	Not less than [●] Equity Shares
<i>of which:</i>	
(i) Anchor Investor Portion	Up to [●] Equity Shares
<i>of which:</i>	
Available for allocation to Mutual Funds only	Up to [●] Equity Shares
Balance for all QIBs including Mutual Funds	Up to [●] Equity Shares
(ii) Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	Up to [●] Equity Shares
<i>of which:</i>	
(a) Mutual Fund Portion	Up to [●] Equity Shares
(b) Balance for all QIBs including Mutual Funds	Up to [●] Equity Shares
B) Non-Institutional Portion ⁽⁴⁾	Not more than [●] Equity Shares
C) Retail Portion ⁽⁴⁾	Not more than [●] Equity Shares
Pre and post Offer Equity Shares	
Equity Shares outstanding prior to the Offer	50,676,000 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Utilisation of Offer Proceeds	Please see “ <i>Objects of the Offer</i> ” on page 76 for information about the use of the Net Proceeds. The Exchange will not directly receive any proceeds from the Offer for Sale.

⁽¹⁾ The Offer has been authorised by the Board pursuant to its resolutions dated December 14, 2018 and August 9, 2019, and the Fresh Issue has been authorised by the Shareholders pursuant to their resolution dated September 26, 2019.

⁽²⁾ Each of the Selling Shareholders has confirmed that its Offered Shares are eligible for being offered for sale by way of the Offer in terms of the SEBI ICDR Regulations. For details of authorisations received from the Selling Shareholders in relation to the Offer, see “Other Regulatory and Statutory Disclosures” on page 283.

⁽³⁾ The Exchange may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB Portion will accordingly be reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added back to the QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added back to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see “Offer Procedure” on page 305.

⁽⁴⁾ Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the Net QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of the Exchange, in consultation with the BRLMs and the Designated Stock Exchange. In the event of under-subscription in the Offer, Equity Shares shall be allocated in the manner specified in the section “Terms of the Offer” on page 294.

Allocation to all categories, except the Anchor Investor Portion, if any, and the Retail Portion, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. Allocation to each Anchor Investor shall be on a discretionary basis and allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. For further details, see “Offer Procedure”, “Offer Structure” and “Terms of Offer” on pages 305, 300 and 294.

GENERAL INFORMATION

The Exchange was incorporated as a public limited company on April 23, 2003, pursuant to a certificate of incorporation and commenced its business pursuant to a certificate for commencement of business dated May 9, 2003, each granted by the Registrar of Companies, Maharashtra at Mumbai. The Exchange was registered with the Forward Markets Commission as a recognised association under The Forward Contracts (Regulation) Act, 1952, pursuant to a certificate of registration dated August 23, 2004. With effect from September 28, 2015, the Exchange became a deemed recognised stock exchange under the Securities Contracts (Regulation) Act, 1956 in terms of Section 131(B) of Finance Act, 2015 pursuant to notification no. 1/9/SM/2015 dated August 28, 2015. The Exchange has been allotted code number 35 for trading and settlement operations by SEBI pursuant to a letter (CDMRD-DEA/05/13/1/15) dated October 21, 2015.

Registered and Corporate Office

National Commodity & Derivatives Exchange Limited

1st Floor, Akruiti Corporate Park

Near G E Garden, L. B. S. Road

Kanjurmarg (West)

Mumbai 400 078

Maharashtra

Registration number: 140116

Corporate identity number: U51909MH2003PLC140116

For details regarding the changes in the Registered and Corporate Office, see “*History and Certain Corporate Matters*” on page 133.

Registrar of Companies

The Exchange is registered with the Registrar of Companies, Maharashtra at Mumbai, situated at 100, Everest, Marine Drive, Mumbai 400 002, Maharashtra.

Board of Directors

The following table sets out details regarding our Board as on the date of this Draft Red Herring Prospectus:

Name	Designation	DIN	Address
Ravindra Kumar Roye	Chairman and Public Interest Director	07304930	Flat No. 503, 504, 505, Madhu Kunj Apartments, Sayani Road, Prabhadevi, Mumbai 400 025, Maharashtra
Vijay Kumar V.	Managing Director and Chief Executive Officer	06651068	8751, Sector C, Pocket 8, Vasant Kunj, New Delhi 110 070
Rakesh Kapur	Shareholder Director	00007230	B 9/12, Ground Floor Vasant Vihar-1, South West Delhi, New Delhi 110 057
Srinath Srinivasan	Shareholder Director	00107184	1003, Raheja Empress, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025, Maharashtra
Sunil Kumar	Shareholder Director	07740252	A-9, KVS, Veer Savarkar Marg, Dadar (West) Mumbai 400 028, Maharashtra
Dr. Purvi Mehta	Public Interest Director	01596457	2, Arati Society, Race Course, Vadodara 390 016, Gujarat
B. Venugopal	Shareholder Director	02638597	Flat No. 1, Oval View 150, Maharshi Karve Road, Churchgate, Mumbai 400 020, Maharashtra
Chaman Kumar	Public Interest Director	02064012	House No 502, Kalypso Court, Tower 1, Sector 128, behind Axis Bank building, Noida 201 304, Uttar Pradesh
Nirmalendu Jajodia	Public Interest Director	01937128	24, Shridhar Smruti A, Eksar Road Borivali West, Mumbai 400 103, Maharashtra

Name	Designation	DIN	Address
Prem Kumar Malhotra	Public Interest Director	07731762	K-31, South Extension, Second Floor, Part -2, New Delhi 110 049
Dr. Ashok Gulati	Public Interest Director	07062601	A-17, Sector – 52, Gautam Budh Nagar, Noida 201 301, Uttar Pradesh

For further details in relation to our Directors, please see “*Our Management*” on page 141.

Company Secretary and Compliance Officer

Harish Kumar

1st Floor, Akruiti Corporate Park
Near G E Garden, L. B. S. Road
Kanjurmarg (West)
Mumbai 400 078
Maharashtra
Telephone: +91 22 66406789
E-mail: investors@ncdex.com

Investor Grievances

Bidders can contact the Company Secretary and Compliance Officer and/or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of Allotment Advice, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs, in the manner provided below.

All Offer related grievances, other than by Anchor Investors, may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary, with whom the ASBA Form was submitted, quoting the full name of the sole or first Bidder, ASBA Form number, Bidders’ DP ID, Client ID, PAN, address of the Bidder, number of Equity Shares applied for, date of ASBA Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number (for Bidders other than RIBs using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of RIBs using the UPI Mechanism. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders’ DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, name and address of the relevant Designated Intermediary, unique transaction reference number, the name of the relevant bank, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

All grievances relating to Bids submitted with Registered Brokers may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer. Further, Bidders shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediaries in addition to the information mentioned hereinabove.

BRLMs	
<p>ICICI Securities Limited ICICI Centre H.T. Parekh Marg, Churchgate Mumbai 400 020 Maharashtra Telephone no.: +91 22 2288 2460 E-mail: ncdex.ipo@icicisecurities.com Investor grievance e-mail:</p>	<p>SBI Capital Markets Limited* 202, Maker Tower ‘E’ Cuffe Parade Mumbai 400 005 Maharashtra Telephone no.: +91 22 2217 8300 Email: ncdex.ipo@sbicaps.com Investor grievance email:</p>

BRLMs	
customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Arjun A Mehrotra/Anurag Byas SEBI Registration No. INM000011179	investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Karan Savardekar SEBI Registration No.: INM000003531

**OIJIF is proposing to participate as a Selling Shareholder in the Offer for Sale. SBI Capital Markets Limited ("SBICAP") has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. OIJIF and SBICAP are associates in terms of the SEBI (Merchant Bankers) Regulations, 1992, as amended ("SEBI Merchant Bankers Regulations"). Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.*

Inter-se Allocation of Responsibilities among the BRLMs

The following table sets forth the inter-se allocation of responsibilities for various activities among the BRLMs for the Offer:

Sr. No.	Activity	Responsibility*	Co-ordinator
1.	Pre-offer due diligence of Exchange's operations, management, business plans and legal proceedings involving the Exchange. Drafting and designing of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing of the same and drafting and approval of all statutory advertisements.	ICICI Securities	ICICI Securities
2.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments.	ICICI Securities	ICICI Securities
3.	Appointment of advertising agency including co-ordination for agreements to appoint the ad-agency and filing of media compliance report to SEBI. Appointment of Registrar to the Offer, including co-ordination for agreements to appoint the Registrar to the Offer. Appointment of Banker(s) to the Offer and printer.	ICICI Securities	ICICI Securities
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in point no. (1) above, including corporate advertisement, brochure.	ICICI Securities, SBICAP	SBICAP
5.	Preparation and finalisation of the road-show presentation and frequently asked questions.	ICICI Securities, SBICAP	SBICAP
6.	International institutional marketing, including co-ordination for research briefing. Selection and allocation of international institutional investors for meetings and finalization of roadshow schedules to be done in consultation and with approval of the management.	ICICI Securities, SBICAP	SBICAP
7.	Domestic institutional marketing including banks / mutual funds. Selection and allocation of domestic institutional investors to be done in consultation and with approval of the management.	ICICI Securities, SBICAP	ICICI Securities
8.	Non-institutional marketing of the Offer	ICICI Securities, SBICAP	SBICAP
9.	Retail marketing of the Offer, which will cover, <i>inter alia</i> , the following:	ICICI Securities, SBICAP	ICICI Securities

Sr. No.	Activity	Responsibility*	Co-ordinator
	<ul style="list-style-type: none"> • formulating marketing strategies; • preparation of publicity budget, finalizing media and public relations strategy; • finalizing centres for holding conferences for brokers; • finalizing collection centres; and • follow-up on distribution of publicity and offer material including form, prospectus and deciding on the quantum of the offer material. 		
10.	Coordination with Stock Exchanges for book building process, filing of letters, including software, bidding terminals, mock trading and anchor investor intimation.	ICICI Securities	ICICI Securities
11.	Pricing and managing the book and payment of 1% security deposit to the designated stock exchange.	ICICI Securities	ICICI Securities
12.	<p>Post bidding activities, including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs, Sponsor Banks and other Bankers to the Offer, intimation of allocation and dispatch of refund to Bidders, <i>etc.</i></p> <p>Post-Offer activities, which shall involve essential follow-up steps, including allocation to Anchor Investors, follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Exchange about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and co-ordination with various agencies connected with the post-Offer activity such as, Registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable.</p> <p>Payment of the applicable securities transactions tax on sale of unlisted equity shares by the Selling Shareholder under the Offer for Sale to the Government and filing of the securities transactions tax return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004.</p> <p>Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of all post Offer reports, including the initial and final post Offer report to SEBI.</p>	ICICI Securities	ICICI Securities

**OIJIF is proposing to participate as a Selling Shareholder in the Offer for Sale. SBI Capital Markets Limited ("SBICAP") has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. OIJIF and SBICAP are associates in terms of the SEBI (Merchant Bankers) Regulations, 1992, as amended ("SEBI Merchant Bankers Regulations"). Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.*

Legal Counsel to the Exchange as to Indian Law

AZB & Partners

AZB House, Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Maharashtra
Telephone no.: +91 22 6639 6880

Legal Counsel to the BRLMs as to Indian Law

J. Sagar Associates

Vakils House
18 Sprott Road
Ballard Estate
Mumbai 400 001
Maharashtra
Telephone no.: +91 22 4341 8600

Legal Counsel to Investcorp Private Equity Fund I

Khaitan & Co

10th and 13th Floor, Tower 1
One Indiabulls Centre
841, Senapati Bapat Marg
Mumbai 400 013
Maharashtra
Telephone no.: +91 22 6636 5000

Statutory Auditors of the Exchange

M/s. K. S. Aiyar & Co., Chartered Accountants

F-7, Laxmi Mills, Shakti Mills Lane
(Off Dr. E. Moses Rd), Mahalaxmi
Mumbai 400 011
Maharashtra
Telephone no.: +91 22 6655 1770 / +91 22 24932502
E-mail: mail@ksaiyar.com
ICAI Firm Registration No.: 100186W
Peer review certificate No.: 011681

Changes in the auditors

There has been no change in the statutory auditors of the Exchange in the last three years.

Registrar to the Offer

Link Intime India Private Limited

C-101, 1st Floor, 247 Park
Lal Bhadur Shastri Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra
Telephone: +91 022 4918 6200
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
E-mail: ncdex.ipo@linkintime.co.in

Banker to the Exchange

HDFC Bank

Zenith House, 2nd floor,
Opp. Mahalaxmi Race Course,
K.K. Road,
Mumbai 400034
Maharashtra

Telephone: +91 9892500890

Website: www.hdfcbank.com

E-mail: charudutt.gokral@hdfcbank.com

Contact person: Charudutt S. Gokral

Syndicate Members

[•]

Escrow Collection Bank(s)/ Sponsor Bank(s)/Refund Bank(s)/Public Offer Account Bank

[•]

Sponsor Bank

[•]

Designated Intermediaries

SCSBs enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and SEBI Circular No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, RIBs Bidding *via* UPI Mechanism may apply through the SCSBs and mobile applications, whose names appear on the website of SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>), as updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI mechanism is provided as 'Annexure A' to the above-mentioned SEBI circular, bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019.

Self-Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available on the SEBI website at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder, not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, may submit the ASBA Forms, is available at the above mentioned link, and at such other websites as may be prescribed by SEBI from time to time.

Further, the branches of the SCSBs where the Designated Intermediaries could submit the ASBA Form is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> or any such other website as may be prescribed by SEBI from time to time.

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA Forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and https://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?> and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?> and on the website of NSE at http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

Monitoring Agency

The SEBI ICDR Regulations stipulate that a monitoring agency be appointed to monitor the use of the issue proceeds, where the size of the Fresh Issue exceeds ₹1,000 million. However, since the Fresh Issue is for an amount aggregating up to ₹1,000 million, we are not required to appoint a monitoring agency, and our Audit Committee will monitor the utilisation of the proceeds of the Fresh Issue. Accordingly, we have not, and will not, appoint a monitoring agency to monitor the proceeds of the Fresh Issue. Further, in the event of any material deviation in the utilisation of the proceeds of the Fresh Issue, the Exchange will inform the Stock Exchanges as required under the SEBI Listing Regulations.

Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any agency.

Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

IPO Grading

No credit rating agency registered with SEBI has been appointed for grading the Offer.

Trustees

As this is an offer of Equity Shares, no trustee has been appointed for the Offer.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Division of Issues and Listing, SEBI Bhavan, Plot No. C4 A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 and simultaneously through the SEBI Intermediary Portal at <https://sipotal.sebi.gov.in>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018.

A copy of the Red Herring Prospectus, along with the documents required to be filed, will be filed with the RoC in accordance with Section 32 of the Companies Act and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, will be filed with the RoC situated at Registrar of Companies, Maharashtra at Mumbai, 100, Everest, Marine Drive, Mumbai 400 002.

Book Building Process

The book building process, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Form within the Price Band, which will be decided by the Exchange, in consultation with the Selling Shareholders and the BRLMs, and advertised in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily

newspaper), [●] editions of [●] (a widely circulated Marathi national daily newspaper, Marathi also being the regional language of Maharashtra where our Registered and Corporate Office is located), at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by the Exchange, in consultation with the Selling Shareholders and the BRLMs after the Bid/ Offer Closing Date.

All investors, other than RIBs and Anchor Investors, shall only participate through the ASBA process by providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs. RIBs may participate through the ASBA process by either; (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs or; (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Allocation to QIBs (other than Anchor Investors), Non-Institutional Buyers will be on a proportionate basis while allocation to Anchor Investors will be on a discretionary basis. For further details, see “Terms of the Offer”, “Offer Procedure” and “Offer Structure” on pages 294, 305 and 300, respectively.

The process of Book Building under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

Bidders should note that the Offer is also subject to obtaining final listing and trading approvals from the Stock Exchanges, which the Exchange shall apply for after Allotment.

For further details on the method and procedure for Bidding, see “Offer Procedure” on page 305.

Illustration of Book Building Process and the Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see “Offer Procedure” on page 305.

Underwriting Agreement

After the determination of the Offer Price, but prior to the filing of the Prospectus with the RoC, the Exchange and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before filing the Prospectus with the RoC.)

Name, address, telephone number and e-mail address of the Underwriters	Indicative number of Equity Shares to be underwritten	Amount underwritten (₹ in millions)
[●]	[●]	[●]

The above-mentioned under-writing commitment is indicative and will be finalised after determination of the Offer Price and Basis of Allotment and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of the Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The Board of Directors / Capital Raising Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of the Exchange.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment. Notwithstanding the above table, each of the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders procured by them, in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The Equity Share capital of the Exchange, as on the date of this Draft Red Herring Prospectus is set forth below:

		Aggregate nominal value (in ₹)	Aggregate value at Offer Price (in ₹)*
A	AUTHORISED SHARE CAPITAL		
	70,000,000 Equity Shares	700,000,000	-
B	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER, i.e. AS OF THE DATE OF THIS DRAFT RED HERRING PROSPECTUS		
	50,676,000 Equity Shares	506,760,000	-
C	THE OFFER ⁽¹⁾		
	Offer of up to [●] Equity Shares aggregating up to ₹[●] million	[●]	[●]
	<i>which includes</i>		
	Fresh Issue	[●]	[●]
	Offer for Sale ⁽²⁾	[●]	[●]
E	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER		
	[●] Equity Shares	[●]	-
D	SECURITIES PREMIUM ACCOUNT		
	Before the Offer	1,395,624,000	-
	After the Offer	[●]	-

*To be updated upon finalisation of the Offer Price.

- (1) The Offer has been authorised by our Board pursuant to resolutions dated December 14, 2018 and August 9, 2019 and the Fresh Issue has been authorised by the Shareholders pursuant to their resolution dated September 26, 2019.
- (2) For details in relation to authorisations of the Selling Shareholders see “Other Regulatory and Statutory Disclosures” on page 283.
- Each Selling Shareholder has specifically confirmed that the Equity Shares proposed to be offered and sold in the Offer are eligible to be offered for sale in the Offer in terms of Regulation 8 of the SEBI ICDR Regulations.

Details of changes to the Exchange’s authorised share capital in the last ten years preceding the date of this Draft Red Herring Prospectus:

S. No.	Date of Shareholders’ resolution	Change in authorised share capital
1.	September 26, 2019	Alteration of the authorised share capital from ₹700,000,000 comprising 60,000,000 equity shares of ₹10 each and 10,000,000 preference shares of ₹10 each to ₹700,000,000 comprising of only 70,000,000 equity shares of ₹10 each.

Notes to the Capital Structure

1. Share capital history of the Exchange

a) Equity Share capital

The following table sets forth the history of the Equity Share capital of the Exchange:

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Offer price (₹)	Reason/Nature of allotment	Form of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
April 23, 2003	50,000	10	10	Allotment pursuant to subscription to Memorandum of Association ⁽¹⁾	Cash	50,000	500,000
July 22, 2003	1,304,515	10	10	Preferential allotment ⁽²⁾	Cash	1,354,515	13,545,150
November 7, 2003	12,969,995	10	10	Preferential allotment ⁽³⁾	Cash	14,324,510	143,245,100
January 17, 2004	4,710,540	10	10	Preferential allotment ⁽⁴⁾	Cash	19,035,050	190,350,500
February 11, 2004	2,964,980	10	10	Preferential allotment ⁽⁵⁾	Cash	22,000,030	220,000,300
May 10, 2004	3,600,000	10	10	Preferential allotment ⁽⁶⁾	Cash	25,600,030	256,000,300
June 11, 2004	1,160,000	10	10	Preferential allotment ⁽⁷⁾	Cash	26,760,030	267,600,300
August 9, 2004	3,128,970	10	10	Preferential allotment ⁽⁸⁾	Cash	29,889,000	298,890,000
December 16, 2004	111,000	10	10	Preferential allotment ⁽⁹⁾	Cash	30,000,000	300,000,000
March 23, 2010	5,750,000	10	110	Rights Issue ⁽¹⁰⁾	Cash	35,750,000	357,500,000
May 28, 2010	1,750,000	10	110	Rights Issue ⁽¹¹⁾	Cash	37,500,000	375,000,000
December 14, 2010	13,176,000	10	10	Preferential allotment ⁽¹²⁾	Cash	50,676,000	506,760,000

(1) Allotment of 50,000 Equity Shares to: (a) ICICI Bank Limited (21,985 Equity Shares), (b) Life Insurance Corporation of India (5,000 Equity Shares), (c) National Bank for Agriculture and Rural Development (1,000 Equity Shares), (d) National Stock Exchange of India Limited (21,985 Equity Shares), (e) Narendra Kumar Gupta (10 Equity Shares), (f) J. Ravichandran (10 Equity Shares) and (g) Bhashyam S. (10 Equity Shares)

- (2) Allotment of 1,304,515 Equity Shares to: (a) Life Insurance Corporation of India (405,000 Equity Shares), (b) NSE (388,015 Equity Shares) and (c) National Bank for Agriculture and Rural Development (511,500 Equity Shares)
 - (3) Allotment of 12,969,995 Equity Shares to: (a) ICICI Bank Limited (2,835,755 Equity Shares), (b) Life Insurance Corporation of India (2,447,740 Equity Shares), (c) National Bank for Agriculture and Rural Development (3,876,500 Equity Shares) and (d) NSE (3,810,000 Equity Shares)
 - (4) Allotment of 4,710,540 Equity Shares to: (a) ICICI Bank Limited (939,770 Equity Shares), (b) Life Insurance Corporation of India (939,770 Equity Shares), (c) NSE (169,000 Equity Shares) and (d) CRISIL Limited (2,662,000 Equity Shares)
 - (5) Allotment of 2,964,980 Equity Shares to: (a) ICICI Bank Limited (591,490 Equity Shares), (b) Life Insurance Corporation of India (591,490 Equity Shares) and (c) Punjab National Bank (1,782,000 Equity Shares)
 - (6) Allotment of 3,600,000 Equity Shares to Indian Farmers Fertiliser Cooperative Limited
 - (7) Allotment of 1,160,000 Equity Shares to: (a) CRISIL Limited (938,000 Equity Shares), (b) Life Insurance Corporation of India (111,000 Equity Shares) and (c) NSE (111,000 Equity Shares)
 - (8) Allotment of 3,128,970 Equity Shares to: (a) National Bank for Agriculture and Rural Development (111,000 Equity Shares), (b) Canara Bank (2,399,970 Equity Shares) and (c) Punjab National Bank (618,000 Equity Shares). For further details please see “Risk Factors – The Exchange had undertaken certain preferential allotments of Equity Shares which were not in compliance with certain requirements of the erstwhile Companies Act, 1956, read with the erstwhile Unlisted Public Companies (Preferential Allotment) Rules, 2003. While the Exchange has applied to the RoC for compounding such instances of non-compliance, we cannot assure you that these non-compliances will be compounded in a timely manner, or at all. Further, we cannot assure you that any compounding fee imposed on the Exchange will be reasonable and that such compounding will not have an adverse effect on the operations of the Exchange.” on page 29.
 - (9) Allotment of 111,000 Equity Shares to ICICI Bank Limited. For further details please see “Risk Factors – The Exchange had undertaken certain preferential allotments of Equity Shares which were not in compliance with certain requirements of the erstwhile Companies Act, 1956, read with the erstwhile Unlisted Public Companies (Preferential Allotment) Rules, 2003. While the Exchange has applied to the RoC for compounding such instances of non-compliance, we cannot assure you that these non-compliances will be compounded in a timely manner, or at all. Further, we cannot assure you that any compounding fee imposed on the Exchange will be reasonable and that such compounding will not have an adverse effect on the operations of the Exchange.” on page 29.
 - (10) Allotment of 5,750,000 Equity Shares to: (a) NSE (861,850 Equity Shares), (b) Life Insurance Corporation of India (861,850 Equity Shares), (c) National Bank for Agriculture and Rural Development (861,850 Equity Shares), (d) CRISIL Limited (689,455 Equity Shares), (e) Indian Farmers Fertiliser Cooperative Limited (900,000 Equity Shares), (f) Punjab National Bank (600,000 Equity Shares), (g) Canara Bank (599,993 Equity Shares), (h) Shree Renuka Sugars Limited (375,000 Equity Shares) and (i) M.K. Ananda Kumar (2 Equity Shares)
 - (11) Pursuant to a board resolution dated May 28, 2010, the rights issue dated March 23, 2010 was extended to May 15, 2010, further to which 1,750,000 Equity Shares were allotted to: (a) National Stock Exchange of India Limited (263,153 Equity Shares), (b) National Bank for Agriculture and Rural Development (263,150 Equity Shares), (c) Life Insurance Corporation of India (263,150 Equity Shares), (d) CRISIL Limited (210,545 Equity Shares), (e) Punjab National Bank (694,446 Equity Shares) and (f) Canara Bank (55,556 Equity Shares)
 - (12) Allotment of 13,176,000 Equity Shares to: (a) Jaypee Capital Services Limited (11,340,000 Equity Shares) and (b) Shree Renuka Sugars Limited (1,836,000 Equity Shares)
- b) The Exchange does not have any outstanding preference shares as on the date of filing of this Draft Red Herring Prospectus.
 - c) The Exchange has not issued any Equity Shares for consideration other than cash or out of revaluation of reserves at any time since incorporation.
 - d) The Exchange has not issued or allotted any Equity Shares pursuant to schemes of amalgamation approved under Sections 391-394 of the Companies Act, 1956 or Sections 230-234 of the Companies Act.
 - e) The Exchange has not issued any Equity Shares in the 12 months preceding the date of this Draft Red Herring Prospectus.

2. **History of Build up, Contribution and Lock-in of Promoters’ Shareholding**

The Exchange is professionally managed and does not have an identifiable promoter in terms of the SEBI ICDR Regulations. Accordingly, in terms of Regulation 14 of the SEBI ICDR Regulations, there is no requirement of minimum promoter’s contribution in this Offer and none of the Equity Shares will be locked in for a period of three years pursuant to the Offer.

3. **Shareholding Pattern of the Exchange**

The table below presents the shareholding pattern of the Exchange as on the date of this Draft Red Herring Prospectus.

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No. of fully paid-up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total No. of shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of Equity Shares (calculate as per SCRR) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Equity Shares underlying outstanding convertible securities (including warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted Equity Share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	No. of locked in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		No. of Equity Shares held in dematerialized form (XIV)
								No of Voting Rights					No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class (Equity)	Total	Total as a % of (A+B+C)							
(A)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(B)	Public	18	50,676,000	-	-	50,676,000	100	50,676,000	-	100	-	-	-	-	-	-	50,676,000
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A+B+C)	18	50,676,000	-	-	50,676,000	100	50,676,000	-	100	-	-	-	-	-	-	50,676,000

The Exchange will file the shareholding pattern, in the form prescribed under Regulation 31 of the SEBI Listing Regulations, one day prior to the listing of the Equity Shares. The shareholding pattern will be provided to the Stock Exchanges for uploading on the websites of the Stock Exchanges before the commencement of trading of the Equity Shares.

Other details of Shareholding of the Exchange

(a) As on the date of the filing of this Draft Red Herring Prospectus, the Exchange has 18 Shareholders.

(b) Set forth below is a list of Shareholders holding 1% or more of the paid-up share capital of the Exchange, on a fully diluted basis, as on the date of filing of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
1.	NSE	7,601,377	15.00%
2.	NABARD	5,625,000	11.10%
3.	LIC	5,625,000	11.10%
4.	IFFCO	5,068,000	10.00%
5.	OIJIF	5,067,600	10.00%
6.	Punjab National Bank	3,694,446	7.29%
7.	Canara Bank	3,055,519	6.03%
8.	Investcorp Private Equity Fund I (formerly known as IDFC Private Equity Fund III)	2,533,800	5.00%
9.	Shree Renuka Sugars Limited	2,533,700	5.00%
10.	Build India Capital Advisors LLP	2,533,799	5.00%
11.	CRISIL Limited	1,875,000	3.70%
12.	Usha Devi Saraogi	1,500,000	2.96%
13.	Pushpa Devi Saraogi*	1,500,000	2.96%
14.	Jaypee Capital Services Limited	1,204,800	2.38%
15.	Star Agriwarehousing and Collateral Management Limited	700,500	1.38%
16.	S. Sundararaman	557,437	1.10%
	Total	50,675,978	99.99%

*Intercontinental Exchange Holdings Inc. transferred its entire shareholding in the Exchange to Pushpa Devi Saraogi on January 24, 2020. As on the date of this DRHP, the shareholding of Pushpa Devi Saraogi in the Exchange is subject to approval from SEBI.

Set forth below is a list of Shareholders holding 1% or more of the paid-up share capital of the Exchange, on a fully diluted basis, as of 10 days prior to the date of filing of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
1.	NSE	7,601,377	15.00%
2.	NABARD	5,625,000	11.10%
3.	LIC	5,625,000	11.10%
4.	IFFCO	5,068,000	10.00%
5.	OIJIF	5,067,600	10.00%
6.	Punjab National Bank	3,694,446	7.29%
7.	Canara Bank	3,055,519	6.03%
8.	Investcorp Private Equity Fund I (formerly known as IDFC Private Equity Fund III)	2,533,800	5.00%
9.	Shree Renuka Sugars Limited	2,533,700	5.00%
10.	Build India Capital Advisors LLP	2,533,799	5.00%
11.	CRISIL Limited	1,875,000	3.70%
12.	Usha Devi Saraogi	1,500,000	2.96%

S. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
13.	Pushpa Devi Saraogi*	1,500,000	2.96%
14.	Jaypee Capital Services Limited	1,204,800	2.38%
15.	Star Agriwarehousing and Collateral Management Limited	700,500	1.38%
16.	S. Sundararaman	557,437	1.10%
	Total	50,675,978	99.99%

*Intercontinental Exchange Holdings Inc. transferred its entire shareholding in the Exchange to Pushpa Devi Saraogi on January 24, 2020. As on the date of this DRHP, the shareholding of Pushpa Devi Saraogi in the Exchange is subject to approval from SEBI.

(c) Set forth below is a list of Shareholders holding 1% or more of the paid-up share capital of the Exchange, on a fully diluted basis, as of one year prior to the date of filing of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
1.	NSE	7,601,377	15.00%
2.	LIC	5,625,000	11.10%
3.	NABARD	5,625,000	11.10%
4.	IFFCO	5,068,000	10.00%
5.	OIJIF	5,067,600	10.00%
6.	Punjab National Bank	3,694,446	7.29%
7.	Build India Capital Advisors LLP	3,091,236	6.10%
8.	Canara Bank	3,055,519	6.03%
9.	Investcorp Private Equity Fund I (formerly known as IDFC Private Equity Fund III)	2,533,800	5.00%
10.	Shree Renuka Sugars Limited	2,533,700	5.00%
11.	CRISIL Limited	1,875,000	3.70%
12.	Goldman Sachs Investments (Mauritius) I Limited	1,500,000	2.96%
13.	Intercontinental Exchange Holdings Inc.	1,500,000	2.96%
14.	Jaypee Capital Services Limited	1,204,800	2.38%
15.	Star Agriwarehousing and Collateral Management Limited	700,500	1.38%
	Total	50,675,978	99.99%

(d) Set forth below is a list of Shareholders holding 1% or more of the paid-up share capital of the Exchange, on a fully diluted basis, as of two years prior to the date of filing of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
1.	NSE	7,601,377	15.00%
2.	LIC	5,625,000	11.10%
3.	NABARD	5,625,000	11.10%
4.	IFFCO	5,068,000	10.00%
5.	OIJIF	5,067,600	10.00%
6.	Punjab National Bank	3,694,446	7.29%
7.	Build India Capital Advisors LLP	3,091,236	6.10%
8.	Canara Bank	3,055,519	6.03%
9.	Investcorp Private Equity Fund I (formerly known as IDFC Private Equity Fund III)	2,533,800	5.00%
10.	Shree Renuka Sugars Limited	2,533,700	5.00%
11.	CRISIL Limited	1,875,000	3.70%
12.	Goldman Sachs Investments (Mauritius) I Limited	1,500,000	2.96%

S. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
13.	Intercontinental Exchange Holdings Inc.	1,500,000	2.96%
14.	Jaypee Capital Services Limited	1,204,800	2.38%
15.	Star Agriwarehousing And Collateral Management Limited	700,500	1.38%
	Total	50,675,978	99.99%

(e) Shareholding of our Directors and/or Key Managerial Personnel

Except as set forth below, none of our Directors or Key Managerial Personnel hold any Equity Shares as on the date of this Draft Red Herring Prospectus:

S. No.	Name of shareholder	Number of Equity Shares held	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the post-Offer Equity Share capital (%)
1.	Avinash Mohan	12	Negligible	[•]

4. The Exchange presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a preferential basis, or by way of issue of bonus Equity Shares, or on a rights basis, or by way of further public issue of Equity Shares, or otherwise.
5. None of our Directors and their relatives have purchased or sold any securities of the Exchange during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.
6. There have been no financing arrangements whereby our Directors and their relatives have financed the purchase by any other person of securities of the Exchange during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

7. Details of Equity Share capital locked-in for one year

Unless provided otherwise under applicable law, pursuant to Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer capital of the Exchange shall be locked-in for a period of one year from the date of Allotment, except for (a) Equity Shares allotted to employees, whether currently an employee or not, under an employee stock option or employee stock purchase scheme of the Exchange; (b) Equity Shares held by an employee stock option trust or transferred to the employees by an employee stock option trust pursuant to exercise of options by the employees, whether currently employee or not, in accordance with the employee stock option plan or employee stock purchase scheme; and (c) Equity Shares held by a venture capital fund or alternative investment fund of Category I or Category II or a foreign venture capital investor, which shall be locked in for a period of one year from the date of purchase by such investor, as applicable.

8. Lock-in of Equity Shares Allotted to Anchor Investors

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

9. Recording on non-transferability of Equity Shares locked-in

As required under Regulation 20 of the SEBI ICDR Regulations, the Exchange shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

10. ***Other requirements in respect of lock-in***

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by persons prior to the Offer and locked-in for a period of one year, may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in in the hands of such transferee and compliance with the applicable provisions of the Takeover Regulations.

11. ***Employee Stock Option Plan***

As on the date of this Draft Red Herring Prospectus, the Exchange does not have any existing stock option plan or scheme.

12. All Equity Shares issued or transferred pursuant to the Offer shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.
13. As on the date of this Draft Red Herring Prospectus, except for OIJIF, which is an associate of SBICAP, the BRLMs and their respective associates, as defined under the SEBI Merchant Bankers Regulations do not hold any Equity Shares. The BRLM(s) and their affiliates may engage in transactions with and perform services for the Exchange or its Subsidiaries or Group Companies in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with the Exchange or its Subsidiaries or Group Companies for which they may in the future receive customary compensation.
14. The Exchange, the Selling Shareholders, our Directors and the BRLMs have no existing buyback arrangements and or any other similar arrangements for the purchase of Equity Shares being offered through the Offer.
15. There are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.
16. In terms of Rule 19(2)(b)(i) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations, this is an Offer for at least 25% of the post-Offer capital. The Offer is being made through the Book Building Process, in reliance on Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer shall be allocated on a proportionate basis to QIBs. Provided that the Exchange, in consultation with the BRLM(s), may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds only subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Investors and not more than 10% of the Offer shall be available for allocation, in accordance with the SEBI ICDR Regulations, to RIBs, subject to valid Bids being received at or above the Offer Price.
17. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
18. The Exchange has not undertaken any public issue, and except as set out on page 69, the Exchange has not made any rights issue of any kind or class of securities since its incorporation.

OBJECTS OF THE OFFER

The Offer comprises the Fresh Issue and the Offer for Sale.

Offer for Sale

The Selling Shareholders propose to sell up to 14,453,774 Equity Shares, aggregating up to ₹[●] million. The Selling Shareholders shall be entitled to their respective portions of the proceeds of the Offer for Sale, after deducting their respective share of the Offer related expenses and applicable taxes. The Exchange will not receive any proceeds from the Offer for Sale.

Fresh Issue

The Exchange proposes to utilise the Net Proceeds towards funding the following objects:

1. Contribution to the Core SGF and towards net worth requirements of NCCL; and
2. General corporate purposes.

Further, the Exchange expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, enhancement of the Exchange's brand name and creation of a public market for the Equity Shares in India.

The main objects clause and the objects ancillary to the main objects clause, as set out in the Memorandum of Association, enables the Exchange to undertake the activities for which funds are being raised by the Exchange through the Fresh Issue. The activities carried on by the Exchange are valid in accordance with applicable SEBI regulations and the provisions of the Memorandum of Association.

Net Proceeds

The details of the Net Proceeds are summarised in the table below:

Particulars	Estimated amount (in ₹ million)*
Gross proceeds of the Fresh Issue	1,000.00
(Less) Offer related expenses**	[●]
Net Proceeds	[●]

*To be finalised upon determination of the Offer Price and updated in the Prospectus, prior to filing with the RoC.

**Other than the listing fees, which will be borne by the Exchange, all Offer related expenses shall be shared amongst the Exchange and the Selling Shareholders as specified in "- Offer Expenses" on page 78.

Requirement of funds and utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised as set forth in the table below:

Sr. No.	Particulars	Amount (in ₹ million)*
1.	Contribution to the Core SGF and towards net worth requirements of NCCL	700.00
2.	General corporate purposes**	[●]
Net Proceeds		[●]

*To be finalised upon determination of the Offer Price.

**The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Fresh Issue.

Schedule of Deployment

The Net Proceeds are proposed to be deployed in the accordance with the table set below:

S. No.	Particulars	Amount to be financed from Net Proceeds (in ₹ million)	Estimated Utilisation (in ₹ million)		
			FY 2021	FY 2022	FY 2023
1.	Contribution to the Core SGF and towards net worth requirements of NCCL	700.00	350.00	200.00	150.00
2.	General corporate purposes*	[●]	[●]	[●]	[●]

* To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.

The fund deployment estimated by us and indicated above is based on the current circumstances surrounding our business and we may have to revise its estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws. For further details, see “Risk Factors - One of the objects of the Fresh Issue is contribution to the Core SGF and towards net worth requirements of NCCL. However, the quantum of contribution for our Core SGF as well as the amount required for complying with net worth requirements are dynamic in nature, and there cannot be any guarantee that the capital raised through our objects will suffice or that the entire amount will be invested, as envisaged in the objects of the Fresh Issue.” on page 31.

Details of the objects of the Offer

The Net Proceeds will be utilised in the following manner:

1. Contribution to the Core SGF and towards net worth requirements of NCCL

The Exchange intends to utilise ₹700 million of the Net Proceeds towards the contribution requirements of the Exchange to the Core SGF, and investment in NCCL, in the form as may be decided by the Exchange and NCCL, for NCCL’s contribution requirements to the Core SGF and meeting NCCL’s net worth requirements.

In accordance with the SECC Regulations and SEBI’s circular (CIR/MRD/DRMNP/25/2014) dated August 27, 2014, NCCL is required to establish and maintain a fund, being the SGF, to guarantee the settlement of trades executed on the Exchange. The SGF is required to be utilised in the event a clearing member fails to honour its settlement obligations. In accordance with the SECC Regulations, the contribution to the SGF is required to be made by the Exchange, NCCL and the clearing members, in a manner so as to ensure that (a) NCCL’s contribution to the Core SGF shall be at least 50% of the minimum required corpus of the Core SGF; (b) the Exchange’s contribution to the Core SGF shall be at least 25% of the minimum required corpus of the Core SGF and (c) the contribution of the clearing members is not more than 25% of the minimum required corpus of the Core SGF. In this regard, NCCL has, by way of a letter dated September 5, 2018, undertaken to SEBI that it will increase the corpus of its Core SGF to ₹2,500 million by Fiscal 2022. Accordingly, the Exchange proposes to utilise a portion of the Net Proceeds towards the Exchange’s contribution to the Core SGF and for investment in NCCL in the form as may be decided by the Exchange, which will be utilised towards NCCL’s contribution to the Core SGF.

Additionally, in accordance with the SECC Regulations and SEBI’s circular (SEBI/HO/MRD/DRMNP/CIR/P/2019/55) dated April 10, 2019, NCCL, being a recognised clearing corporation, is required to maintain a minimum net worth of ₹1,000 million or an aggregate of capital requirements each for counterparty credit risk, business risk, legal & operational risk and capital to cover costs required for orderly winding down or recovery of operations, whichever is higher. Accordingly, the Exchange

proposes to utilise a portion of the Net Proceeds for investment in NCCL, which will be utilised towards meeting NCCL's net worth requirements.

NCCL, being the clearing corporation of the Exchange, is a vital vertical of the agricultural commodities trading ecosystem of the Exchange, and, consequently, the Exchange expects to benefit from this investment.

General corporate purposes

The Exchange proposes to deploy the remaining portion of the Net Proceeds aggregating to ₹[●] million towards general corporate purposes, subject to such utilization not exceeding 25% of the gross proceeds of the Fresh Issue, in compliance with Regulation 7(2) of the SEBI ICDR Regulations. The general corporate purposes for which the Exchange proposes to utilise Net Proceeds include, but are not limited to, strategic initiatives, partnerships and joint ventures, meeting exigencies which the Exchange may face in the ordinary course of business and meeting other expenses including capital expenditure, incurred in the ordinary course of business. In addition to the above, the Exchange may utilise the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board or a duly constituted committee thereof, subject to compliance with applicable law. The quantum of utilization of funds towards each of the above purposes will be determined by the Board or a duly constituted committee thereof based on the amount actually available under this head and the business requirements of the Exchange, from time to time. The Exchange's management, in accordance with the policies of the Board, shall have flexibility in utilizing any surplus amount.

Means of finance

The fund requirements set out above are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from Fresh Issue.

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds for the purposes described above, the Exchange will temporarily deposit the Net Proceeds in one or more scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934, for the necessary duration as may be approved by the Board/ Capital Raising Committee. In accordance with the Companies Act, the Exchange confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in equity shares of any other listed company.

Bridge financing facilities

As on the date of this Draft Red Herring Prospectus, the Exchange has not raised any bridge loans from any bank or financial institution which are proposed to be repaid from the Net Proceeds.

Offer expenses

The total Offer related expenses are estimated to be approximately ₹[●] million. The Offer related expenses primarily consist of listing fees, underwriting fees, selling commission, fees payable to the BRLMs, legal counsels, Registrar to the Offer, Banker(s) to the Offer, including fee to the SCSBs, brokerage and selling commission payable to the Sponsor Bank, Registered Brokers, RTAs and CDPs, printing and stationary expenses, advertising and marketing expenses and all other incidental expenses for listing of the Equity Shares on the Stock Exchanges.

Other than the listing fees, which will be borne solely by the Exchange, all costs, fees and expenses attributable to the Offer shall be shared amongst the Exchange and the Selling Shareholders, in proportion to the number of Equity Shares allotted by the Exchange through the Fresh Issue and sold by each of the Selling Shareholders through the Offer for Sale. However, in the event a Selling Shareholder withdraws from the Offer after filing of the DRHP with SEBI, such Selling Shareholder shall be liable to bear the expenses in relation to the Offer to the extent of the expenses incurred till the time of such withdrawal by such Selling Shareholder in proportion to the Equity Shares proposed to be issued by the Exchange through the Fresh Issue and proposed to be offered for sale by the Selling Shareholders (as set out in this Draft Red Herring Prospectus). In the event that the Offer is unsuccessful or is withdrawn, the expenses in relation to the Offer, will be shared between the Exchange and the

Selling Shareholders in proportion to the Equity Shares proposed to be issued by the Exchange through the Fresh Issue and proposed to be offered by each of the Selling Shareholders through the Offer for Sale (as set out in this Draft Red Herring Prospectus). However, for ease of operations, the expenses of the Selling Shareholders may, at the outset, be borne by the Exchange on behalf of the Selling Shareholders, and each Selling Shareholder will reimburse the Exchange all such expenses in the proportion set out above, in accordance with applicable law. Further, it is clarified that the expenses relating to the legal counsel to each of the Selling Shareholders, if applicable, will be borne solely by such Selling Shareholder.

The break-up for the estimated Offer expenses are as follows:

Activity	Estimated expenses ⁽¹⁾ (₹ in million)	As a % of total estimated Offer related expenses ⁽¹⁾	As a % of total Offer size ⁽¹⁾
BRLM's fees and commissions	[●]	[●]	[●]
Commission and processing fees for SCSBs and fees payable to the Sponsor Banks for Bids made by RIBs using UPI ⁽²⁾⁽³⁾	[●]	[●]	[●]
Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs ⁽⁴⁾⁽⁵⁾	[●]	[●]	[●]
Fees payable to Registrar to the Offer	[●]	[●]	[●]
Fees payable to the legal advisors	[●]	[●]	[●]
Advertising and marketing for the Offer	[●]	[●]	[●]
Listing fees, book-building software fees and processing fees of Stock Exchanges and other regulatory expenses	[●]	[●]	[●]
Printing and stationary expenses	[●]	[●]	[●]
Others:			
i. SEBI filing fees			
ii. Processing fees payable to Sponsor Bank	[●]	[●]	[●]
iii. Monitoring Agency; and			
iv. Miscellaneous.			
Total estimated Offer expenses	[●]	[●]	[●]

(1) Offer expenses include applicable taxes. Amounts will be finalised on determination of Offer Price and updated in the Prospectus, prior to filing with the RoC.

(2) Selling commission payable to the SCSBs on the portion for NIBs which are directly procured by the SCSBs, would be as follows:

Portion for Non-Institutional Investors*	[●]% of the Amount Allotted (plus applicable taxes)
--	---

*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the Bid book of BSE or NSE.

(3) Sponsor Banks will be entitled to a commission of ₹[●] per every valid ASBA Form for Bids made by RIBs using UPI Mechanism.

(4) No processing fees shall be payable by the Exchange and the Selling Shareholders to the SCSBs on the applications directly procured by them.

Processing fees payable to the SCSBs on the portion for NIBs which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking would be as follows:

Portion for Non-Institutional Bidders*	₹[●] per valid application (plus applicable taxes)
--	--

*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

(5) Selling commission on the portion for Retail Individual Bidders, Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:

Portion for Retail Individual Investors*	[●]% of the Amount Allotted (plus applicable taxes)
Portion for Non-Institutional Investors*	[●]% of the Amount Allotted (plus applicable taxes)

*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.

Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking, would be as follows: ₹[●] plus GST, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.

The selling commission and Bidding Charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid book of BSE or NSE.

Monitoring utilisation of funds

There is no requirement for a monitoring agency as the size of the Fresh Issue does not exceed ₹1,000 million. Pursuant to the SEBI Listing Regulations, the Exchange shall, on a quarterly basis, disclose to the Audit Committee the usage and application of the Net Proceeds. To the extent applicable, until such time as any part of the Net Proceeds remains un-utilised, the Exchange will disclose and continue to disclose the utilisation of the Net Proceeds under appropriate separate heads in its balance sheet(s) indicating the form in which such unutilised monies have been invested. In the event that we are unable to utilise the entire amount that has been estimated for use out of the Net Proceeds in a fiscal year, we will utilise such un-utilised amount in the next fiscal year.

Further, in accordance with Regulation 32(1) of the SEBI Listing Regulations, the Exchange shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the Net Proceeds from the objects of the Offer as stated above; and (ii) details of category wise variations in the actual utilisation of the Net Proceeds from the objects of the Offer as stated above. This information will also be published in the newspapers in accordance with Regulation 47(1) of the SEBI Listing Regulations.

Variation in objects

In accordance with the applicable provisions of the Companies Act and the SEBI ICDR Regulations, the Exchange shall not vary the objects of the Fresh Issue without being authorised to do so by the Shareholders by way of a special resolution through a postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (“**Postal Ballot Notice**”) shall specify the prescribed details as required under the Companies Act. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Marathi, the regional language of the jurisdiction where the Registered and Corporate Office of the Exchange is situated.

Appraising Agency

None of the objects of the Fresh Issue have been appraised by any agency, bank or financial institution.

Other confirmations

No part of the Net Proceeds will be utilised by the Exchange as consideration to its Directors, Group Companies or Key Managerial Personnel, except in the normal course of business and in compliance with applicable law. The Exchange has not entered into and is not planning to enter into any arrangement/agreements with its Directors, Key Managerial Personnel or Group Companies in relation to the utilisation of the Net Proceeds. However, our Shareholder Director, Mr. Srinath Srinivasan, may be interested in the Exchange to the extent of the beneficial interest of 0.000403% held by him in Oman India Joint Investment Fund, one of our Shareholders and a Selling Shareholder, and may be entitled to receive commensurate proportion of the Offer for Sale proceeds receivable by Oman India Joint Investment Fund pursuant to the Offer for Sale. Accordingly, our Directors may be deemed to be interested to the extent of any such shareholding or share of profits held or enjoyed by them in the Selling Shareholders and to the extent of any payments receivable by them from the proceeds of the Offer for Sale. Further, except in the ordinary course of business and as stated above, there is no existing or anticipated interest of such individuals and entities in the objects of the Fresh Issue as set out above. For further details, see “*Risk Factors - Certain of our Key Managerial Personnel and our Directors may be interested in our performance in addition to their remuneration.*”, “*Our Management*” and “*Capital Structure*” on pages 45, 141 and 68, respectively.

BASIS FOR OFFER PRICE

The Offer Price will be determined by the Exchange, in consultation with the Selling Shareholders and the BRLMs on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the following qualitative and quantitative factors as described below. The face value of the equity shares of the Exchange is ₹10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should also refer to the sections “Our Business”, “Risk Factors”, “Financial Statements” and “Management Discussion and Analysis” on pages 109, 27, 171 and 251 respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe the following are our competitive strengths:

- We are the leading agricultural commodity derivatives exchange in India by market share;
- We have domain expertise in post-harvest agricultural commodity value and supply chain;
- We have strong connections with market participants and service providers across all levels of the post-harvest agricultural commodities value and supply chain;
- We have established relevant benchmarks for price discovery;
- We have a robust risk management framework; and
- The future readiness of our systems, which are capable of handling growth in trading volumes, supplemented by in-house capability to develop supporting technologies.

For further details, please see “Our Business” and “Risk Factors” on pages 105 and 27, respectively.

Quantitative factors

Some of the information presented in this section relating to the Exchange for the Fiscals 2017, 2018, 2019 and the six month period ended September 30, 2019, is derived from the Restated Financial Information. Some of the quantitative factors, which form the basis for computing the Offer Price, are as follows:

1. Basic Earnings Per Share excluding exceptional items (Basic EPS) & Diluted Earnings Per Share excluding exceptional items (Diluted EPS) for Restated Financial Information

Fiscal / Period ended	Basic EPS		Diluted EPS	
	EPS (in ₹)	Weight	EPS (in ₹)	Weight
2017	4.26	1	4.26	1
2018	(2.09)	2	(2.09)	2
2019	3.22	3	3.22	3
Weighted Average	1.62	-	1.62	-
September 30, 2019	1.60	-	1.60	-

Note:

1. Earnings per share calculations are in accordance with Indian Accounting Standard 33 (Ind AS 33) - Earnings per share.
2. Earning Per Share (Basic) = Restated net profit/ loss after tax and adjustments, available for equity shareholders/Weighted average number of equity shares outstanding during the year
3. Earning Per Share (Diluted) = Restated profit/ loss for the year / Weighted average number of diluted potential equity shares outstanding during the year
4. The face value of each equity share is ₹10
5. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year
6. Weighted average = Aggregate of year - wise weighted EPS divided by the aggregate weights i.e., [(EPS X Weight) for each fiscal]/[Total of weights]

2. Price/ Earning (“P/ E”) ratio in relation to Price Band of ₹[●] to ₹[●] per Equity Share

- (a) P/ E based on basic and diluted EPS for the year ended March 31, 2019 at the lower end of the Price Band are [●] and [●], respectively.
- (b) P/ E based on basic and diluted EPS for the year ended March 31, 2019 at the higher end of the Price Band are [●] and [●], respectively.

(c) Industry peer group P/ E ratio

Particulars	P/ E
Highest	43.9
Lowest	43.9
Average	43.9

*Source: The highest, lowest and average Industry P/E shown above is based on diluted P/E ratio of the industry peer set provided below under “-Comparison of accounting ratios with listed industry peers” on page 83

3. Average Return on Net Worth (“RoNW”) in the preceding three years

Fiscal / Period ended	RoNW (%)	Weight
2017	4.78%	1
2018	(2.49)%	2
2019	3.42%	3
Weighted Average	1.68%	
September 30, 2019	1.55%	

Note:

1. Net worth = Paid-up share capital + reserves and surplus
2. Return on Net worth (%) = Restated net profit/ loss after tax and adjustments, available for equity shareholders / Restated net worth at the end of the year
3. Weighted average RoNW is aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. [(RONW x weight) for each year] / [total of weights]

4. Minimum Return on Net Worth after Offer needed to maintain Pre-Offer EPS for the year ended March 31, 2019 and the six month period ended September 30, 2019.

- (a) Based on Basic EPS of ₹[●], for the year ended March 31, 2019:
At the Floor Price – [●]
At the Cap Price – [●]
- (b) Based on Diluted EPS of ₹[●], for the year ended March 31, 2019:
At the Floor Price – [●]
At the Cap Price – [●]
- (c) Based on Basic EPS of ₹[●], for the six month period ended September 30, 2019:
At the Floor Price – [●]
At the Cap Price – [●]
- (d) Based on Diluted EPS of ₹[●], for the six month period ended September 30, 2019:
At the Floor Price – [●]
At the Cap Price – [●]

5. Net Asset Value (“NAV”) per Equity Share

- (a) Net asset value per Equity Share as per Restated Financial Information of the Exchange as on March 31, 2019 was ₹90.17.
- (b) Net asset value per Equity Share as per Restated Financial Information of the Exchange for the six month period ended September 30, 2019 was ₹93.28.
- (c) Offer Price: ₹[●]
- (d) After the Offer
 - i. At the Floor Price: ₹[●]
 - ii. At the Cap Price: ₹[●]

Note:

NAV (₹) = Restated net worth / number of equity shares outstanding as at the end of the year

6. Price / Book (P/ B) Ratio

Price / Book (P/ B) Ratio as on March 31, 2019 is [●].

Notes:

Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

Price / Book Ratio = Offer Price/ Net Asset Value per Equity Share

7. Comparison of accounting ratios with listed industry peers

Name of the company	Consolidated Revenue (in ₹ million)	Face value per equity share (₹)	P/E	Net Profit (in ₹ million)	EPS (Basic) (₹)	Net worth (in ₹ million)	Return on net worth (%)	Net asset value/ equity share (₹)	Closing Share Price (as on February 7, 2020) (₹)
Multi Commodity Exchange of India Limited	3,000	10	43.9	1,445	28.8	12,509	11.6%	245.3	1,263.6

Note:

1. All financials are for the fiscal year ending March 31, 2019
2. Net Profit includes Profit after taxes and exceptional items on a consolidated basis (if applicable)
3. P/E ratio is calculated as closing share price of equity shares as on 7th Feb 2020 / Consolidated EPS
4. EPS is as per consolidated financial results for Fiscal 2019
5. Net worth includes consolidated equity share capital and reserves & surplus as on March 31, 2019
6. Return on Net Worth is calculated as Net Profit (as defined above)/ Closing Net Worth (as defined above)
7. NAV per share is calculated as net worth/ equity shares outstanding (both as on March 31, 2019)

8. The Offer Price will be [●] times of the face value of the Equity Shares

The Offer Price of ₹[●] has been determined by the Exchange, in consultation with the Selling Shareholders and the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with “Our Business”, “Risk Factors” and “Financial Statements” on pages 109, 27 and 171, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in “Risk Factors” and you may lose all or part of your investments.

STATEMENT OF SPECIAL TAX BENEFITS

To,

The Board of Directors
National Commodity & Derivatives Exchange Limited
1st Floor, Akruti Corporate Park,
Near G. E. Garden, LBS Road,
Kanjurmarg (West)
Mumbai – 400078

Re: Proposed initial public offering of equity shares of face value of ₹ 10 each (the “Equity Shares”) of National Commodity and Derivatives Exchange Limited (the “Company” and such offering, the “Offer”)

We report that the enclosed statement in the **Annexure**, states the possible special tax benefits under direct and indirect tax laws and Income tax Rules, 1962 including amendments made by Finance Act 2019 i.e. applicable for the Financial Year 2019-20 relevant to the assessment year 2020-21, (hereinafter referred to as ‘Income Tax Laws’), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, available to the Company, its shareholders and to its material subsidiaries identified as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 being National Commodity Clearing Limited (‘NCCL’), NCDEX e Markets Limited (‘NeML’) and National E Repository Limited (‘NERL’) (such entities referred to as “**Material Subsidiaries**”). Several of these benefits are dependent on the Company, its shareholders or its Material Subsidiaries, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company, its shareholders or its Material Subsidiaries to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company, its shareholders and its Material Subsidiaries faces in the future, the Company, its shareholders and its Material Subsidiaries may or may not choose to fulfill.

The benefits discussed in the enclosed statement in the **Annexure** are not exhaustive. Further, the preparation of the statement in the **Annexure** and its contents is the responsibility of the Management. Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities and for utilisation of these available tax benefits. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer. Neither are we suggesting nor advising the investor to invest in the Offer based on this statement.

We do not express any opinion or provide any assurance as to whether:

- (i) the Company, its shareholders or its Material Subsidiaries will continue to obtain these benefits in future; or
- (ii) the conditions prescribed for availing the benefits have been / would be met with; or
- (iii) the revenue authorities / courts will concur with the views expressed herein.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and its Material Subsidiaries and on the basis of our understanding of the business activities and operations of the Company and its Material Subsidiaries.

We hereby give consent to include this statement of special tax benefits in the draft red herring prospectus, red herring prospectus, prospectus and in any other material used in connection with the Offer.

This certificate is issued for the sole purpose of the Offer, and can be used, in full or part, for inclusion in the draft red herring prospectus, red herring prospectus, prospectus and any other material used in connection with the Offer (together, the “**Offer Documents**”), and for the submission of this certificate as may be necessary, to any regulatory / statutory authority, stock exchanges, any other authority as may be required and / or for the records to be maintained by the Lead Managers in connection with the Offer and in accordance with applicable law, and for the purpose of any defense the Lead Managers may wish to advance in any claim or proceeding in

connection with the contents of the offer documents.

All capitalized terms not defined hereinabove shall have the same meaning as defined in the Offer Documents.

This certificate may be relied on by the Company, Lead Managers, their affiliates and the legal counsels in relation to the Offer.

Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

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

Place: Mumbai
Date: February 10, 2020

Sachin A. Negandhi
Partner
Membership No.: 112888
UDIN: 20112888AAAAAI9477

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS TO THE COMPANY, ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARIES

Outlined below are the special tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 (“the Act”) as amended by the Finance Act 2019, i.e. applicable for the Financial Year 2019-20 relevant to the assessment year 2020-21, presently in force in India.

I. Special Income tax benefits available to the Company

There are no special income tax benefits available to the Company.

II. Special Income tax benefits available to Shareholders

There are no special tax benefits available to the shareholders for investing in the shares of the Company.

III. Special Indirect tax benefits available to the Company

There are no special indirect tax benefits available to the Company.

IV. Special tax benefits available to the Material Subsidiaries

There are no special tax benefits available to the Material Subsidiaries under the Tax Laws (Direct and Indirect)

Note:

1. The above statement of Direct Tax Benefits sets out the special tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.
2. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
3. This statement does not discuss any tax consequences in the country outside India of an investment in the Shares. The subscribers of the Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
5. Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information in this section is derived from the CARE Report that we commissioned in connection with the Offer for the purpose of confirming our understanding of the industry. Neither we, nor any of the Book Running Lead Managers, any of their associates or affiliates or any other person connected with the Offer has verified the information provided by CARE or included in the CARE Report. CARE has advised that while they have taken due care and caution in providing the information and in preparing the reports, as applicable, based on information obtained from sources which they consider reliable, they in no way guarantee the accuracy, adequacy or completeness of the industry report or the data therein and are neither responsible for any errors or omissions nor for the results obtained from the use of the information derived from the industry report.

The information derived from the CARE Report highlights certain industry and market data relating to us and our competitors. Such data is subject to many assumptions. There are no standard data gathering methodologies in our industry, and methodologies and assumptions may vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that the assumptions inherent in the information provided by CARE are correct or will not change and accordingly our position in the market may differ from that presented in this Draft Red Herring Prospectus. Further, the industry information provided in this section is not a recommendation to invest or disinvest in us or any company to which reference is made herein. You are advised not to unduly rely on the industry reports or industry information when making your investment decision.

References to years in this section are references to calendar years unless otherwise expressly stated.

For risks relating to industry data, please see “Risk Factors - This Draft Red Herring Prospectus contains information from industry sources including the industry report commissioned from CARE. Prospective investors are advised not to place undue reliance on such information.”

Economic outlook

Global Economy

Global growth for the year 2019 is estimated to be 2.9%, and the same is expected to improve to 3.3% in 2020 and 3.4% in 2021, as per the World Bank, World Economic Outlook Update – January 2020. Growth for advanced economies is projected to remain constant at 1.6% in 2020 and 2021, while emerging market and developing economies are projected to experience a growth increase to 4.6% in 2021.

In the United States, growth in 2019 is expected to be 2.3%, moderating to 2.0% in 2020 and further decline to 1.7% in 2021. The moderation reflects a return to a neutral fiscal stance and anticipated waning support from further loosening of financial conditions.

Emerging and developing Asia remains the main engine of the world economy, but growth is softening gradually. The growth markdown largely reflects a downward revision to India’s projection, where domestic demand has slowed sharper than expected amid stress in the non-banking financial sector and decline in credit growth.

The strengthening of growth in 2020 and beyond in India is the driving factor behind the forecast of an eventual global pickup. India’s economy is set to grow at 5.8% in 2020 and picking up to 6.5% in 2021 which is near double of the growth projected for the world of 3.3% and 3.4% respectively.

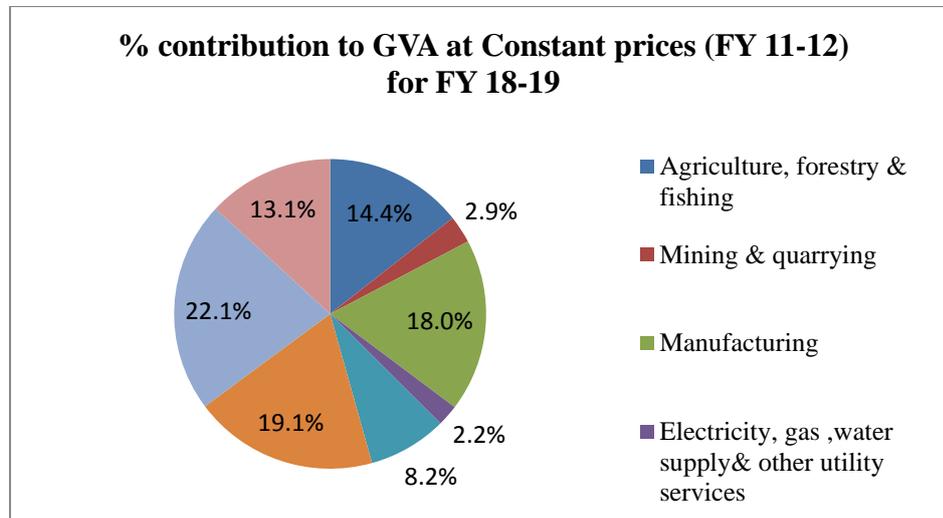
Indian Economy

The annual growth of India has been projected to be 5.8% and 6.5%, for 2020 and 2021 respectively. The aforesaid growth will be supported by the lagged effects of monetary policy easing, a reduction in corporate income tax rates, recent measures to address corporate and environmental regulatory uncertainty, and government programs to support rural consumption.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by

2025 owing to shift in consumer behaviour and expenditure pattern.

Gross Value Added (“GVA”) is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side where as GDP represents consumption. Sector wise estimated contribution to GVA is provided below:



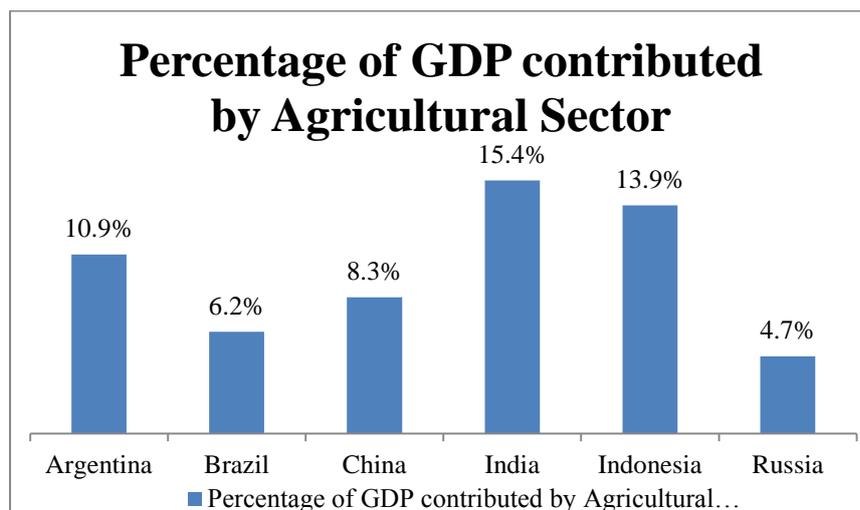
(Source: MoSPI)

It may be noticed from the above that financial, real estate and professional services contribute highest followed by contribution from trade, hotels, transport and communication services. It may be noted further that the share of manufacturing and agriculture sector was third and fourth largest respectively.

Global agriculture industry

The agriculture sector contributes 6.4% of the world's total economic production, which was US\$ 5,084 billion as on November, 2018. As on November, 2018, India is the second largest contributor in the world after China. China and India account for 19.49% and 7.39% of total global agricultural output, respectively followed by United States, Brazil and Indonesia.

The percentage of GDP contributed by agriculture for some of the countries, is given below:



(Source: CARE Research)

Agricultural industry around the world needs to feed a growing population that is characterized by economic development and an increase in consumer spending limit. The largest agricultural region is Asia-Pacific which accounts for a major share in the global market followed by Africa. The agricultural industry will witness robust

growth over the next few years with more population demanding and consuming the global agricultural products.

Indian agriculture industry

India is a global agricultural hub being world's largest producer of milk, pulses and spices by volume. It possesses the largest area under cultivation for wheat, rice and cotton.

Market Size

As per the first advance estimates for Fiscal 2020 released by the Department of Agriculture, Cooperation and Farmers Welfare, the total food grains production during Fiscal 2019 was 284.95 million tonnes and 140.57 million tonnes as on September 23, 2019.

India is the largest producer, consumer and exporter of spices and spice products. Spice exports from India reached US\$ 3.1 billion in Fiscal 2018. Tea exports from India reached 254.5 million kgs in Fiscal 2019 while coffee exports reached 353,795 tonnes in Fiscal 2019. As per CMIE, tea exports stood at US\$819.6 million for the calendar year ending December 31, 2018.

The agriculture industry represents an important component of the Indian economy, both in terms of its contribution to the GDP, as well as a source of employment. This sector is currently showing immense opportunities, with India presently being one of the world's largest agricultural producers by value. A number of transformations have taken place in this sector over the past few decades including the following:

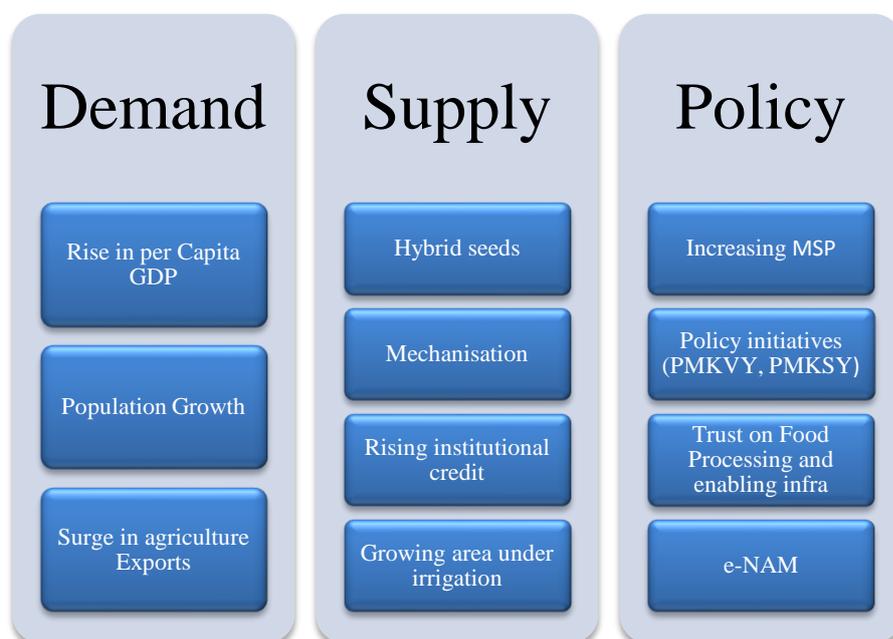
- rising penetration of the organized sector,
- growth in contract farming,
- agriculture becoming more mechanized,
- easy loan facilities,
- rise of exports,
- use of agrochemicals and high yielding seeds, and
- an increasing role of the private sector in processing, branding and marketing.

India's Export Scenario

The total export of agricultural product for Fiscal 2019 was US\$ 38.74 billion, which has increased from US\$ 38.42 billion for Fiscal 2018.

Growth drivers of the Indian agricultural sector

The following chart represents the growth drivers of the Indian agricultural sector:



The Demand Pull

Demand pull factors for the agriculture sector in India include population growth, rise in per capita GDP, better propensity and surge in agricultural exports. In Fiscal 2019, India's population stood at around 1.35 billion and is expected to reach 1.39 billion by Fiscal 2021. It reflects the increasing need for agricultural commodities and an overall ecosystem required to support agricultural development. Strong growth in per capita income has resulted in greater demand for agricultural output. India is among the 15 leading exporters of agricultural products in the world. Total agricultural exports from India have reached US\$ 38.74 billion in Fiscal 2019. Government of India is aiming to achieve US\$60 billion in exports by 2022.

The Supply Drivers

There has been a strong growth in the use of hybrid seeds due to their high yield and resistance to biotic and abiotic stress. Farm mechanization helps in raising farm income by increasing productivity and limiting post-harvest losses. There has been consistent support from the government to push Kisan Credit Cards, and agriculture loans are kept under the category of priority sector lending. Concerted efforts have been made to insulate these rain-fed areas from the vagaries of rainfall through creation of irrigation infrastructure such as canals, minor irrigation support as well as micro irrigation implements.

Government Initiatives

Some of the key initiatives by the Government focused on the agricultural sector are as follows:

- New policy initiatives like Paramparagat Krishi Vikas Yojana, Pradhan Mantri Krishi Sinchai Yojana (PMKSY), promotion of Farmer Producer Organizations, tax incentives and other support have provided a significant push to the overall sectorial growth;
- Highest allocation has been made for agriculture sector & allied services in budget for Fiscal 2020 amounting to ₹1,515 billion from ₹866 billion in Fiscal 2019;
- Pradhan Mantri Kisan Samman Nidhi Yojana is expected to cover around 14.5 crore beneficiaries, with an estimated expenditure by Central Government of ₹87,217.50 crores for Fiscal 2020.
- The Agriculture Export Policy, 2018. aims to increase India's agricultural exports to US\$ 60 billion by 2022 and US\$ 100 billion in the next few years with a stable trade policy regime;
- Pradhan Mantri Krishi Sinchai Yojana (PMKSY) with an investment of ₹50,000 crore (US\$ 7.7 billion) aimed at development of irrigation sources for providing a permanent solution from drought; and

- The Government of India has allowed 100 % FDI in marketing of food products and in food product e-commerce under the automatic route.

India is expected to achieve the ambitious goal of doubling farm income by 2022. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage.

Evolution of the commodity market

A commodity exchange is an organized physical or virtual marketplace where various tradable commodities and derivatives are bought and sold.

The commodity derivative market has been functioning in India since nineteenth century with organized trading in cotton through the establishment of cotton trade association in 1875

With the setting up of the “Gujarathi Vyapari Mandal” in 1900, the futures trading in Oilseed began. Commodities such as ground-nut, castor seed and cotton began to be exchanged. Forward trading in raw jute and jute goods started at Calcutta in 1912. Forward markets in wheat had been functioning at Hapur in 1913, and in Bullion at Bombay since 1920. There are a number of exchanges which were established in the beginning of the twentieth century. The Forward Contracts (Regulation) Act was passed by Parliament in December 1952.

In the Union Budget for Fiscal 2016, the Hon’ble Union Finance Minister had proposed merger of FMC with SEBI, to strengthen regulation of commodity forward markets and reduce wild speculation.

The table below sets out certain milestones in the evolution of commodity markets in India:

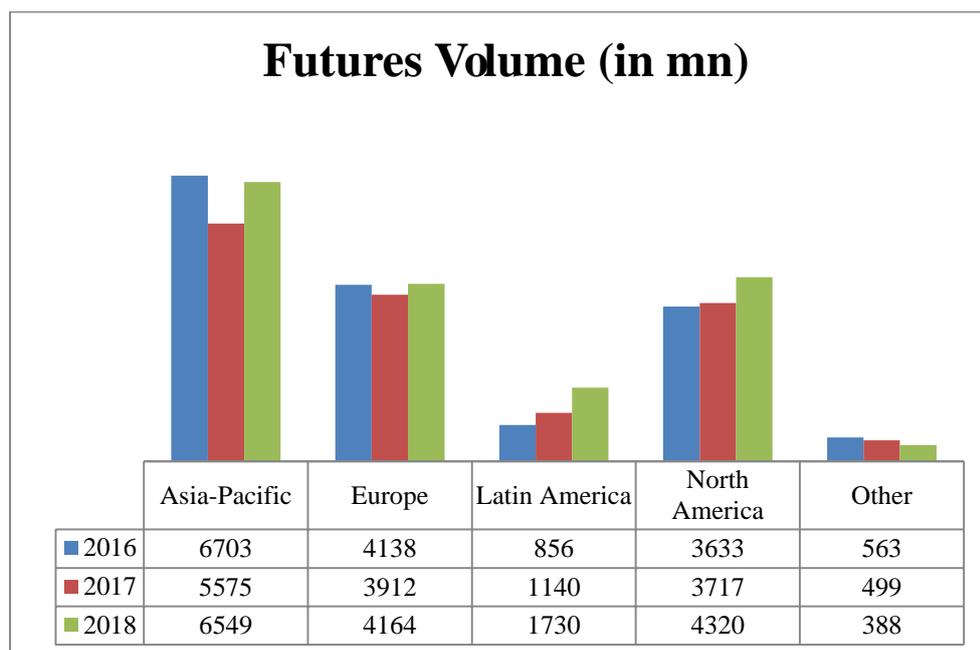
Year	History
2002	National Multi-Commodity Exchange of Ahmedabad (NMCE) established, followed by MCX and the Exchange.
2015	Market consisting of 16 regional commodity exchanges and 3 national commodity exchanges. Finance Act, 2015 (Finance Act, 2015) repealed the FCRA and abolished the FMC. Amendment to SCRA, to include commodity derivatives in the definition of securities. Regulatory jurisdiction vested in SEBI.
2017	Exchanges permitted by SEBI to launch options contracts on commodity derivatives.
2018	Exchanges allowed dealing in both equities and commodities. SEBI allowed participation of Eligible Foreign Entities in the commodity derivatives market
2019	SEBI allowed participation of Mutual Funds and Portfolio Manager Services in the commodity derivatives market. SEBI permitted Commodity Indices.

Trading in commodity derivatives

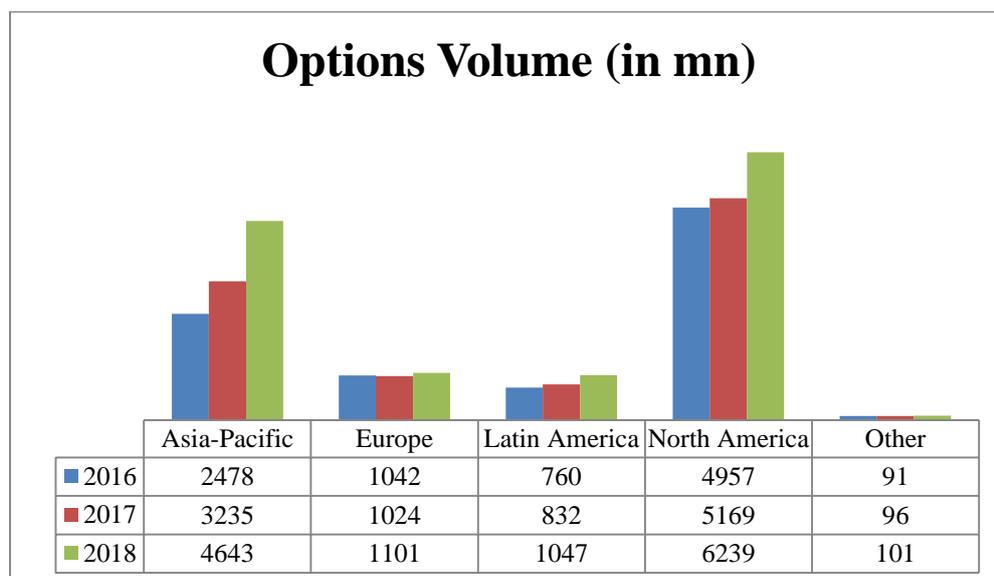
A derivative contract is an enforceable contract between two parties where the value of the contract is based or derived from the value of an underlying asset. The underlying asset can include a commodity, stock, currency, bond, interest rate and index. Broadly speaking, there are two groups of derivative contracts – exchange traded and over-the-counter (OTC) – based on the manner in which they are traded in the market.

Exchange-traded derivatives are those instruments (such as futures, options and indices) that are traded on derivatives exchanges. The last decade has witnessed tremendous growth in this segment. The commodity derivatives markets in terms of volume traded was around 21% of global traded derivatives in 2018.

The following are the global commodity derivatives futures and options volumes region wise:



It may be noted with respect to futures derivatives volume, Latin America leads with a growth of 51.8%, followed by growths in North America (16.2%), Asia Pacific (17.5%) and Europe (6.4%) in 2018.

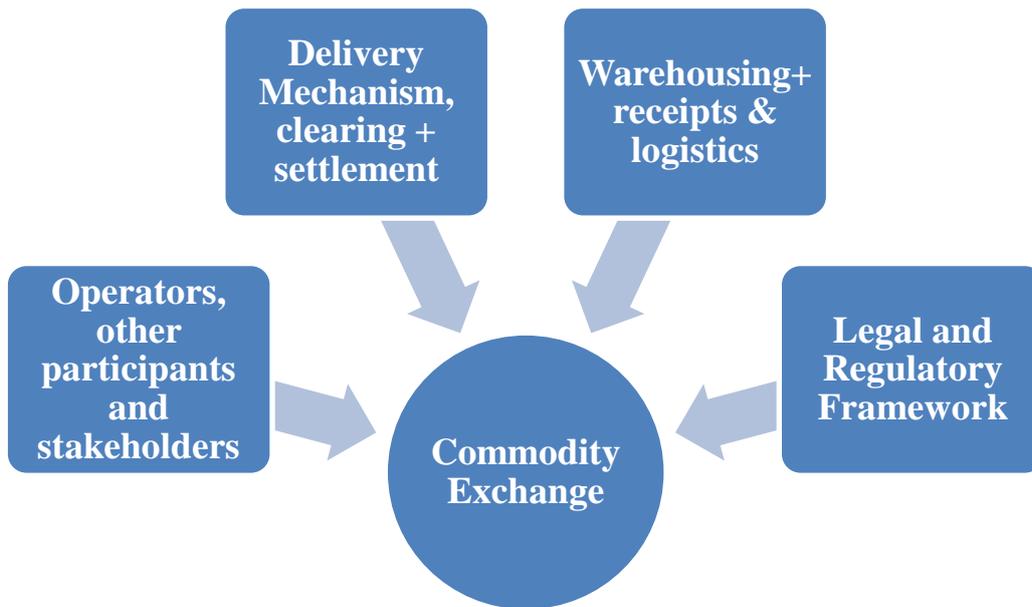


(Source: FIA)

In options derivatives, all the major regions continue to grow with Asia Pacific leading with 43.5%, followed by Latin America (25.8%), North America (20.7%) and Europe (7.5%) in the 2018. Considering the overall exchange derivatives, Latin America, North America and Asia Pacific registered a healthy growth in 2018.

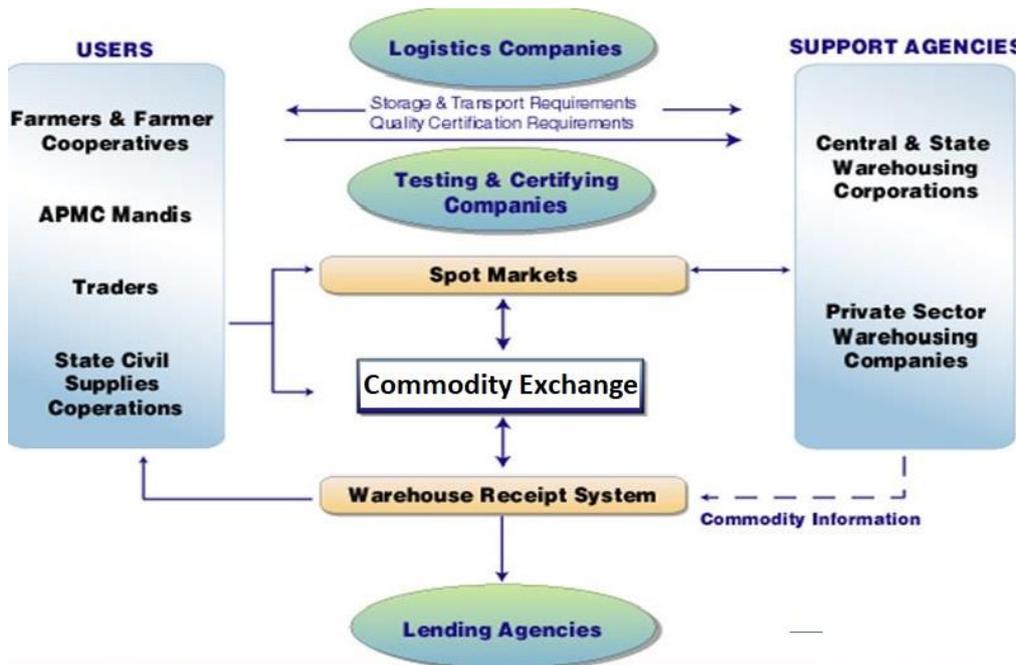
Commodity trading ecosystem

A commodity exchange is a market, which provides facilities (platform), regulations and standards for the orderly, efficient and transparent trading of designated (selected) commodities. Contracts are created with standardized features, which thereafter become tradable financial instruments.



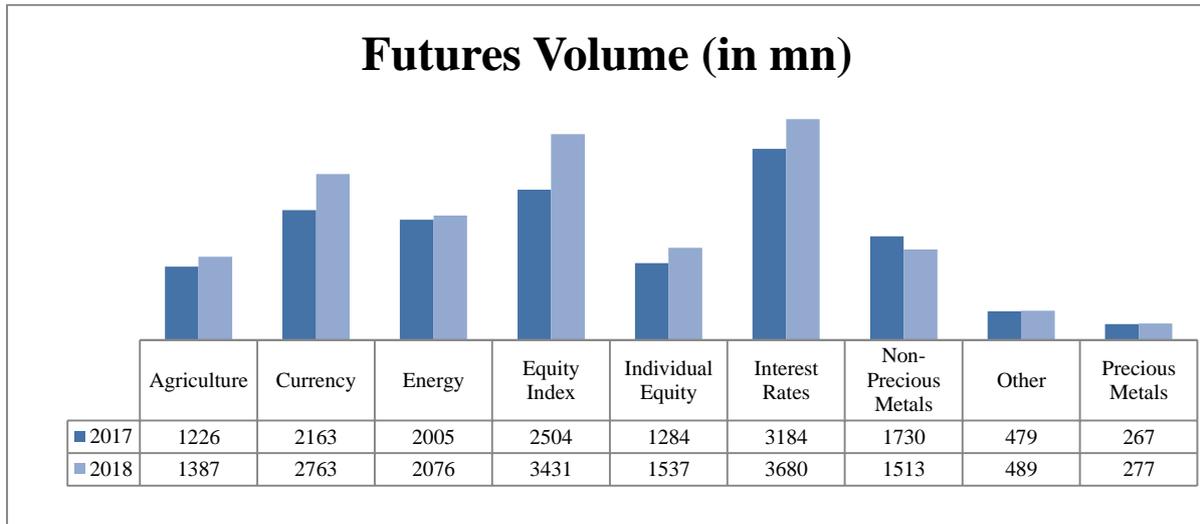
Commodity trading process

Participants use the commodity exchange trading platform to transact. While value chain participants use the platform to hedge their business risk, other participants such as scalpers or arbitrageurs may use the same for financial gains.



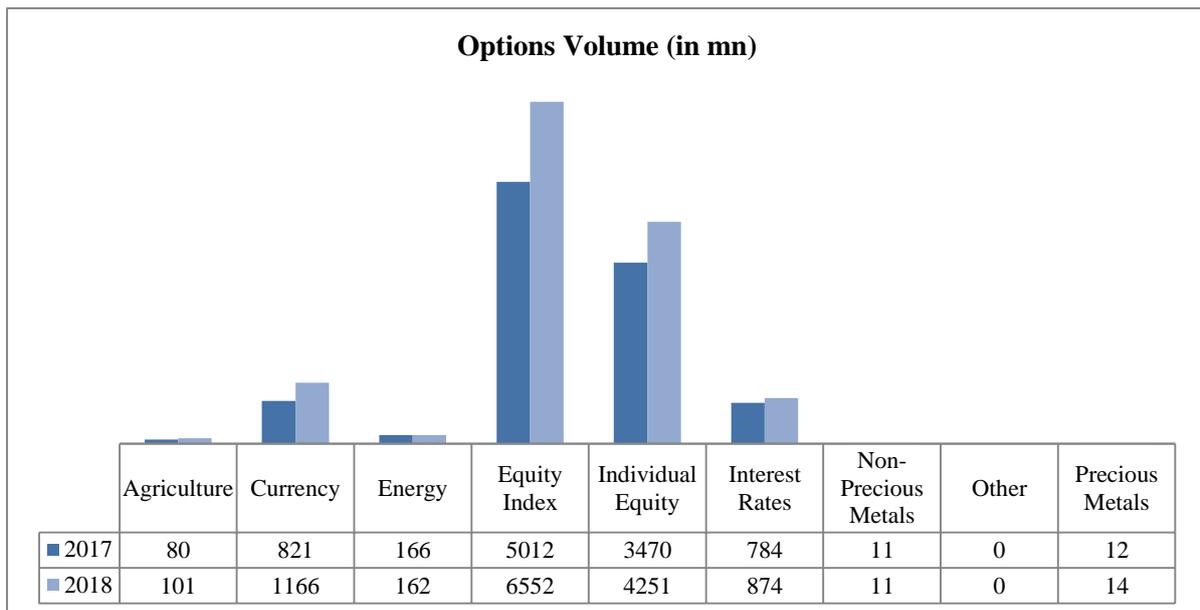
Overview of Global Commodity Exchange

Exchange traded derivatives Volume (Measured by number of contract, January to December)



(Source: FIA)

It may be noted that the agriculture segment in futures has grown at 13.1 % year on year for 2018 compared to a decline in growth of 33.72% in 2017. Further, the agriculture segment registered a high growth of 25% Y-O-Y in 2018, compared to a -2.85% growth in 2017.



Commodity exchange in developed market

Futures: January – December (Agriculture)

(volume in thousands)

2016	2017	% Change 2016-2017	2018	% Change 2017-2018
Chicago Board of Trade (CME Group)				
244,635	247,927	1.3%	272,283	9.8%
New York Mercantile Exchange				
4	-	-95.0%	-	-56.0%
Tokyo Commodity Exchange				
2,894	2,462	-14.9%	1,995	-19.0%
Osaka Dojima Commodity Exchange				
448	340	-24.2%	230	-32.2%
JSE Securities Exchange				
2,789	2,617	-6.1%	2,997	14.5%
Zhengzhou Commodity Exchange				
471,926	194,172	-58.9%	364,170	87.6%
Dalian Commodity Exchange				
867,725	529,470	-39.0%	492,575	-7.0%

Options: January – December (Agriculture)

(volume in thousands)

2016	2017	% Change 2016-2017	2018	% Change 2017-2018
Chicago Board of Trade (CME Group)				
55,151	53,356	-3.3%	59,830	12.1%
JSE Securities Exchange				
468	289	-38.1%	351	21.3%
Zhengzhou Commodity Exchange				
N/A	1,492	N/A	4,593	207.8%
Dalian Commodity Exchange				
N/A	3,636	N/A	12,522	244.4%

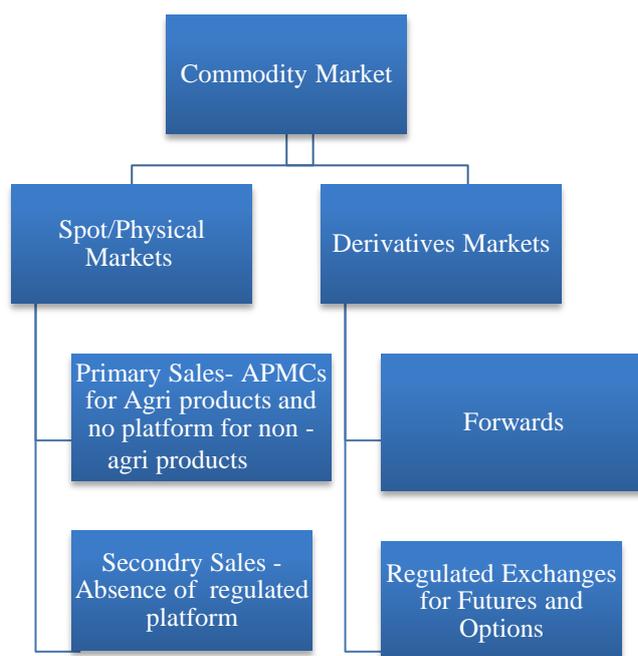
In developing economies, (i) in futures, major positive growth segments in the considered exchanges are agriculture and energy followed by the others, and (ii) in options, agriculture segment registered strong positive growth in the considered exchanges.

Overview of Indian commodity exchanges

Commodities are broadly classified as soft and hard commodities. Soft commodities are commodities that are grown and include mainly agricultural, agricultural processed commodities such as wheat, soybean, corn/maize, coffee and sugar etc., while the hard commodities are commodities that are mined, such as metals, gold, silver and energy products like oil, gas and coal.

Structure of Commodity markets in India

In India, the regulatory framework for the commodities markets (both spot as well as derivatives markets) and related ancillary infrastructures are diversified, independent and not unified.



(Source: Expert Committee Report on Integration of Commodity Spot and Derivative Market)

The development of the commodity derivatives market is one of the SEBI's main agendas. In Fiscal 2019 as well, SEBI took various measures for integration and harmonious development of this segment with an aim to build a regulatory ecosystem as advanced as the securities market. Additionally, during Fiscal 2019, the Government of India raised the Minimum Support Price ("MSP") to provide 50% return over the cost of production. To support the agricultural sector, the Government also launched PM-KISAN scheme during the year, which aims to provide direct monetary support to farmers.

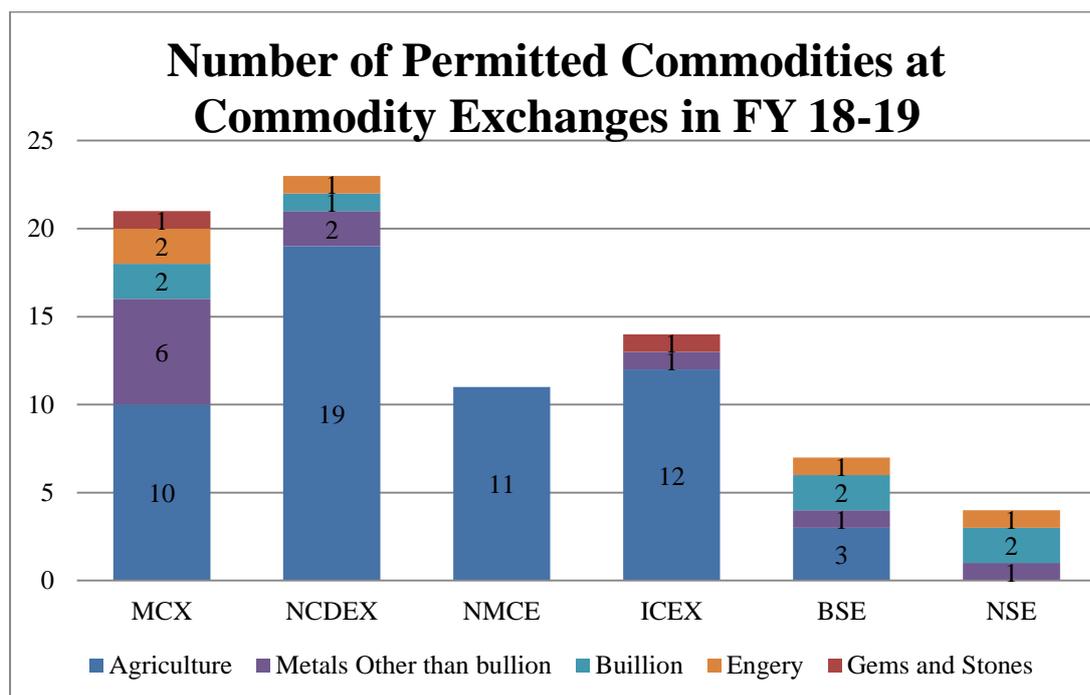
At the regulatory front, SEBI permitted eligible foreign entities having actual exposure to Indian commodity markets to hedge their price risk by participating in commodity derivatives trading. The market was further broadened by permitting mutual funds to participate in commodity derivatives market. During the year, the universal exchange principle was operationalized when BSE and NSE commenced their commodity derivatives trading platform. On the other hand, NMCE which had presence in agricultural space was merged with ICEX on September 24, 2018. Another notable development was introduction of new products, such as, steel long (ICEX) and Oman Crude Oil (BSE).

MCX Comdex and the Exchange Nkrishi, are the two benchmark indices in Indian commodities derivatives market, which reflect the broad movement in the commodity prices, recorded an uptrend in Fiscal 2019. While MCX Comdex is a composite index of three sub- indices such as MCX Metal (6 commodities), MCX Energy (2 commodities), and MCX Agriculture (4 commodities), the Exchange Nkrishi is represented by 10 agricultural commodities.

During Fiscal 2019, MCX COMDEX increased by 2.1%, while, NKrishi - the agricultural commodity index, moved up by 12.4%.

During Fiscal 2019, NKrishi Index increased as seven out of 10 constituent commodities, being, Chana, Guar Seed, Castor Seed, Cotton Seed Oilcake Coriander and Barley, recorded rise in futures prices.

Exchange wise commodities permitted for trading:



(Source: SEBI Annual Report)

During Fiscal 2019, the total number of commodities permitted for trading increased at MCX and ICEX. The Exchange has a broad based basket of the highest number of permitted commodities at 23. At MCX, the permitted commodities increased to 21 from 19 in the previous year as it added Rubber and Diamond to the list of permitted commodities during the year.

Turnover, Volume Traded and Open Interest

The aggregate turnover at all the exchanges in the domestic commodity derivatives segment was as under:

Year	Turnover (in ₹ billion)	% change
Fiscal 2015	61,356	-
Fiscal 2016	66,963	9.1%
Fiscal 2017	64,996	-2.9%
Fiscal 2018	60,225	-7.3%
Fiscal 2019	73,779	22.5%

During the Fiscal 2019, due to significantly high trading volumes in energy segment, the MCX's share in the all-India commodity derivatives turnover increased to 91.8% from 89.6%, while the share of the Exchange declined to 7.2% from 9.8% in the previous year.

Exchange-wise share in commodity derivatives turnover:

Particulars	Fiscal 2018	Fiscal 2019
MCX	89.6%	91.8%
The Exchange	9.8%	7.2%
NMCE	0.6%	0.2%
ICEX	0.04%	0.3%
BSE	-	0.4%
NSE	-	0.0%

(Source: SEBI Annual Report)

Competition

List of stock exchanges

Sr. No.	Name	Validity
1	BSE Limited	Permanent
2	Calcutta Stock Exchange Limited	Permanent
3	The Exchange	Permanent
4	India International Exchange	Till December 28, 2019
5	Metropolitan Stock Exchange of India Limited	Till September 15, 2019
6	NSE IFSC Limited	Till May 28, 2019

List of Commodity Derivative Exchanges

Sr. No.	Name	Validity
1	Indian Commodity Exchange Limited	Permanent
2	Multi Commodity Exchange of India Limited	Permanent
3	The Exchange	Permanent

Trends in Commodity futures at National Commodity Exchanges

Year	Agriculture		Metals		Bullion and Precious Stone		Energy		Total		OI at the end of the period	
	Vol'000 (Lots)	TO (₹ Bn)	Vol'000 (Lots)	TO (₹ Bn)	Vol'000 (Lots)	TO (₹ Bn)	Vol'000 (Lots)	TO (₹ Bn)	Vol'000 (Lots)	TO (₹ Bn)	OI '000 (Lots)	TO (₹ Bn)
MCX												
Fiscal 2017	3,088	1,393	64,422	17,539	37,152	20,403	117,849	19,322	222,511	58,657	284	92
Fiscal 2018	2,317	1,141	68,133	21,125	27,840	13,637	107,635	17,927	205,925	53,830	300	112
Fiscal 2019	1,828	1,012	78,835	25,256	28,837	15,138	136,946	24,507	246,449	65,914	313	142
The Exchange												
Fiscal 2016	29,660	9,988	-	-	94	208	N.A	N.A	29,755	10,196	157	47
Fiscal 2017	17,751	5,965	-	-	1	3	-	-	17,752	5,969	127	45
Fiscal 2018	15,188	5,895	-	-	-	-	-	-	15,188	5,895	136	51
Fiscal 2019	14,005	5,314	-	-	-	-	-	-	14,005	5,314	128	53
NMCE												
Fiscal 2017	1,230	284	-	-	-	-	-	-	1,230	284	3	1
Fiscal 2018	1,653	346	-	-	-	-	-	-	1,653	346	4	-
Fiscal 2019	611	136	-	-	-	-	-	-	611	136	-	-
ICEX*												
Fiscal 2017	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Fiscal 2018	0	0	0	0	46	22	0	0	0	22	0	0
Fiscal 2019	72	11	115	40	55312	189	0	0	55499	240	1292	1
BSE												
Fiscal 2017	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Fiscal 2018	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Fiscal 2019	101	47	0	0	103	280	0	0	204	327	10	0

Year	Agriculture		Metals		Bullion and Precious Stone		Energy		Total		OI at the end of the period	
	Vol'000 (Lots)	TO (₹ Bn)	Vol'000 (Lots)	TO (₹ Bn)	Vol'000 (Lots)	TO (₹ Bn)	Vol'000 (Lots)	TO (₹ Bn)	Vol'000 (Lots)	TO (₹ Bn)	OI '000 (Lots)	TO (₹ Bn)
NSE												
Fiscal 2017	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Fiscal 2018	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Fiscal 2019	N.A	N.A	N.A	N.A	36	34	0	0	363	34	0	0

(Source: SEBI Annual Reports)

Note: 1. N.A: Not applicable

2. Consequent upon merger of NMCE with ICEX, all contracts of NMCE were transferred to ICEX w.e.f. September 24, 2018.

3. *Under Gems and Stones segment, Diamonds are traded at ICEX.

4. Conversion factor: Crude Oil (1 Tonne = 7.33 Barrels)

Product Segment-wise share in Turnover at the Exchange, NMCE, BSE and ICEX

At the Exchange and NMCE (till its merger with ICEX), the entire turnover was contributed by agriculture segment, while at NSE, only non-agricultural commodities were traded during the year. In Fiscal 2019, ICEX commenced trading in agricultural and metals segment, in addition to gems and stones segment, which contributes to the major share (78.6%) in futures turnover at the exchange.

At BSE, trading in non-agricultural commodities accounted for 85.6% to the total turnover, while the remaining 14.4% was contributed by agricultural commodities.

The following are the top five agricultural commodities traded in Fiscal 2019:

Name of the commodity	Annual traded volume ('000 tonnes)	No. of contracts traded	Annual turnover in future and options (In ₹ Billion)	Percentage share in total agricultural turnover of all exchanges (%)	Average daily OI value (In ₹ billion)	Average daily OI ('000 tonnes)
Guar seed	27,517	3,015,840	1,174	18	5.8	137
Castor seed	14,563	2,157,274	713	10	7.8	160
Soybean	17,444	1,744,414	618	9	8.2	230
Guargum	6,115	1,223,087	547	8	6.1	68
Chana	13,218	1,321,891	531	8	3.7	94

Note : For options, notional turnover is considered (Source: SEBI Annual Report)

The following is the percentage market share of agricultural commodities based on ADTV:

Financial Years	ICEX	MCX	The Exchange	NMCE	BSE
2005	0.0%	9.4%	85.4%	5.2%	0.0%
2006	0.0%	13.4%	85.0%	1.6%	0.0%
2007	0.0%	12.4%	79.3%	8.3%	0.0%
2008	0.0%	11.9%	85.1%	3.1%	0.0%
2009	0.0%	5.6%	84.7%	9.7%	0.0%
2010	0.0%	6.3%	79.7%	14.0%	0.0%
2011	0.1%	8.5%	81.9%	9.5%	0.0%
2012	0.4%	9.9%	83.0%	6.7%	0.0%
2013	0.0%	14.0%	80.5%	5.5%	0.0%
2014	2.5%	11.5%	77.0%	9.0%	0.0%
2015	0.0%	10.8%	85.7%	3.5%	0.0%
2016	0.0%	10.5%	86.9%	2.6%	0.0%

2017	0.0%	18.2%	78.1%	3.7%	0.0%
2018	0.0%	15.4%	79.9%	4.7%	0.0%
2019	2.3%	15.5%	81.5%	0.0%	0.7%
Six month period ended September 30, 2019	1.0%	14.6%	78.0%	0.0%	6.4%

The following is the percentage market share of non-agricultural commodities based on ADTV:

Financial Years	ICEX	MCX	The Exchange	NMCE	BSE	NSE
2005	0.0%	77.3%	22.7%	0.0%	0.0%	0.0%
2006	0.0%	84.7%	15.2%	0.1%	0.0%	0.0%
2007	0.0%	90.8%	8.7%	0.5%	0.0%	0.0%
2008	0.0%	97.0%	3.0%	0.0%	0.0%	0.0%
2009	0.0%	98.6%	1.3%	0.1%	0.0%	0.0%
2010	0.0%	98.6%	0.3%	1.1%	0.0%	0.0%
2011	1.0%	95.2%	2.9%	0.9%	0.0%	0.0%
2012	1.5%	96.7%	0.9%	0.9%	0.0%	0.0%
2013	1.1%	98.1%	0.3%	0.5%	0.0%	0.0%
2014	0.6%	99.1%	0.1%	0.2%	0.0%	0.0%
2015	0.0%	99.3%	0.7%	0.0%	0.0%	0.0%
2016	0.0%	99.6%	0.4%	0.0%	0.0%	0.0%
2017	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
2018	0.0%	98.7%	0.0%	0.0%	1.3%	0.0%
2019	0.3%	99.3%	0.0%	0.0%	0.4%	0.0%
Six month period ended September 30, 2019	0.39%	99.37%	0.00%	0.00%	0.19%	0.05 %

Note: NMCE merged with ICEX in Sept 2018

(Source: Data from Bhav Copy from exchanges)

The following is the percentage market share by commodities traded for Fiscal 2019:

Agricultural commodity wise market share	BSE	ICEX	MCX	NCDEX
Fiber	3.2%	5.7%	71.7%	19.4%
Grains	-	-	-	100.0%
Oil seeds	-	3.1%	-	96.9%
Oils	-	-	51.7%	48.3%
Others	1.6%	1.5%	0.0%	97.0%
Pulses	-	-	-	100.0%
Spices	-	4.8%	0.4%	94.8%
Market share Fiscal 2019	0.7%	2.3%	15.5%	81.5%

(Source: SEBI Bulletin)

Based on the above data, the Exchange is leading exchange in agricultural commodities while MCX is leading exchange in non-agricultural commodities since 2005, on basis of ADTV.

Exchange-wise and segment-wise participation of market participants

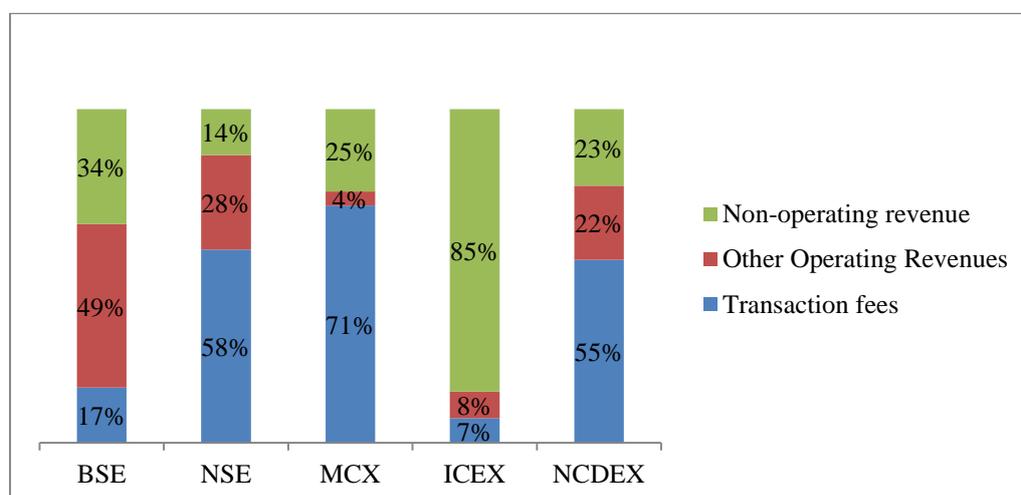
At MCX, client trades contributed for 61.8% of the turnover in agricultural segment in Fiscal 2019, while it was 72.4% for the non-agricultural segment. At the Exchange, 55.5% of the turnover in Fiscal 2019 was from client trades. Witnessing a similar trend, ICEX also recorded higher client turnover in the agricultural segment (92.8%) as well as non-agricultural segment (54.5%). At BSE and NSE, majority of the turnover was accounted for by proprietary trades. During the year, BSE recorded 93.0%, while NSE witnessed 82.1% of turnover from proprietary trades.

The following are the key financial parameters for certain exchanges:

(In ₹ million)

Particulars (as on March 31, 2019)	BSE	NSE	MCX	ICEX	Exchange
Total income	68,744	351,457	39,859	1,236	19,318
Total Expenses (excluding depreciation)	48,563	121,513	23,698	4,488	19,977
PAT	20,627	171,311	14,543	(2,851)	1,460
Shareholder's equity	2,93,569	778,826	125,090	17,182	34,320
Settlement Guarantee Fund	39,450	305,758	32,980	2,910	14,031
Total current assets	279,313	1,337,403	121,749	11,029	67,161
Total current liabilities	116,234	894,289	45,244	990	34,021
Current ratio	2	1	3	11	2
Expense to operating income ratio	0.71	0.35	0.59	3.63	1.03
Return on net worth	6.58%	22.63%	11.05%	NA	3.62%

The following is the exchange wise break up of total revenue, as per the respective annual reports for Fiscal 2019:



Major market participants of commodity exchanges

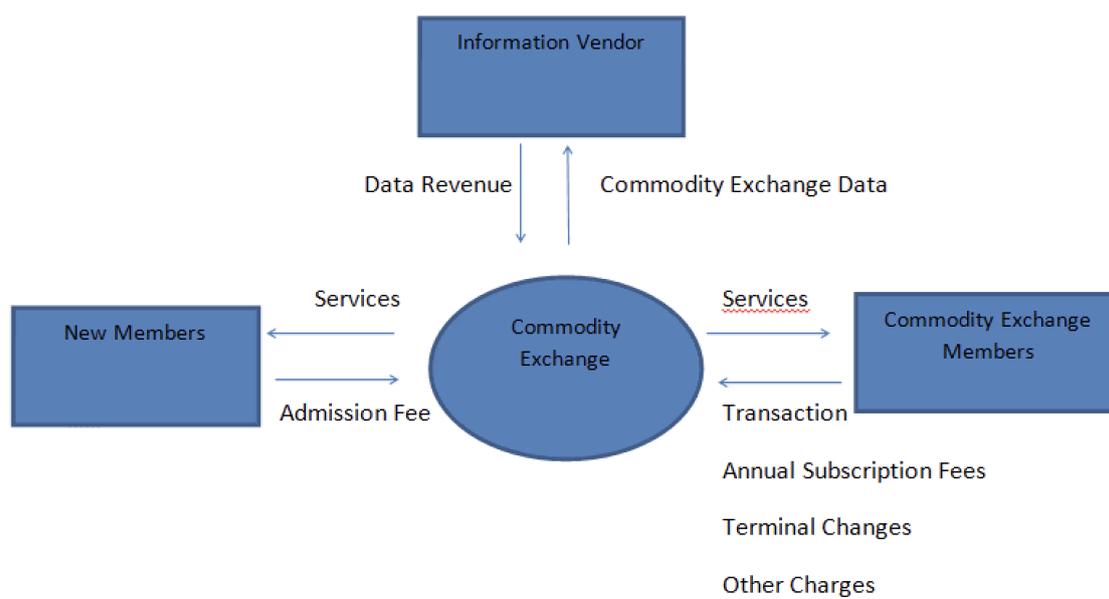
The commodity futures market ecosystem has the following main participants:

- Scalpers/day traders are those participants who take positions in futures contracts for a single day and liquidate them prior to the close of the same trading day;
- Hedgers are essentially players with an exposure to the underlying commodity and associated price risk – producers or consumers who wish to transfer the price risk on to the market;
- Speculators are traders with no genuine commercial business to the underlying; they do not hedge but trade with the objective of making profits from movements in prices;
- Arbitrageurs are traders who buy and sell to make money on price differentials across different markets;
- Aggregators bring liquidity in the futures market and help farmers to benefit from price discovery and price risk management;
- Position traders maintain overnight positions, which may run into weeks or even months, in the anticipation of favourable movement in the commodity futures prices;
- Brokers typically act as intermediaries and facilitate hedgers and speculators. A commodity broker is a

firm or individual who acts as a go between to buy or sell commodity contracts on behalf of clients – for a commission;

- The exchange is a central place (physical or virtual) where market participants trade standardized futures contracts; and
- The regulator oversees the working of the exchange. Securities and Exchange Board of India (SEBI Commission) is the regulatory authority for the commodity futures market in India.

Revenue Model of Commodity Exchanges



Major revenue segments for commodity exchanges are as follows:

- Transaction fees: Transaction fees are calculated on the basis of the value of commodity futures contracts traded on Exchange;
- Annual subscription fees: Annual subscription fees are collected from members and accrued annually;
- Membership admission fees: Admission Fees collected from new members for joining the commodity exchange are recognized when received and the member is approved;
- Terminal charges: Revenue from terminal charges is accrued on creation of new chargeable user identification;
- Data revenue: Sales commodity data information to information vendor; and
- Other operating charges: other operating charges such as like Ware house charges, other recoveries from members.

The key drivers for growth of commodity exchanges in India are (i) new participants, (ii) introduction of options, (iii) introduction of indices, (iv) new products: introduction of new products like weather indices, freight derivatives, (v) favorable policy framework, and (vi) technology advancement:

Major Challenges faced by Commodity Exchange

Barriers to market participation

Only firms and individuals are permitted to take positions in commodity derivatives markets onshore. Domestic financial institutions are not permitted, either because of explicit regulation or because there is a lack of

regulatory clarity on whether they can use these derivatives.

Product offerings and contract design

Position limits on commodity derivatives at the Indian exchanges are defined at both the client and trading member levels. Across commodities, trading member limits are typically ten times the limits for clients. This sets a limit on how large a client base the trading member can create. Offshore exchanges define position limits for near-month and all-month positions, which is a way of managing the concentration limits without constraining the business development of the trading member. Position limits on Indian exchanges are smaller than those offshore in terms of number of contracts. This is compounded by onshore contract sizes being smaller than contract sizes offshore.

Regulatory risk

There are three main sources of regulatory risk in the Indian commodity derivatives market: (i) frequent bans on futures trading, (ii) restrictions on trade in underlying commodities, and (iii) the multiplicity of regulatory jurisdiction and protection of regulatory turf. Banning of commodity futures contracts is a large source of regulatory uncertainty

Participation costs

For exchange-based commodity derivatives, participation costs include: (i) costs associated with market access, such as exchange membership fees and net worth requirements for members and brokerage fees for clients, (ii) regulatory fees, (iii) trading costs in the form of margins, and (iv) exchange fees and clearing costs.

Tax policy and Stamp duty

In addition to taxes on transactions and taxes on participants, commodity derivatives markets are also impacted by a third element of taxation: indirect taxes on movement of goods.

Commodities Transactions Tax (“CTT”) was announced in the 2013 budget, as applicable to non-farm commodities such as gold, silver and base metals and processed farm commodities such as sugar, guar gum and mentha oil. All pure agricultural commodities are exempt from CTT. CTT is calculated at 0.01% of the transaction value or ₹10 per lakh of the business for sellers.

Overview of ancillary services with respect to the commodity exchanges

Clearing and Settlement arrangement

A clearing house is an entity of an exchange through which transactions on the exchange are cleared and settled. While an exchange lists products, matches trades and provides price information, a clearing house clears and settles trades, manages risk, collects and manages margins and collaterals and provides guarantees for settlement of trades. The clearing corporation acts as a central counter party and undertakes novation for the settlement of trades executed on the platform of the exchange.

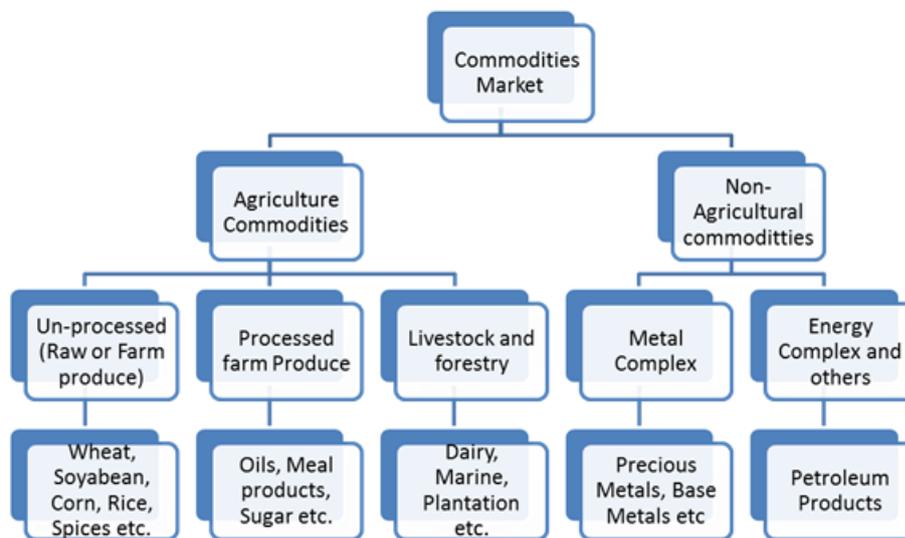
The main aspects of the clearing and settlement value chain in the national exchanges involve clearing, settlement, repository services and clearing banks. Clearing banks provide banking services to clearing members connected on-line with the clearing house. Each of the clearing members are required to maintain and operate a settlement account with any one of the empanelled clearing banks at the branch designated by the respective bank.

Commodity Exchange	Clearing Company	Number of clearing banks
MCX	Multi Commodity Exchange Clearing Corporation Limited	13
The Exchange	National Commodity Clearing Limited	12
ICEX	Metropolitan Clearing Corporation of India Limited	12
BSE	Indian Clearing Corporation Limited	20

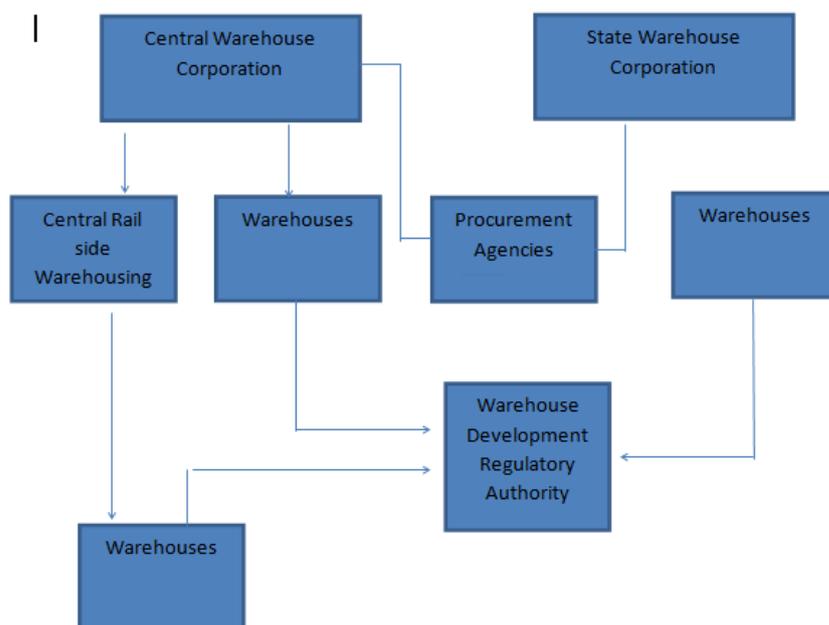
Warehousing Services

Physical deliveries are an important aspect of ensuring fair price discovery in futures trading and hence an efficient warehousing system is paramount for the integrity of the delivery mechanism. A robust and healthy delivery network of well-resourced warehouses is the sine-qua-non of a mature and well-functioning commodities market. The warehousing system and warehouse receipts act as a chain connecting farmers with credit financing and futures markets. Commodity exchanges approve warehouses which are managed by Warehouse Service Providers (“WSPs”). These warehouses need to be registered with WDRA. Storage infrastructure is crucial for the commodities market both for the agricultural as well as non-agricultural commodities. Different categories of commodity groups require different storage practices.

The following diagram is an overview of the agricultural and non-agricultural commodities complex:



A diagrammatic representation of the structure of warehouse market in India is depicted below. The various authorities for warehousing in India are Central Warehousing Corporation and the Central Railside Warehousing Company (Under CWC), State warehousing corporations and the WDA.



The following table sets forth an overview of the warehousing storage capacity in India:

Organization/ Sector	Storage Capacity (in MT)
FCI	36.25
CWC	10.14
SWC	39.31
Co-operative Sector	15.07
Private Sector	57.75
Total	158.52

(Source: WDRA Annual Report, 2018)

During Fiscal 2018, WDRA registered 261 warehouses in various states and the progressive total number of warehouses registered by the authority since inception and as of March 31, 2018 was 1,697 with an aggregate storage capacity 79.08 lakh MT out of this as on March 31, 2018, 951 warehouse with an aggregate capacity of 54.34 lakh MT remained active.

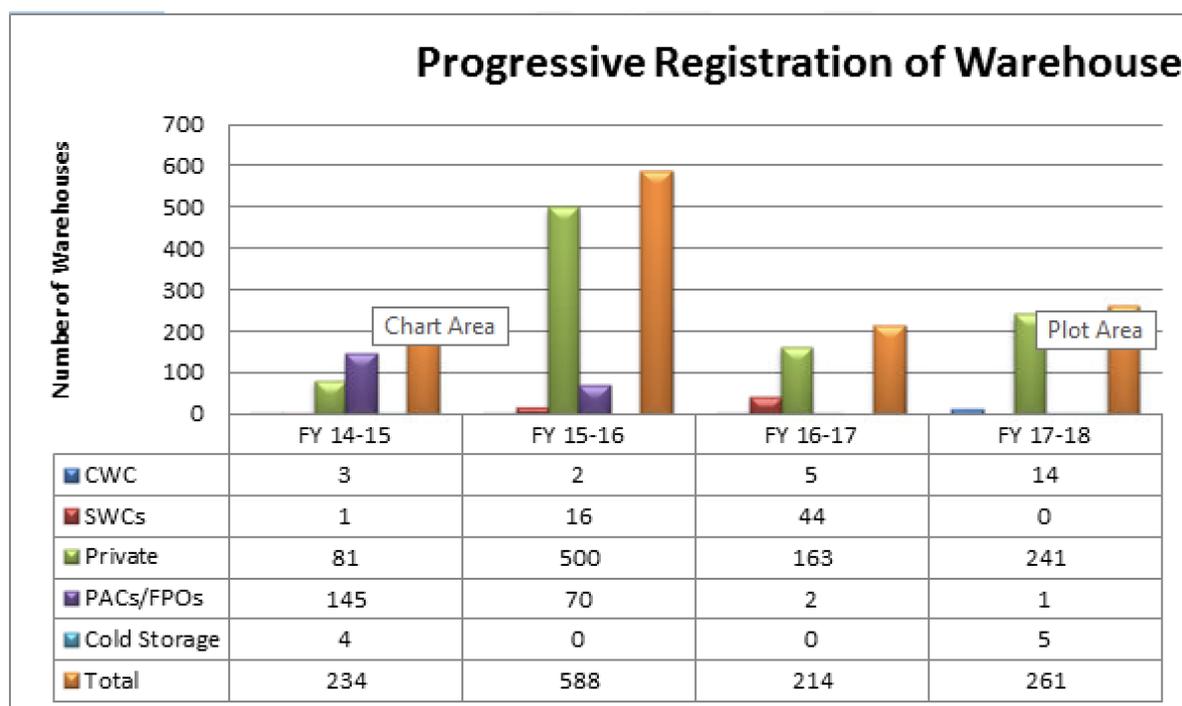
The state-wise and year wise details of registrations of warehouses are as follows:

Sr. No	State	Fiscal 2017	Fiscal 2018	Total (as at March 31, 2018)
1	Arunachal Pradesh	0	3	106
2	Assam	0	1	5
3	Bihar	1	2	7
4	Chhattisgarh	0	0	1
5	Delhi	0	0	0
6	Gujarat	22	85	272
7	Haryana	0	2	25
8	Himachal Pradesh	0	0	1
9	Jharkhand	0	0	1
10	Karnataka	13	9	59
11	Kerala	1	3	25
12	Madhya Pradesh	102	41	396
13	Maharashtra	40	35	175
14	Orissa	0	0	1
15	Punjab	0	0	14

Sr. No	State	Fiscal 2017	Fiscal 2018	Total (as at March 31, 2018)
16	Puducherry	0	0	1
17	Rajasthan	28	67	287
18	Tamil Nadu	5	3	273
19	Telangana	0	7	10
20	Uttarakhand	0	0	0
21	Uttar Pradesh	1	2	35
22	West Bengal	1	1	3
	Grand Total	214	261	1697

(Source: WDRA Annual Report, 2018)

The following diagram represents the progressive registration of warehouses in India by sectors:



(Source: WDRA Annual Report 2018)

The following are the details of WSPs, accredited warehouses, locations and eNWR facilities for certain exchanges in India:

Name of Exchange	No. of WSPs	No. of Accredited Warehouse	Location	eNWR facility
MCX	3	29	16	Available
The Exchange	9	289	85	Available
ICEX	-	2	9	-

(Source: MCX, the Exchange, ICEX websites – June 2019)

Spot markets

In a spot market, a physical commodity is sold or bought at a price negotiated between the buyer and the seller. The spot market involves buying and selling of commodities in cash with immediate delivery. There are spot markets for individual consumers (retail market) and the business-to-business (wholesale market) category. Spot markets also include traditional markets such as Delhi's Azadpur Mandi that deal in fruits and vegetables.

Outlook of commodity exchange market

It is expected that outlook for commodity exchanges in India will be brighter considering the following factors:

- Importance of commodity exchanges:
 - a. High operating leverage;
 - b. Diversification;
 - c. Hedge against price fluctuations;
 - d. Lock-in price for produce;
 - e. Assured demand;
 - f. Control costs; and
 - g. Ensure continuous supply.
- Favourable demographics:

With a population of 1.35 billion, which is forecast to rise to 1.44 billion by 2030, India could have a large effect on global commodity markets. However, while size is an important factor for commodity demand, a country's stage of development matters, too. At low levels of development, growth is typically not very metals- or energy-intensive, but historical patterns show that once a country gets to a certain level of development; its growth typically becomes more commodities intensive. A positive view on India's commodity demand is also supported by the idea that there is a large amount of investment needed in India. A large part of India's development is expected to be driven by further rapid urbanisation, which supports capital deepening and commodity demand, as housing and infrastructure develop. For commodity markets, marginal demand matters most. Metals usage in India is also low when compared with countries at similar levels of development and the historical performance of other countries as they developed. This suggests that there may be considerable scope for a ramp up in India's demand for metals. Commodities have become an established asset class in the Indian markets in the past few years.

- Under penetrated Indian commodity markets:

Based on the WFE report IOMA 2018 and FIA report 2018, total commodity derivatives trades in India was only 5% of total derivative trades which was much lower than the global level of 20%. Further, Agriculture derivative contracts in India was only 7% of total commodity derivatives trading. The said ratio is also below the global average of 32%.

Further, considering agriculture constantly contributes around 15% to India's GDP since past 3-4 years, it is expected to be considerable contributor to India's GDP in future years as well. When we compare China whose GDP was contributed to the extent of around 8% by agriculture sector in 2018; its Agriculture GDP to agricultural commodity trading volume for 2018 was around 0.09% as against India's agriculture commodity trading which was only 0.005% of its agriculture GDP.

The commodities traded in the Indian commodity exchanges are lower as compared to the other country's commodity exchanges. Hence, there is a wide gap to be tapped by Indian agricultural commodity exchanges by increasing awareness, promoting Government initiatives and accessibility of commodity exchanges.

Conclusion

Commodity exchanges helps promoting inclusive growth through linking stakeholders to markets and, thereby, facilitating the flow of benefits of market institutions to its stakeholders. Further, exchanges have facilitated creation of support infrastructure such as modern warehouses which has attracted farmers to easily transact through commodity exchanges. Transparency in the price mechanism, low margins, risk management, benefits to farmers by way of price clarity and an organised marketplace have attracted investors to trading in commodity futures.

Other than these, commodities also offer a different investment avenue, are a liquid asset class and offer investors an opportunity to gain from the price movements in the commodity space. Various reforms and products introduced by SEBI have allowed participation of new players which has helped improving liquidity.

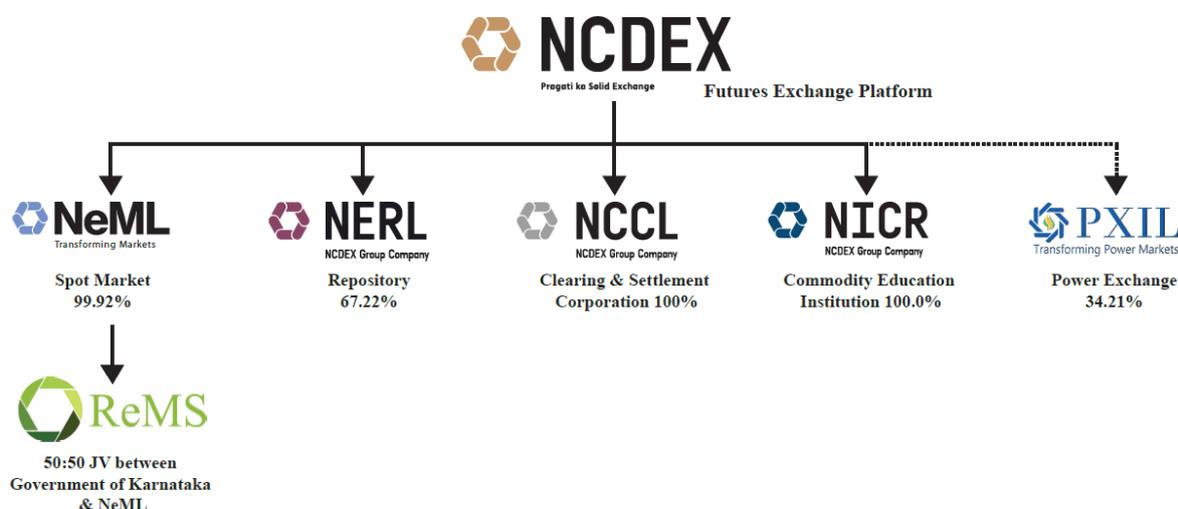
Going forward, it appears that the Indian commodity markets, especially the agricultural commodities segment would be heading over for more growth. Not only will it become more efficient, in terms of warehousing, storage and physical trades, but it is also expected to become more broad-based, vibrant and deep due to the facilitation it has been receiving from SEBI and the stock and commodity exchanges.

OUR BUSINESS

Overview

National Commodity & Derivatives Exchange Limited (“**Exchange**”) is a leading agricultural commodity exchange in India, with a market share of 78.0%, 81.5%, 79.9% and 78.1% in the agricultural commodity segments, based on average daily turnover (by value) (“**ADTV**”) for the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively (*source: CARE Report*). The Exchange has maintained its leadership position since 2005, in the agricultural commodity derivatives market, in terms of ADTV (*Source: CARE Report*). Further, the Exchange is a professionally managed company, which is driven by technology.

Set out below is the organisation structure of our Group:



We have created a modern agricultural commodities trading ecosystem with various offerings across four business verticals, being the following:

- futures and options trading in agricultural commodities through the Exchange;
- clearing and settlement of trades through National Commodity Clearing Limited (“**NCCL**”), a registered clearing corporation;
- an online commodities spot market, through NCDEX e-Markets Limited (“**NeML**”); and
- issuance of electronic negotiable warehouse receipts for commodities, and provision of related services, through National E-Repository Limited (“**NERL**”), a WDR registered repository.

Further, we also engage in research, training and building awareness in the agricultural commodities market through NCDEX Institute of Commodity Markets and Research (“**NICR**”).

In addition to the above, we have (i) established a joint-venture between the Government of Karnataka (“**GoK**”) and NeML, called Rashtriya e Market Services Private Limited (“**ReMS**”), which renders support to the agricultural market reform agenda of GoK, and (ii) hold 34.21% of shareholding in Power Exchange India Limited (“**PXIL**”), a power market infrastructure institution providing an electronic platform for transactions in power and allied products.

We believe that we have, from time to time, made innovative interventions to modernize the Indian agricultural commodities ecosystem. Some of our key innovations include electronic record keeping and enabling electronic transfers of agricultural commodities through our proprietary system, Comtrack, development of an electronic platform for spot trading of agricultural commodities, issuance of electronic negotiable warehouse receipts for agricultural commodities stored in registered warehouses, enabling an electronic commodity pledging mechanism, *mandi* modernisation, standardisation of agricultural commodity specifications across India for derivatives trading, development of modern warehousing practices, and connecting farmer producer organisations (“**FPOs**”) to futures markets.

Agricultural commodities such as castor seed, coriander, cumin, guar gum, chana and moong, which are exclusively traded on the Exchange platform, form an important component of India's global trade of agricultural commodities. Value chain participants such as processors, traders, stockists and FPOs rely on the Exchange's derivative contracts for price discovery and risk mitigation, which may serve as global benchmarks for pricing (*source: CARE Report*).

We offer services across the entire post-harvest agricultural commodities value chain by utilising our varied presence, which we believe has enabled us to create a wide network of stakeholders and market participants. As of September 30, 2019, the Exchange's network comprised 380 members, 13,316 terminals, nine WSPs, 12 clearing banks, 41 financial institutions and 246 FPOs representing 461,619 farmers, thereby encouraging a virtuous cycle. In addition, as on September 30, 2019, NeML's network comprised 171 *mandis* and had approximately 8,900 members and 7.8 million farmers, connected to its platform through the various projects managed by it.

Some of our key investors include National Stock Exchange of India Limited ("NSE"), Life Insurance Corporation of India ("LIC"), National Bank for Agriculture and Rural Development ("NABARD"), Indian Farmers Fertiliser Co-operative Limited ("IFFCO"), Oman India Joint Investment Fund, Punjab National Bank, Canara Bank, Build India Capital Advisors LLP, and Investcorp Private Equity Fund I (formerly known as IDFC Private Equity Fund III).

As per the CARE Report, commodity derivatives contributed 2.7% to the traded value in the secondary market in India in Fiscal 2019. Further, the overall agriculture segment accounted for 8.8% share in total turnover of all commodity derivative exchanges in Fiscal 2019. The agriculture industry represents an important component of the Indian economy both in terms of its contribution to GDP as well as a source of employment. This sector currently shows immense opportunities, with India presently being one of the world's largest agricultural producers by value. Further, considering the fact that agriculture has been contributing approximately 15% to India's GDP over the past 3-4 years, it is expected to be a considerable contributor to India's GDP in the future as well. Accordingly, there is a wide gap to be tapped by the Indian agricultural commodity exchanges by increasing awareness, promoting Government initiatives and accessibility of commodity exchanges across the country. We believe that such a scenario offers immense potential for growth and a large addressable market for us.

Set out below are certain financial indicators of our performance for the six month period ended September 30, 2019 and Fiscal 2019, Fiscal 2018 and Fiscal 2017:

(in ₹ million)

Particulars	Six month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Total income	926.04	1,947.47	1,621.85	1,663.27
Total expenses	749.46	1,511.28	1,425.32	1,327.68
EBITDA	176.58	436.19	196.53	335.59
Finance cost	8.16	19.30	8.23	12.00
Depreciation & amortization	131.60	276.53	264.74	236.23
Add : Exceptional item	(33.91)	-	-	95.40
Share of net profit from joint venture/ associate accounted for using the equity method	50.36	32.15	29.04	78.34
Profit / (loss) before tax	53.27	172.51	(47.40)	261.10
Tax expense	(20.13)	16.31	61.39	45.40
Profit / (loss) after tax	73.40	156.20	(108.79)	215.70

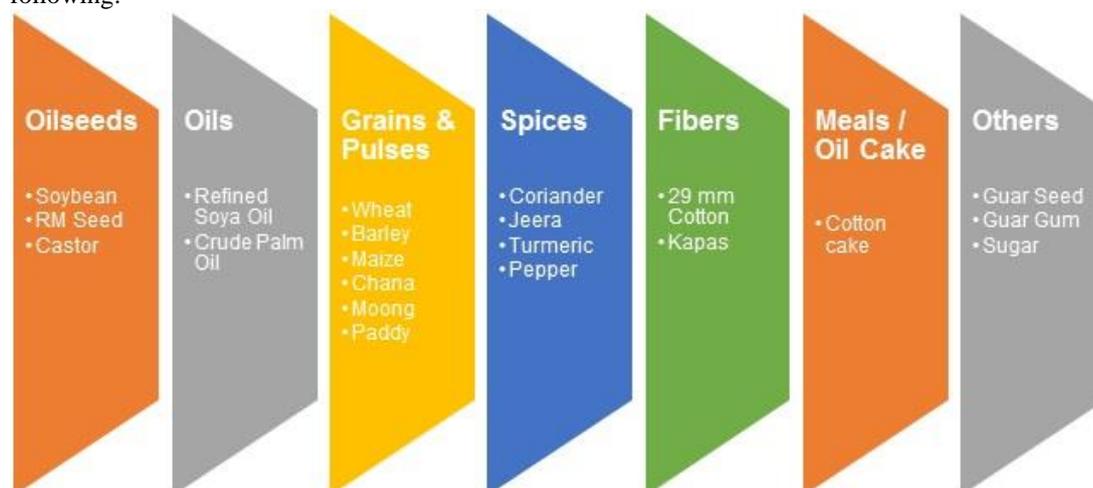
Strengths

Leading agricultural commodity derivatives exchange in India by market share

The Exchange is the leading agricultural commodity exchange in India, with a market share of 78.0%, 81.5%, 79.9% and 78.1% in the agricultural commodity segments, based on ADTV for the six month period ended

September 30, 2019 Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively (*source: CARE Report*).

The Exchange has a diverse array of agricultural commodities which are traded on its platform, including the following:



For various commodities and complexes such as castor seed, coriander, cumin, guar gum, chana and moong, the Exchange was the only derivatives platform that offers tradable contracts globally between the years 2014 – 2018 (*source: CARE Report*).

Since inception till September 30, 2019, the Exchange has successfully facilitated delivery of more than 10 million MT of agricultural commodities.

For Fiscal 2019, the market share of the Exchange and its competitors in agricultural derivatives trade in India as follows:

Group	Exchange	BSE	ICEX	MCX
Pulses	100.0%	-	-	-
Grains	100.0%	-	-	-
Others	97.0%	1.6%	1.5%	0.0%
Oil seeds	96.9%	-	3.1%	-
Spices	94.8%	-	4.8%	0.4%
Market share in Fiscal 2019	81.5%	0.7%	2.3%	15.5%
Fiber	19.4%	3.2%	5.7%	71.7%
Oils	48.3%	-	-	51.7%

(*source: CARE Report*)

We believe that our market presence has been established over the years through an iterative process involving researched contract design, awareness creation among market participants and stakeholders, seeking and incorporating feedback from market participants and modifications in contract design, as and when required.

Accordingly, the Exchange is positioned as a key player in the post-harvest agricultural commodity value and supply chain, and is the leading exchange for trading in agricultural commodities in India.

Domain expertise in post-harvest agricultural commodity value and supply chain

According to the CARE Report, as on November, 2018, India was the second largest contributor in the world in the agricultural sector, after China. China and India accounted for 19.49% and 7.39% of the total global agricultural output, respectively, followed by the United States, Brazil and Indonesia. We believe that the Exchange has, over the years since its inception, developed domain expertise in the field of agriculture, and specifically the post-harvest agricultural commodity value and supply chain. Our ecosystem includes not only the trading platform of the Exchange, but also includes (i) the physical warehousing infrastructure managed by NCCL, (ii) a repository ecosystem hosted under NERL, which manages ownership and transfer of physical

commodities, (iii) electronic spot markets managed by NeML, and (iv) the various channel partners including WSPs, repository participants, trading members, clearing members and clearing banks, who enable connectivity to our platform.

Trading in agricultural commodities derivatives varies vastly from the trading activity in other asset classes on account of the dynamic and diverse nature of the underlying commodities. The Exchange has, through various measures, positioned itself at the forefront of the agricultural derivatives market in India. Some of these measures include (i) standardisation of contracts for trading agricultural commodities, (ii) designing contracts based on the production and consumption patterns of the agricultural commodities, and (iii) warehouse innovation by introduction of closed-circuit television (“CCTV”) cameras and radio-frequency identification (“RFID”) tagging for commodity stocks. We believe that these measures have provided market participants an opportunity to efficiently mitigate the risks faced due to market volatility and created the supporting infrastructure for physical delivery of traded agricultural commodities. Additionally, value chain participants such as processors, traders, stockists and FPOs rely on the Exchange’s derivative contracts for price discovery and risk mitigation which serve as global benchmarks for pricing (*source: CARE Report*).

Further, on account of our expertise, we also facilitate delivery by way of silos, which are storage spaces for agricultural commodities equipped with modern facilities. The Exchange initiated its efforts in private warehousing in 2004, and we believe that we have been a contributor in its development. The Exchange undertook these efforts through its erstwhile subsidiary, National Collateral Management Services Limited, which was subsequently sold by the Exchange. According to the CARE Report, private sector warehousing now constitutes 57.75 MT out of the total 158.52 MT of warehousing capacity in India.

We believe that we have revolutionized the way physical markets (*mandis*) trade and function, and have partnered with various state governments for modernizing the physical market infrastructure, through NeML. For example, we have introduced features such as e-pledge facilities, trading kiosks, digital payments systems, real time bidding and registration of buyers and sellers in physical *mandis*. We specialise in providing customized solutions for different entities based on their needs and have partnered with various central, state and private agencies for facilitating their procurement and/or sale of physical produce.

In addition to the above, we are led by a management team with extensive experience in the securities and derivatives markets, agricultural commodity trading, risk management, consulting and financial services, taxation, policy and government affairs. Our Senior Management comprises experienced individuals, who have understanding of the various businesses housed under our banner. We believe that we have benefitted from their experience, regulatory compliance knowledge and their strategies to focus on key markets for opportunities, which has enabled us in establishing ourselves as an industry leader.

Strong connections with market participants and service providers across all levels of the post-harvest agricultural commodities value and supply chain

We have, over the years, established strong connections with market participants and service providers across all levels of the post-harvest agricultural commodities value and supply chain. We are connected with various key participants, including farmers, FPOs, traders, processors, importers, exporters, government agencies, warehouses, clearing banks, trading members, clients, repositories and repository participants.

As of September 30, 2019, the Exchange’s network comprised 380 members, 13,316 terminals, nine WSPs, 12 clearing banks, 41 financial institutions and 246 FPOs representing 461,619 farmers. In addition, as on September 30, 2019, NeML’s network comprised 171 mandis and had approximately 8,900 members and 7.8 million farmers, connected to its platform through the various projects managed.

Our strong network has manifested in an open interest (“OI”), which is in excess of ₹50,000 million (as of September 30, 2019) in the derivatives contracts listed on the Exchange platform, and approximately 44,000 – 80,000 MT of deliveries occurring in monthly settlement cycles, indicating strong participation of the actual value chain in trading on the Exchange. Further, as on September 30, 2019, a considerable portion of the OI on the Exchange platform emanated from actual physical market participants who utilize the trading platform for risk mitigation.

As of September 30, 2019, the Exchange had participation from 246 FPOs, with a farmer base of 461,619 across 17 commodities on the derivatives platform. We believe that the degree of participation by farmers on our platform is a remarkable landmark in India, considering the perception of derivatives platforms being too

complex. This has been achieved on account of our farmer focused initiatives such as Kissan Konnect, an event which we believe serves as a platform for stakeholders to connect with farmers. As of September 30, 2019, the Exchange also has a total client database of more than 2.74 million clients registered on its platform, of which approximately 0.90 million year are active clients.

We have also created an infrastructure by developing modern warehousing for agricultural commodities as well as assaying and quality control facilities across the country at points closer to the production centers. Through WSPs, being our channel partners, we have facilitated physical delivery of more than 10 million MT of agricultural commodities, since inception till September 30, 2019, across 16 states. We believe that NeML has, through its pioneering work, modernised the infrastructure in 171 *mandis* across the country (till September 30, 2019), thereby establishing a deep connect with grassroots participants as well as various government agencies.

Accordingly, we believe that we have established a strong connect with each of the segments of the agricultural value and supply chain.

Established relevant benchmarks for price discovery

According to the CARE Report, commodities are broadly classified as soft and hard commodities. Soft commodities are commodities that are grown and include mainly agricultural and agri-processed commodities such as wheat, soybean, corn, maize, coffee and sugar. Hard commodities are commodities that are mined and include metals, gold, silver and energy products like oil, gas and coal. The Exchange has, over the years, focused on designing and developing derivatives trading in a set of soft commodities which are relevant to India.

The Exchange has a broad based bouquet of permitted commodities aggregating to a total of 23 (which is also the highest), and includes commodities such as pulses, spices and guar, which are not traded on any platforms in the global scenario, and are economically relevant to India, forming an important component of India's global trade (*source: CARE Report*). For example, castor, chana, coriander, jeera, guar gum and moong were commodities that were traded exclusively on the Exchange during years 2014 – 2018, according to the CARE Report. In light of the aforesaid, we believe that such derivative contracts have become reference points in the global trade of the underlying commodities.

The price discovery process in all the contracts traded on the Exchange is dependent on domestic as well as international factors, and the pricing has economic relevance for India. We believe that the relevance of prices discovered on the Exchange is reflected in the demand for its price data, which is distributed through various data feed vendors. As on September 30, 2019, the Exchange had 32 clients, including international clients and 59,678 farmers, subscribing to the price information data of the Exchange.

The Exchange has invested in creating a spot price polling infrastructure wherein prices are polled from physical markets across the country. Such prices are polled predominantly for commodities which are traded on the Exchange. The polled prices provide visibility on the activity in the physical markets and are used for settlement of the derivatives positions on the maturity of contracts traded on the Exchange.

Independent benchmarks are an asset for an exchange as we believe that the price discovery adds value not only from a trade revenue perspective, but also inculcates strong demand from players across the globe in regard to data sales.

Robust risk management framework

We believe that the foundation of the Exchange is embedded in its risk management policies and practices developed and evolved since inception. The risk management functions of the Exchange are managed by the clearing corporation, being NCCL. As of September 30, 2019, we had collaterals aggregating to ₹18,440.60 million against an OI of ₹45,753.90 million. We also maintain the SGF to guarantee the settlement of trades executed on the Exchange, which has been established in terms of the SECC Regulations. In addition to above, NCCL has also taken an SGF insurance policy of ₹1,000 million to enable NCCL to make the claims for any settlement related defaults.

NCCL charges initial margins to cover 99% value at risk, and a margin period of risk of at least two days. NCCL charges other margins, including extreme loss margins, additional margins and delivery period margins, in terms of the regulatory framework. Further, base capital and minimum liquid net worth requirements have

been prescribed for the clearing members and a risk reduction mode for members has been implemented. Considering the agricultural commodity ecosystem, innovative risk management practices such as staggered delivery, pre-expiry margins and concentration margins have also been introduced by NCCL. Daily price limits and separate position limits for members and clients at commodity level and near month contract level have been prescribed. Further, the position limits at client level have been mapped to the overall supply of the commodity.

We undertake screening of WSPs and have specific processes for assaying and storage. These processes have an impact on the commercial pricing of such commodities and also ensure that they adhere to the norms stipulated by FSSAI and AGMARK. We also collect security deposits from each WSP, based on its assets under management. We have various in-house teams as well as independent auditors, who conduct physical verification of stocks to ensure quantity and quality of goods at the warehouse.

We believe that the foregoing factors ensure a robust risk management framework for our operations.

Future readiness of our systems, which are capable of handling growth in trading volumes, supplemented by in-house capability to develop supporting technologies

The technology infrastructure of the Exchange's trading and surveillance platforms comprising of Millennium Exchange and Millennium Surveillance is provided by Millennium IT Software (Private) Limited/LSEG Technology, a wholly owned subsidiary of the London Stock Exchange Group. We have been utilizing this platform since 2016, which has allowed us to achieve global standards for speed, reliability and flexibility (*source: CARE Report*), and provide, what we believe to be, a futuristic trading experience, capable of handling large order rates with ultra-low latencies.

The Exchange's trading platform offers a bouquet of products which are available off-the-shelf in the system, thereby enabling faster deployment and a shorter time for market implementation. Some of these products include indices, futures, options, spreads including multi-level implied orders. Our trading platform also provides us with the ability to publish a real time 'tick-by-tick' broadcast over user datagram protocol as per pre-configured subscription settings.

The Exchange's electronic systems deploy real-time hardware and software monitoring capability, predictive behaviour technology and surveillance of known failure points and unexpected events. Our trading system has a specialized fault tolerant mirror processes within the primary data center and is capable of real time replication to our secondary data site and disaster recovery site.

The Exchange has a disaster recovery site in Chennai with one – to – one correspondence with the primary site for its core trading infrastructure. The Exchange also has a supplemental near-site data recovery center in Mumbai and a fully operational and self-sufficient alternate operations site located at Delhi to ensure business continuity, which coordinates its operations with our near-site in Mumbai center to provide redundancy protection against system failures. Our security framework also includes, among other things, intrusion prevention and detection systems, gateway systems such as proxy server, perimeter security systems, distributed denial of service protection, web application firewall technologies and malware and virus containment systems.

NCCL has implemented electronic systems for post-trade services, which include clearing, settlement and risk management, and provide reliable and consistent transaction execution and settlement. Further, NCCL has implemented a real-time risk management system ("RMS"), which conducts real-time calculations for members' margins and limits. The margin is calculated based on OI and monitored at the clearing member, trading member and user levels. NCCL also provides web based clearing for members to perform settlement related activities such as marking early pay-ins and delivery intention, and providing GST and invoice details. It also provides an interface for clearing banks and clearing members to upload limit related data and shortage confirmation, and is used by clearing members to mark release of collateral.

NERL has developed an in-house web based repository application, which provides end-to-end solutions for transactions relating to electronic warehouse receipts, which can either be negotiable or non-negotiable. The application is transparent and maintains complete audit trails of the transactions executed, and securely stores data for all market participants.

NeML has developed four key spot commodity trading platforms, which are (i) a unified market platform for agriculture produce market committee ("APMC") based markets, *i.e.* physical *mandis*, (ii) the "e-Samridhi"

platform for government and institutional procurement, (iii) “NeML-Direct” for farmer to trader, and trader to trader spot trading, and (iv) new generation platforms for trading in intangible commodities such as emissions.

These platforms cover participant management, price discovery, fulfilment, settlement and inventory management, as applicable, and have risk management systems embedded therein.

Strategies

Scale participation for existing portfolio of products and services

We offer a portfolio of products and services which we believe is unique and has the potential to scale significantly.

A growth in OI will correspondingly translate to a growth in trading volume on the Exchange. The volume of commodities traded on Indian commodity exchanges are comparatively lower as compared to commodity exchanges in other countries. Set out below are details of the OI to crop ratio of India *vis-à-vis* other countries for certain commodities:

Commodity	Country of comparison	OI to crop ratio of country of comparison (in %)	OI to crop ratio of India (in %)
Corn	South Africa	10	< 0
Maize	Argentina	1	< 0
RM seeds	Canada	16	1
Soyoil	China	25	5
Soybean	China	12	3
Wheat	South Africa	53	< 0

(source: CARE Report)

Accordingly, we believe that there is potential to scale up our operations over time.

According to the CARE Report, the overall agriculture segment accounted for 8.8% share of the total turnover of all commodity derivative exchanges in Fiscal 2019. Further, commodity derivatives contributed 2.7% to the traded value in the secondary market in India in Fiscal 2019. The agriculture industry represents an important component of the Indian, economy both in terms of its contribution to GDP as well as a source of employment. This sector is currently under penetrated but shows immense opportunities, with India presently being one of the world’s largest agricultural producers by value. Thus, we believe that such a scenario offers immense potential for growth and a large addressable market for us.

In order to reach this target, the Exchange is working with each segment of the commodity value chain starting from farmers and FPOs to traders and food processing companies, to increase their respective participation. For this purpose, we continually conduct workshops and awareness programs, provide support to FPOs and hedgers, and provide linkages to trading members, which is supplemented by our existing technology infrastructure.

We believe that NeML has established itself as an organization with the capability to provide technology solutions to a host of large entities. It has partnered with various state and central government agencies, public sector undertakings, various state governments, private organizations to facilitate procurement and auction of stocks, improve *mandi* infrastructure on ground, connect dispersed buyers and sellers and has also ventured into the area of fresh produce through FFresh. NEML continues to scale in all these areas as well as develop solutions to scale collateral based lending, warehouse based sales and even create a market place for electronic, paper, plastic and textile waste.

Repositories were formed under the purview of the WDR in 2017. NERL streamlines the process of commodity ownership transfers and also creation and release of pledges. The Exchange has now completely transitioned to effecting physical delivery through eNWRs issued by NERL. Additionally, we believe that there is a larger opportunity in the non-Exchange ecosystem wherein eNWRs can facilitate collateral based financing against stocks by increasing the confidence of lenders, such as banks and NBFCs, and smoothen the process for borrowers by making the process electronic and seamless. We believe that that services rendered towards non-Exchange goods, which currently constitute the majority of the derivatives market ecosystem shall form an independent revenue stream for NERL.

Develop customized trading platforms for use by large institutions

A host of central and state government agencies are involved in procurement and sale of agricultural commodities, either under various governmental schemes such as for procurement for the public distribution system or to ensure the minimum support price for farmers. Each institution has its own protocols and processes for procurement of commodities, which span from farmer registration to liquidation through auctions. NeML has been focused on developing technological solutions for use by such large institutions to facilitate their procurement and sales operations. It has developed the technological capabilities and functional know-how to understand the nuances of each activity and operationalise the same. NeML aims to bring in transparency and audit trails in this process, as against the erstwhile systems of tendering. NeML has also provided solutions for various private agencies in terms of auction platforms.

Design and develop new products which are relevant to the Indian markets

The Exchange has continuously focused on designing and developing a unique portfolio of products and services relevant to the Indian markets.

Instead of launching contracts similar to those trading in international exchanges, the Exchange has focused on developing contracts on commodities which are unique to the Indian ecosystem. As a result, a host of contracts traded on the Exchange are available for trade exclusively on the Exchange and act as benchmarks in global trade (*source: CARE Report*). The Exchange continues to work towards introducing features such as implied spreads and newer products such as indices in the future. The Gazette notification dated September 27, 2016 from Ministry of Finance, Department of Economic Affairs which lists commodities on which derivatives contracts can be launched for trading, contains 91 commodities, of which, 21 commodities are already available for trading on the Exchange. The Exchange has recently launched derivatives trading in moong and paddy, and is working on further commodities on which derivatives trading may be launched.

Onboarding new classes of participants and developing accessible products

Recent changes to applicable regulations have permitted new products such as options and indices, and entry of new participants such as eligible foreign entities, portfolio managers, mutual funds, Category III AIFs, custodians and broking entities which are subsidiaries of banks.

We believe that the abovementioned participants are poised to bring with them depth and liquidity through a new set of hedgers, investors, retail clients. We believe that this will further strengthen the entire ecosystem by investing in more sophisticated research and creating specialized expertise in agricultural commodity derivatives. The Exchange also intends to launch new products to enhance its existing bouquet, which currently includes grains, oilseeds, sweeteners, spices, and also new instruments such as spread contracts, composite index, sectorial indices and options; and develop the new category of products on the Exchange platform and make them accessible to the ecosystem. Considering these future opportunities, the Exchange has constituted a separate team with a strategic focus to onboard such new participants and a separate team to work on developing new products.

Increase the footprint and market presence of existing product offerings and generate new sources of revenue

The Exchange had a market share of 78.0%, 81.5%, 79.9% and 78.1% in the agricultural commodity segments, based on ADTV, for the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively, making it the leading exchange in agricultural commodities (*source: CARE Report*).

Our current suite of products consists of commodity trading, eNWRs, e-markets, repository services, technological services and customized solutions to government as well as private organisations, in relation to commodity management.

We have a strategic focus to increase the footprint of the commodities traded on the Exchange by tapping into new / relatively untapped categories of clients such as AIFs, MFs, PMS and FPOs. The Exchange has a dedicated team for farmer engagement as well as dedicated resources for onboarding newer participants such as institutional members.

Further, eNWRs are now increasingly accepted in India. In the Exchange ecosystem, all deliveries take place through Exchange specific eNWRs. NERL intends to focus on creating acceptability for eNWRs in the wider economy outside the Exchange ecosystem. We plan to utilize the industry benefits and demand for eNWRs to increase our revenue from our eNWRs related services. Currently, all the eNWRs being issued by NERL represent holdings of agricultural commodities. Going forward, as and when norms for the same are prescribed, we plan to issue eNWRs for non-agricultural commodities as well. As on September 30, 2019, we had issued a total of 134,919 Exchange specific eNWRs and 2,407 generic eNWRs through 250 Exchange approved warehouses and 256 other warehouses respectively.

NEML, through various initiatives, is working towards increasing its geographical and institutional footprint. Through its initiatives with institutions such as NAFED, FCI and other governmental institutions, NEML is enabling farmers across India. NeML e-market platforms such as FFresh are establishing direct connections between growers of fresh produce such apples, lychees, mangoes and strawberries, and terminal markets across major cities. Potential for growth in such initiatives is multi-fold.

We intend to continue such endeavours and increase the footprint and market presence of existing product offerings and generate new sources of revenue.

Our Revenue

For details of our revenue streams and the revenue earned by us, please see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Financial Statements*” on pages 251 and 171.

Our Businesses

The Exchange

Commodity derivatives

According to the CARE Report, some of the widely used derivative contracts are (i) futures, which are contracts to buy or sell an underlying asset at a pre-determined price in the future, and (ii) options, which are contracts that give the owner the right, but not the obligation, to buy or sell an agreed amount of an underlying asset on or before a specified future date.

As of September 30, 2019, we offered future contracts for 21 agricultural commodities and options contracts for five agricultural commodities, on the Exchange platform.

The options contracts offered on the Exchange are Guar Seed, Soybean, Refined Soy Oil, Guar Gum and Chana and the top five futures contracts offered on the Exchange include guar seed, castor seed, soyabean, guar gum, and chana.

The following table contains certain information on the options and top five futures traded on our Exchange for Fiscal 2019:

Commodity	Turnover (₹ million)	ADTV (₹ million)	Total volume (MT)
<i>Futures</i>			
Guar seed	1,133,792	4,572	26,555,370
Castor Seed	688,111	2,775	13,987,995
Soya bean	618,613	2,494	17,443,900
Guar gum	547,816	2,209	6,115,085
Chana	531,112	2,142	13,218,580
<i>Options</i>			
Guar seed	46.1247	0.1860	38,840
Chana	0.5634	0.0023	330
Guar gum	0.2346	0.0009	120
Soyabean	0.1020	0.0004	240
Soy Oil	0.0885	0.0004	210

Data sales

Data sales are a reflection of the value of prices discovered on the Exchange platform. We believe that commodity contracts traded on the Exchange are relevant to the national economy and, in many cases, may serve as benchmarks for the respective commodity available globally (*source: CARE Report*). This adds value to the price series data not only for our industry but also for academia, research and policy formation.

NCCL

NCCL, a wholly owned subsidiary of the Exchange, provides post trade clearing and settlement services to the Exchange platform. As a platform which focuses on contracts which are settled by physical delivery, the clearing corporation is responsible for the entire ecosystem of warehousing. As of September 30, 2019, there are around 250 warehouses across the country with accredited space of more than a million MT through which 44,000 – 80,000 MT of commodity is delivered every month.

Clearing and settlement activities

NCCL is the clearing and settlement entity for all deals executed on the Exchange.

The clearing services offered by NCCL guarantee settlement of all trades executed on the Exchange by assuming the counter party risk of the clearing members for their respective trades. All trades executed on a trading day, are cleared and settled on a netted basis for daily settlement and on a gross basis for delivery settlement by NCCL to determine the settlement obligations for all clearing members.

NCCL guarantees clearing member's funds pay-out till marking of delivery and financial compensation (to make good losses of non-defaulting party) in case of default (in goods or funds pay-in) after marking of delivery.

NERL

NERL is engaged in the business of providing core services of a repository by storing the information of physical holdings of commodities in electronic form, either by itself or through the repository participants. Envisaged to play the role similar to depositories in financial assets, NERL was set up in September, 2017. NERL functions under the aegis of WDRA, an independent regulator entrusted with the responsibility of developing and regulating the warehousing industry in India. Presently, a majority of the revenues of NERL comes from activities associated with the Exchange platform as all the commodities physically delivered on the Exchange are through its repository system.

eNWRs

eNWRs are electronic receipts issued against agricultural produce which is stored in warehouses registered with the WDRA. In the repository system, eNWRs are held in repository accounts, which is similar to holding funds in bank accounts or demat holdings of equity securities. Transfer of ownership of eNWRs is done through simple repository account transfers. This method endeavours to do away with all the risks and hassles normally associated with physically documenting such receipts. Consequently, the cost of transacting in a repository environment is considerably lower as compared to transacting in physical warehouse receipts.

As of September 30, 2019, we had 6,861 repository accounts with various market participants and we had issued a total of 63,804 exchangeable eNWRs and 663 non-exchangeable eNWRs through 256 warehouses.

NeML

NeML is a wholly owned subsidiary of the Exchange. It is a leading electronic market place in the country providing a platform for e-auctions in agricultural commodities, fruits and vegetables, electronic waste and renewable energy certificates. NeML provides an online and /or manual platform for trading including spot and auction trading in goods and services. While the Exchange is a derivatives platform which provides trading predominantly in futures and options on agricultural commodities, NeML is a spot platform which has worked extensively in the physical market for commodities. Over the years, NeML has established itself as a leading spot trading platform (*source: CARE Report*) and has undertaken various initiatives, such as procurement activities, especially working in tandem with Government agencies.

ReMS

GoK in the Karnataka Agricultural Marketing Policy, 2013, envisaged an appropriate private public partnership arrangement for providing technology, for marketing of produce and attendant requirements in Karnataka.

Pursuant to the aforesaid policy, GoK selected NeML to be the private partner and as per the understanding arrived at in the shareholders' agreement dated December 23, 2013, and a joint-venture company, namely ReMS, was incorporated in 2014. For further details, please see "Our Subsidiaries and Associate - Shareholders' agreement entered into between the Government of Karnataka ("GoK") and NeML ("JV Agreement")" on page 167.

ReMS provides an electronic platform for managing all activities of selected agricultural markets. Other support rendered ReMS are undertaking stakeholder education, providing market infrastructure like connectivity and IT equipment, and extending part support for manpower.

As of Fiscal 2019, 162 markets in the state were supported by ReMS and the turnover achieved was ₹454,670 million.

NCDFI e-Market

National Cooperative Dairy Federation of India ("NCDFI"), in association with NeML, has set up an electronic marketplace for the efficient buying and selling of dairy products across India. The platform provides dairies across India efficient price discovery in procurement and assured quality produce. We believe that this has reduced the cost of transaction and increased the transparency in the process.

FFresh

The introduction of the FFresh platform marked the foray of NeML into the field of perishable and fresh produce. On the FFresh platform, customers may be wholesale buyers or retail buyers. We believe that by participating on the FFresh platform, customers are assured of quality produce being delivered to their doorstep, and a transparent price discovery mechanism. Some of the commodities which are transacted through FFresh include lychees, apples, oranges, kinnow, pomegranates, onions, potatoes and tomatoes.

Eco e-market

Eco e-Market is a digital market place to trade waste as a commodity aided by pre-defined standard product categories and standard units for trading. The platform, which we believe is one of its kind, has been launched to help facilitate trade in waste products/commodities such as electronic, paper, plastic, glass and textile waste.

Commodity Access Services

e-pledge service

e-pledging is a service provided by NeML, which brings the borrowers, WSPs and Bank under one roof, providing solutions such as warehousing, commodity electronic accounting system, pledging, trading, clearing and settlement.

NeML acts as a facilitator, for the borrower, WSP and pledgee bank by providing warehousing and commodity electronic accounting system, pledging, trading, clearing and settlement solutions.

Borrowers such as farmers, traders, processors or FPOs, after depositing commodities in NeML notified warehouses can apply online to banks via the NeML platform "Comlive", and avail finance against pledge of warehouse receipts. NeML has tied-up with leading public sector banks for extending e-pledge finance services to borrowers.

Default sales auction

NeML has agreements with various banks to auction commodities pledged by borrowers, on behalf of the lending banks, and to recover outstanding dues of such borrower.

Activities for government agencies

One of the key segments for NeML has been the work it has done with various government agencies, in both procurement as well as disposal of physical produce. NeML has worked closely with agencies such as NAFED and FCI in their procurement of various commodities at MSP and disposal of the same through open market sales.

Mandi Modernisation Project

As part of our mandi modernisation project, we associate with *mandis* and markets supervised by the state APMCs to enable them to adopt modern technology. We have introduced features such as e-pledge facilities, trading kiosks, digital payments systems, real time bidding and registration of buyers and sellers.

A modern *mandi* is not limited to a physical market yard and serves as a one stop shop for all agricultural marketing related needs and services. We believe that some of the key features of a modern *mandi* include (i) guaranteed payments, (ii) increased efficiency in respect of time and money, (iii) competitive rates, (iii) transparency and compliance, (iv) digitalisation of trade records, and (v) ease of participation.

In Karnataka, we have implemented our *mandi* modernization initiatives through ReMS. We have also successfully implemented our *mandi* modernization initiative in the Perundurai regulated market in the Erode district of the state of Tamil Nadu.

Our investments

PXIL

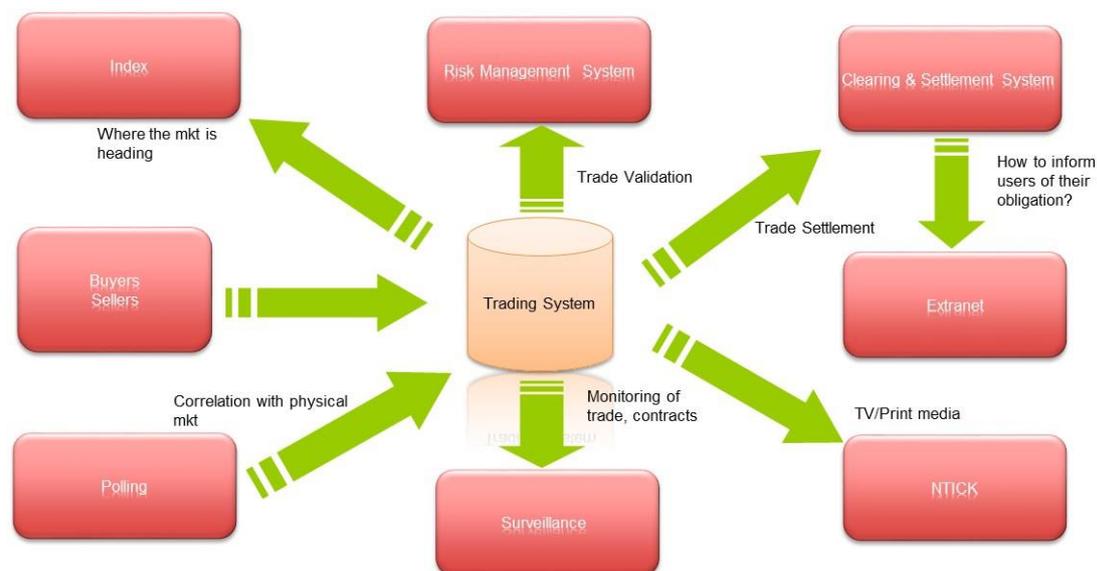
PXIL was incorporated on February 20, 2008 and received approval from Central Electricity Regulatory Commission (“CERC”) to commence activities as a power exchange. PXIL operates a platform for trading in electricity under provisions of the CERC (Power Market) Regulations 2010. PXIL’s platform allows market participants in the electricity sector, namely, distribution companies, open access consumers, captive power generators and renewable energy plants to trade in electricity and renewable energy certificates, to meet their power trading requirements on a short term basis. PXIL is one of only two authorised power exchanges in India. PXIL had 33.44% of sell bids of renewable energy certificates being transacted on its platform in November 2019 (Source: *Monthly Report on Short-term Transactions of Electricity in India, November, 2019, Economics Division, CERC*) (“CERC November Report”). As per the CERC November Report, of the total electricity generation, 9,439.62 million units (“MUs”) (representing 10.09% of the total electricity generated in India) was transacted through short-term transactions, comprising of 4,426.30 MUs (4.73%) through bilateral (through traders and term ahead contracts on power exchanges and directly between distribution companies), followed by 3,389.25 MUs (3.62%) through day ahead collective transactions on power exchanges and 1624.07 MUs (1.74%) through Deviation Settlement Mechanism (“DSM”). As per the CERC, power exchanges have been playing a crucial role in helping in price discovery of electricity in the day ahead markets with the price being discovered on the power exchanges being gradually accepted as a reference price by all power market players. The electronic price dissemination is also empowering buyers and sellers throughout the country to take informed pricing decisions even in the bilateral negotiated markets. (Source: *Explanatory Memorandum for Power Market Regulations*).

Technological framework

The Exchange is supported with a fully integrated robust trading engine offering a speedy, flexible and a futuristic trading experience, and is capable of handling large order rates with minimal latencies.

The Exchange’s trading and surveillance platform, MillenniumIT, is utilized by global exchanges, including the London Stock Exchange.

The below chart provides a snapshot of our technology infrastructure:



Secure storage and transmission of data is a crucial aspect of our operations, and we manage our data at three data sites, two located at Mumbai and one in Chennai. The Exchange also has two operations sites, Mumbai being our primary site, and New Delhi being the site which ensures our business continuity plan is effected.

We have branded our technological platform for the Exchange as “NextGen”.

Key features of “NextGen”:

- *Speed* – capable of handling up to 3,000 orders per second with minimal latencies. The average round trip latency for order confirmation is less than 1,000 micro seconds;
- *future readiness* – NextGen offers a variety of product features which are available in the system thereby enabling faster deployment and shorter time to market. Some of products include – indices, multi-legged strategies such as “butterfly spreads”, calendar spreads and condors;
- *connectivity* – NextGen supports FIX 5.0 protocol, which we believe results in consistently seamless and robust connectivity as well as ensuring shorter time to market for any changes in computer to computer link and the trading front end at the member’s end;
- *reliability* – fault tolerant mirror processes within primary data center and replication to disaster recovery site;
- *capacity* – The NextGen trading engine has a processing capacity of 1,000 orders per second and has a peak order rate of up to 3,000 orders per second. Architecture is horizontally scalable by adding more computing power and memory;
- *TBT broadcast* – we believe that the ability to publish real time ‘tick- by- tick’ broadcast as per pre-configured subscription settings makes NextGen a distinctive trading powerhouse;
- *regulatory compliance* – we believe NextGen is equipped to meet regulatory compliance with pre-built alerts and the flexibility to include additional alerts as and when needed;
- *real time surveillance* – we believe that the real-time ‘order level’ surveillance feature makes NextGen surveillance a highly efficient monitoring system by pinpointing any activity or a set of activities which deviates from the frame of ethical and fair trading;

- *pattern detection* – capability to detect patterns in seemingly disparate data using fuzzy-logic (pattern detection) surveillance which in turn may provide further insights into trading behaviour amongst market participants;
- *case management and tracking* – enables tracking of process investigation; including comprehensive alert mechanism;
- *enhanced market replay* – ability to 'time travel' that is replay market activity to investigate detected patterns or replay historical data, along with options to pause, step forward or backward and define conditions to keep track of specific events; and
- *focused entity search*– ability to create customized watch lists of contracts or entities or both, which we believe allows for effective online monitoring.

NCCL has implemented an electronic system for post-trade services, including clearing, settlement and risk management, which provides reliable and consistent transaction execution and settlement. Further, NCCL has implemented RMS, which conducts real-time calculations for members' margins and limits. The key features of the NCCL platform, including RMS, are as follows:

- real-time calculations for members' margins and limits;
- calculation based on OI and monitored at the clearing member, trading member and user level;
- web based clearing for members to perform settlement related activities; and
- interface for clearing banks and clearing members to upload limit related data and shortage confirmation.

NeML has developed four key spot commodity trading platforms, which are (i) a unified market platform for APMC based markets, *i.e.* physical *mandis*, (ii) the “e-Samridhi” platform for government and institutional procurement, (iii) “NeML-Direct” for farmer to trader, and trader to trader spot trading, and (iv) new generation platforms for trading in intangible such as emission permits. The spot trading platforms hosted by NeML have risk management systems embedded therein and are also flexible, and capable of supporting both mobile and web browser based interfaces. These platforms serve the following key functions:

- participant management;
- price discovery;
- fulfilment and settlement; and
- inventory management.

The web based repository application developed by NERL provides end-to-end solutions for all aspects of transactions relating to electronic warehouse receipts. The key features of this application are as follows:

- round-the-clock real time application;
- generation of electronic warehouse receipts;
- facilitated with various other features including. transfer, pledge and withdrawal;
- integration with Exchange for settlement services;
- maintenance of audit trails for each leg of the transaction;
- secured storage of data; and
- role based access for market participants.

Business development and marketing

We strive to reach out to the various categories of market participants in the Indian agricultural commodity ecosystem. As part of our efforts, we routinely connect with traders, farmers, processors, FPOs, consumers and financial investors. We also organize investor awareness and investor education programs. In the six month period ended September 30, 2019, we organised 63 of such programs at various locations across the country. We also have a monthly newsletter which provides updates in the agricultural commodity ecosystem as well as key developments at the Exchange. We have previously been associated with the Confederation of Indian Industry, and are currently associated with the Federation of Indian Chambers of Commerce and Industry. We also take part in conferences and events. Further, our team also engages with physical market participants in order to identify requirements of the market as well as potential clients and customers. We have developed an app, “mandi.com”, which has over 3,000 members and features broadcasts on various topics. We also advertise our initiatives through websites, magazines and social media. Further, our initiative “Kissan Konnect” helps us reach out to various stakeholders of the agriculture ecosystem.

Risk management

For details of our risk management systems, please see “- Strengths - Robust risk management framework” on page 113.

Competition

We currently face competition from BSE, MCX, ICEX and NMCE.

The table below sets market shares of stock exchanges in agricultural commodities, for the last 10 Fiscals, based on ADTV:

Financial Years (unless specified otherwise)	Exchange	MCX	ICEX*	NMCE*	BSE
2005	85.4%	9.4%	0.0%	5.2%	0.0%
2006	85.0%	13.4%	0.0%	1.6%	0.0%
2007	79.3%	12.4%	0.0%	8.3%	0.0%
2008	85.0%	11.9%	0.0%	3.1%	0.0%
2009	84.7%	5.6%	0.0%	9.7%	0.0%
2010	79.7%	6.3%	0.0%	14.0%	0.0%
2011	81.9%	8.5%	0.1%	9.5%	0.0%
2012	83.0%	9.9%	0.4%	6.7%	0.0%
2013	80.5%	14.0%	0.0%	5.5%	0.0%
2014	77.0%	11.5%	2.5%	9.0%	0.0%
2015	85.7%	10.8%	0.0%	3.5%	0.0%
2016	86.9%	10.5%	0.0%	2.6%	0.0%
2017	78.1%	18.2%	0.0%	3.7%	0.0%
2018	79.9%	15.4%	0.0%	4.7%	0.0%
2019	81.5%	15.5%	2.3%	0.0%	0.7%
Six month period ended September 30, 2019	78.0%	14.6%	1.0%	0.0%	6.4%

* NMCE and ICEX have subsequently merged.

Source: CARE Report.

For further details, please see “Industry Overview” on page 87.

Intellectual property

We have one registered trademark under Class 4, three registered trademarks under Class 6, 10 registered trademarks under Class 14, three registered trademarks under Class 17, three registered trademarks under Class 22, ten registered trademarks under Class 29, ten registered trademarks under Class 30, nine registered trademarks under Class 31, 10 registered trademarks under Class 35, 12 registered trademarks under Class 36, 11 registered trademarks under Class 41, 13 registered trademarks under Class 42.

Further, we have three trademarks under Class 41, three trademarks under Class 42, two trademarks under Class

35, two trademarks under Class 36 and two trademarks under Class 16, that are pending registration with the Trade Marks Registry, Government of India.

Property

Our Registered and Corporate Office is located at 1st Floor, Akruiti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg West, Mumbai 400 078, Maharashtra, which we occupy under a lease and license agreement that expires on February 28, 2023. As of September 30, 2019 we had 12 branches and guest houses across seven cities in India.

Insurance

We maintain insurance policies with third party insurers. Our principal types of coverage include comprehensive general liability, group personal accident and group health insurance. We also maintain insurance for our directors' and officers' liability up to a cap of ₹500 million.

Employees

We had 498 full time employees as of September 30, 2019. Our employees are not represented by trade unions and are thus not covered by any collective agreements. We have not experienced any strikes, work stoppages, labour disputes or actions by or with our employees, and we believe that relations with our employees are satisfactory. Our human resources strategy is deployed through the various policies and process, and is periodically reviewed on the basis of overall business goals, employee feedback and external benchmarking exercise undertaken from time to time.

We hire qualified talent with strong domain and industry knowledge. We have an internal code of conduct, whistle blower policy and a structured consequence management framework for disciplinary process, to ensure effective human resource management.

We also have a structured process of performance evaluation, “Unnati”, which is an automated application that captures goals, targets, achievements and development needs of our employees. Our human resource policies cover a range of benefits ranging from retirement benefits, health benefits, disability benefits, and benefits in the event of death of an employee, to canteen subsidies. Further, our employees are covered under various insurance policies such as group medical claim policy, group personal accident insurance policy and group term life insurance policy.

Our workforce comprises mostly professionals and skilled manpower. The function-wise break-up of our full time employees as of September 30, 2019 is as set forth below:

Functional area	No. of employees
Business group	49
Corporate services	37
Compliance	34
Technology	34
Surveillance and investigation	24
Market watch	12
Farmer producer organisation	6
Corporate office	2
Enterprise risk and governance	4
Total number of employees of the Exchange (A)	202
Number of NCCL employees (B)	65
Number of NeML employees (C)	192
Number of NERL employees (D)	39
Grand total (A + B + C + D)	498

Corporate Social Responsibility

Our corporate social responsibility policy is aimed at implementing welfare measures in the society by addressing the concerns of the marginalised section of the society as part of their core business areas and to encourage employees to give back to the society.

We believe in connecting people to markets. Indian farmers have the spirit of innovation and the capacity to feed a growing population and to feed it better. The Exchange endeavors to help them gain access to the right incentives to do the job. Farmers need to be able to get their products to market, increase their competitiveness, and receive equitable price treatment when they do. Accordingly, our vision is to actively contribute to the social and economic development of farmers by helping them gain better access to markets, and while doing so, build a better and sustainable way of life for rural communities and raise the country's human development index.

In Fiscal 2019, the Exchange supported six farmer producer companies in Maharashtra and Rajasthan (covering a catchment area of 63 villages, covering more than 7,000 acres, and representing over 2,550 farmer members), with cleaning and grading units along with some other related equipment.

In Fiscal 2018, the Exchange associated with Access Development Services, National Skills Foundation of India, Jamnalal Bajaj Foundation and Watershed Organization Trust, to conduct 96 farmer training programs in Rajasthan, Madhya Pradesh, Andhra Pradesh, Karnataka and Maharashtra. Over 3,500 farmers received training in post-harvest management of crops, cleaning, storage, and price risk mitigation through regulated market platforms.

We also facilitated the establishment of assaying labs at Chamrajnagar and Gobichettypalayam in Erode district through Mysore Resettlement and Development Agency for supporting turmeric farmers by providing them with quality upgradation during the post-harvest management of the produce.

KEY REGULATIONS AND POLICIES

The following description is a brief summary of certain relevant regulations and policies as prescribed by SEBI, the central and state governments in India that are applicable to us and our current business. The information detailed in this section has been obtained from publications available in the public domain.

The regulations set out below are not exhaustive, and are only intended to provide general information to the Bidders, and are neither designed, nor intended, to be a substitute for professional legal advice.

Applicable shops and establishments', labour and employment statutes and taxation statutes such as the relevant goods and services tax legislation and the Income Tax Act, 1961 statutes apply to us, as they do to any other company. For details of the material approvals obtained by the Exchange and our Material Subsidiaries, see "Government and Other Approvals" beginning on page 279.

The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions and remain subject to judicial and administrative interpretations thereof.

1. The Securities and Exchange Board of India, 1992, as amended ("SEBI Act")

The SEBI Act, among other things deals with the powers and functions of SEBI. The broad functions of SEBI include a) to protect the interest of investors investing in securities and b) to regulate and promote the development of the securities market, by such measures as it thinks fit. In relation to stock exchanges, the SEBI Act, entrusts upon SEBI the power to a) regulate the business in stock exchanges and any other securities markets, b) call for information, inspect, conduct inquiries and audit of the stock exchanges and c) by an order, for reasons to be recorded in writing, in the interests of investors or securities market, either pending investigation or inquiry or on completion of such investigation or inquiry, take among others, measures to suspend any office-bearer of any stock exchange or self-regulatory organisation from holding such position.

2. Securities Contracts (Regulation) Act, 1956, as amended ("SCRA")

In accordance with the provisions of the Finance Act, 2015, the Forward Contracts (Regulation) Act, 1952, which was the erstwhile statute applicable to commodity exchanges in India, was repealed and the Forward Markets Commission, the erstwhile regulator in relation to such commodity exchanges was dissolved, with effect from September 29, 2015. Further, it also provided that all recognised associations under the FCRA shall be deemed to be recognised stock exchanges under SCRA with effect from September 28, 2015. Accordingly, the regulation of the commodity derivatives market was within the ambit of SEBI's purview under the SCRA with effect from September 28, 2015.

In relation to stock exchanges, the SCRA, among others, deals with regulation, registration, corporatisation and demutualisation, authority of stock exchanges to make and amend bye-laws, the authority of SEBI to amend and direct certain laws relating to and conditions relating to listing and delisting of securities.

Under the SCRA, any stock exchange seeking recognition may make an application to SEBI. SEBI is empowered to grant recognition to a stock exchange, subject to satisfaction of certain conditions including the rules and bye-laws of the stock exchange being in conformity with prescribed conditions and it is in the interest of trade and in public interest to grant such recognition.

All stock exchanges are required to be corporatised and demutualised in accordance with the provisions of SCRA. Further, the SCRA empowers a recognised stock exchange to make rules and amend the same, subject to the approval of SEBI and publication of the same in the official gazette, for matters such as restriction of voting rights to members only in respect of any matter placed before the stock exchange at any meeting, regulation of voting rights in respect of any matter placed before the stock exchange at any meeting so that each member may be entitled to have one vote only, irrespective of his share of the paid-up equity capital of the stock exchange, restriction on the right of a member to appoint another person as his proxy to attend and vote at a meeting of the stock exchange, and other incidental, consequential and supplementary matters.

The SCRA also empowers a recognised stock exchange, subject to the previous approval of SEBI, to make

bye-laws for regulation and control of contracts. Such bye-laws may provide for among others a) the opening and closing of markets and the regulation of the hours of trade, b) a clearing house for the periodical settlement of contracts and differences thereunder, the delivery of and payment for securities, the passing on of delivery orders and the regulation and maintenance of such clearing house, c) the regulation or prohibition of blank transfers, d) the number and classes of contracts in respect of which settlements shall be made or differences paid through the clearing house, e) the regulation, or prohibition of budlas or carry-over facilities, f) the fixing, altering or postponing of days for settlements, g) the determination and declaration of market rates, including the opening, closing highest and lowest rates for securities, h) the method and procedure for the settlement of claims or disputes, including settlement by arbitration, i) the levy and recovery of fees, fines and penalties, j) the regulation of dealings by members for their own account, k) the separation of the functions of jobbers and brokers, l) the terms, conditions and incidents of contracts, including the prescription of margin requirements, if any, and conditions relating thereto, and the forms of contracts in writing, and m) the limitations on the volume of trade done by any individual member in exceptional circumstances.

Under the provisions of the SCRA, SEBI has the authority to withdraw the recognition granted to a stock exchange in the interest of trade or public interest, subject to the condition that the withdrawal of recognition must not affect the validity of any contract entered into or made before the date of the notification of withdrawal. SEBI is also empowered under the SCRA to suspend the business of recognised stock exchanges, if it is of the opinion that an emergency has arisen, accordingly for the purpose of meeting the emergency it can by notification in the official gazette, by stating reasons therein, direct a recognised stock exchange to suspend of its business for such period not exceeding seven days and subject to such conditions as may be specified in the notification, and, if, in the opinion of SEBI, the interest of the trade or the public interest requires that the period should be extended, it may, by similar notification extend the said period from time to time.

Further, SEBI is empowered to inspect or call for information relating to the affairs of a recognised stock exchange, declare contracts in certain areas illegal in certain specific circumstances and prohibit contracts in certain cases. Furthermore, the SCRA empowers SEBI to nominate one or more persons as members of the governing body of every recognised stock exchange. Such member(s) shall enjoy the same status and powers as other members of the governing body of such recognised stock exchange. The provisions of the SCRA, also enables SEBI to make enquiries and issue directions to prevent the affairs of any recognised stock exchange, being conducted in a manner detrimental to the interests of investors or securities market or to secure the proper management of any stock exchange. SEBI is also empowered to direct that rules be made and also make rules applicable on stock exchanges.

Every recognised stock exchange is under an obligation to furnish to SEBI within specified timelines, such periodical returns relating to its affairs as is prescribed under SCRA and annual reports consisting particulars as may be prescribed. The recognised stock exchange and its members are also obligated to maintain and preserve books of accounts and other documents as prescribed for a period not exceeding five years.

The SCRA also provides for various penalty provisions, including penalty on a recognised stock exchange, wherein a penalty of ₹0.5 million to ₹250 million may be imposed by SEBI if it fails or neglects to furnish periodical returns to SEBI or fails or neglects to make or amend its rules or bye-laws as may be directed by SEBI or fails to comply with directions issued by SEBI.

3. *Securities Contracts (Regulation) Rules, 1957, as amended*

The SCRR prescribes the format, fees and the procedure to be followed in respect of every application for recognition of a stock exchange and applications for withdrawal of such recognition. The recognition granted to a stock exchange must either be on a permanent basis or for a period as may be specified at the time of recognition, which shall be not less than one year. Three months prior to the expiry of the period of recognition, a recognised stock exchange desirous of renewal of such recognition may make an application to SEBI.

4. *Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, as amended*

In accordance with the provisions of the Finance Act, 2015, the FCRA, which was the erstwhile statute

applicable to commodity exchanges in India, was repealed and the Forward Markets Commission, the erstwhile regulator in relation to such commodity exchanges was dissolved, with effect from September 29, 2015. Further, the Finance Act, 2015 also provided that all recognised associations under the FCRA shall be deemed to be recognised stock exchanges under SCRA with effect from September 28, 2015. Accordingly, the regulation of the commodity derivatives market was within the ambit of SEBI's purview under the SCRA with effect from September 28, 2015.

The SECC Regulations regulate the recognition, ownership and governance in stock exchanges and clearing corporations. Some of the key features of the SECC Regulations include:

Recognised stock exchanges

Obligation to seek recognition:

The SECC Regulations provides that no person shall conduct, organise or assist in organising any stock exchange unless he has obtained recognition from SEBI in accordance with the SCRA and SCRR.

Net worth of stock exchanges

The SECC Regulations mandate that the minimum net worth for stock exchanges shall at all times be ₹1,000 million. The recognised stock exchanges cannot distribute profits to its shareholders in any manner until the mentioned net worth is achieved.

Fit and proper person criteria

The SECC Regulations provides that no person shall, directly or indirectly, acquire or hold equity shares or voting rights of a recognised stock exchange unless he is a fit and proper person. The onus of ensuring all the shareholders are fit and proper is on the recognised stock exchange. However, such requirement is not applicable to a listed recognised stock exchange for shareholding of a person who directly or indirectly, acquires or holds less than two per cent of the equity shares or voting rights of such listed recognised stock exchange.

Further, a recognised stock exchange is also required to ensure that all its directors and key management personnel are fit and proper persons at all times.

For the purposes of the SECC Regulations, a person is deemed to be a fit and proper person if:

- a. such person has a general reputation and record of fairness and integrity, including but not limited to:
 - i. financial integrity;
 - ii. good reputation and character; and
 - iii. honesty.
- b. such person has not incurred any of the following disqualifications:
 - i. such person, or any of its whole time directors or managing partners, have been convicted by a court for any offence involving moral turpitude or any economic offence or any offence against the securities laws;
 - ii. an order for winding up has been passed against such person;
 - iii. such person, or any of its whole time directors or managing partners, have been declared insolvent and have not been discharged;
 - iv. an order, restraining, prohibiting or debarring such person, or any of its whole time directors or managing partners, from dealing in securities or from accessing the securities market, has been passed by SEBI or any other regulatory authority, and a period of three years from the date of the expiry of the period specified in the order has not elapsed;
 - v. any other order against such person, or any of its whole time directors or managing partners, which has a bearing on the securities market, has been passed by SEBI or any other regulatory authority, and a period of three years from the date of the order has not elapsed;
 - vi. SEBI has initiated recovery proceedings under the SEBI Act, 1992, and the proceedings are pending;

- vii. such person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;
- viii. such person is financially not sound or has been categorised as a wilful defaulter; and
- ix. any other disqualification, as specified by SEBI.

In case of any question arising on the decision of a recognised stock exchange as to whether a person is a fit and proper person, the SECC Regulations provide that SEBI's decision on such question shall be final.

Shareholding of stock exchanges

With respect to the shareholding, the SECC Regulations mandate that at least 51% of the paid-up equity share capital of a recognised stock exchange should be held by the public, where subject to certain exceptions, public has been defined to include any member or section of the public but does not include any trading member or clearing member or their associates and agents.

Any person who acquires equity shares or voting rights, in a recognised stock exchange, directly or indirectly, either individually or together with persons acting in concert, that entitles the person so acquiring to exercise any voting rights in the range of two percent to five percent, is required to seek approval of the SEBI within 15 days of such acquisition.

In addition to the above, no person resident outside India, directly or indirectly, either individually or together with persons acting in concert, shall acquire or hold more than five percent of the paid-up equity share capital in a recognised stock exchange, unless prior approval from SEBI has been sought.

No persons resident in India can, at any time, directly or indirectly, either individually or together with person acting in concert, acquire or hold more than 5% of the paid-up equity share capital in a recognised stock exchange. However, a (i) stock exchange, (ii) depository, (iii) banking company, (iv) insurance company, and (v) public financial institution, may acquire or hold, up to 15% of the paid-up equity share capital of a recognised stock exchange, subject to prior approval from SEBI.

Further, no person resident outside India can, at any time, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than five percent of the paid-up equity share capital in a recognised stock exchange subject to certain exceptions which include a (i) foreign stock exchange, (ii) foreign depository, (iii) foreign banking company, (iv) foreign insurance company, (v) foreign commodity derivatives exchange, and (vi) bilateral or multilateral financial institution, approved by the central government, who may acquire or hold, up to 15% of the paid-up equity share capital of a recognised stock exchange, subject to prior approval from SEBI.

The SECC Regulations further state that, subject to the limits as otherwise prescribed by the Central Government from time to time, the combined holding of all persons resident outside India in the paid-up equity share capital of a recognised stock exchange cannot exceed, at any time, 49% of its total paid-up equity share capital.

The SECC Regulations restrict clearing corporations from holding any right, stake or interest, of whatsoever nature, in any recognised stock exchange.

Composition of the governing board of a stock exchange

The governing board of every recognised stock exchange should include shareholder directors, public interest directors and a managing director. Subject to the prior approval of SEBI, the chairperson would be elected by the governing board from among the public interest directors. The SECC Regulations further prescribe various other requirements with respect to the governing board to ensure that there is no conflict of interest, including:

- a. The number of public interest directors should not be less than the number of shareholder directors on the governing board of a recognised stock exchange;
- b. The managing director should be included in the category of shareholder directors;
- c. Any employee of a recognised stock exchange may be appointed on the governing board in addition to the managing director, and such a director would be deemed to be a shareholder director;
- d. No trading member or clearing member (or its associate(s) and agent(s)) irrespective of the stock

exchange or clearing corporation of which they are members, should be on the governing board of any recognised stock exchange or recognised clearing corporation. A recognised stock exchange is required to undertake such compliance on a continuous basis to ensure that directors appointed, on their governing board, do not get associated with trading members or clearing members after approval of appointment;

- e. The number of public interest directors shall not be less than the number of shareholder directors to constitute the quorum for the meeting of the governing board;
- f. The voting on a resolution in the meeting of the governing board shall be valid only when the number of public interest directors that have cast their vote on such resolution is equal to more than the number of shareholder directors who have cast their vote on such resolution;
- g. The casting vote in the meetings of the governing board of a recognised stock exchange shall be with the chairperson of the governing board; and
- h. No foreign portfolio investor shall have any representation in the governing board of a recognised stock exchange.

Listing of securities

Subject to the provisions of applicable laws in force, a recognised stock exchange may apply for listing of its securities on any recognised stock exchange, other than itself and its associated stock exchange, if:

- a. it is compliant with the provisions of the SECC Regulations particularly those relating to ownership and governance;
- b. it has completed three years of continuous trading operations immediately preceding the date of application of listing; and
- c. it has obtained approval of SEBI.

Recognised clearing corporations

The requirements in relation to obligation to seek recognition, fit and proper and composition of the governing board shall also apply to clearing corporations, to the extent not specified otherwise in the SECC Regulations.

Net worth

The SECC Regulations mandate that the minimum net worth for clearing corporations shall at all times be ₹1,000 million. Further, every recognised clearing corporation, on commencement of operations, shall, on an ongoing basis, maintain capital including retained earnings and reserves, as may be specified by the SEBI from time to time, to adequately cover counterparty credit risk, business risk, legal and operational risk.

Shareholding in a clearing corporation

The requirements in relation to shareholding in a recognised stock exchange apply to a clearing corporation as well, except that at least 51% of the paid-up equity share capital of a clearing corporation shall always be held by one or more recognised stock exchanges. Additionally, no recognised stock exchange shall, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than 15% of the paid-up equity share capital in more than one recognised clearing corporation.

Contribution to the settlement guarantee fund

Every recognised clearing corporation is required to maintain a settlement guarantee fund, for each segment, to guarantee the settlement of trades executed in the respective segment of a recognised stock exchange. The contribution to the SGF, as prescribed under the SECC Regulations, shall be made by a recognised stock exchange, recognised clearing corporation and the clearing members, in the manner as may be specified by SEBI from time to time. In case of a shortfall in the SGF, the recognised clearing corporation and the recognised stock exchange will have to replenish the SGF to the threshold level as may be specified by SEBI from time to time.

5. SEBI circular dated January 1, 2016

The SEBI circular (number CIR/MRD/DSA/01/2016) dated January 1, 2016 (“**2016 Circular**”) provides among others, the procedures for ensuring compliance with the SECC Regulations by listed stock exchanges. In this regard, the 2016 Circular provides for:

- a. ensuring holding of 51% by public at all times by the listed stock exchange:
 - i. the listed stock exchange is required to disseminate the details of its shareholding with category wise breakup, on a continuous basis, on its website. Similarly, the stock exchange where the shares are listed, is also required to display the above information;
 - ii. the depositories are required to put in place the necessary system to ensure that the shareholding of trading members or their associates and agents does not exceed 49%. For this purpose, the depositories are required to put in place systems for capturing the shareholding data of trading members or their associates and agents and ensure that there is a mechanism for coordination between the depositories towards sharing of information. The depositories are also required to monitor the aggregate shareholding limit of the trading members or their associates and agents based on their demat balance, on a daily basis, at the end of the day. The stock exchange where the shares are listed, is also required to share a list of all trading members or their associates and agents with the depositories to facilitate monitoring of demat balances;
 - iii. the trading members or their associates and agents are required to obtain prior approval of the listed stock exchange for further acquisition of shares, once the aggregate shareholding of the trading members or their associates and agents crosses the limit of 45%. The trading members or their associates and agents are required to refer to the shareholding pattern under the category of trading members or their associates and agents, to determine/ascertain the available head room before placing the order;
 - iv. in the event of trading members or their associates and agents making purchases without requisite approval as stated above, the depositories are required to initiate consequential action such as freezing of voting rights and all corporate benefits in respect of such shareholding till the time the same is divested; and
 - v. the divestment of any excess shareholding beyond the specified limit is required to be done through a special window provided by the stock exchange where the shares of the stock exchange are listed.
- b. ensuring that all shareholders are ‘fit and proper’:
 - i. in the pre-listing scenario, the stock exchange coming out with a public offering is required to include a declaration in the application form stating that the applicant is fit and proper in terms of the provisions the SECC Regulations;
 - ii. in the post listing scenario, the text of the applicable regulation with regard to fit and proper is required to be made part of the contract note;
 - iii. the listed stock exchange is required to undertake all measures to make investors aware of the requirement of fit and proper criteria for being its shareholders as specified the SECC Regulations;
 - iv. the listed stock exchange and the stock exchange where the shares are listed are required to notify on their website that the shares of the listed stock exchange shall only be dealt by fit and proper persons as per the provisions of the SECC Regulations;
 - v. in case of acquisition of shares by the person who is found not fit and proper, the voting rights and all corporate benefits with respect to such shareholding is required to be frozen by depositories until the same is divested through the special window; and
 - vi. the listed exchange is required to submit to SEBI on a quarterly basis an exceptional report regarding the shareholders who are not fit and proper and action taken thereof.
- c. Ensuring that shareholders holding shares above two percent are fit and proper:

in addition to the criteria mentioned at para (b) above, on acquisition of shares above two percent, provisions of the SECC Regulations shall apply i.e. those acquiring more than two percent will have to seek approval of SEBI within 15 days of such acquisition as per the provisions of the SECC Regulations and those intending to acquire beyond 5% as per the provisions of the SECC Regulations will have to seek prior approval of SEBI.

- d. Ensuring shareholding threshold of five percent or 15% as the case may be in terms of SECC Regulations:
 - i. the depositories are required to put in place a mechanism to ensure that no shareholder of listed stock exchange gets credit of shares beyond five percent or 15%, as applicable. The depositories are required to generate an alert when such holding exceeds two percent and monitor the same under intimation to SEBI; and
 - ii. the depository is required to inform the listed stock exchange as and when threshold limit is breached and take consequential action such as freezing of voting rights and all corporate actions in respect of such excess holding till the same is divested through the special window.

6. *The Warehousing (Development and Regulation) Act, 2007 (“WDR Act”)*

The WDR Act deals with the development and regulation of warehouses, negotiability of warehouse receipts, establishment of a Warehousing Development and Regulatory Authority and incidental matters thereto. In accordance with the provisions of the WDR Act, no person shall carry on a warehousing business unless a registration certificate from WDRA has been obtained and any person who obtains such certificate is known as a “warehouseman”.

The WDR Act provides that any person desirous of commencing or carrying on the business of maintaining a warehouse issuing negotiable warehouse receipts is required to make an application to WDRA for registration in respect of one or more warehouses owned or occupied by him.

Further, the WDR Act prescribes the requirements and compliances for warehouse receipts including, inter alia, provisions relating to the negotiability, transfer, warranties, endorser’s non-liability, fraud, delivery of goods, conclusiveness and duplicity in relation to such warehouse receipts.

The WDR Act also provides for imposition of liabilities, on the warehouseman, for loss of, or injury to, goods caused by his failure and also provides for compensation to the depositor of the goods. Further, there have been various rules prescribed under the WDR Act, which govern and regulate the functioning of warehouses and warehouse receipts.

7. *Guidelines on Repositories and Creation and Management of electronic Negotiable Warehouse Receipts dated October 20, 2016 issued by the WDRA (“eNWR Guidelines”)*

The eNWR Guidelines enables the WDRA to establish a system for creation and management of electronic negotiable warehouse receipts (“eNWRs”) through registration and regulation of repositories, regulation of repository participants and further enable warehousemen to issue such eNWRs through repositories. The eNWR Guidelines enables and regulates the process of, amongst other things, issuance, storage and transfer of eNWRs facilitating creation and regulation of necessary intermediaries.

In terms of the eNWR guidelines, a repository is required to provide, amongst other things, (i) the core services of a repository either by itself or through repository participants, (ii) a limited purpose e-auction platform to facilitate the auctioning of pledged goods when the pledgor has defaulted, and (iii) information, as and when required by the WDRA.

Additionally, the eNWR guidelines impose, amongst other things, various obligations on a repository, including, indemnifying losses caused to an eNWR holder on account of negligence of a repository, addressing conflict of interest, redressal of grievances, confidentiality, restrictions on outsourcing, interoperability of eNWRs across repositories, etc.

A repository is required to maintain a net worth of not less than ₹250 million at all times and a performance guarantee of ₹50 million or any other amount which may be prescribed by WDRA. If one of the sponsors is an exchange, such exchange shall, subject to certain exceptions that may be approved by the WRDA, not hold, or propose to hold, more than 51% of the paid-up equity share capital of a repository and shall reduce its shareholding to 24% within a period of 10 years from the date of grant of certificate of registration to a repository.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of the Exchange

The Exchange was incorporated as a public limited company on April 23, 2003, pursuant to a certificate of incorporation and commenced its business pursuant to a certificate for commencement of business dated May 9, 2003, each granted by the Registrar of Companies, Maharashtra at Mumbai. The Exchange was registered with the Forward Markets Commission as a recognised association under The Forward Contracts (Regulation) Act, 1952, pursuant to a certificate of registration dated August 23, 2004. With effect from September 28, 2015, the Exchange became a deemed recognized stock exchange under the Securities Contracts (Regulation) Act, 1956 in terms of Section 131(B) of Finance Act, 2015 pursuant to notification no. 1/9/SM/2015 dated August 28, 2015. The Exchange has been allotted Code Number 35 for trading and settlement operations by SEBI pursuant to a letter (CDMRD-DEA/05/13/1/15) dated October 21, 2015.

Changes to the name of the Exchange

The name of the Exchange has not undergone any change since its incorporation.

Change in the Registered Office

The details of the change in our registered office since incorporation are detailed below:

Effective date of change	Details of Change		Reason(s) for change
	From:	To:	
July 28, 2008	Exchange Plaza C-1 Block Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra	1 st Floor, Akruti Corporate Park Near G. E. Garden, L. B. S. Road Kanjurmarg (West) Mumbai 400 079 Maharashtra	Change of registered office was necessary as core operation of the Exchange was located at Kanjurmarg.
February 10, 2020	1 st Floor, Akruti Corporate Park Near G. E. Garden, L. B. S. Road Kanjurmarg (West) Mumbai 400 079 Maharashtra	1 st Floor, Akruti Corporate Park Near G. E. Garden, L. B. S. Road Kanjurmarg (West) Mumbai 400 078 Maharashtra	Rectification of pin code in the records of the RoC.

Main objects of the Exchange

The main objects contained in the Memorandum of Association are as mentioned below:

1. *To facilitate, promote, assist, regulate and manage in the public interest, dealings in commodities (which expression shall include goods as defined in Securities Contracts (Regulation) Act, 1956 as amended from time to time), of all kinds and to provide specialised, advanced, automated and modern facilities for nationwide trading in commodities and in all types of contracts for buying and selling of commodities, including its derivatives such as Futures, Options and other kinds of derivatives, permitted and to be permitted in future, clearing and settlement thereof, with a high standard of integrity and honesty, and to ensure trading in a transparent, fair and open manner with access to all players in the commodity markets including foreign funds, corporates and banks engaged in financing commodity transactions from areas in or outside India.*
2. *To initiate, facilitate and undertake all such activities in relation to the Exchange dealing in commodities and its derivatives, as are required for reliable nationwide platform to hedge commodity and price related risks for cross-section of players in the various commodities including producers, manufacturers, traders, exporters and importers; to offer hedging and other related requirements to the community at large; to provide novel and innovative safety mechanisms, to the market participants in such commodities; and to support, develop, promote and maintain a healthy market in the best interests of all the players, market*

participants and the general public and the economy and to introduce high standards of professionalism among themselves and the commodity(ies) markets in general.

The main objects and objects incidental and ancillary to the attainment of the main objects, as contained in the Memorandum of Association, enables the Exchange to carry on the existing business. The activities carried out by the Exchange are valid in terms of the main objects contained in the Memorandum of Association.

Amendments to our Memorandum of Association

Our Memorandum of Association has been amended pursuant to the change in the authorised share capital of the Exchange. For details for these changes, please see “*Capital Structure - Details of changes to the Exchange’s authorised share capital in the last ten years preceding the date of this Draft Red Herring Prospectus*” on page 68. In addition to the aforesaid changes, the following changes have been made to our Memorandum of Association in the last ten years:

Date of Board Resolution	Particulars
September 15, 2016	Amendment to the object clause by replacing ‘Forward Contracts (Regulation) Act, 1952 with ‘Securities Contracts (Regulation) Act, 1956’ in the Clause III (A) (1)
	Amendment to the object clause by replacing ‘Forward Contracts (Regulation) Act, 1952 with ‘Securities Contracts (Regulation) Act, 1956’ in the Clause III (B) (3)

Major events and milestones

The table below sets forth some of the major events in the history of the Exchange:

Year	Particulars
2006	The Exchange established its spot exchange, NeML
	UNCTAD Report placed the Exchange as one of the world’s leading agricultural exchange
2012	The Exchange introduced staggered delivery
	The Exchange introduced Comtrack, an online commodity tracking and management system
2014	The Exchange launched forward contract – agrim sauda
2015	FPOs initiated trading on the Exchange
2017	The Exchange established its commodity repository, NERL
2018	The Exchange launched commodity options
	NCCL was recognised as a clearing corporation

Awards, accreditations and recognitions

The Exchange has received the following awards, accreditation and recognitions:

Period	Accreditation
2015	The Exchange won ‘Best Overall Talent Management Organization of the Year – NCDEX’ under the category ‘Excellence in Human Resources Development’ at the HR & Leadership Awards by ABP News.
2016	The Exchange was ranked 36 on ‘Dream Companies to work for’ by Times Ascent.
	The Exchange won ‘Best use of mobile technology in financial services’ at the Banking, Financial Services & Insurance awards by ABP News.
2019	The Exchange won an award for ‘Comprehensive Support Services to Farmers’ at the Global Agriculture Awards by the Indian Chamber of Food and Agriculture.
	The Exchange won ‘Best FPO Friendly Private Sector Company’ at the Farmer Producer Organisation Summit & Awards by The Economic Times.

Our holding company

As on the date of this Draft Red Herring Prospectus, the Exchange does not have a holding company.

Details of Subsidiaries

For details with respect to our Subsidiaries, see “*Our Subsidiaries and Associate*” on page 137.

Time/cost overrun

The Exchange has not implemented any project and has, therefore, not experienced any time or cost overruns in relation thereto.

Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

The Exchange has not availed of any term loans and/ or other credit facilities and, therefore, there have not been any defaults or rescheduling of borrowings from financial institutions/banks or conversion of loans into equity by the Exchange.

Material acquisitions or divestments of business/ undertakings, mergers or amalgamation in the last ten years

Except for a business transfer agreement dated June 30, 2017 entered into between NERL and the Exchange for transfer of independent business undertaking of the Exchange, ‘Comtrack’; a transfer clearing and settlement function agreement dated August 24, 2018 between NCCL and the Exchange for transferring the clearing and settlement functions of the Exchange to NCCL and a share purchase agreement dated August 31, 2015 entered into between FIH Mauritius Investments Ltd., NCMSL and the Exchange for the divestment of the Exchange’s holding in NCMSL, the Exchange has not undertaken any material acquisitions or divestments of business/ undertakings, mergers or amalgamations. For more details on the business transfer agreements, see “- *Other Agreements*” on page 135.

Financial and/or strategic partners

As on date of this Draft Red Herring Prospectus, the Exchange does not have any financial or strategic partners.

Revaluation of assets

The Exchange has not revalued its assets in the last ten years preceding the date of this Draft Red Herring Prospectus.

Details of shareholders’ agreements

Except as disclosed in “*Our Subsidiaries and Associate*” on page 137 and “*Our Group Companies*” on page 160, as on the date of this Draft Red Herring Prospectus, there are no subsisting shareholder’s agreements among our Shareholders and the Exchange, or amongst Shareholders of which the Exchange is aware.

Details of agreements by Key Managerial Personnel/ Directors/ any employee of the Exchange

The Directors, Key Managerial Personnel or employees of the Exchange, have not, either by themselves or on behalf of any other person, entered into any agreement with any Shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Exchange.

Other agreements

Except as disclosed below and in “*Our Subsidiaries and Associate*” on page 137, the Exchange has not entered into any other subsisting material agreement, other than in the ordinary course of business:

Business transfer agreement dated June 30, 2017 entered into between NERL and the Exchange

The Exchange and NERL entered into a business transfer agreement dated June 30, 2017, pursuant to SEBI’s

approval to the Exchange dated November 29, 2016 and letter of intent from WDRA dated December 23, 2016 to set up NERL as a subsidiary. Pursuant to the agreement, the Exchange transferred its erstwhile independent business undertaking, 'Comtrack' to NERL. The Exchange transferred the same as a going concern, as and by way of a slump sale in accordance with the Income Tax Act including all rights, title, interest, liabilities, obligations and employees of the business undertaking for a consideration ₹461 million. Comtrack is utilised by NERL for managing the entire process of deposit of commodities, assessment of commodities and credit of such commodities to the accounts of participants to facilitate trading on the Exchange and pledging of such commodities.

Transfer clearing and settlement function agreement dated August 24, 2018 entered into between NCCL and the Exchange

In compliance with the directives of SEBI's circular (CIR/CDMRD/DEA/03/2015) dated November 26, 2015, to clear the trades through a separate clearing corporation within prescribed timelines, the Exchange received SEBI's approval to transfer its clearing and settlement functions to its Subsidiary, National Clearing Corporation Limited ("NCCL").

The Exchange entered into a transfer clearing and settlement function agreement dated August 24, 2018 with NCCL, Pursuant to this agreement, the Exchange transferred its clearing and settlement functions with effect from September 27, 2018 to NCCL.

As per this transfer agreement, the assets (laptops and desktops, risk management system ("RMS") hardware, RMS software and capital work in progress ("CWIP")) were transferred by the Exchange to NCCL for total consideration of ₹6.83 million (plus applicable taxes). The Exchange has transferred liabilities and corresponding funds with respect to member deposit including margin money, warehousing service provider deposit, clearing bank deposit amounting to ₹1,371.99 million. Further Settlement Guarantee Fund represented by penalties recovered from members by the Exchange amounting to ₹26.79 million was transferred to NCCL.

Additionally, income related to clearing and settlement functions being, risk management fee, physical delivery charges, warehouse income and investment income on funds as mentioned above, formed part of NCCL income stream with effect from September 27, 2018. Similarly, the expenses related to the clearing and settlement function, being, employee costs, technology costs, sharing of infrastructure costs were incurred by NCCL with effect from September 27, 2018.

SEBI, by way of its letter dated October 6, 2017, directed that the quantum of the Core SGF with the clearing corporation should not be less than the quantum of the SGF with the Exchange at the time of transfer of the clearing and settlement functions. Accordingly, on September 27, 2018, an SGF with an amount of ₹1,196.10 million was setup by NCCL, by contribution of ₹938.16 million from NCCL and ₹257.94 million from the Exchange, (₹231.15 million as the Exchange's share of contribution towards the Core SGF and settlement penalties of ₹26.79 million).

Share purchase agreement dated August 31, 2015 entered into between FIH Mauritius Investments Ltd., NCMSL and the Exchange

The Exchange entered into a share purchase agreement dated August 31, 2015 to divest its entire shareholding in NCMSL i.e. 5,052,631 equity shares for a consideration of ₹433.21 million to FIH Mauritius Investments Ltd. NCMSL currently provides warehousing/ storage facilities, assaying services and other incidental services to the clearing corporation of the Exchange.

OUR SUBSIDIARIES AND ASSOCIATE

As on the date of this Draft Red Herring Prospectus, the Exchange has the following Subsidiaries and Associate:

Subsidiaries:

1. NCDEX e Markets Limited;
2. National E-Repository Limited;
3. National Commodity Clearing Limited; and
4. NCDEX Institute of Commodity Markets and Research.

Associate:

1. Power Exchange India Limited.

Details of our Subsidiaries are below:

1. ***NCDEX e Markets Limited (“NeML”)***

Corporate Information

NeML was incorporated as a public limited company on October 18, 2006 as ‘NDCEX Spot Exchange Limited’ pursuant to certificate of incorporation and commenced its business pursuant to a certificate for commencement of business dated November 21, 2006, each granted by the RoC. Subsequently, its name was changed to NCDEX e Markets Limited on September 16, 2014 pursuant to ‘certificate of incorporation pursuant to change of name’ granted by the RoC. Its CIN is U93090MH2006PLC165172 and its registered office is situated at 1st Floor, Akruiti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg West, Mumbai 400 078, Maharashtra.

Nature of Business

NeML provides an online and /or manual platform for trading including spot and auction trading in goods and services.

Capital Structure

The authorised share capital of NeML is ₹500,000,000 divided into 12,000,000 preference shares of ₹10 each and 38,000,000 equity shares of ₹10 each. The issued, paid-up and subscribed capital of NeML is ₹355,276,290 divided into 35,527,629 equity shares of ₹10 each.

Shareholding of the Exchange in NeML

The Exchange holds 35,499,400 equity shares, aggregating to 99.92% of the equity share capital of NeML.

2. ***National E-Repository Limited (“NERL”)***

Corporate Information

NERL was incorporated as a public limited company on February 10, 2017 pursuant to certificate of incorporation granted by the RoC. NERL is registered with WDRA with registration no. WDRA/2017/32-2/A&F pursuant to certificate of registration dated September 26, 2017 granted by WDRA. Its CIN is U93090MH2017PLC291035 and its registered office is situated at 1st Floor, Akruiti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg West, Mumbai 400 078, Maharashtra.

Share subscription and shareholders agreement dated June 30, 2017 entered into between NERL, ICICI Bank Limited and the Exchange.

NERL entered into a share subscription and shareholders agreement dated June 30, 2017 with the Exchange and ICICI Bank Limited (“**ICICI**”), pursuant to which ICICI subscribed to 5,148,000 equity shares of

NERL for a consideration of ₹51,480,000 in the first tranche and 2,871,000 equity shares for a consideration of ₹28,710,000 in the second tranche. The key provisions of the agreement are:

- a) *Minimum aggregate capital:* As per the agreement, the minimum aggregate capital commitment of the Exchange along with its nominees in NERL shall be 51% of the equity share capital of NERL.
- b) *Transfer of shares:* Subject to the Exchange holding 24% of the equity share capital of NERL and applicable law, orders, government approvals or consents or approvals from any third party, ICICI and the Exchange shall not, without the prior written consent of NERL, declare a trust, encumber, grant a security interest in or over the equity shares held by or on behalf of them. ICICI and the Exchange shall not, without the prior written consent of the board of directors of NERL, transfer any equity shares held by them to a competitor. Additionally, ICICI or the Exchange or any other investor proposing to transfer the equity shares held by them to any third party shall give a written notice to the other initial investors and the Exchange specifying details and terms of such transfer. Upon receipt of the written notice, other investors and the Exchange shall have right, but not an obligation, to acquire, by itself or through its affiliates and nominees, such offered shares on the same terms and conditions and at a price specified in the written notice. In case the Exchange exercises its right to sell equity shares to other investors, ICICI shall have the right to require such purchaser to purchase the equity shares from ICICI for the same consideration.
- c) *Board of Directors:* NERL shall appoint nominees of ICICI and the Exchange as directors on its board. The agreement provides that till the time, the Exchange holds more than 51% of the equity share capital of NERL, the board composition of NERL will include maximum seven nominee directors of the Exchange, out of which one shall be the managing director and chief executive officer of NERL. In the event, the shareholding of the Exchange reduces below 51% but remains over and above 24%, the maximum number of directors that may be nominated by the Exchange on the board of directors of NERL shall stand reduced from seven directors to four directors. However, it has the right to propose a panel of independent directors from which one independent director may be appointed on the board of directors of NERL. ICICI also holds the right to nominate a director on the board of directors of NERL.
- d) *Quorum for general meeting:* The quorum for all general meetings of NERL shall include one representative from the Exchange.

Share subscription and shareholders agreement dated June 29, 2017 entered into between NERL, State Bank of India and the Exchange.

NERL has entered into a share subscription and shareholders agreement dated June 29, 2017, with the Exchange and State Bank of India (“SBI”), pursuant to which SBI subscribed to 5,137,600 equity shares of NERL for a consideration of ₹51,376,000 in the first tranche and 2,862,400 equity shares for a consideration of ₹28,624,000 in the second tranche. The key provisions of the agreement are:

- a) *Minimum aggregate capital:* As per the agreement, the minimum aggregate capital commitment of the Exchange along with its nominees in NERL shall be 51% of the equity share capital of NERL. In case the subscription by the Exchange, together with its nominees, exceeds the threshold prescribed under applicable law, the Exchange can sell such additional equity shares without the consent of SBI. However, any dilution in the shareholding of the Exchange below the threshold of 24% or as may be prescribed under applicable law shall require prior written consent of SBI.
- b) *Transfer of shares:* SBI and the Exchange shall not, without the prior written consent of the board of directors of NERL, transfer any equity shares held by them to a competitor. Additionally, SBI or the Exchange or any other investor proposing to transfer the equity shares held by them to any third party shall give a written notice to the other initial investors and the Exchange, specifying details and terms of such transfer. Upon receipt of the written notice, other initial investors and the Exchange shall have a right, but not an obligation, to acquire, by itself or through its affiliates and nominees, such offered shares on the same terms and conditions and at a price specified in the written notice. In case any of initial investors do not exercise its rights as stated above, then the other initial investors shall have the right to require such purchaser to purchase the equity shares from them for the same consideration.
- c) *Board of directors:* NERL shall appoint nominees of SBI and the Exchange as directors on its board. Till the time, the Exchange holds more than 51% in NERL, the board composition of NERL will include seven nominee directors of the Exchange out of which one shall be the managing director and chief executive

officer. If the shareholding of the Exchange reduces below 51% of the equity share capital of NERL but remains over and above the threshold of 24% of the equity share capital of NERL, the maximum number of directors that may be nominated by the Exchange on the board of directors of NERL shall stand reduced from seven directors to four directors.

- d) *Affirmative voting rights:* The agreement provides affirmative voting rights to the Exchange and SBI for certain matters, amongst other things, any amendment, supplement, modification or restatement of the memorandum of association or articles of association of NERL or any change in the issued, subscribed or paid-up equity or convertible preference share capital of NERL or re-organisation of the share capital, including new issuance of equity shares or redemption or repurchase of equity shares or other securities or issuance of convertible debentures or warrants or grant of any options over its shares.
- e) *Quorum for general meeting:* The quorum for all general meetings of NERL shall include one representative from the Exchange.
- f) *Non-solicit:* The agreement states that parties to the agreement shall not and shall ensure that no subsidiary or affiliate of such party shall, during the term of the agreement, without the prior written consent of the NERL: (i) enter into any business in India that competes directly or indirectly with the business of NERL; or (ii) solicit a customer or client of NERL in India for itself or any entity other than NERL, for goods and services offered by NERL; or (iii) persuade, solicit or encourage any employee of NERL to leave NERL's employment.

Nature of Business

NERL is engaged in the business of providing core services of a repository, either by itself or through the repository participants to its users.

Capital Structure

The authorised share capital of NERL is ₹1,000,000,000 divided into 100,000,000 equity shares of ₹10 each. The issued, paid-up and subscribed capital of NERL is ₹810,000,000 divided into 81,000,000 equity shares of ₹10 each.

Shareholding of the Exchange in NERL

The Exchange holds 54,451,000 equity shares, aggregating to 67.22% of the equity share capital of NERL. Six of these shares are held by the Exchange jointly with five other shareholders.

3. *National Commodity Clearing Limited ("NCCL")*

Corporate Information

NCCL was incorporated as a public limited company on August 4, 2006 pursuant to a certificate of incorporation and commenced its business pursuant to certificate of commencement of business dated August 23, 2006, each granted by the RoC. Pursuant to notification no. SEBI/LAD-NRO/GN/2018/35 dated September 10, 2018, SEBI granted recognition to NCCL as a recognised clearing corporation. Its CIN is U74992MH2006PLC163550 and its registered office is situated at 1st Floor, Akruiti Corporate Park, L. B. S. Road, Kanjurmarg West, Mumbai 400 078, Maharashtra.

Nature of Business

NCCL is engaged in the business of clearing and settlement of trades in amongst other things, commodity and commodity derivatives, currencies, forex instruments and instruments underlying any other asset classes and shares.

Capital Structure

The authorised share capital of NCCL is ₹1,400,000,000 divided into 140,000,000 equity shares of ₹10 each. The issued, paid-up and subscribed capital of NCCL is ₹1,155,000,000 divided into 115,500,000 equity shares of ₹10 each.

Shareholding of the Exchange in NCCL

The Exchange holds 115,500,000 equity shares, aggregating to 100.00% of the equity share capital of NCCL. Six of these shares are held by the Exchange jointly with six other shareholders.

4. NCDEX Institute of Commodity Markets and Research (“NICR”)

Corporate Information

NICR was incorporated as a public company on September 18, 2007 pursuant to a certificate of incorporation and commenced its business pursuant to certificate of commencement of business dated April 2, 2008, each granted by the RoC. Its CIN is U74900MH2007NPL174229 and its registered office is situated at 1st Floor, Akruiti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg West, Mumbai 400 078, Maharashtra. NICR is also registered under Section 25 of the erstwhile Companies Act, 1956.

Nature of Business

NICR operates as a charitable, statistical research institution carrying on activities to promote knowledge and research relating to commodity markets and associated derivatives and disseminate information for the benefit of the participants in markets for products, goods or commodities, currency, bonds, fixed income, intangibles and indices.

Capital Structure

The authorised share capital of NICR is ₹500,000 divided into 50,000 equity shares of ₹10 each. The issued, paid-up and subscribed capital of NICR is ₹500,000 divided into 50,000 equity shares of ₹10 each.

Shareholding of the Exchange in NICR

The Exchange holds 50,000 equity shares, aggregating to 100% of the equity share capital of NICR. Separately, 600 equity shares of NICR are jointly held by the Exchange with six other shareholders, who are employees of the Exchange.

Details of our Associate are below:

Power Exchange India Limited (“PXIL”)

For details of our Associate, see “*Our Group Companies*” on page 160.

Other confirmations

There are no accumulated profits or losses of any of our Subsidiaries, which are not accounted for by the Exchange.

Listing

None of our Subsidiaries are listed on any stock exchange in India or abroad. Further, neither have any of the securities of our Subsidiaries been refused listing by any stock exchange in India or abroad, nor have any of our Subsidiaries failed to meet the listing requirements of any stock exchange in India or abroad.

Business interest of our Subsidiaries in the Exchange

Our Subsidiaries do not have any interest in the Exchange’s business other than as stated in “*Our Business*”, “*History and Certain Corporate Matters*” and “*Financial Statements*”, on pages 109, 133 and 171, respectively.

Common pursuits

None of our Subsidiaries have any common pursuits with the Exchange.

OUR MANAGEMENT

Board of Directors

As per the provisions of our Articles of Association, the Exchange is required to have not less than three Directors and not more than 16 Directors. In terms of the SECC Regulations, the Board is required to include Shareholder Directors, Public Interest Directors and a Managing Director. Further, as per the SECC Regulations, the number of Public Interest Directors should not be less than the number of Shareholder Directors.

As on the date of this Draft Red Herring Prospectus, the Board comprises 11 Directors, including one Managing Director and Chief Executive Officer, four Shareholder Directors, and six Public Interest Directors (including one woman Director and one Chairman). The Exchange is in compliance with the corporate governance requirements prescribed under the SECC Regulations, SEBI Listing Regulations and the Companies Act, in relation to the composition of the Board and constitution of committees thereof.

The following table sets forth the details of the Board as on the date of this Draft Red Herring Prospectus:

Name, address, designation, occupation, nationality, date of birth, tenure and DIN	Age	Other directorships
<p>Ravindra Kumar Roye</p> <p><i>Designation:</i> Chairman and Public Interest Director</p> <p><i>Date of birth:</i> July 18, 1953</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> Flat No. 503, 504, 505, Madhu Kunj Apartments, Sayani Road, Prabhadevi, Mumbai 400 025, Maharashtra</p> <p><i>Occupation:</i> Retired</p> <p><i>Current term:</i> Three years from June 15, 2017</p> <p><i>Period of directorship:</i> Director since June 15, 2017</p> <p><i>DIN:</i> 07304930</p>	66	Nil
<p>Vijay Kumar V.</p> <p><i>Designation:</i> Managing Director and Chief Executive Officer</p> <p><i>Date of birth:</i> July 4, 1961</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> 8751, Sector C, Pocket 8, Vasant Kunj, New Delhi 110 070</p> <p><i>Occupation:</i> Professional</p> <p><i>Current term:</i> Three years from January 18, 2018</p> <p><i>Period of directorship:</i> Director since</p>	58	<p><i>Indian companies</i></p> <ul style="list-style-type: none"> • NCDEX Institute of Commodity Markets and Research • NCDEX e Markets Limited • National E- Repository Limited <p><i>Foreign companies</i></p> <p>Nil</p>

Name, address, designation, occupation, nationality, date of birth, tenure and DIN	Age	Other directorships
<p>January 18, 2018</p> <p><i>DIN:</i> 06651068</p>		
<p>Rakesh Kapur</p> <p><i>Designation:</i> Shareholder Director</p> <p><i>Date of birth:</i> September 26, 1954</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> B 9/12, Ground Floor Vasant Vihar-1, South West Delhi, New Delhi 110 057</p> <p><i>Occupation:</i> Service</p> <p><i>Current term:</i> Liable to retire by rotation</p> <p><i>Period of directorship:</i> Director since April 26, 2008</p> <p><i>DIN:</i> 00007230</p>	65	<p><i>Indian companies</i></p> <ul style="list-style-type: none"> • IFFCO Kisan Logistics Limited • IFFCO Kisan Sanchar Limited • IFFCO Kisan SEZ Limited • IFFCO MC-Crop Science Private Limited • The Fertilizer Association of India • Airtel Payments Bank Limited • IFFCO Kisan Finance Limited • CN IFFCO Private Limited • IFFCO TOKIO General Insurance Company Limited <p><i>Foreign companies</i></p> <ul style="list-style-type: none"> • Kisan International Trading, FZE, Dubai • Oman India Fertilizer Company S.A.O.C., Oman • Fert. Coop. Trading (LLC.), Dubai • International Fertilizer Association, Paris
<p>Srinath Srinivasan</p> <p><i>Designation:</i> Shareholder Director</p> <p><i>Date of birth:</i> December 4, 1966</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> 1003, Raheja Empress, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025, Maharashtra</p> <p><i>Occupation:</i> Service</p> <p><i>Current term:</i> Liable to retire by rotation</p> <p><i>Period of directorship:</i> Director since February 24, 2014</p> <p><i>DIN:</i> 00107184</p>	53	<p><i>Indian companies</i></p> <ul style="list-style-type: none"> • Stanley Lifestyles Limited • Capital Small Finance Bank Limited <p><i>Foreign companies</i></p> <p>Nil</p>
<p>Sunil Kumar</p> <p><i>Designation:</i> Shareholder Director</p> <p><i>Date of birth:</i> July 25, 1964</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> A-9, KVS, Veer Savarkar Marg, Dadar (West) Mumbai 400 028, Maharashtra</p> <p><i>Occupation:</i> Service</p>	55	Nil

Name, address, designation, occupation, nationality, date of birth, tenure and DIN	Age	Other directorships
<p><i>Current term:</i> Liable to retire by rotation</p> <p><i>Period of directorship:</i> Director since May 15, 2017</p> <p><i>DIN:</i> 07740252</p>		
<p>Dr. Purvi Mehta</p> <p><i>Designation:</i> Public Interest Director</p> <p><i>Date of birth:</i> January 29, 1970</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> 2, Arati Society, Race Course, Vadodara 390 016, Gujarat</p> <p><i>Occupation:</i> Service</p> <p><i>Current term:</i> Three years from January 11, 2018</p> <p><i>Period of directorship:</i> Director since January 11, 2018</p> <p><i>DIN:</i> 01596457</p>	50	Nil
<p>B. Venugopal</p> <p><i>Designation:</i> Shareholder Director</p> <p><i>Date of birth:</i> May 18, 1959</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> Flat No. 1, Oval View 150, Maharshi Karve Road, Churchgate, Mumbai 400 020, Maharashtra</p> <p><i>Occupation:</i> Retired</p> <p><i>Current term:</i> Liable to retire by rotation</p> <p><i>Period of directorship:</i> Director since January 11, 2018</p> <p><i>DIN:</i> 02638597</p>	60	<p><i>Others</i></p> <ul style="list-style-type: none"> • State Bank of India
<p>Chaman Kumar</p> <p><i>Designation:</i> Public Interest Director</p> <p><i>Date of birth:</i> December 3, 1951</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> House No 502, Kalypso Court Tower - 1, Sector 128, behind Axis Bank building, Noida 201 304, Uttar Pradesh</p>	68	<p><i>Indian companies</i></p> <ul style="list-style-type: none"> • Engineers India Limited <p><i>Foreign companies</i></p> <p>Nil</p>

Name, address, designation, occupation, nationality, date of birth, tenure and DIN	Age	Other directorships
<p><i>Occupation:</i> Retired</p> <p><i>Current term:</i> Three years from April 10, 2018</p> <p><i>Period of directorship:</i> Director since April 10, 2018</p> <p><i>DIN:</i> 02064012</p>		
<p>Nirmalendu Jajodia</p> <p><i>Designation:</i> Public Interest Director</p> <p><i>Date of birth:</i> April 9, 1957</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> 24, Shridhar Smruti A, Eksar Road, Borivali West, Mumbai 400 103, Maharashtra</p> <p><i>Occupation:</i> Professional</p> <p><i>Current term:</i> Three years from April 13, 2018</p> <p><i>Period of directorship:</i> Director since April 13, 2018</p> <p><i>DIN:</i> 01937128</p>	62	<p><i>Indian companies</i></p> <p>Nil</p> <p><i>Foreign companies</i></p> <p>Nil</p>
<p>Prem Kumar Malhotra</p> <p><i>Designation:</i> Public Interest Director</p> <p><i>Date of birth:</i> September 25, 1953</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> K-31, South Extension, Second Floor, Part -2, New Delhi 110 049</p> <p><i>Occupation:</i> Professional</p> <p><i>Current term:</i> Three years from August 9, 2018</p> <p><i>Period of directorship:</i> Director since August 9, 2018</p> <p><i>DIN:</i> 07731762</p>	66	<p><i>Indian companies</i></p> <ul style="list-style-type: none"> • ICSI Institute of Insolvency Professionals <p><i>Foreign companies</i></p> <p>Nil</p>
<p>Dr. Ashok Gulati</p> <p><i>Designation:</i> Public Interest Director</p> <p><i>Date of birth:</i> May 11, 1954</p> <p><i>Nationality:</i> Indian</p>	65	<p><i>Indian companies</i></p> <p>Nil</p> <p><i>Foreign companies</i></p> <p>Nil</p>

Name, address, designation, occupation, nationality, date of birth, tenure and DIN	Age	Other directorships
<p><i>Address:</i> A-17, Sector-52, Noida, Gautam Budh Nagar 201 301, Uttar Pradesh</p> <p><i>Occupation:</i> Professional</p> <p><i>Current term:</i> Three years from January 3, 2019</p> <p><i>Period of directorship:</i> Director since January 3, 2019</p> <p><i>DIN:</i> 07062601</p>		<p><i>Others</i></p> <ul style="list-style-type: none"> • National Bank for Agriculture and Rural Development • Reserve Bank of India

Brief profiles of the Directors

Ravindra Kumar Roye is the Chairman and Public Interest Director of the Exchange. He holds a bachelor's degree of science from Rajasthan University and a master's degree of science from Govind Ballabh Pant, University of Agriculture and Technology. He is an ex-Indian Revenue Services Officer. He retired in July, 2013 as Chief Commissioner of Income Tax Department, Pune. During his tenure of 36 years with the Income Tax Department, he held various positions across India. Over the last 12 years, in particular, he held multiple administrative positions, one of them being Chairman of Settlement Commission (Income Tax / Wealth Tax).

Vijay Kumar V. is the Managing Director and Chief Executive Officer of the Exchange. He holds a bachelor's degree of technology in electrical engineering from the Indian Institute of Technology, Madras and a master's degree in business administration from the University of Delhi. He served the Exchange as the chief business officer from 2009 to 2014. He has previously worked with Reliance Fresh Limited and has also served as a director on the board of directors of NCCL, the chief business officer of National Bulk Handling Corporation Private Limited and the group chief operating officer of Sharp Mint Limited.

Rakesh Kapur is a Shareholder Director of the Exchange. He is currently the joint managing director and chief financial officer of Indian Farmers Fertiliser Cooperative Limited and oversees the financial related functions. He holds a bachelor's degree of technology in mechanical engineering from Indian Institute of Technology, New Delhi and a post-graduation diploma in management from Punjabi University. He is an ex-Indian Revenue Service Officer of 1978 batch, and has held various positions in the Government of India, which included joint secretary, Telecom Regulatory Authority of India, director in the Department of Fertilisers, Government of India, additional assessor and collector, Municipal Corporation of Delhi. He is a director on the boards of various Indian and foreign companies. He was the chairman of Fertiliser Association of India and president of International Fertilizer Industry Association, Paris. He holds the additional responsibility as a director on the board of directors of IFFCO Kisan Sanchar Limited and is also the managing director of IFFCO Kisan SEZ Limited.

Srinath Srinivasan is a Shareholder Director of the Exchange. He holds a master's degree in business management from Asian Institute of Management, Philippines and a bachelor's degree of engineering in electronics and communication from Mangalore University, Karnataka. He has completed an independent director's certification program offered by Hunt Partners Directors' Limited. He has been conferred various certifications such as 'Leadership Skills for Top Management' from Indian School of Business. He is the chief executive officer of Oman India Joint Investment Fund Management Company Private Limited ("OIJIF"). He was appointed as chief investment officer of OIJIF in 2011.

Sunil Kumar is a Shareholder Director of the Exchange. He has been conferred a fellowship title by the Indian Institute of Management Society, Lucknow, a post graduate diploma in rural management from Institute of Rural Management, Anand and a master's degree in economics from Kanpur University, and is also a certified associate of the Indian Institute of Bankers. He is currently working as chief general manager in Rural Development Banking Service of National Bank for Agriculture and Rural Development at its office in Mumbai.

Dr. Purvi Mehta is a Public Interest Director of the Exchange. She is currently the deputy director and head of Asia for agriculture at the Bill and Melinda Gates Foundation. She holds a bachelor's degree of science from

Maharaja Sayajirao University, Baroda, a master's degree of agriculture from North Carolina State University and a doctorate in philosophy from Bhavnagar University. She was the recipient of the 2013 Agriculture Leadership Award, for her contributions to agriculture policies. She has two books and several publications to her credit.

B. Venugopal is a Shareholder Director of the Exchange. He holds a bachelor's degree in commerce from the University of Kerala. He is currently a director of State Bank of India. He has several years of experience in the field of insurance and finance and has served in various positions, including as a managing director in Life Insurance Corporation of India.

Chaman Kumar is a Public Interest Director of the Exchange. He is an ex-Indian Administration Service officer. He holds a bachelor's and a master's degree in science from Kanpur University, and a diploma in instruction and practical training in forestry and allied subjects from Indian Forestry College, Dehra Dun. He has served at various posts for the Government of Gujarat and the Government of India.

Nirmalendu Jajodia is a Public Interest Director of the Exchange. He has a bachelor's degree of technology in mechanical engineering from Indian Institute of Technology, Bombay. He was chief of technology and operations at the Exchange and a consultant in NICR. He has handled key senior management responsibilities and has worked as vice president at Larsen and Toubro Infotech Limited, executive vice president at Datamatics Limited, vice president – information technology at Central Depository Services (India) Limited and divisional chief (automation) for Stock Holding Corporation of India Limited.

Prem Kumar Malhotra is a Public Interest Director of the Exchange. He holds a master's degree of laws from Gujarat University and a master's degree of arts in political science from Panjab University. He also holds a diploma in international law from University of Delhi. He is currently a practicing advocate and a legal consultant. He has worked with the Ministry of Law and Justice as a permanent officer of Indian Legal Services, and has also served as the secretary, legislative department, Ministry of Law and Justice.

Dr. Ashok Gulati is a Public Interest Director of the Exchange. He holds a bachelor's degree in arts and a doctorate in philosophy from Delhi School of Economics. He has also been elected as a fellow of the National Academy of Agricultural Sciences. He is currently a chair professor in agriculture at Indian Council for Research on International Economic Relations and is serving as a director on the boards of Reserve Bank of India and National Bank for Agriculture and Rural Development. He has also served as a chairman of the Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers Welfare, Government of India, and has also been on the high level committee of restricting of Food Corporation of India. For his contributions to the field of public affairs, he was awarded the *Padma Shri* award in 2015 by the President of India. He is a noted author, and has also written numerous research papers in national and international journals. He has been a writer with several leading daily newspapers in India, with his current column "*From Plate to Plough*" in the Indian Express and Financial Express.

Confirmations

None of the Directors is or was a director of any company listed on any stock exchange, whose shares have been or were suspended from being traded during the five years preceding the date of this Draft Red Herring Prospectus, during the term of his/her directorship in such company.

None of the Directors is, or was a director of any listed company, which has been or was delisted from any stock exchange, during the term of his/her directorship in such company.

None of the Directors are related to each other or to any of the Key Managerial Personnel.

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of the Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce any of the Directors to become or to help any of them qualify as a director, or otherwise for services rendered by them or by the firm, trust or company in which they are interested, in connection with the promotion or formation of the Exchange.

Arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any of the Directors was selected as a Director or member of senior management

As on the date of this Draft Red Herring Prospectus, there is no arrangement or understanding with any of the Exchange's major Shareholders, customers, suppliers or others, pursuant to which any person has been appointed or selected as a director or member of Senior Management. However, pursuant to Regulation 23 of the SECC Regulations, the board of directors of each recognised stock exchange shall include shareholder directors. Further, our Articles of Association provide for the appointment of Shareholder Directors to the Board, subject to approval of the Shareholders of the Exchange and SEBI, as required under the Companies Act, the SCRA and the SECC Regulations. As on the date of this Draft Red Herring Prospectus, each of Oman India Joint Investment Fund, Indian Farmers Fertiliser Cooperative Limited, National Bank for Agriculture and Rural Development and Life Insurance Corporation of India has nominated Shareholder Directors to our Board.

Service contracts with the Directors

The Exchange has not entered into any service contracts with any of the Directors, which provide for benefits upon termination of employment.

Terms of appointment of the Managing Director and Chief Executive Officer

Pursuant to a Board resolution dated November 20, 2017, Shareholders' resolution dated December 15, 2017, and SEBI's approval dated January 11, 2018, Vijay Kumar V. was appointed the Managing Director and Chief Executive Officer of the Exchange for a period of three years effective from January 18, 2018.

Vijay Kumar V. is entitled to the following remuneration:

Particular	Details of Remuneration (₹ in million)
Fixed	11.30
HRA	2.30
Perquisites	0.80
Variable pay	4.70
Total	19.10

Payments or benefits by the Exchange to its Directors

In Fiscal 2019, Exchange has not paid any compensation or granted any benefit on an individual basis to any of its Directors (including contingent or deferred compensation) other than the remuneration paid to them for such period.

Remuneration paid to the Directors

The Exchange has not entered into any contract appointing or fixing the remuneration of a Director since incorporation.

1. Managing Director and Chief Executive Officer

The following are the details of the remuneration paid to Vijay Kumar V. in Fiscal 2019:

Particular	Details of Remuneration (₹ in million)
Basic salary	5.00
Education allowance	0.00
HRA	2.00
Special allowance	3.60
Unclaimed perquisites	0.75
Unclaimed reimbursement	0.15
Variable allowance	0.25
Perquisites and other benefits	0.54*
Employer's Provident Fund Contribution	0.60
Total	12.89

*Includes ₹5,000 paid as medical reimbursement.

2. Public Interest Directors

Pursuant to the resolution dated October 19, 2016, passed by our Board, our Public Interest Directors are entitled to a sitting fee of ₹0.06 million for attending each meeting of the Board and the Audit Committee, and ₹0.04 million for attending each meeting of the other committees of the Board:

Name of Director	Total amount of sitting fees paid in Fiscal 2019 (₹ in million)
Ravindra Kumar Roye	2.54
Dr. Ashok Gulati	0.18
Dr. Purvi Mehta	1.08
Nirmalendu Jajodia	0.86
Chaman Kumar	2.02
Prem Kumar Malhotra	0.62

3. Shareholder Directors

Pursuant to the resolution dated October 19, 2016, passed by our Board, our Shareholder Directors are entitled to a sitting fee of ₹0.06 million for attending each meeting of the Board and the Audit Committee, and ₹0.04 million for attending each meeting of the other committees of the Board:

Name of Director	Total amount of sitting fees paid in Fiscal 2019 (₹ in million)
Srinath Srinivasan ⁽¹⁾	0.82*
Sunil Kumar ⁽²⁾	0.80
Rakesh Kapur	1.50
B. Venugopal ⁽³⁾	0.18
J. Ravichandran ⁽⁴⁾	0.60

*In addition to the sitting fee paid by the Exchange, he has also received ₹0.18 million as sitting fee for attending meetings of the board of directors and various committees of NeML in Fiscal 2019.

(1) Srinath Srinivasan is a Shareholder Director representing Oman India Joint Investment Fund ("OIJIF") and the sitting fees payable to him is directly paid to OIJIF.

(2) Sunil Kumar is a Shareholder Director representing National Bank for Agriculture and Rural Development ("NABARD") and the sitting fees payable to him is directly paid to NABARD.

(3) B. Venugopal is a Shareholder Director representing Life Insurance Corporation of India ("LIC") and the sitting fees paid to him in Fiscal 2019 was paid directly to LIC.

(4) J. Ravichandran resigned as a Shareholder Director on February 4, 2020. He was a Shareholder Director representing NSE and the sitting fees paid to him was directly paid to NSE.

Bonus or profit-sharing plan of the Directors

None of the Directors are a party to any bonus or profit sharing plan by the Exchange.

Shareholding of the Directors in the Exchange

None of the Directors hold any Equity Shares, as on the date of this Draft Red Herring Prospectus.

Shareholding of the Directors in our Subsidiaries and Group Companies

None of the Directors hold any equity shares in our Subsidiaries or Group Companies.

Confirmations

None of the Directors have been declared as wilful defaulters by the RBI or any other statutory authorities.

None of the Directors have been declared a Fugitive Economic Offender.

Interest of Directors

All of the Public Interest Directors and Shareholder Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board and/or committees of the Exchange thereof, and the reimbursement of expenses payable to them. Further, our Shareholder Directors may, in addition to their

sitting fees and reimbursement of expenses, be deemed to be interested in our performance to the extent of such nominating Shareholder's shareholding in the Exchange.

Srinath Srinivasan is a Shareholder Director representing Oman India Joint Investment Fund ("OIJIF"), our Shareholder and a Selling Shareholder. He may be interested in the Exchange to the extent of the beneficial interest of 0.000403% held by him in OIJIF, including an interest in the proceeds of the Offer for Sale on account of such beneficial interest.

Sunil Kumar is a Shareholder Directors representing National Bank for Agriculture and Rural Development ("NABARD"). Further, Rakesh Kapur is associated with Indian Farmers Fertiliser Cooperative Limited ("IFFCO") in the capacity of joint managing director and chief financial officer and B. Venugopal was appointed as a Shareholder Director to represent Life Insurance Corporation of India ("LIC").

For details of the shareholding of OIJIF, NABARD, LIC and IFFCO, please see "Capital Structure" on page 68.

Vijay Kumar V., the Managing Director and Chief Executive Officer, may be deemed to be interested to the extent of the remuneration payable to him by the Exchange as Managing Director and Chief Executive Officer of the Exchange.

Our Directors do not have any interest in any property acquired or proposed to be acquired of or by the Exchange or in the promotion or formation of the Exchange.

Further, our Directors do not have any interest in any transaction by the Exchange for acquisition of land, construction of building or supply of machinery since incorporation.

For further details, please see "Risk Factors - Certain of our Key Managerial Personnel and our Directors may be interested in our performance in addition to their remuneration" on page 45.

Borrowing powers of the Board

Pursuant to our Articles of Association, the applicable provisions of the Companies Act, 2013, and the resolution passed by the Board at their meeting held on October 21, 2014, the Board has been authorised to borrow up to ₹5,000 million.

Changes in the Board of Directors in the last three years

Sr. No.	Name of Director	Designation	Date of appointment /cessation	Reason
1.	Sunil Kumar	Shareholder Director	May 15, 2017	Appointment
2.	R. M. Kummur	Shareholder Director	May 15, 2017	Cessation due to resignation
3.	Ravindra Kumar Roye	Public Interest Director	June 15, 2017	Appointment
4.	Sidhartha Pradhan	Public Interest Director	August 10, 2017	Cessation due to resignation
5.	Ravi Narain	Shareholder Director	September 21, 2017	Cessation due to retirement
6.	J. Ravichandran	Shareholder Director	October 9, 2017	Appointment
7.	Samir Kumar Mitter	Shareholder Director	October 9, 2017	Cessation due to resignation
8.	B. Venugopal	Shareholder Director	January 11, 2018	Appointment
9.	Dr. Purvi Mehta	Public Interest Director	January 11, 2018	Appointment
10.	Samir Shah	Managing Director and CEO	January 17, 2018	Cessation due to resignation
11.	Vijay Kumar V.	Managing Director and CEO	January 18, 2018	Appointment
12.	Dr. Ashok Gulati	Public Interest Director	January 19, 2018	Cessation due to completion of tenure
13.	Rabi Narayan Das	Public Interest Director	April 1, 2018	Cessation due to completion of tenure

Sr. No.	Name of Director	Designation	Date of appointment /cessation	Reason
14.	Naina Krishna Murthy	Public Interest Director	April 1, 2018	Cessation due to completion of tenure
15.	Chaman Kumar	Public Interest Director	April 10, 2018	Appointment
16.	Nirmalendu Jajodia	Public Interest Director	April 13, 2018	Appointment
17.	Prem Kumar Malhotra	Public Interest Director	August 9, 2018	Appointment
18.	Ashok Bhan	Public Interest Director	January 3, 2019	Ceased to be Public Interest Director on attaining the prescribed age under the SECC Regulations
19.	Dr. Ashok Gulati	Public Interest Director	January 3, 2019	Appointment
20.	J. Ravichandran	Shareholder Director	February 4, 2020	Cessation due to resignation

Corporate governance

The disclosure requirements and corporate governance norms as specified for listed companies shall *mutatis mutandis* apply to a recognised stock exchange. The Exchange is in compliance with the requirements of applicable regulations, specifically the SEBI Listing Regulations, the SECC Regulations, the Companies Act, and the SEBI ICDR Regulations, to the extent applicable, in respect of corporate governance, particularly in relation to constitution of the Board and committees of the Board.

Committees of the Board

I. Audit Committee

The Audit Committee was originally constituted by a resolution of the Board at its meeting held on June 17, 2003 and was last re-constituted on February 13, 2019. Our Audit Committee currently comprises the following Directors:

Sr. No.	Name of Director	Position in the committee
1.	Ravindra Kumar Roye	Chairman
2.	Chaman Kumar	Member
3.	Rakesh Kapur	Member

Terms of reference:

The function of the Audit Committee includes the following:

1. Recommendation for appointment, remuneration and terms of appointment of auditors (both internal and statutory auditors) of the Exchange;
2. Review and monitor the auditors' independence and performance, and effectiveness of audit process;
3. Examination of the financial statements and auditors' report thereon;
4. Approval or any subsequent modification of transactions of the Exchange with related parties;
5. Scrutiny inter-corporate loans and investments;
6. Valuation of undertakings or assets of the Exchange, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers (if any) and related matters;
9. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
10. Oversight of the Exchange's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
11. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
12. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) changes, if any, in accounting policies and practices and reasons for the same;

- b) major accounting entries involving estimates based on the exercise of judgment by management;
 - c) significant adjustments made in the financial statements arising out of audit findings;
 - d) compliance with listing and other legal requirements relating to financial statements;
 - e) disclosure of any related party transactions;
 - f) modified opinion(s) in the draft audit report;
13. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 14. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, *etc.*), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 15. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 16. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 17. Discussion with internal auditors of any significant findings and follow up there on;
 18. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 19. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 20. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 21. To review the functioning of the whistle blower mechanism;
 22. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, *etc.* of the candidate;
 23. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
 24. The Audit Committee shall mandatorily review the following information:
 - a) management discussion and analysis of financial condition and results of operations;
 - b) statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - c) management letters/letters of internal control weaknesses issued by the statutory auditors;
 - d) internal audit reports relating to internal control weaknesses; and
 - e) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
 - f) statement of deviations:
 - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable; and
 - ii. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice.
 25. To review the utilisation of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision; and
 26. Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory authority.

II. *Nomination and Remuneration Committee*

The Nomination and Remuneration Committee was originally constituted by a resolution of the Board at its meeting held on June 17, 2003 and was last reconstituted on February 13, 2019. Our Nomination Remuneration Committee currently comprises the following Directors:

Sr. No.	Name of Director	Position in the committee
1.	Chaman Kumar	Chairman
2.	Dr. Purvi Mehta	Member
3.	Ravindra Kumar Roye	Member
4.	Dr. Ashok Gulati	Member

Terms of reference:

The function of the Nomination and Remuneration Committee includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to, the remuneration of the Directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board ;
3. Devising a policy on diversity of the Board;
4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of Independent Directors;
6. To specify the manner for effective evaluation of performance of Board, its committees and Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
7. To lay down policy for compensation of key managerial personnel under the SECC Regulations, 2018 in terms of the compensation norms prescribed by SEBI;
8. To determine the tenure of key managerial personnel to be posted to a regulatory department;
9. Framing the guidelines and management of the employee stock option scheme to the staff and Executive Directors of the Exchange;
10. Develop and approve key policies in respect of human resources, organisational matters etc.;
11. Identifying key management personnel, other than personnel as specifically provided in its definition under SECC Regulations, 2018;
12. Laying down the policy for compensation of key management personnel in terms of the compensation norms prescribed by SEBI;
13. Determining the compensation of key managerial personnel in terms of the compensation policy;
14. Selecting the Managing Director;
15. Framing and reviewing the performance review policy to carry out evaluation of every Director's performance, including that of the Public Interest Directors;
16. Recommending whether to extend the term of appointment of a Public Interest Director;
17. Recommending to the Board, all remuneration, in whatever form, payable to senior management; and
18. Such other functions as may be specified under the Companies Act, by SEBI or any other statutory or regulatory authority.

III. Stakeholders Relationship Committee

The Stakeholders Relationship Committee was originally constituted by a resolution of the Board at its meeting held on April 26, 2013 and was last reconstituted on February 10, 2020. Our Stakeholders Relationship Committee currently comprises the following Directors:

Sr. No.	Name of Director	Position in the committee
1.	Prem Kumar Malhotra	Chairman
2.	Nirmalendu Jajodia	Member
3.	Sunil Kumar	Member

Terms of reference:

The function of the Stakeholders Relationship Committee includes:

1. To approve transfer, transmission, dematerialisation, rematerialisation, splitting and/or consolidation of share certificates, issue of duplicates etc. of shares and debentures in accordance with the Articles of Association of the Exchange;
2. To consider and resolve the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, on-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
3. To consider, decide and take appropriate action in any matter which may arise between the Exchange and the shareholders as a result of any agreement or otherwise;

4. To review the measures taken for effective exercise of voting rights by shareholders;
5. To review the adherence to the service standards adopted by the entity in respect of various services being rendered by the registrar and share transfer agent;
6. To review of the various measures and initiatives taken by the entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Exchange; and
7. Such other functions as may be specified under the Companies Act, by SEBI or any other statutory or regulatory authority.

IV. Risk Management Committee

The Risk Management Committee was originally constituted by a resolution of the Board at its meeting held on June 17, 2003 and was last reconstituted on May 22, 2019. Our Risk Management Committee currently comprises the following Directors:

Sr. No.	Name of Director	Position in the committee
1.	Dr. Purvi Mehta	Chairman
2.	Prem Kumar Malhotra	Member
3.	Nirmalendu Jajodia	Member
4.	Sanjeev Shukla	Member (Independent External Expert)
5.	Susan Thomas	Member (Independent External Expert)

Terms of Reference:

The function of the Risk Management Committee includes:

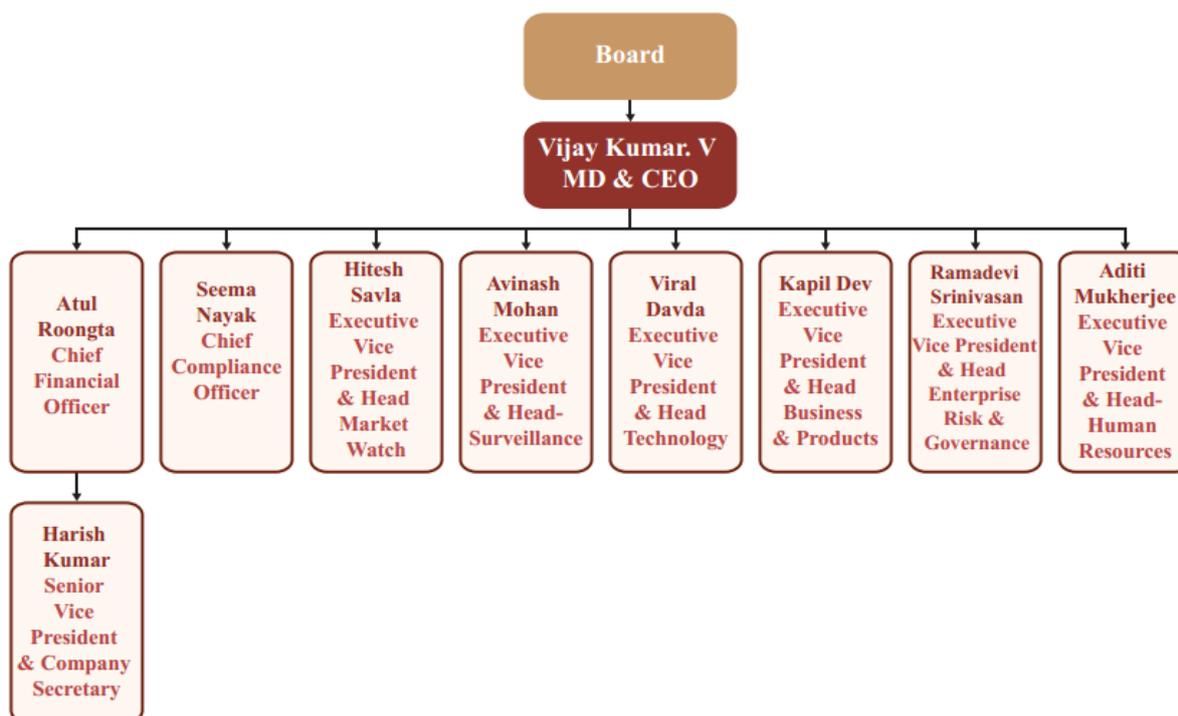
1. To formulate a detailed risk management policy which shall be approved by the Board;
2. To review the risk management framework and risk mitigation measures from time to time;
3. To monitor and review enterprise-wide risk management plan and lay down procedures to inform Board members about the risk assessment and minimisation procedures;
4. The head of the risk management department shall report to the Risk Management Committee and to the Managing Director of the Exchange;
5. The Risk Management Committee shall monitor implementation of the risk management policy and keep SEBI and the Board informed about its implementation and deviation, if any; and
6. Such other functions as may be specified by SEBI or any other statutory or regulatory authority.

Other committees of the Board:

In addition to the above committees, the Exchange has also constituted the following committees of the Board:

1. Corporate Social Responsibility Committee;
2. Public Interest Director Committee;
3. Regulatory Oversight Committee;
4. Farmer Engagement Group;
5. Business Strategy Committee;
6. Advisory Committee;
7. Member and Core Settlement Guarantee Fund Committee;
8. Capital Raising Committee; and
9. Standing Committee on Technology.

Management organisation structure



Key Managerial Personnel

The details of the Key Managerial Personnel, other than its Managing Director and Chief Executive Officer, as on the date of this Draft Red Herring Prospectus, are set out below:

Atul Roongta, aged 48, is the Chief Financial Officer of the Exchange. He has been with the Exchange since July 3, 2017. He is a qualified chartered accountant. He is a former chief operating officer of BOI AXA Investment Managers and has worked with Bharti AXA Life Insurance Company Limited and KPMG Advisory Services Private Limited. He has over 25 years of experience in finance, consulting and investment banking. His term of employment is till his resignation or termination of service by the Exchange. He received compensation aggregating to ₹12.69 million in Fiscal 2019.

Seema Nayak, aged 46, is the Chief Compliance Officer. She has been with the Exchange since October 10, 2016. She has a master's degree in business administration from Mangalore University. She has previously worked with NSE and Over the Counter Exchange of India. She has over 20 years of experience in financial markets. Her term of employment is till her resignation or termination of service by the Exchange. She received compensation aggregating to ₹7.57 million in Fiscal 2019.

Hitesh Savla, aged 42, is the Executive Vice President and Head – Market Watch of the Exchange. He has been working with the Exchange since April 25, 2005. He has previously worked with BSE and Refco – Sify Securities India Private Limited. He is a qualified Chartered Accountant and has over 20 years of experience in surveillance, operations and compliance. His term of employment is till his resignation or termination of service by the Exchange. He received compensation aggregating to ₹4.44 million in Fiscal 2019.

Avinash Mohan, aged 42, is the Executive Vice President and Head of Surveillance of the Exchange. He has been with the Exchange since May 17, 2005. He has previously worked with National Stock Exchange of India Limited, Morgan Stanley and Centrum Finance Limited. He holds a master's degree in Management Studies from University of Mumbai. He has over 15 years of experience in financial markets. His term of employment is till his resignation or termination of service by the Exchange. He received compensation aggregating to ₹4.34 million in Fiscal 2019.

Viral Davda, aged 40, is the Executive Vice President and Head of Technology. He has been with the Exchange since December 29, 2008. He holds a post graduate diploma in information technology from Bharatiya Vidya Bhavan's S.P. Jain Institute of Management and Research. He has previously worked with Datamatics Global

Services, Agilisys IT Services India Private Limited and TransWorks Information Services Limited. He has over 15 years of experience in managing technology. His term of employment is till his resignation or termination of service by the Exchange. He received compensation aggregating to ₹4.35 million in Fiscal 2019.

Kapil Dev, aged 35, is the Executive Vice President and Head of Products and Business Development. He has been with the Exchange since May 19, 2018. He holds a master's degree in Business Administration (Agri – business) from Rajasthan Agricultural University, Bikaner. He has previously worked with Shriram Fertilizers and Chemicals Limited, Glencore Grains India Private Limited and Monsanto India Limited and has over 12 years of experience. His term of employment is till his resignation or termination of service by the Exchange. He received compensation aggregating to ₹4.44 million in Fiscal 2019.

Ramadevi Srinivasan, aged 57 years, is the Executive Vice President and Head of Enterprise Risk and Governance Department of the Exchange. She has been associated with the Exchange since June 3, 2019. She is a qualified Chartered Accountant and has experience in the financial service sector. She has worked with State Bank of India and has more than 20 years of experience in banking. Her term of employment is till her resignation or termination of service by the Exchange. She did not receive any compensation from the Exchange in Fiscal 2019, since she commenced working with the Exchange on June 3, 2019.

Aditi Mukherjee, aged 45, is the Executive Vice President and Head of Human Resources of the Exchange. She has been with the Exchange since September 18, 2019. She has a bachelor's degree of science from the University of Calcutta, and has completed an executive programme in human resource management from Indian Institute of Management, Kolkata. She also holds a certificate in planning and industrial entrepreneurship from the Indian Institute of Planning and Management, New Delhi. She has previously been associated with Tata Steel Limited, Price Waterhouse Chartered Accountants and NIIT Limited. She has over 17 years of experience in human resource management. Her term of employment is till her resignation or termination of service by the Exchange. She did not receive any compensation from the Exchange in Fiscal 2019, since she commenced working with the Exchange on September 18, 2019.

Harish Kumar, aged 43, is the Senior Vice President and Company Secretary of the Exchange. He has been with the Exchange since March 12, 2019. He holds a bachelor's degree in commerce from University of Delhi and a bachelor's degree in law from University of Mumbai. He is a qualified Company Secretary and member of Institute of Company Secretaries of India. He has completed the executive programme for young professionals from Indian Institute of Management, Kolkata. He has previously worked with YES Bank Limited, Financial Technologies (India) Limited, BSE and TDI Infrastructure Limited. He has over 14 years of experience. His term of employment is till his resignation or termination of service by the Exchange. He received compensation aggregating to ₹0.19 million in Fiscal 2019.

All our Key Managerial Personnel are permanent employees of the Exchange.

Retirement and termination benefits

None of the Key Managerial Personnel have entered into any service contracts with the Exchange pursuant to which they would receive any benefits either on their retirement or on termination of their employment with the Exchange.

Family relationships of the Key Managerial Personnel

None of the Key Managerial Personnel are related to any of the other Key Managerial Personnel.

Arrangements and Understanding with major shareholders, customers, suppliers or others pursuant to which any of the Key Managerial Personnel was selected as a Key Managerial Personnel

None of the Key Managerial Personnel have been selected pursuant to any arrangement or understanding with any major shareholders, customers or suppliers of the Exchange.

Shareholding of the Key Managerial Personnel

Except as disclosed in “*Capital Structure*” on page 68, none of the Key Managerial Personnel hold any Equity Shares as on date of this Draft Red Herring Prospectus.

Service Contracts with Key Managerial Personnel

Our Key Managerial Personnel have not entered into any service contracts with the Exchange, which provide for benefits upon termination of employment or upon retirement.

Contingent and deferred compensation payable to the Key Managerial Personnel

Except as disclosed below, there is no contingent or deferred compensation payable to the Key Managerial Personnel, which does not form part of their remuneration.

The following Key Managerial Personnel are entitled to certain performance based incentives (“PBI”):

S. No.	Name of the Key Managerial Personnel	Fiscal year when PBI accrued	Amount of PBI payable (₹ in million)	Fiscal year when PBI is payable
1.	Atul Roongta	Fiscal 2018	0.75 ⁽¹⁾	Fiscal 2021
2.	Atul Roongta	Fiscal 2019	1.00 ⁽²⁾	Fiscal 2022
3.	Kapil Dev	Fiscal 2019	0.24 ⁽³⁾	Fiscal 2022
4.	Viral Davda	Fiscal 2019	0.16 ⁽⁴⁾	Fiscal 2022
5.	Avinash Mohan	Fiscal 2019	0.16 ⁽⁵⁾	Fiscal 2022
6.	Seema Nayak	Fiscal 2019	0.33 ⁽⁶⁾	Fiscal 2022
7.	Hitesh Savla	Fiscal 2019	0.16 ⁽⁷⁾	Fiscal 2022

(1) PBI approved for Fiscal 2018 is ₹1.50 million. He received partial payout of ₹0.75 million in June 2018 and the payout of balance PBI is expected in June 2021.

(2) PBI approved for Fiscal 2019 is ₹2.00 million. He received partial payout of ₹1.00 million in May 2019 and the payout of balance PBI is expected in May 2022.

(3) PBI approved for the Fiscal 2019 is ₹0.56 million. He received partial payout of ₹0.32 million in May 2019 and the payout of the balance PBI is expected in May 2022.

(4) PBI approved for Fiscal 2019 is ₹0.42 million. He received partial payout of ₹0.26 million in May 2019 and the payout of balance PBI is expected in May 2022.

(5) PBI approved for Fiscal 2019 is ₹0.42 million. He received partial payout of ₹0.26 million in May 2019 and the payout of balance PBI is expected in May 2022.

(6) PBI approved for the Fiscal 2019 is ₹0.89 million. She received partial payout of ₹0.56 million in May 2019 and the payout of balance PBI is expected in May 2022.

(7) PBI approved for Fiscal 2019 is ₹0.42 million. He received partial payout of ₹0.26 million in May 2019 and the payout of balance PBI is expected in May 2022.

Bonus or profit-sharing plan of the Key Managerial Personnel

Our Key Managerial Personnel are not party to any bonus or profit sharing plan of the Exchange.

Interest of Key Managerial Personnel

The Key Managerial Personnel (other than the Managing Director) are interested in the Exchange only to the extent of their shareholding in the Exchange, remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of their service.

Changes in the Key Managerial Personnel

Except for the changes to our Board, as set forth under “Our Management - Changes in the Board of Directors in the last three years” herein above and as mentioned below, there have been no changes to the Key Managerial Personnel in last three years:

Name	Designation	Date of Change	Reason
Jayant Nalawade	Chief Regulatory Officer	March 31, 2017	Cessation due to retirement
Laxmikant Gupta	Chief Regulatory Officer	April 1, 2017 ⁽¹⁾	Appointment
Nidhi Nath Srinivas	Chief Marketing Officer	August 2, 2017	Cessation due to resignation
M. K. Ananda Kumar	Company Secretary	August 9, 2017	Cessation due to resignation
Komal Shahani	Chief Financial Officer	August 9, 2017	Organisational restructuring

Name	Designation	Date of Change	Reason
Atul Roongta	Chief Financial Officer	August 10, 2017 ⁽²⁾	Appointment
Samir Rajdev	Company Secretary	August 10, 2017 ⁽³⁾	Appointment
Anand Iyer	Chief Information Officer	January 15, 2018	Cessation due to resignation
Samir Shah	Managing Director and Chief Executive Officer	January 17, 2018	Cessation due to resignation
Vijay Kumar V.	Managing Director and Chief Executive Officer	January 18, 2018	Appointment
Rishi Nathany	Chief of Financial Segment	February 14, 2018	Cessation due to resignation
Laxmikant Gupta	Chief Regulatory Officer	June 30, 2018	Organisational restructuring
Seema Nayak	Chief Compliance Officer	July 1, 2018 ⁽⁴⁾	Appointment
Avinash Mohan	Executive Vice President and Head of Surveillance	July 1, 2018 ⁽⁵⁾	Appointment
Hitesh Savla	Executive Vice President and Head of Market Watch	July 1, 2018 ⁽⁶⁾	Appointment
Kapil Dev	Executive Vice President and Head of Products and Business	July 1, 2018 ⁽⁷⁾	Appointment
Viral Davda	Executive Vice President and Head of Technology	July 1, 2018 ⁽⁸⁾	Appointment
Sarat Mulukutla	Chief of Commercial Segment	July 18, 2018	Cessation due to resignation
Rajendra Prasad Benahalkar	Chief of Risk and Market Policy and Strategy	August 30, 2018	Cessation due to resignation
Samir Rajdev	Company Secretary	January 15, 2019	Cessation due to resignation
Harish Kumar	Senior Vice President and Company Secretary	March 25, 2019 ⁽⁹⁾	Appointment
Ramadevi Srinivasan	Executive Vice President and Head of Enterprise Risk and Governance	June 3, 2019	Appointment
Aditi Mukherjee	Executive Vice President and Head of Human Resources	September 18, 2019	Appointment

- (1) Joined the Exchange on February 6, 2017 and was appointed as a Key Managerial Personnel on April 1, 2017.
(2) Joined the Exchange on July 3, 2017 and was appointed as a Key Managerial Personnel on August 10, 2017.
(3) Joined the Exchange on August 4, 2017 and was appointed as a Key Managerial Personnel on August 10, 2017.
(4) Joined the Exchange on October 10, 2016 and was appointed as a Key Managerial Personnel on July 1, 2018.
(5) Joined the Exchange on May 17, 2005 and was appointed as a Key Managerial Personnel on July 1, 2018.
(6) Joined the Exchange on April 25, 2005 and was appointed as a Key Managerial Personnel on July 1, 2018.
(7) Joined the Exchange on May 19, 2018 and was appointed as a Key Managerial Personnel on July 1, 2018.
(8) Joined the Exchange on December 29, 2008 and was appointed as a Key Managerial Personnel on July 1, 2018.
(9) Joined the Exchange on March 12, 2019 and was appointed as a Key Managerial Personnel on March 25, 2019.

Payment or benefit to Key Managerial Personnel (non-salary related)

Except as stated in this section, no non-salary amount or benefit has been paid or given to any Key Managerial Personnel within the two preceding years or is intended to be paid or given.

Employee stock options

For details of employee stock options granted, see “*Capital Structure – Employee Stock Option Plan*”.

Senior Management

The details of our Senior Management as on the date of this Draft Red Herring Prospectus are set out below:

Rajesh Kumar Sinha, aged 48, is the managing director and chief executive officer of NeML. He has been with NeML since November, 2008. He holds a bachelor's degree of science in agriculture from Banaras Hindu University, Varanasi and has completed his post-graduation in rural management from the Institute of Rural management, Anand. He has completed executive programmes from institutions like Harvard Business School, Boston, Kellogg School of Management, Chicago (in collaboration with Indian School of Business, Hyderabad) and Indian Institute of Management, Ahmedabad. He is also a member of Institute of Directors. He has worked with corporates such as Frito Lay India, Ogilvy and Mather India, Radhakrishna Foodland Private Limited, S. M. Sehgal Foundation, MCX and GMED India. He has over 20 years of experience.

Kedar Deshpande, aged 49, is the managing director and chief executive officer of NERL. He has been working with NERL since September 21, 2017. He holds a bachelor's degree in engineering from University of Pune and has completed master's programme in International Business Management. He has previously worked with Standard Chartered Bank, HDFC Bank Limited and IDBI Bank Limited and has over 20 years of experience in banking.

Rajiv Relhan, aged 54, is the managing director and chief executive officer of NCCL. He has been with NCCL since September 27, 2018. He holds a master's degree in management studies from Banaras Hindu University. He has previously worked with Stock Holding Corporation of India Limited and Standard Chartered Bank, and has over 30 years of experience.

OUR PRINCIPAL SHAREHOLDERS

The Exchange is a professionally managed company and does not have an identifiable promoter in terms of the SEBI ICDR Regulations. Consequently, it has no 'promoter group' in terms of the SEBI ICDR Regulations. For details in relation to the management of the Exchange, please see "*Our Management*" on page 141.

Principal Shareholders

1. *Shareholders who control 15% or more of the voting rights in the Exchange*

As on the date of this Draft Red Herring Prospectus, NSE holds 15% of the voting rights in the Exchange. For further details, see "*Capital Structure – Other details of Shareholding of the Exchange*" on page 72.

2. *Persons who have the right to appoint director(s) on our Board*

Pursuant to Regulation 23 of the SECC Regulations, the board of directors of each recognised stock exchange shall include shareholder directors. Further, our Articles of Association provide for the appointment of Shareholder Directors to the Board, subject to approval of the Shareholders of the Exchange and SEBI, as required under the Companies Act, the SCRA and the SECC Regulations. As on the date of this Draft Red Herring Prospectus, each of Oman India Joint Investment Fund, Indian Farmers Fertiliser Cooperative Limited, National Bank for Agriculture and Rural Development and Life Insurance Corporation of India has nominated one Shareholder Director to our Board. However, as on the date of this Draft Red Herring Prospectus, there is no arrangement or understanding with any shareholder of the Exchange based on which any Director has been appointed on the Board. For further details, see "*Our Management*" and "*Description of Equity Shares and Terms of the Articles of Association*" on pages 141 and 322, respectively.

OUR GROUP COMPANIES

In terms of Regulation 2(t) of the SEBI ICDR Regulations, “group companies”, shall include (i) such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and (ii) other companies as considered material by the board of the issuer.

Accordingly, based on the above, PXIL and ReMS are the only companies with whom there have been related party transactions, as per the Restated Financial Information.

Further, from the perspective of materiality, there are no companies which are deemed to be material to the Exchange and ought to be classified as a ‘group company’ in terms of the SEBI ICDR Regulations.

Accordingly, set forth below are our Group Companies as on the date of filing of this Draft Red Herring Prospectus.

1. Power Exchange India Limited (“PXIL”)

Corporate information

PXIL was incorporated on February 20, 2008, pursuant to a certificate of incorporation, and commenced its business pursuant to a certificate of commencement of business dated April 4, 2008, both granted by the RoC. PXIL is India’s first institutionally promoted power exchange that provides innovative and credible solutions to transform the Indian power markets. The CIN of PXIL is U74900MH2008PLC179152, and its registered office is 901, 9th Floor, Sumer Plaza, Marol Maroshi Road, Andheri (East) Mumbai 400 059, Maharashtra.

Nature of business

PXIL is currently engaged in the business of trading of electricity/power.

Capital structure

The authorised share capital of PXIL is ₹1,200,000,000 divided into 100,000,000 equity shares of ₹10 each and 20,000,000 optionally convertible redeemable preference shares of ₹10 each. The issued, paid-up and subscribed equity share capital of PXIL is ₹584,700,500 divided into 58,470,050 equity shares of ₹10 each.

Shareholding of the Exchange in PXIL

The Exchange holds 20,000,020 equity shares of ₹10 each, aggregating to 34.21% of the equity share capital of PXIL.

Shareholding pattern

The shareholding pattern of PXIL is as follows:

S. No.	Name of the member / shareholder	No. of fully paid up equity shares of ₹10/- each held	% shareholding
1.	NSE Investment Limited	20,000,030	34.21
2.	National Commodity & Derivatives Exchange Limited	20,000,020	34.21
3.	Power Finance Corporation Limited	3,220,000	5.51
4.	GMR Energy Limited	4,000,000	6.84
5.	West Bengal State Electricity Distribution Company Limited	4,000,000	6.84
6.	Gujarat Urja Vikas Nigam Limited	2,500,000	4.28
7.	Tata Power Trading Company Limited	2,500,000	4.28
8.	JSW Energy Limited	1,250,000	2.14
9.	M.P. Power Management Company Limited	1,000,000	1.71
	Total	58,470,050	100

Share subscription and shareholders’ agreement entered into between the Exchange, NSE, Power Finance Corporation Limited and PXIL

PXIL entered into a share subscription and shareholders’ agreement dated February 24, 2009 with the Exchange, NSE and Power Finance Corporation Limited (“PFCL”) for subscription to 7% of PXIL’s total issued and paid up

share capital by PFCL (“**PFCL SHA**”). The key provisions of this agreement are:

- a) *Minimum aggregate capital:* PFCL has agreed and undertaken to maintain 7% of shareholding at all times during the subsistence of the agreement. The aggregate capital commitment of NSE and the Exchange, together with their nominees, shall be at least 52% of the issued and paid up share capital of PXIL, with their individual minimum aggregate capital commitments being 26% each.
- b) *Transfer of shares:* None of the parties to the PFCL SHA shall, without obtaining prior written consent of the other parties, sell or transfer all or any part of their equity shares (including its right to subscribe to new shares) in PXIL to any other person or any other shareholder.
- c) *Right of First Refusal:* If any shareholder other than NSE and the Exchange (“**Proposed Transferor**”) decides to sell its shares to a third party prior to the initial public offering, such shares shall first be offered by the Proposed Transferor to NSE and the Exchange at Fair Market Value.
- d) *Tag Along:* If NSE or the Exchange decide to reduce their shareholding in PXIL by selling any part of their equity shares to a third party at a value more than the par value of ₹10 per share, then the other shareholders shall, subject to certain exceptions, have the right to participate in such a sale and shall be entitled to sell their shares on a pro rata basis, immediately prior to such sale at the same terms and conditions as are being offered to NSE or the Exchange by the third party.
- e) *Lock-in:* Subject to certain exceptions, the equity shares held by the parties to the PFCL SHA shall be locked in for a period of three years from the earlier of the first date of commencement of trading operation on PXIL or the date that PXIL undertakes an initial public offering.
- f) *Board of directors:* The board of directors of PXIL shall consist of 12 directors. A shareholder other than NSE, the Exchange, their nominees or their affiliates (wherein there shall be no restriction on the number of directors representing them on the board), shall be entitled to nominate one director on the board only if such shareholder individually holds 10% or more shares of PXIL.

Share subscription and shareholders’ agreement entered into between the Exchange, NSE, Gujarat Urja Vikas Nigam Limited and PXIL

PXIL entered into a share subscription and shareholders’ agreement dated March 24, 2009 with the Exchange, NSE and Gujarat Urja Vikas Nigam Limited (“**GUVNL**”) for subscription to 5% of PXIL’s total issued and paid up share capital by GUVNL (“**GUVNL SHA**”). The key provisions of this agreement are:

- a) *Minimum aggregate capital:* GUVNL has agreed and undertaken to maintain 5% of shareholding at all times during the subsistence of the agreement. The aggregate capital commitment of NSE and the Exchange, together with their nominees, shall be at least 52% of the issued and paid up share capital of PXIL, with their individual minimum aggregate capital commitments being 26% each.
- b) *Transfer of shares:* None of the parties to the GUVNL SHA shall, without obtaining prior written consent of the other parties, sell or transfer all or any part of their equity shares (including its right to subscribe to new shares) in PXIL to any other person or any other shareholder.
- c) *Right of First Refusal:* If any shareholder other than NSE and the Exchange (“**Proposed Transferor**”) decides to sell its shares to a third party prior to the initial public offering, such shares shall first be offered by the Proposed Transferor to NSE and the Exchange at Fair Market Value.
- d) *Tag Along:* If NSE or the Exchange decide to reduce their shareholding in PXIL by selling any part of their equity shares to a third party at a value more than the par value of ₹10 per share, then the other shareholders shall, subject to certain exceptions, have the right to participate in such a sale and shall be entitled to sell their shares on a pro rata basis, immediately prior to such sale at the same terms and conditions as are being offered to NSE or the Exchange by the third party.
- e) *Lock-in:* Subject to certain exceptions, the equity shares held by the parties to the GUVNL SHA shall be locked in for a period of three years from the earlier of the first date of commencement of trading operation on PXIL or the date that PXIL undertakes an initial public offering.
- f) *Board of directors:* The board of directors of PXIL shall consist of 12 directors. A shareholder other than NSE, the Exchange, their nominees or their affiliates (wherein there shall be no restriction on the number of directors representing them on the board), shall be entitled to nominate one director on the board only if such shareholder individually holds 10% or more shares of PXIL.

Share subscription and shareholders' agreement entered into between the Exchange, NSE, GMR Energy Limited and PXIL

PXIL entered into a share subscription and shareholders' agreement dated March 25, 2009 with the Exchange, NSE and GMR Energy Limited ("GMREL") for subscription to 5% of PXIL's total issued and paid up share capital by GMREL ("GMREL SHA"). The key provisions of this agreement are:

- a) *Minimum aggregate capital:* GMREL has agreed and undertaken to maintain 5% of shareholding at all times during the subsistence of the agreement. The aggregate capital commitment of NSE and the Exchange, together with their nominees, shall be at least 52% of the issued and paid up share capital of PXIL, with their individual minimum aggregate capital commitments being 26% each.
- b) *Transfer of shares:* None of the parties to the GMREL SHA shall, without obtaining prior written consent of the other parties, sell or transfer all or any part of their equity shares (including its right to subscribe to new shares) in PXIL to any other person or any other shareholder.
- c) *Right of First Refusal:* If any shareholder other than NSE and the Exchange ("**Proposed Transferor**") decides to sell its shares to a third party prior to the initial public offering, such shares shall first be offered by the Proposed Transferor to NSE and the Exchange at Fair Market Value.
- d) *Tag Along:* If NSE or the Exchange decide to reduce their shareholding in PXIL by selling any part of their equity shares to a third party at a value more than the par value of ₹10 per share, then the other shareholders shall, subject to certain exceptions, have the right to participate in such a sale and shall be entitled to sell their shares on a pro rata basis, immediately prior to such sale at the same terms and conditions as are being offered to NSE or the Exchange by the third party.
- e) *Lock-in:* Subject to certain exceptions, the equity shares held by the parties to the GMREL SHA shall be locked in for a period of three years from the earlier of the first date of commencement of trading operation on PXIL or the date that PXIL undertakes an initial public offering.
- f) *Board of directors:* The board of directors of PXIL shall consist of 12 directors. A shareholder other than NSE, the Exchange, their nominees or their affiliates (wherein there shall be no restriction on the number of directors representing them on the board), shall be entitled to nominate one director on the board only if such shareholder individually holds 10% or more shares of PXIL.

Share subscription and shareholders' agreement entered into between the Exchange, NSE, JSW Energy Limited and PXIL

PXIL entered into a share subscription and shareholders' agreement dated April 29, 2009 with the Exchange, NSE and JSW Energy Limited ("JSWEL") for subscription to 5% of PXIL's total issued and paid up share capital by JSWEL ("JSWEL SHA"). The key provisions of this agreement are:

- a) *Minimum aggregate capital:* JSWEL has agreed and undertaken to maintain 5% of shareholding ("**Minimum Shareholding**") at all times during the subsistence of the JSWEL SHA, subject to certain conditions contained therein which, *inter alia*, prescribe that JSWEL shall have the option, and shall not be bound to maintain the Minimum Shareholding. The aggregate capital commitment of NSE and the Exchange, together with their nominees, shall be at least 52% of the issued and paid up share capital of PXIL, with their individual minimum aggregate capital commitments being 26% each.
- b) *Transfer of shares:* None of the parties to the JSWEL SHA shall, without obtaining prior written consent of the other parties, sell or transfer all or any part of their equity shares (including its right to subscribe to new shares) in PXIL to any other person or any other shareholder.
- c) *Right of First Refusal:* If any shareholder other than NSE and the Exchange ("**Proposed Transferor**") decides to sell its shares to a third party prior to the initial public offering, such shares shall first be offered by the Proposed Transferor to NSE and the Exchange at Fair Market Value.
- d) *Tag Along:* If NSE and the Exchange decide to reduce their shareholding in PXIL by selling any part of their equity shares to a third party at a value more than the par value of ₹10 per share, then the other shareholders shall, subject to certain exceptions, have the right to participate in such a sale and shall be entitled to sell their shares on a pro rata basis, immediately prior to such sale at the same terms and conditions as are being offered to NSE and the Exchange by the third party.

- e) *Lock-in*: Subject to certain exceptions, the equity shares held by the parties to the JSWEL SHA shall be locked in for a period of three years from the earlier of the first date of commencement of trading operation on PXIL or the date that PXIL undertakes an initial public offering.
- f) *Board of directors*: The board of directors of PXIL shall consist of 12 directors. A shareholder other than NSE, the Exchange, their nominees or their affiliates (wherein there shall no restriction on the number of directors representing them on the board), shall be entitled to nominate one director on the board only if such shareholder individually holds 10 percent or more shares of the PXIL.

Share subscription and shareholders' agreement entered into between the Exchange, NSE, West Bengal State Electricity Distribution Company Limited and PXIL

PXIL entered into a share subscription and shareholders' agreement dated August 3, 2009 with the Exchange, NSE and West Bengal State Electricity Distribution Company Limited (“**WBSEDCL**”) for subscription to 5% of PXIL's total issued and paid up share capital by WBSEDCL (“**WBSEDCL SHA**”). The key provisions of this agreement are:

- a) *Minimum aggregate capital*: WBSEDCL has agreed and undertaken to maintain 5% of shareholding at all times during the subsistence of the agreement. The aggregate capital commitment of NSE and the Exchange, together with their nominees, shall be at least 52% of the issued and paid up share capital of PXIL, with their individual minimum aggregate capital commitments being 26% each.
- b) *Transfer of shares*: None of the parties to the WBSEDCL SHA shall, without obtaining prior written consent of the other parties, sell or transfer all or any part of their equity shares (including its right to subscribe to new shares) in PXIL to any other person or any other shareholder.
- c) *Right of First Refusal*: If any shareholder other than NSE and the Exchange (“**Proposed Transferor**”) decides to sell its shares to a third party prior to the initial public offering, such shares shall first be offered by the Proposed Transferor to NSE and the Exchange at Fair Market Value.
- d) *Tag Along*: If NSE or the Exchange decide to reduce their shareholding in PXIL by selling any part of their equity shares to a third party at a value more than the par value of ₹10 per share, then the other shareholders shall, subject to certain exceptions, have the right to participate in such a sale and shall be entitled to sell their shares on a pro rata basis, immediately prior to such sale at the same terms and conditions as are being offered to NSE or the Exchange by the third party.
- e) *Lock-in*: Subject to certain exceptions, the equity shares held by the parties to the WBSEDCL SHA shall be locked in for a period of three years from the earlier of the first date of commencement of trading operation on PXIL or the date that PXIL undertakes an initial public offering.
- f) *Board of directors*: The board of directors of PXIL shall consist of 12 directors. A shareholder other than NSE, the Exchange, their nominees or their affiliates (wherein there shall be no restriction on the number of directors representing them on the board), shall be entitled to nominate one director on the board only if such shareholder individually holds 10% or more shares of PXIL.

Share subscription and shareholders' agreement entered into between the Exchange, NSE, Tata Power Trading Company Limited and PXIL

PXIL entered into a share subscription and shareholders' agreement dated November 9, 2009 with the Exchange, NSE and Tata Power Trading Company Limited (“**TPTCL**”) for subscription to 5% of PXIL's total issued and paid up share capital by TPTCL (“**TPTCL SHA**”). The key provisions of this agreement are:

- a) *Minimum aggregate capital*: TPTCL has agreed and undertaken to maintain 5% of shareholding at all times during the subsistence of the agreement. The aggregate capital commitment of NSE and the Exchange, together with their nominees, shall be at least 52% of the issued and paid up share capital of PXIL, with their individual minimum aggregate capital commitments being 26% each.
- b) *Transfer of shares*: None of the parties to the TPTCL SHA shall, without obtaining prior written consent of the other parties, sell or transfer all or any part of their equity shares (including its right to subscribe to new shares) in PXIL to any other person or any other shareholder.
- c) *Right of First Refusal*: If any shareholder other than NSE and the Exchange (“**Proposed Transferor**”) decides to sell its shares to a third party prior to the initial public offering, such shares shall first be offered by the Proposed Transferor to NSE and the Exchange at Fair Market Value.

- d) *Tag Along*: If NSE or the Exchange decide to reduce their shareholding in PXIL by selling any part of their equity shares to a third party, then the other shareholders shall, subject to certain exceptions, have the right to participate in such a sale and shall be entitled to sell their shares on a pro rata basis, immediately prior to such sale at the same terms and conditions as are being offered to NSE or the Exchange by the third party.
- e) *Lock-in*: Subject to certain exceptions, the equity shares held by the parties to the TPTCL SHA shall be locked in up to October 21, 2011, i.e., for a period of three years from October 22, 2008, being the date of first date of trading operations on PXIL or till the date PXIL undertakes an initial public offering, whichever is earlier.
- f) *Board of directors*: The board of directors of PXIL shall consist of 12 directors. A shareholder other than NSE, the Exchange, their nominees or their affiliates (wherein there shall be no restriction on the number of directors representing them on the board), shall be entitled to nominate one director on the board only if such shareholder individually holds 10% or more shares of PXIL.

Share subscription and shareholders' agreement entered into between the Exchange, NSE, M. P. Power Management Company Limited (Formally, Madhya Pradesh Power Trading Company Limited) and PXIL

PXIL entered into a share subscription and shareholders' agreement dated February 22, 2010 with the Exchange, NSE and M. P. Power Management Company Limited ("MPPMCL") for subscription to 2% of PXIL's total issued and paid up share capital by MPPMCL ("MPPMCL SHA"). The key provisions of this agreement are:

- a) *Minimum aggregate capital*: MPPMCL has agreed and undertaken to maintain 2% of shareholding at all times during the subsistence of the agreement. The aggregate capital commitment of NSE and the Exchange, together with their nominees, shall be at least 52% of the issued and paid up share capital of PXIL, with their individual minimum aggregate capital commitments being 26% each.
- b) *Transfer of shares*: None of the parties to the MPPMCL SHA shall, without obtaining prior written consent of the other parties, sell or transfer all or any part of their equity shares (including its right to subscribe to new shares) in PXIL to any other person or any other shareholder.
- c) *Right of First Refusal*: If any shareholder other than NSE and the Exchange ("**Proposed Transferor**") decides to sell its shares to a third party prior to the initial public offering, such shares shall first be offered by the Proposed Transferor to NSE and the Exchange at Fair Market Value.
- d) *Tag Along*: If NSE or the Exchange decide to reduce their shareholding in PXIL by selling any part of their equity shares to a third party at a value more than the par value of ₹10 per share, then the other shareholders shall, subject to certain exceptions, have the right to participate in such a sale and shall be entitled to sell their shares on a pro rata basis, immediately prior to such sale at the same terms and conditions as are being offered to NSE or the Exchange by the third party.
- e) *Lock-in*: Subject to certain exceptions, the equity shares held by the parties to the MPPMCL SHA shall be locked in for a period of three years from the earlier of the first date of commencement of trading operation on PXIL or the date that PXIL undertakes an initial public offering.
- f) *Board of directors*: The board of directors of PXIL shall consist of 12 directors. A shareholder other than NSE, the Exchange, their nominees or their affiliates (wherein there shall be no restriction on the number of directors representing them on the board), shall be entitled to nominate one director on the board only if such shareholder individually holds 10% or more shares of PXIL.

Financial performance

The financial information derived from the audited financial results of PXIL for the six month period ended September 30, 2019, Fiscals 2019, 2018 and 2017, on a standalone basis are set forth below:

(figures in ₹ million except per share data)

	Six month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Equity capital	584.70	484.70	484.70	484.70
Reserves (excluding revaluation)	(428.56)	(499.66)	(579.85)	(687.06)

	Six month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
reserve)				
Sales / turnover	132.15	166.74	216.81	83.62
Profit/(loss) after tax	71.20	80.68	106.93	(21.69)
Earnings per share (basic)	1.27	1.66	2.21	(0.45)
Earnings per share (diluted)	1.27	1.66	2.21	(0.45)
Net asset value per share	2.67	(0.31)	(1.96)	(4.18)

The significant notes of the auditors of PXIL in relation to the financial statements for the six month period ended September 30, 2019, and for the last three Fiscals are as follows:

Six month period ended September 30, 2019

Nil

Fiscal 2019

Emphasis of Matter

“We draw attention to:

- 1) Note 36 of the financial statements which indicate that the Company has accumulated losses and its net worth has been fully eroded. However, for the reasons stated by the management in the said note such as grant of time by CERC till April 23, 2021 to achieve the net worth requirement of ₹ 25 Crores, generation of profit during the last two years and reduction in accumulated losses, the financial statements of the Company have been prepared on a going concern basis.
- 2) Note 15(a)(vi) to the financial statements regarding the Shareholding Pattern of the Company not being in conformity with Regulation 19 and 20 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010. However, the CERC vide its Order dated April 24, 2019 has relaxed the shareholding norms in respect of promoters as detailed in the said note for a period of two years.

Our opinion is not modified in respect of these matters”

Fiscal 2018

Emphasis of Matter

“We draw attention to the following matters in the notes to the Ind AS Financial Statements:

- 1) Note 37 of the Ind AS financial statements which indicate that the Company has accumulated losses and its net worth has been fully eroded. However, for the reasons stated by the management in the said note such as grant of time by CERC till September 30, 2018 to achieve the net worth requirement of ₹ 25 Crores, generation of profit during the year and reduction in accumulated losses, the Ind AS financial statements of the Company have been prepared on a going concern basis.
- 2) Note 15(a)(vi) to the Ind AS financial statements regarding the Shareholding Pattern of the Company not being in conformity with Regulation 19 and 20 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010.

Our opinion is not modified in respect of these matters”

Fiscal 2017

“Qualified Opinion

Basis of Qualification

The Company has accumulated losses of ₹ 68,70,62,989/- as at March 31, 2017 and negative networth of ₹ 20,23,62,489/- as at March 31, 2017 (networth is computed as per Central Electricity Regulatory Commission (Power Market) Regulations, 2010). The equity shareholders in its Extra Ordinary General Meeting held on January 25, 2017 and preference shareholders in a separate meeting held on January 25, 2017 has approved the resolution for voluntary discontinuation and closure of the business operations of the Company in view of current cash problems, low levels of business, carry forward losses, eroded networth and monthly operational costs which had made the business financially unviable. However, the equity shareholders in its General Meeting held on May 26, 2017 and preference shareholders in a separate meeting held on May 26, 2017 has passed a resolution for rescinding their earlier decision of voluntary discontinuation and closure of the business operations of the Company subject to consummation of the transfer of shares by National Commodity and Derivatives Exchange Limited and NSE Strategic Investment Corporation Limited to potential investors, in view of the Share Purchase Agreement (SPA) entered into by the Promoter Companies with the Prospective Investors and the Company, as confirming party. Further, the Company does not have the requisite networth of ₹ 25 crores as mandated under Regulation 18(i) of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 (PMR) for which the Central Electricity Regulatory Commission, vide its order dated September 29, 2016, has granted time till September 30, 2018 to the Company to achieve the networth requirement. In view of the above, there are uncertainties about the Company's ability to continue as a going concern. However, financial statements have been prepared on going concern basis and these accompanying financial statements do not include any adjustments relating to the recoverability and classification of assets carrying amounts or the amount and classification of liabilities that might result, should the Company be unable to continue as a going concern (Refer Note 39, 40 and 42(III) to the Ind AS financial statements). Consequential impact thereof on the Ind AS financial statements is not ascertainable."

Emphasis of Matter

"We draw attention to the Note 17(a)(vi) to the Ind AS financial statements regarding the Shareholding Pattern of the Company not being in conformity with Regulation 19 and 20 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010."

For further details in this regard, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Exceptional Items" on page 264.

2. Rashtriya e Market Services Private Limited ("ReMS")

Corporate information

ReMS was incorporated as a private limited company on January 20, 2014 pursuant to a certificate of incorporation. Pursuant to a shareholders agreement dated December 23, 2013, between the Government of Karnataka and NeML, it set up an electronic platform for the trading of agricultural commodities in select agricultural produce market committee markets in the state of Karnataka. Its CIN is U01200KA2014PTC073119 and its registered office is No.16, Karnataka State Agricultural Marketing Board 2nd, Raj Bhavan Road, Bangalore 560 001 Karnataka.

Nature of business

ReMS is engaged in the business of providing complete technology and management solution for restructuring of agriculture marketing operations in Karnataka as authorized under the objects clause of its memorandum of association.

Capital structure

The authorized share capital of ReMS is ₹100,000,000 divided into 10,000,000 equity shares of ₹10 each and its issued, subscribed and paid up equity share capital is ₹100,000,000 divided into 10,000,000 equity shares of ₹10 each.

Shareholding of the Exchange in ReMS

Nil

Shareholding pattern

The shareholding pattern of ReMS is as follows:

S. No.	Name of the member / shareholder	No. of fully paid up equity shares of ₹10/- each held	% shareholding
1.	Government of Karnataka	5,000,000	50.00
2.	NeML	5,000,000	50.00
	Total	10,000,000	100

Shareholders' agreement entered into between the Government of Karnataka ("GoK") and NeML ("JV Agreement")

The GoK had entered into a shareholders' agreement dated December 23, 2013 with NeML to establish an electronic platform by the name of 'Rashtriya e Market Services Private Limited' ("ReMS") for the trading of agricultural commodities in select 'agricultural produce market committee markets in the state of Karnataka. The shareholders' agreement contains, amongst others, provisions relating to equal shareholding of the GoK and NeML, certain restrictions on transferability, pre-emptive rights of the GoK and NeML and the right of the GoK and NeML to each nominate one-third of the directors on the board of directors of ReMS. In terms of the agreement, NeML is required to seek the approval of the GoK for any pledge or encumbrance of the equity shares of ReMS held by it. Further, subject to the GoK holding at least 10% of the total paid-up equity share capital of ReMS, certain changes to the capital structure of ReMS, including NeML holding less than 26% of the paid-up share capital of ReMS, may be considered only with prior approval of the GoK. Pursuant to the JV Agreement, the GoK subscribed to 5,000,000 equity shares of ReMS and currently holds 50% of the equity share capital of ReMS.

Financial performance

The financial information derived from the audited financial results of ReMS for the six month period ended September 30, 2019, Fiscals 2019, 2018 and 2017, on a standalone basis are set forth below:

(₹in million)

	Six month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Equity capital	100.00	100.00	100.00	100.00
Reserves and surplus (excluding revaluation reserve)	393.29	355.27	302.93	254.82
Sales and other income	129.93	331.43	278.02	512.35
Profit/(loss) after tax	54.90	66.77	60.12	157.67
Earnings/(loss) per share	5.49	6.68	6.01	15.77
Diluted earnings per share	5.49	6.68	6.01	15.77
Net asset value per share	49.32	45.53	40.29	35.48

The significant notes of the auditors of ReMS in relation to the financial statements for the six month period ended September 30, 2019, and for the last three Fiscals are as follows:

Six month period ended September 30, 2019

Emphasis of Matter

"Balance under Sundry Debtors in Financial statements of Joint Venture have not been confirmed by few parties or are under reconciliation on the reporting date. We are unable to comment on the impact adjustments arising out of reconciliation / confirmation of such balances on the financial statements for the half year ended September 30, 2019."

Other Matters

“In the opinion of the joint venture’s management, Goods and Service Tax (‘GST’) is not applicable on the transaction charges billed by ReMSPL. Hence, the provision for GST has not been made in the books of accounts for the same. The financial impact of the same on the financial statement of the Group is ₹ 20.8 million exclusive of interest and other imposition, if any.”

Fiscal 2019

Other Matters

“As per the management, GST is not applicable on the transaction charges billed by ReMS and hence, no provision has been made in the books of accounts. The financial impact of the same on the financial statements of Fiscal 2019 is ₹ 53.6 million exclusive of interest and other impositions, if any.”

Fiscal 2018

Emphasis of Matter

“The Independent Auditors of ReMSPL have drawn attention to note 4 of the Financial Statements relating to Trade Receivables. As the receipt of confirmation and reconciliation of trade receivables is in progress, the auditor is unable to comment on the impact arising out of reconciliation / confirmation of such balances on the financial statements.”

Other Matters

“As per the management, service tax / GST is not applicable on the transaction charges billed by ReMSPL. Hence the provision for service tax / GST has not been made in the books of accounts for the same. The financial impact on the accounts / financial statements is ₹ 47. 42 million exclusive of interest and other imposition.”

Fiscal 2017

Emphasis of Matter

“In the opinion of the joint venture’s management, service tax is not applicable on the transaction charges billed by ReMSPL. Hence the provision for service tax has not been made in the books of accounts for the same. The financial impact, if any, due to applicability of service tax on the financial statement of the Group is ₹ 78.60 million exclusive of interest and other imposition.

Balances under sundry debtors have not been confirmed by few parties and we are unable to comment on the adjustments, if any, arising out of reconciliation / confirmation of such balances on the consolidated financial statements.”

Litigation

For details of pending litigation involving the Group Companies which may have a material impact on the Exchange, see “*Outstanding Litigation and Material Developments – Material Litigation which may have a material impact on the Exchange*” beginning on page 278.

Group Companies which are sick industrial companies

None of our Group Companies are sick companies under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, as amended.

Group Companies under winding up/insolvency proceedings

None of Our Group Companies are under winding up / insolvency proceedings.

Loss making Group Companies

None of our Group Companies have incurred a loss in the preceding financial year.

Defunct Group Companies

During the five years preceding the date of this Draft Red Herring Prospectus, none of our Group Companies have

remained defunct and no application has been made to the relevant registrar of companies for striking off the name of any of the Group Companies.

Common pursuits

There are no common pursuits amongst the Group Companies and the Exchange.

Related Business Transactions within the group and significance on the financial performance of the Exchange

Except as disclosed in “*Financial Information – Annexure XI*” beginning on page 246, there are no other business transactions between the Exchange and the Group Companies which are significant to the financial performance of the Exchange.

Business interests or other interests

Except as disclosed in “*Financial Information - Annexure XI*” beginning on page 246, the Group Companies do not have any business interest in the Exchange.

Our Group Companies have no interest in the promotion of the Exchange.

Our Group Companies have no interest in the properties acquired by the Exchange within the preceding three years from the date of this Draft Red Herring Prospectus or proposed to be acquired by the Exchange as on the date of this Draft Red Herring Prospectus, or in any transaction by the Exchange for acquisition of land, construction of building or supply of machinery, *etc.*

Other Confirmations

Our Group Companies do not have any securities listed on a stock exchange and the Group Companies have not made any public or rights issue of securities in the three years preceding the date of this Draft Red Herring Prospectus.

Further, none of the securities of any of Group Companies have been refused listing by any stock exchange in India or abroad during last ten years, nor have any of the Group Companies failed to meet the listing requirements of any stock exchange in India or abroad.

DIVIDEND POLICY

As on the date of this Draft Red Herring Prospectus, the Exchange does not have a formal dividend policy. The declaration and payment of dividends on our Equity Shares, if any, will be recommended by our Board and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act.

The declaration of any dividend will depend on a number of factors, including but not limited to our earnings, capital requirements contractual restrictions, results of operations, financial condition, cash requirements, business prospects and any other financing arrangements, applicable legal restrictions and overall financial position of the Exchange. The Board may also, from time to time, declare interim dividends from the profits of a particular Fiscal in which such interim dividend is sought to be declared.

Except as disclosed below, the Exchange has not declared any dividends in the six month period ending September 30, 2019 and in each of Fiscal 2019, Fiscal 2018 and Fiscal 2017.

Particulars	Financial Performance			
	Six month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Face value per share (in ₹)	10.00	10.00	10.00	10.00
Dividend per share (in ₹)	-	0.50	0.30	0.35
Rate of dividend (%)	-	5.00	3.00	3.50
Issued, subscribed and paid-up capital (in ₹ million)	506.76	506.76	506.76	506.76
Dividend declared (in ₹ million)	-	25.34	15.20	17.74
Amount of dividend – paid subsequent to the respective reporting period (in ₹ million)*	-	22.80	15.20	17.74

*Note: Excluding dividend distribution tax

Pursuant to SEBI's letters dated May 23, 2019 and February 5, 2020, the Exchange has, by way of a resolution of the Board of Directors dated February 10, 2020, frozen the voting rights and restricted entitlement to any corporate benefits, including dividend, over and above 5% of the paid-up capital of the Exchange held by Indian Farmers Fertiliser Cooperative Limited and Oman India Joint Investment Fund, till either (i) compliance with the SECC Regulations or (ii) up to August 3, 2020. For further details, please see "*Capital Structure - Other details of Shareholding of the Exchange*" and "*Risk Factors – The Exchange, NCCL and their respective shareholders are subject to certain restrictions and have to comply with certain criteria under the SECC Regulations. Any failure to comply with the requirements of the SECC Regulations could result in penalties and actions, which could have an adverse effect on our reputation, profitability and operations.*" on pages 72 and 42.

The past trend in relation to our payment of dividends is not necessarily indicative of future trends in declaration of dividend by the Exchange or the Exchange's dividend policy, and there is no guarantee that any dividends will be declared or paid in the future. For details in relation to the risk involved, see "*Risk Factors – We cannot assure payment of dividends on the Equity Shares in the future*" and "*Risk Factors - Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have a material adverse effect on the trading price of, and returns on, our Equity Shares, independent of our operating results*" on pages 46 and 47, respectively.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

In accordance with the SEBI ICDR Regulations:

- The standalone audited financial statements of the Exchange for the Fiscals ending March 31, 2019, March 31, 2018 and March 31, 2017; and
- The standalone audited financial statements of our Material Subsidiaries for the Fiscals ending March 31, 2019, March 31, 2018 and March 31, 2017

(collectively, the “**Audited Financial Statements**”) are available on our website at www.ncdex.com.

The Exchange is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute nor shall it be deemed to be, (i) a part of this Draft Red Herring Prospectus or incorporated by reference in this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of the Exchange, its Subsidiaries or any entity in which its shareholders have significant influence (collectively, the “**Group**”) and should not be relied upon or used as a basis for any investment decision. Neither the Group nor any of its advisors, nor BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

To,

The Board of Directors
National Commodity & Derivatives Exchange Limited
1st Floor, Akruti Corporate Park,
Near G.E. Garden, L.B.S. Marg,
Kanjurmarg (West)
Mumbai – 400078

Dear Sirs,

1. We have examined the attached restated consolidated financial information of **National Commodity & Derivatives Exchange Limited** (the “**Company**” or “**Exchange**”), and its subsidiaries (the Exchange, its subsidiaries together referred to as the “**Group**”), its associate and its joint venture, comprising the restated consolidated statements of assets and liabilities as at September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017, the restated consolidated statements of profit and loss (including other comprehensive income), the restated consolidated statements of changes in equity, the restated consolidated cash flow statements for the six month period ended September 30, 2019 and for the years ended March 31, 2019, March 31, 2018 and March 31, 2017, the summary statement of significant accounting policies, and other explanatory information (collectively, the “**Restated Consolidated Financial Information**”), as approved by the Board of Directors of the Exchange at their meeting held on February 10, 2020 for the purpose of inclusion in the draft red herring prospectus (“**DRHP**”) prepared by the Exchange in connection with its proposed initial public offer of equity shares (“**IPO**”) in terms of the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the “**Act**”);
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**ICDR Regulations**”); and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“**ICAI**”), as amended from time to time (the “**Guidance Note**”).
2. The Exchange’s Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”) (together with BSE the “**Stock Exchanges**”) and Registrar of Companies, Maharashtra at Mumbai (“**ROC**”) in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by

the management of the Exchange on the basis of preparation stated in note 1(a) to the Restated Consolidated Financial Information. The Board of Directors of the Exchange are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Exchange complies with the Act, ICDR Regulations and the Guidance Note. The respective board of directors of the companies included in the Group and of its associates and joint ventures are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective board of directors are also responsible for identifying and ensuring that the Group comply with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Consolidated Financial Information taking into consideration:
 - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated January 29, 2020 in connection with the proposed IPO of the Exchange;
 - b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
 - d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.
4. These Restated Consolidated Financial Information have been compiled by the management from:
 - a) Audited special purpose interim consolidated Ind AS financial statements of the Group and its associate and joint venture as at and for the six month period ended September 30, 2019 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under Section 133 of the Act and other accounting principles generally accepted in India (the "**Special Purpose Interim Consolidated Ind AS Financial Statements**") which have been approved by the Board of Directors at their meeting held on February 10, 2020.
 - b) Audited consolidated Ind AS financial statements of the Group and its associate and joint venture as at and for the year ended March 31, 2019, prepared in accordance with the Indian Accounting Standards (referred to as "**Ind AS**") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 22, 2019.
 - c) Audited consolidated Ind AS financial statements of the Group and its associates and joint ventures as at and for the year ended March 31, 2018, prepared in accordance with Ind AS as prescribed under Section 133 of the Act read with Companies (Indian

Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 25, 2018. The comparative information for the financial year ended March 31, 2017 included in such financial statements have been prepared by making Ind AS adjustments to the audited consolidated financial statements of the Group as at and for the year ended March 31, 2017, prepared in accordance with the accounting standards notified under the Section 133 of the Act (“**Indian GAAP**”) which was approved by the Board of Directors at their meeting held on May 30, 2017.

- d) the audited financial statements of the Company as at and for the year ended March 31, 2017 prepared in accordance with Indian GAAP, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with the Companies (Accounting Standards) (Amendment) Rules, 2016, as applicable at the relevant time which have been approved by the Board of Directors at their meeting held on May 30, 2017;
- e) the Restated Consolidated Financial Information of NCDEX e Markets Limited as at and for the six month period ended September 30, 2019 and for each of the years ended, March 31, 2019, March 31, 2018 and March 31, 2017.

Further in respect of National E-Repository Limited, NCDEX Institute of Commodity Markets and Research and National Commodity Clearing Limited, no adjustments are required for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in the six month period ended September 30, 2019 and the financial years ended March 31, 2019, March 31, 2018 and March 31, 2017 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the six month period ended September 30, 2019.

5. For the purpose of our examination, we have relied on:

- a) Auditors’ reports issued by us dated February 10, 2020, May 22, 2019, May 25, 2018 and May 30, 2017 on the consolidated financial statements of the Group as at and for the six month period ended September 30, 2019 and for each of the years ended, March 31, 2019, March 31, 2018 and March 31, 2017 respectively as referred in Paragraph 4 above;
- b) Examination report issued by auditors of NCDEX e Markets Limited on the Restated Consolidated Financial Information of NCDEX e Markets Limited as at and for the six-month period ended September 30, 2019 and for each of the years ended, March 31, 2019, March 31, 2018 and March 31, 2017.

Further in respect of National E-Repository Limited, NCDEX Institute of Commodity Markets and Research and National Commodity Clearing Limited, no adjustments are required for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in the six month period ended September 30, 2019 and the financial years ended March 31, 2019, March 31, 2018 and March 31, 2017 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the six month period ended September 30, 2019.

6. Emphasis of Matter

Emphasis of matters included in our Auditors' reports dated February 10, 2020, May 22, 2019, May 25, 2017 and May 30, 2017, on the consolidated financial statements of the Group, which do not require adjustments to the Restated Consolidated Financial Information are stated below:

a)

- i) For the six months period ended September 30, 2019, we draw attention to respective notes to the consolidated financial statements. In respect of the matters relating to the future contracts of pepper, 'other receivable' as on September 30, 2019, includes various costs amounting to ₹ 1700 lakhs towards cleaning of the pepper stock in warehouses. The order of Hon'ble High Court of Kerala dated August 28, 2014 has allowed the Company to clean the pepper stock in warehouses with a right to recover the aforesaid estimated pepper-cleaning costs and applicable taxes, associated with the same.

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

- ii) The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the six months ended September 30, 2019, have drawn attention in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), a joint venture of NeML, wherein balance under Sundry Debtors in Financial statements of Joint Venture have not been confirmed by few parties or are under reconciliation on the reporting date. We are unable to comment on the impact adjustments arising out of reconciliation / confirmation of such balances on the financial statements for the half year ended September 30, 2019.

Our opinion is not modified in respect of the above matter.

- b) For the year ended March 31, 2019, we draw attention to respective notes to the consolidated financial statements. In respect of the matters relating to the future contracts of pepper, 'other receivable' as on March 31, 2019, includes various costs amounting to ₹ 1700 lakhs towards cleaning of the pepper stock in warehouses. The order of Hon'ble High Court of Kerala dated August 28, 2014 has allowed the Company to clean the pepper stock in warehouses with a right to recover the aforesaid estimated pepper-cleaning costs and applicable taxes, associated with the same.

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

Our opinion is not modified in respect of the above matter.

- c) For the year ended March 31, 2018, we draw attention to:

- i) the respective notes to the consolidated financial statements. In respect of the matters relating to the future contracts of pepper, 'other receivable' as on March 31, 2018, includes various costs amounting to ₹ 1700 lakhs towards cleaning of the pepper stock in warehouses. The order of Hon'ble High Court of Kerala dated August 28, 2014 has allowed the Company to clean the pepper stock in warehouses with a right to recover the aforesaid estimated pepper-cleaning costs and applicable taxes, associated with the same.

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

- ii) The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the year ended March 31, 2018, have drawn attention in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), a joint venture of NeML, wherein balances under sundry debtors have not been confirmed by few parties. We are unable to comment on the adjustments, if any, arising out of reconciliation / confirmation of such balances on the consolidated financial statements.

Our opinion is not qualified in respect of these matters.

- d) For the year ended March 31, 2017, we draw attention to:

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

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

- ii) The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the year ended March 31, 2017, have drawn attention to a matter wherein in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), in the opinion of the joint venture's management, service tax is not applicable on the transaction charges billed by ReMSPL. Hence the provision for service tax has not been made in the books of accounts for the same. The financial impact, if any, due to applicability of service tax on the consolidated financial statement of the Group is ₹ 871.61 lakhs exclusive of interest and other imposition.

iii) The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the year ended March 31, 2017, have drawn attention to the matter stated in note 47 (b) to the consolidated financial statements wherein in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), a joint venture of NeML, balances under sundry debtors have not been confirmed by few parties and we are unable to comment on the adjustments, if any, arising out of reconciliation / confirmation of such balances on the consolidated financial statements.

Our opinion is not qualified in respect of these matters.

7. Other matters included in our Auditors' reports dated February 10, 2020, May 22, 2019, May 25, 2017 and May 30, 2017, on the consolidated financial statements which do not require adjustments to the Restated Consolidated Financial Information are stated below:

- a) The Independent Auditors of the Company's subsidiary, NeML, in their audit report on consolidated financial statements of NeML for the six months ended September 30, 2019, have drawn attention to a matter wherein in respect of ReMSPL, in the opinion of the joint venture's management, Goods and Services Tax ('GST') is not applicable on the transaction charges billed by ReMSPL. Hence the provision for GST has not been made in the books of accounts for the same. The financial impact of the same on the consolidated financial statement of the Group is ₹ 208 lakhs exclusive of interest and other imposition, if any.
- b) For the year ended March 31, 2019 The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the year ended March 31, 2019, have drawn attention to a matter wherein in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), in the opinion of the joint venture's management, goods and services tax is not applicable on the transaction charges billed by ReMSPL. Hence the provision for goods and services tax has not been made in the books of accounts for the same. The financial impact, if any, due to applicability of goods and services tax on the consolidated financial statement of the Group is ₹ 536 lakhs exclusive of interest and other imposition.
- c) For the year ended March 31, 2018, The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the year ended March 31, 2018, have drawn attention to a matter wherein in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), in the opinion of the joint venture's management, service tax is not applicable on the transaction charges billed by ReMSPL. Hence the provision for service tax has not been made in the books of accounts for the same. The financial impact, if any, due to applicability of service tax on the consolidated financial statement of the Group is ₹ 237.06 lakhs exclusive of interest and other imposition.

8. As indicated in our audit reports referred to above:

- a) we did not audit financial statements of certain subsidiaries and one (1) joint venture whose share of total assets, total revenues, net cash flows and share of profit in its joint venture included in the consolidated financial statements, for the six months period ended September 30, 2019 and for the years ended March 31, 2019, March 31, 2018 and March 31, 2017 tabulated below, which have been audited by other auditors, as set out in Appendix A, and whose reports have been furnished to us by the Company's management and our opinion on the consolidated financial statements, in

so far as it relates to the amounts and disclosures included in respect of these components, is based solely on the reports of the other auditors:

(₹ in million)

Particulars	As at / for the six-month period ended September 30, 2019	As at / for the year ended March 31, 2019	As at / for the year ended March 31, 2018	As at / for the year ended March 31, 2017 (I GAAP)
Total assets	9,297.88	5,434.97	3,059.75	1,969.19
Total revenue	522.20	950.04	527.82	656.28
Net cash inflow/ (outflows)	2,778.47	367.39	(648.44)	(519.90)
Share of profit / loss in its joint ventures	26.01	33.40	27.88	Not applicable since consolidated proportionately on a line by line basis

- b) The consolidated financial statements do not include the Group's share of net profit of ₹ 24.82 million for the year ended March 31, 2019 in respect of an associate company. This has not been considered in the consolidated financial statements, in respect of this associate, as the equity investment in this associate has been eroded on consolidation.
- c) The consolidated financial statements do not include the Group's share of net profit of ₹ 33.89 million for the year ended March 31, 2018 in respect of an associate company. This has not been considered in the consolidated financial statements, in respect of this associate, whose financial statements have not been audited by us, as the equity investment in this associate has been eroded on consolidation. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial statements.
- d) The consolidated financial statements do not include the Group's share of net loss of ₹ 6.05 million for the year ended March 31, 2017 in respect of an associate company. This has not been considered in the consolidated financial statements, in respect of this associate, whose financial statements have not been audited by us, as the equity investment in this associate has been eroded on consolidation. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial statements.
- e) We did not audit the financial statements of a subsidiary company whose financial statements reflect total assets of ₹ 260.05 million as at March 31, 2017, total revenues of ₹ 0.03 million and net cash inflows of ₹ 260.05 million for the period ended on that date. These financial statements were unaudited and had been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it

relates to the amounts and disclosures included in respect of this subsidiary, is based solely on such unaudited financial statements. However, the financial statements were subsequently audited.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of these matters.

These other auditors of the subsidiaries, associates and joint ventures, as mentioned above, have examined the respective restated consolidated financial information and have confirmed that the respective restated consolidated financial information:

- i) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in the six month period ended September 30, 2019 and the financial years ended March 31, 2019, March 31, 2018 and March 31, 2017 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the six month period ended September 30, 2019;
- ii) have been prepared after incorporating adjustments for the material amounts in the respective periods to which they relate;
- iii) do not contain any extra-ordinary items that need to be disclosed separately, other than those presented in the Restated Consolidated Financial Information and do not contain any qualifications requiring adjustments; and
- iv) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

Based on our examination and in accordance with the requirements of the ICDR Regulations, the Guidance Note and terms of our engagement agreed with you, read together with paragraph 4 above and for reliance placed on the reports of the other auditors as referred to in paragraph 7 above, we report that:

- a) The restated consolidated statement of assets and liabilities of the Group as at September 30, 2019 and as at March 31, 2019, March 31, 2018 and March 31, 2017 examined by us, as set out in Annexure I to this report, have been arrived at after making adjustments and regrouping / reclassifications as in our opinion, were appropriate and more fully described in the statement of adjustments to audited consolidated financial statements appearing in Annexure VII of the restated consolidated financial information;
- b) The restated consolidated statement of profit and loss of the Group for six months ended September 30, 2019 and for the years ended March 31, 2019, March 31, 2018 and March 31, 2017 examined by us, as set out in Annexure II to this report, have been arrived at after making adjustments and regroupings/reclassifications as in our opinion, were appropriate and more fully described in the statement of adjustments to audited consolidated financial statements appearing in Annexure VII of the restated consolidated financial information;
- c) The restated consolidated statement of changes in equity of the Group for six months ended September 30, 2019 and for the years ended March 31, 2019, March 31, 2018 and March 31, 2017 examined by us, as set out in Annexure IV to this report, have been arrived at after making adjustments and regroupings/reclassifications as in our opinion, were appropriate and more fully described in the statement of adjustments to

audited consolidated financial statements appearing in Annexure VII of the restated consolidated financial information;

- d) The restated consolidated statement of cash flows of the Group for six months ended September 30, 2019 and for the years ended March 31, 2019, March 31, 2018 and March 31, 2017 examined by us, as set out in Annexure III to this report, have been arrived at after making adjustments and regroupings/ reclassifications as in our opinion, were appropriate and more fully described in the statement of adjustments to audited consolidated financial statements appearing in Annexure VII of the restated consolidated financial information.
9. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the reports submitted by the other auditors as per para 8 above, we report that the Restated Consolidated Financial Information:
- a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in the six month period ended September 30, 2019 and the financial years ended March 31, 2019, 2018 and 2017 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the six month period ended September 30, 2019;
 - b) do not require any adjustment for modification as there is no modification in the underlying audit reports;
 - c) do not contain any exceptional or extraordinary items that need to be disclosed separately other than those presented in the Restated Consolidated Financial Information in the respective periods and do not contain any qualifications requiring adjustments; and
 - d) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
10. We have also examined the following Restated Consolidated Financial Information of the Group as set out in the Annexures prepared by the management of the Company and approved by the Board of Directors, as on and for the six month period ended September 30, 2019 and as on and for each of the years ended March 31, 2019, March 31, 2018 and March 31, 2017. This information has been included based upon the examination reports submitted by the other auditors for the relevant year / period as set out in Appendix A and relied upon by us:
- a) Annexure VII – Statement of Adjustments to the Consolidated Financial Statements.
 - b) Annexure VIII – Restated Consolidated Statement of Other Financial Information;
 - c) Annexure IX – Restated Consolidated Statement of Capitalisation
 - d) Annexure X – Restated Consolidated Statement of Dividend
 - e) Annexure XI – Statement of Related Party Transactions of the Consolidated Entities
11. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the special purpose interim consolidated Ind AS financial statements and audited consolidated financial statements mentioned in paragraph 4 above.

12. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
14. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, relevant Stock Exchanges and ROC in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

Sachin A. Negandhi
Partner
 Membership No: 112888
 UDIN: 20112888AAAAAJ3848

Place: Mumbai
Date: February 10, 2020

Appendix A

List of subsidiaries audited by us and other auditors

For the period ended September 30, 2019 and year ended March 31, 2019

Name of the entity	Relation	Name of the auditor
National Commodity and Derivatives Exchange Limited ('the Company')	Company	K. S. Aiyar & Co.
National Clearing Corporation Limited ('NCCL')	Subsidiary	Khandelwal Jain & Co.
National E-Repository Limited ('NERL')	Subsidiary	Khandelwal Jain & Co.
NCDEX E-Markets Limited ('NEML')	Subsidiary	Chokshi & Chokshi LLP
Rashtriya e Market Services Private Limited ('ReMSPL')	Joint Venture of NEML	Umesh Hegde
Power Exchange India Limited ('PXIL')	Associate	K. S. Aiyar & Co.

List of subsidiaries audited by us and other auditors

For the year ended March 31, 2018

Name of the entity	Relation	Name of the auditor
National Commodity and Derivatives	Company	K. S. Aiyar & Co.

Name of the entity	Relation	Name of the auditor
Exchange Limited ('the Company')		
National Clearing Corporation Limited ('NCCL')	Subsidiary	Khandelwal Jain & Co.
National E-Repository Limited ('NERL')	Subsidiary	Khandelwal Jain & Co.
NCDEX E-Markets Limited ('NEML')	Subsidiary	Chokshi & Chokshi LLP
Rashtriya e Market Services Private Limited ('ReMSPL')	Joint Venture of NEML	Umesh Hegde
Power Exchange India Limited ('PXIL')	Associate	Khandelwal Jain & Co.

List of subsidiaries audited by us and other auditors

For the year ended March 31, 2017

Name of the entity	Relation	Name of the auditor
National Commodity and Derivatives Exchange Limited ('the Company')	Company	K. S. Aiyar & Co.
National Clearing Corporation Limited ('NCCL')	Subsidiary	Haribhakti & Co. LLP
National E-Repository Limited ('NERL')	Subsidiary	Khandelwal Jain & Co.
NCDEX E-Markets Limited ('NEML')	Subsidiary	Chokshi & Chokshi LLP
Rashtriya e Market Services Private Limited ('ReMSPL')	Joint Venture of NEML	Umesh Hegde
Power Exchange India Limited ('PXIL')	Associate	Khandelwal Jain & Co.

National Commodity & Derivatives Exchange Limited

Annexure I: Restated Consolidated Statement of Assets and Liabilities

(₹ in millions)

Particulars	Notes	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
ASSETS					
Non-Current Assets					
Property, plant and equipment	2	165.14	195.04	224.03	232.30
Right to use assets	58	181.97	205.55	273.49	107.50
Capital work-in-progress	2	2.00	-	8.98	-
Intangible assets	3	546.53	567.33	587.68	543.24
Intangible assets under development	3	17.91	15.71	10.70	0.73
Financial assets					
Investment in associates/joint ventures accounted for using the equity method	4	300.05	227.63	201.47	177.41
- Other financial assets					
- Bank balances	5(a)	493.66	109.91	178.23	198.06
- Others	5(b)	41.55	36.12	41.62	41.98
Deferred tax assets (net)	16	77.39	31.70	14.05	6.23
Income tax assets (net)	6	393.98	343.09	266.05	310.95
Other non-current assets	7	13.47	11.53	14.28	17.63
Total non-current assets		2,233.65	1,743.61	1,820.58	1,636.03
Current Assets					
Financial assets					
- Investment	8	361.40	482.70	2,946.63	3,757.17
- Trade receivables	9	204.25	180.12	185.69	166.16
- Cash and cash equivalents	10	4,014.29	784.71	435.04	1,442.98
- Bank balances other than cash and cash equivalents	11	4,376.52	4,600.72	2,745.39	2,553.15
- Others	5(b)	737.04	435.96	163.31	87.68
Other current assets	7	271.07	230.25	212.64	219.67
Total current assets		9,964.57	6,714.46	6,688.70	8,226.81
TOTAL ASSETS		12,198.22	8,458.07	8,509.28	9,862.84
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital	12	506.76	506.76	506.76	506.76
Other equity	13	4,220.13	4,062.62	3,867.75	4,007.09
Equity attributable to Owners		4,726.89	4,569.38	4,374.51	4,513.85
Non Controlling Interest	13	247.80	255.41	262.65	-
Total Equity		4,974.69	4,824.79	4,637.16	4,513.85
LIABILITIES					
Non-current liabilities					
Financial Liabilities					
- Deposits	14	0.50	2.02	6.98	7.46
- Other Financial liabilities	14	2.85	1.38	-	-
- Lease Liabilities	58	116.60	141.42	202.91	50.06
Provisions	15	23.81	12.90	5.06	15.14
Deferred tax liabilities (net)	16	-	-	9.05	22.15
Total non-current liabilities		143.76	157.72	224.00	94.81
Current Liabilities					
Financial liabilities					
- Deposits	17	6,565.87	2,991.62	2,630.75	3,554.38
- Lease Liabilities	58	75.67	73.19	72.37	71.81
- Trade payables	18				
Total Outstanding dues of micro enterprises and small enterprises (MSME)		1.76	8.79	-	-
Total Outstanding dues of other than MSME		128.51	129.29	198.68	235.63
- Other Financial liabilities	19	117.27	132.91	601.98	1,287.15
Other current liabilities	20	160.49	122.40	122.50	94.18
Provisions	15	18.95	17.36	21.84	11.03
Current Tax Liabilities (Net)	20	11.25	-	-	-
Total current liabilities		7,079.77	3,475.56	3,648.12	5,254.18
TOTAL LIABILITIES		7,223.53	3,633.28	3,872.12	5,348.99
TOTAL EQUITY AND LIABILITIES		12,198.22	8,458.07	8,509.28	9,862.84

The accompanying Restated Consolidated Statement of Significant Accounting Policies in Annexure V and Notes to the Restated Consolidated Financial Information in Annexure VI are an integral part of this statement including statement of adjustments to audited Consolidated Financial Statements appearing in Annexure VII.

As per our examination report of even date attached

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

For and on behalf of the Board of Directors
National Commodity & Derivatives Exchange Limited
CIN: U51909MH2003PLC140116

Sachin A. Negandhi
Partner
Membership No.112888

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

Ravindra Kumar Roye
Chairman
DIN - 07304930

Place : Mumbai
Date : February 10, 2020

Harish Kumar
Company Secretary
Membership No.20844

Atul Roongta
Chief Financial Officer

National Commodity & Derivatives Exchange Limited
Annexure II: Restated Consolidated Statement of Profit and Loss

(₹ in millions)

Particulars	Notes	For the Half Year ended September 30, 2019	For the Year ended March 31, 2019	For the Year ended March 31, 2018	For the Year ended March 31, 2017
INCOME					
Revenue from operations	21	707.88	1,503.84	1,125.66	1,039.71
Other Income	22	218.16	443.63	496.19	623.56
Total Income		926.04	1,947.47	1,621.85	1,663.27
EXPENSE					
Employee benefits expense	23	340.14	655.65	633.18	566.73
Finance cost	24	8.16	19.30	8.23	12.00
Depreciation & amortization	25	131.60	276.53	264.74	236.23
Other expenses	26	409.32	855.63	792.14	760.95
Total expenses		889.22	1,807.11	1,698.29	1,575.91
Profit / (loss) before share of Net profit of Joint venture, exceptional items and income tax		36.82	140.36	(76.44)	87.36
Add : Exceptional item	27	(33.91)	-	-	95.40
Profit / (Loss) before share of Net profit of Joint venture and associates and income tax		2.91	140.36	(76.44)	182.76
Share of net profit from Joint venture and associates accounted for using equity method	47	50.36	32.15	29.04	78.34
Profit / (Loss) before tax		53.27	172.51	(47.40)	261.10
Tax expense					
Current tax	28	32.29	42.13	81.98	34.12
Deferred tax expense/ (credit)	28	(52.42)	(25.82)	(20.59)	11.28
Profit / (Loss) for the year (A)		73.40	156.20	(108.79)	215.70
Other comprehensive Income:					
Items that will not be reclassified to the Statement of profit and loss:					
Remeasurement of post-employment benefit obligations		(7.82)	(2.06)	(4.50)	(5.58)
Share of other comprehensive income of joint ventures		(0.03)	0.02	0.01	(0.004)
Income tax impact on above		2.23	0.48	1.44	1.83
Item that will be reclassified to the Statement of profit and loss:					
Debt instruments through Other Comprehensive Income		11.40	(2.60)	3.20	1.40
Income tax impact on above		(2.60)	0.60	(0.74)	(0.33)
Other comprehensive income for the year net of tax (B)		3.18	(3.56)	(0.59)	(2.68)
Total comprehensive income for the year (A+B)		76.58	152.64	(109.38)	213.02
Profit attributable to:					
Owners of the Company		81.10	163.24	(106.15)	215.70
Non-controlling interests		(7.70)	(7.04)	(2.64)	-
Other comprehensive income attributable to:					
Owners of the Company		3.18	(3.36)	(0.39)	(2.68)
Non-controlling interests		-	(0.20)	(0.20)	-
Total comprehensive income for the year attributable to:					
Owners of the Company		84.28	159.88	(106.54)	213.02
Non-controlling interests		(7.70)	(7.24)	(2.84)	-
Earnings per share from continuing and discontinued operations attributable to the equity holders of the Company during the year					
Earnings per share (Face value of ₹ 10 each)					
(1) Basic (₹)		1.60	3.22	(2.09)	4.26
(2) Diluted (₹)		1.60	3.22	(2.09)	4.26

The accompanying Restated Consolidated Statement of Significant Accounting Policies in Annexure V and Notes to the Restated Consolidated Financial Information in Annexure VI are an integral part of this statement including statement of adjustments to audited Consolidated Financial Statements appearing in Annexure VII.

As per our examination report of even date attached

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

For and on behalf of the Board of Directors
National Commodity & Derivatives Exchange Limited
CIN: U51909MH2003PLC140116

Sachin A. Negandhi
Partner
Membership No.112888

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

Ravindra Kumar Roye
Chairman
DIN - 07304930

Place : Mumbai
Date : February 10, 2020

Harish Kumar
Company Secretary
Membership No.20844

Atul Roongta
Chief Financial Officer

National Commodity & Derivatives Exchange Limited
Annexure III: Restated Consolidated Statement of Cash Flows

(₹ in millions)

Particulars	For the half year ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash flow from operating activities				
Profit before tax	53.27	172.51	(47.40)	261.10
Adjustments for:				
Depreciation & amortisation	131.60	276.53	264.74	236.23
Provision for leave encashment	0.65	(3.79)	(5.02)	(0.99)
Provision for gratuity	4.03	5.09	1.25	(10.12)
Provision no longer required	(0.07)	(2.90)	8.89	-
Loss/(Profit) on sale of fixed asset	(0.08)	(0.04)	(0.38)	(1.16)
(Profit) / Loss on sale of investments	(24.59)	(111.55)	(246.85)	(249.60)
Interest income	(168.24)	(283.27)	(192.05)	(258.46)
Interest on lease liabilities	8.16	19.30	8.23	12.00
Ind AS Fair value impact of mutual fund	-	146.30	(141.80)	(33.66)
Interest Exp MSME	(0.07)	0.28	-	-
Share of profit from Joint venture and associate	(50.36)	(32.15)	(29.04)	(78.34)
Utilisation from Investor Service fund	-	(1.00)	-	(0.51)
Utilisation from Risk Management Fund (RMF)	(0.03)	-	-	-
Contribution to Core SGF by Settlement Penalties	50.17	-	-	-
Reversal of Impairment loss	(29.09)	-	-	-
Operating profit before working capital changes	(24.65)	185.31	(379.43)	(123.51)
Movements in working capital:				
Decrease / (Increase) in trade receivables	(24.13)	5.57	(19.53)	(41.47)
Decrease / (Increase) in other current assets	(42.96)	(19.73)	42.28	(37.30)
Decrease / (Increase) in other non current assets	1.94	2.13	2.21	(9.85)
Decrease / (Increase) other non current financial assets	0.50	6.23	(2.87)	1.10
Decrease / (Increase) other financial assets	(46.99)	90.07	(104.58)	2.50
Increase / (Decrease) in non - current financial liabilities	-	(3.58)	(0.48)	1.70
Increase / (Decrease) in long term provision	-	-	-	9.08
Increase / (Decrease) in trade payables	(9.64)	(57.73)	(45.90)	54.54
Increase / (Decrease) in current financial liabilities	3,557.13	(79.72)	(1,623.52)	1,723.68
Increase / (Decrease) in other current liabilities	(24.70)	(42.23)	28.32	(10.19)
Cash generated/(used) from operations	3,386.50	86.32	(2,103.50)	1,570.28
Direct taxes paid (net of refunds)	33.28	76.84	36.71	28.17
Net cash generated/(used) in operating activities (A)	3,353.22	9.48	(2,140.21)	1,542.11
B. Cash flows from investing activities				
Purchase of fixed assets, including intangible assets and CWIP	(93.46)	(176.96)	(237.27)	(373.45)
Proceeds from sale / disposal of fixed assets	45.86	7.30	2.94	1.81
Proceeds from sale of long term investments	-	-	-	201.84
Purchase of current investments	(32,464.36)	(74,238.17)	(68,103.88)	(59,050.04)
Advance against Comlive ePledge Business Transfer Agreement	-	-	(35.25)	-
Proceeds from sale of current investments	32,378.85	76,389.42	69,306.27	58,185.68
Dividend Received from Joint venture	7.00	6.03	5.00	2.50
Interest received	208.12	250.54	217.79	285.72
Investment in fixed deposits (original maturity of more than three months)	(3,355.40)	(4,375.95)	(2,442.26)	(2,292.38)
Redemption/Maturity of fixed deposits (original maturity of more than three months)	3,195.85	2,588.94	2,269.85	2,616.54
Net cash generated/(used) in investing activities (B)	(77.54)	451.15	983.19	(421.78)
C. Cash Flows from financing activities				
Proceeds from issuance of equity share capital to non controlling interest	0.72	1.03	265.55	-
Share issue expenses	(1.90)	-	(11.45)	(6.48)
Dividend paid	-	(15.20)	(17.74)	(126.69)
Dividend tax paid	-	(3.10)	(3.61)	(25.79)
Payment of lease liabilities	(44.92)	(93.69)	(83.67)	(76.36)
Net cash generated/(used) from financing activities (C)	(46.10)	(110.96)	149.08	(235.32)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	3,229.58	349.67	(1,007.94)	885.01
Cash and cash equivalents at the beginning of the period	784.71	435.04	1,442.98	557.97
Cash and cash equivalents at the end of the period	4,014.29	784.71	435.04	1,442.98
Components of cash and cash equivalents (Refer note 10)				
Cash in hand	-	-	0.01	0.01
Balances with Banks				
- on current accounts *	3,353.79	520.47	426.06	1,182.97
- on fixed deposits (Original maturity being three months or less) **	660.50	147.96	8.97	260.00
- Investments in mutual funds (Highly Liquid Funds)	-	116.28	-	-
Total	4,014.29	784.71	435.04	1,442.98

*** Includes**

₹ 0.3 millions (March 31, 2019 : ₹ 0.3 millions, March 31,2018 : ₹ 0.3 millions, March 31,2017 : ₹0.3 millions) in Escrow account " NCDEX Joint Price Dissemination Account"
₹ 0.25 millions (March 31, 2019 : NIL millions, March 31, 2018 : ₹4.10 millions, March 31, 2017 : ₹ 3.70 millions) in Settlement Guarantee Fund
₹ 0.007 millions (March 31, 2019 : ₹ 0.11 millions, March 31, 2018: ₹0.087 millions, March 31, 2017 : ₹ NIL) for Investor Service Fund.
₹ 49.90 millions Fund in Transit for which fixed Deposit created on October 01, 2019 for Core Settlement Guarantee Fund.

**** Includes**

₹79.60 millions (March 31, 2019 : ₹ NIL millions, March 31,2018 : ₹ 0.9 millions, March 31,2017 : ₹ Nil) for Settlement Guarantee Fund.

The accompanying Restated Consolidated Statement of Significant Accounting Policies in Annexure V and Notes to the Restated Consolidated Financial Information in Annexure VI are an integral part of this statement including statement of adjustments to audited Consolidated Financial Statements appearing in Annexure VII.
As per our examination report of even date attached

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

Sachin A. Negandhi
Partner
Membership No.112888

Place: Mumbai
Date : February 10, 2020

For and on behalf of the Board of Directors
National Commodity & Derivatives Exchange Limited
CIN: U51909MH2003PLC140116

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

Harish Kumar
Company Secretary
Membership No.20844

Ravindra Kumar Roye
Chairman
DIN - 07304930

Atul Roongta
Chief Financial Officer

National Commodity & Derivatives Exchange Limited
Annexure IV: Restated Consolidated Statement of Changes in Equity

(A) Equity Share Capital (₹ in millions)

Balance as at April 1, 2016	506.76
Changes in equity share capital during the year	-
Balance as at March 31, 2017	506.76
Changes in equity share capital during the year	-
Balance as at March 31, 2018	506.76
Changes in equity share capital during the year	-
Balance as at March 31, 2019	506.76
Changes in equity share capital during the period	-
Balance as at September 30, 2019	506.76

(B) Other Equity (₹ in millions)

Particulars	Reserves and Surplus							Items of Other Comprehensive Income	Grand Total		
	Securities Premium Reserve	Risk Management Fund	General reserve	Settlement Guarantee Fund	Core Settlement Guarantee Fund (Refer Note No 41)	Special Guarantee Fund	Retained Earnings	FVTOCI Debt instrument	Total Attributable to owners of the company	Attributable to Non-Controlling interest	Total
Balance at the April 1, 2016	1,395.60	0.51	111.00	587.49			1,867.76	-	3,962.36	-	3,962.36
Impact on account of Ind AS 116, net of tax							(8.82)		(8.82)		(8.82)
Addition in current year	-	-	-	52.85			215.70	-	268.55	-	268.55
Share issue expenses	-	-	-	-			(6.48)	-	(6.48)	-	(6.48)
Items of Other Comprehensive Income for the year, net of tax											
Remeasurement benefit of defined benefit plans	-	-	-	-			(3.75)	-	(3.75)	-	(3.75)
Net fair value gain on investment in debt instruments through Other Comprehensive Income	-	-	-	-			-	1.07	1.07	-	1.07
Share of other comprehensive income of joint ventures							(0.004)		(0.004)		(0.004)
Payment of Dividend (Transaction with owners in their capacity as owners)	-	-	-	-			(126.69)	-	(126.69)	-	(126.69)
Dividend distribution tax (Transaction with owners in their capacity as owners)	-	-	-	-			(25.79)	-	(25.79)	-	(25.79)
Transfer to Settlement Guarantee Fund	-	-	-	-			(52.85)	-	(52.85)	-	(52.85)
Utilisation during the year	-	(0.51)	-	-			-	-	(0.51)	-	(0.51)
Balance as at March 31, 2017	1,395.60	0.00	111.00	640.34			1,859.08	1.07	4,007.09	-	4,007.09
Non controlling interest on account of dilution of shareholding in subsidiary	-	-	-	-			-		-	265.49	265.49
Addition in current year	-	1.50	-	34.06			(106.15)	-	(70.59)	(2.64)	(73.23)
Items of Other Comprehensive Income for the year, net of tax											
Remeasurement benefit of defined benefit plans	-	-	-	-			(2.86)	-	(2.86)	(0.20)	(3.06)
Net fair value gain on investment in debt instruments through Other Comprehensive Income	-	-	-	-			-	2.46	2.46	-	2.46
Share of other comprehensive income of joint ventures							0.01		0.01		0.01
Payment of Dividend (Transaction with owners in their capacity as owners)	-	-	-	-			(17.74)	-	(17.74)	-	(17.74)
Dividend distribution tax (Transaction with owners in their capacity as owners)	-	-	-	-			(3.61)	-	(3.61)	-	(3.61)
Transfer to Settlement Guarantee Fund	-	-	-	-			(34.06)	-	(34.06)	-	(34.06)
Transfer to Risk management fund	-	-	-	-			(1.50)	-	(1.50)	-	(1.50)
Share issue expenses	-	-	-	-			(11.45)	-	(11.45)	-	(11.45)
Balance as at March 31, 2018	1,395.60	1.50	111.00	674.40			1,681.72	3.53	3,867.75	262.65	4,130.40
Non controlling interest on account of dilution of shareholding in subsidiary										(7.24)	(7.24)
Addition in current year	0.86	1.50		32.60	1,403.16	0.10	163.24		1,601.46		1,601.46
Items of Other Comprehensive Income for the year, net of tax									-		-
Remeasurement benefit of defined benefit plans							(1.36)		(1.36)		(1.36)
Net fair value gain on investment in debt instruments through Other Comprehensive Income								(1.80)	(1.80)		(1.80)
Share of other comprehensive income of joint ventures							0.02		0.02		0.02
Payment of Dividend (Transaction with owners in their capacity as owners)							(15.20)		(15.20)		(15.20)
Dividend distribution tax (Transaction with owners in their capacity as owners)							(3.10)		(3.10)		(3.10)
Transfer to Settlement Guarantee Fund							(1,070.75)		(1,070.75)		(1,070.75)
Transfer From SGF							706.90		706.90		706.90
Reversal of SGF contribution made by Exchange to Clearing Corporation							(311.80)		(311.80)		(311.80)
Transfer to retained earning				(707.00)					(707.00)		(707.00)
Utilisation during the year		(1.00)							(1.00)		(1.00)
Transfer to Risk management fund							(1.50)		(1.50)		(1.50)
Balance as at March 31, 2019	1,396.46	2.00	111.00	0.00	1,403.16	0.10	1,148.17	1.73	4,062.62	255.41	4,318.03

Non controlling interest on account of dilution of shareholding in subsidiary									0.10	0.10	
Addition in current period	0.52				219.15		81.10		300.77	(7.71)	293.06
Utilised / Converted during the period									-		-
Items of Other Comprehensive Income for the year, net of tax									-		-
Remeasurement benefit of defined benefit plans							(5.61)		(5.61)		(5.61)
Net fair value gain on investment in debt instruments through Other Comprehensive Income								8.80	8.80		8.80
Share of other comprehensive income of joint ventures									-		-
Payment of Dividend (Transaction with owners in their capacity as owners)							(25.30)		(25.30)		(25.30)
Dividend distribution tax (Transaction with owners in their capacity as owners)							(5.20)		(5.20)		(5.20)
Transfer to Core Settlement Guarantee Fund - NCCL							(97.50)		(97.50)		(97.50)
Transfer to Settlement Guarantee Fund - NCDEX							(16.52)		(16.52)		(16.52)
Transfer From SGF									-		-
Reversal of SGF contribution made by Exchange to Clearing Corporation									-		-
Transfer to retained earning									-		-
Utilisation during the period		(0.03)							(0.03)		(0.03)
Transfer to Risk management fund									-		-
Share issue expenses							(1.90)		(1.90)		(1.90)
Balance as at September 30, 2019	1,396.98	1.97	111.00	0.00	1,622.31	0.10	1,077.24	10.53	4,220.13	247.80	4,467.93

The accompanying Restated Consolidated Statement of Significant Accounting Policies in Annexure V and Notes to the Restated Consolidated Financial Information in Annexure VI are an integral part of this statement including statement of adjustments to audited Consolidated Financial Statements appearing in Annexure VII.

Notes:

Please refer Note 13 for the description of the purpose of each reserve included within Other Equity.

As per our examination report of even date attached

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

For and on behalf of the Board of Directors
National Commodity & Derivatives Exchange Limited
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Sachin A. Negandhi
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Vijay Kumar V.
Managing Director & Chief Executive Officer
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Ravindra Kumar Roye
Chairman
DIN - 07304930

Place : Mumbai
Date : February 10, 2020

Harish Kumar
Company Secretary
Membership No.20844

Atul Roongta
Chief Financial Officer

National Commodity & Derivatives Exchange Limited
Annexure V: Restated Consolidated Statement of Significant Accounting Policies

Corporate Information

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

The Restated Consolidated Financial Statements relates to the Parent Company, its subsidiary companies, jointly controlled entities and associates (collectively referred to as "the Group").

1 Basis of Preparation & Presentation

a Statement of Compliance

(i) The Restated Consolidated Statement of Assets and Liabilities as at September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flows for each of the half-year ended September 30, 2019 and years ended March 31, 2019, March 31, 2018 and March 31, 2017, the summary of significant accounting policies and Restated Other Consolidated Financial Information (herein collectively referred to as 'Restated Consolidated Financial Information') have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (India Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act, to the extent applicable.

The Restated Consolidated Financial Information have been compiled by the Group from the Audited Consolidated Financial Statements of the Group as at and for the half-year ended September 30, 2019 and years ended March 31, 2019 and March 31, 2018 prepared under Ind AS which includes the comparative Ind AS Consolidated Financial Statements for the year ended March 31, 2017 prepared in accordance with Ind AS.

The Consolidated Audited Financial Statements as at and for the year ended March 31, 2017 have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS (being first time adoption) as on April 1, 2016 ('transition date').

(ii) The Restated Consolidated Financial Information has been prepared by the management in connection with the proposed initial public offering of equity shares of the Company, to be filed by the Company with the Securities and Exchange Board of India, Registrar of Companies, Mumbai and the concerned Stock Exchange in accordance with the requirements of:

- a) Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Act;
- b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India ("SEBI") on September 11, 2018, in pursuance of the provisions of Securities and Exchange Board of India Act, 1992 (together referred to as the "SEBI regulations"); and
- c) Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI").

(iii) These Restated Consolidated Financial Information have been compiled by the Group from the Audited Consolidated Financial Statements and :

- a) there were no changes in accounting policies during the years of these financial statements except for the new and amended Ind AS 115- 'Revenue from contracts with customers' & Ind AS - 116, 'Leases';
- b) material amounts relating to adjustments for previous years in arriving at profit/loss of the years to which they relate, have been appropriately adjusted,
- c) adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited consolidated financial statements of the Group as at and for the period ended September 30, 2019 prepared under Ind AS and the requirements of the SEBI Regulations, and the resultant tax impact on above adjustments has been appropriately adjusted in deferred taxes in the respective years to which they relate.

b Historical Cost Convention

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

- i. certain financial assets and liabilities and contingent consideration that is measured at fair value;
- ii. assets held for sale measured at lower of cost or fair value less cost to sell;
- iii. defined benefit plans - plan assets measured at fair value less present value of defined benefit obligation;
- iv. Equity settled share-based payments measured at fair value

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

c Principle of Consolidation and Equity Accounting

i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the restated consolidated statement of profit and loss, restated consolidated statement of changes in equity and restated consolidated statement of assets and liabilities respectively.

ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

iii) Joint Arrangements

Under IND AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has only joint ventures.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the restated consolidated statement of assets and liabilities.

iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post - acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

d Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

e Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in consolidated statement of profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' ("Ind AS 12") and Ind AS 19 'Employee Benefits' ("Ind AS 19") respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognizing a gain in respect thereof, the Group determines where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognizes it in other comprehensive income and accumulates the same in equity as capital reserve. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognizes the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to consolidated statement of profit or loss where such treatment would be appropriate if that interest were disposed off.

Common control

Business combinations involving entities that are ultimately controlled by the same parties before and after the business combination are considered as Common control entities. Common control transactions are accounted using pooling of interest method. The financial statements in respect of prior periods have been restated from the period that the Transferor Company became a subsidiary of the Transferee Company where the assets and liabilities of the transferee are recorded at their existing carrying values, the identity of reserves of the transferee company is preserved.

f Functional and presentation currency

Items included in the Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Restated Consolidated Financial Information is presented in Indian Rupees (INR), which is the Group's functional and presentation currency and all values are rounded off to the nearest two decimal million except otherwise stated.

Transactions and balances

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

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

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

g Use of estimates and judgment

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

- Estimated useful lives of property, plant and equipment and intangible assets

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

- Recognition and measurement of defined benefit obligations

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

- Recognition of deferred tax assets

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

- Contingent liabilities

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

- Share Based Payments

Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. The estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The measurement of the fair value of the equity settled transactions with the employees is based on the valuation report from an independent valuer as at the grant date.

h Current and Non-current classification

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

An asset is treated as current when it is:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- ii. Held primarily for the purpose of trading, or
- iii. Expected to be realised within twelve months after the reporting period other than for (i) above, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- v. Current assets also includes current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when:

- i. It is expected to be settled in normal operating cycle i.e twelve months
- ii. It is held primarily for the purpose of trading
- iii. It is due to be settled within twelve months after the reporting period other than for (i) above, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

i Non-current assets held for sale

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

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

j Fair Value Measurement

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

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

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

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

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

• Level 1 — Quoted (unadjusted)

This hierarchy includes financial instruments measured using quoted prices.

• Level 2

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

Level 2 inputs include the following:

- a) Quoted prices for similar assets or liabilities in active markets.
- b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) Inputs other than quoted prices that are observable for the asset or liability.
- d) Market – corroborated inputs.

• Level 3

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

k Revenue Recognition

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

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

Transaction charges

Transaction charges are recognised as income on trade date basis.

Annual subscription charges

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

Admission fees

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

Delivery Charges

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

Interest Income

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

Dividends

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

Risk Management Fees

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

Comtrack / Repository charges

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

Warehouse Charges

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

Software service charges

Software rental charges are recognized as income on the basis of agreement with parties and in respect of agreements with the joint controlled, claims are accounted on actual receipts.

Registration Fees

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

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

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

l Government Grants

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

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

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

m Income taxes

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

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

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

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

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

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

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

National Commodity & Derivatives Exchange Limited
Annexure V: Restated Consolidated Statement of Significant Accounting Policies

n Property, Plant and Equipment (PPE)

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

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

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

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

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

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

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

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

Asset Class	Useful Life
Leasehold Improvements	Over the lease term
Furniture & Fixtures	10 years
Electrical Installations	10 years
Computer Hardware	3 – 6 years
Office Equipments	5 years
Motor Car	8 years
Tele Communication Equipments	6 years

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or over the shorter of the assets useful life and the lease term if there is an uncertainty that the Group will obtain ownership at the end of the lease term.

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

o Intangible Asset

Recognition of intangible assets

a. Computer software

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

Costs capitalised are amortized on a straight line basis over its expected useful life based on management's estimate.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the entity are recognized as intangible assets when the following criteria are met:

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

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use. The estimated useful life (4-10 years) of subsequent development of already capitalised intangible assets is evaluated independent of the estimated life of the original assets.

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

De-recognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of profit and loss when the asset is derecognized.

Intangible assets under development

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

National Commodity & Derivatives Exchange Limited
Annexure V: Restated Consolidated Statement of Significant Accounting Policies

p Lease

As a lessee

Effective April 01, 2016, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 01, 2016 as the standard is considered as a change in accounting policy and hence been applied throughout the period covered for the preparation of restated financial information i.e. from periods beginning April 01, 2016 onwards to ensure consistency of presentation, disclosures and the accounting policies for all the periods presented in line with that of the latest stub period presented i.e. September 30, 2019.

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

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

- i. the contract involves the use of an identified asset
- ii. the group has substantially all of the economic benefits from use of the asset through the period of the lease and
- iii. the group has the right to direct the use of the asset.

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

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

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

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

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

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

As a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the Statement of Assets and Liabilities based on their nature.

Transition

Effective April 1, 2016, the Group adopted Ind AS 116 "Leases" and applied to all lease contracts existing on April 1, 2016 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application.

q Borrowing Costs

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

r Provisions, Contingent liabilities and Contingent assets

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

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

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

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

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

s Employee Benefit

Short-term obligations

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

Other long-term employee benefit obligations

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

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

Post-employment obligations

The Group operates the following post-employment schemes:

- a. defined benefit plans such as gratuity, and
- b. defined contribution plans such as provident fund.

Defined benefit Plan

• Gratuity obligations

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

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

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

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

Defined Contribution Plan

• Provident fund

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

Leave Encashment

Leave encashment is measured on the basis of actuarial report.

t Cash and cash equivalents

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

u Impairment of non-financial assets

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

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

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

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

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

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

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

v Financial Instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortized cost

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debt instrument at FVTOCI

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

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

Debt instrument at FVTPL

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

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

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

Equity investments

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

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the the Restated Consolidated Statement of Profit and Loss.

Trade receivables

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

Cash and Cash equivalents

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

De-recognition

A financial asset is de-recognized only when :

- The Group has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

National Commodity & Derivatives Exchange Limited
Annexure V: Restated Consolidated Statement of Significant Accounting Policies

Impairment of financial assets

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

- i. Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- ii. Financial assets that are debt instruments and are measured as at FVTOCI.
- iii. Lease receivables under Ind AS 17.
- iv. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.
- v. Loan commitments which are not measured as at FVTPL.
- vi. Financial guarantee contracts which are not measured as at FVTPL.

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

- Trade receivables or contract revenue receivables

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

Financial liabilities

Classification as debt or equity

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

Initial recognition and measurement

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

Subsequent measurement

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

Trade and other payables

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

Loans and borrowings

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

Financial guarantee contracts

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

Derecognition

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

w Earnings per share

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

x Core Settlement Guarantee Fund (Core SGF)

From September 27, 2018, Clearing & Settlement function is carried out by National Commodity Clearing Limited (NCCL). Accordingly, as per SEBI requirement Core SGF is set up and maintained by NCCL.

Contribution to Core SGF by the Exchange is debited to Restated Consolidated Statement of Profit and Loss and contribution by NCCL to Core SGF is by way of appropriation from retained earnings in the respective standalone financial statement.

As the SGF is maintained within the group, in Restated Consolidated Financial Statements, contribution by the Exchange and NCCL is appropriated out of retained earnings.

y Rounding of amounts

All amounts disclosed in the Restated Consolidated Financial Statements and notes have been rounded off to the nearest millions, unless otherwise stated.

z Cash flow statement

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

aa Application of new and revised Ind - AS

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 to the extent applicable have been considered in preparing these financial statements.

National Commodity & Derivatives Exchange Limited
Annexure VI: Notes to Restated Consolidated Financial Information

2 Property, plant and equipment & Capital work-in-progress

(₹ in millions)

Particulars	Computer Hardware	Leasehold Improvements	Tele Communication Equipments	Office Equipments	Electrical Installations	Furniture and Fixtures	Motor Car	Clearing & Settlement System	Total	Capital work in progress
Gross carrying amount										
Opening as at April 01, 2016	103.51	18.60	61.10	5.96	16.40	5.80	5.68	0.02	217.07	-
Additions	61.07	3.90	22.00	0.40	-	1.97	-	0.04	89.38	-
Disposals / Adjustments	0.95	-	-	-	-	0.50	-	-	1.45	-
Closing gross carrying amount	163.63	22.50	83.10	6.36	16.40	7.27	5.68	0.06	305.00	-
Accumulated depreciation and impairment										
Accumulated depreciation as at April 01, 2016	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	42.62	4.70	16.30	2.12	5.60	1.41	0.61	0.03	73.39	-
Disposals / Adjustments	0.58	-	-	-	-	0.11	-	-	0.69	-
Closing accumulated depreciation	42.04	4.70	16.30	2.12	5.60	1.30	0.61	0.03	72.70	-
Net carrying amount as at March 31, 2017	121.59	17.80	66.80	4.24	10.80	5.97	5.07	0.03	232.30	-
Gross carrying amount										
Opening as at April 01, 2017	163.63	22.50	83.10	6.36	16.40	7.27	5.68	0.06	305.00	-
Additions	57.53	-	22.67	0.62	0.04	0.13	-	-	80.99	8.98
Disposals / Adjustments	3.10	-	-	-	-	-	-	-	3.10	-
Closing gross carrying amount	218.06	22.50	105.77	6.98	16.44	7.40	5.68	0.06	382.89	8.98
Accumulated depreciation and impairment										
Opening as at April 01, 2017	42.10	4.70	16.34	2.12	5.60	1.30	0.61	0.03	72.80	-
Depreciation for the year	53.75	5.33	18.19	1.68	5.45	1.32	0.90	0.01	86.63	-
Disposals / Adjustments	0.56	-	-	-	-	-	-	-	0.56	-
Closing accumulated depreciation	95.29	10.03	34.52	3.80	11.05	2.62	1.51	0.04	158.86	-
Net carrying amount as at March 31, 2018	122.77	12.47	71.24	3.18	5.39	4.78	4.17	0.02	224.03	8.98
Gross carrying amount										
Opening as at April 01, 2018	218.06	22.50	105.77	6.98	16.44	7.40	5.68	0.06	382.89	8.98
Additions	18.44	13.62	14.20	7.64	3.00	6.74	-	-	63.64	4.34
Disposals / Adjustments	9.35	-	-	0.31	0.29	0.52	-	-	10.47	13.32
Closing gross carrying amount	227.15	36.12	119.97	14.31	19.15	13.62	5.68	0.06	436.06	-
Accumulated depreciation and impairment										
Opening as at April 01, 2018	95.29	10.03	34.52	3.80	11.05	2.62	1.51	0.04	158.86	-
Depreciation for the year	56.40	6.69	20.95	2.62	1.50	1.25	0.74	-	90.15	-
Disposals / Adjustments	7.31	-	-	0.22	0.27	0.19	-	-	7.99	-
Closing accumulated depreciation	144.38	16.72	55.47	6.20	12.28	3.68	2.25	0.04	241.02	-
Net carrying amount as at March 31, 2019	82.77	19.40	64.50	8.11	6.87	9.94	3.43	0.02	195.04	-
Gross carrying amount										
Opening as at April 01, 2019	227.15	36.12	119.97	14.31	19.15	13.62	5.68	0.06	436.06	-
Additions	2.40	0.70	-	1.40	-	1.10	-	-	5.60	2.00
Disposals / Adjustments	1.40	-	-	0.10	-	-	-	-	1.50	-
Closing gross carrying amount	228.15	36.82	119.97	15.61	19.15	14.72	5.68	0.06	440.16	2.00
Accumulated depreciation and impairment										
Opening as at April 01, 2019	144.38	16.72	55.47	6.20	12.28	3.68	2.25	0.04	241.02	-
Depreciation for the period	18.50	3.80	10.30	1.50	0.40	0.50	0.40	-	35.40	-
Disposals / Adjustments	1.40	-	-	-	-	-	-	-	1.40	-
Closing accumulated depreciation	161.48	20.52	65.77	7.70	12.68	4.18	2.65	0.04	275.02	-
Net carrying amount as at September 30, 2019	66.67	16.30	54.20	7.91	6.47	10.54	3.03	0.02	165.14	2.00

3 Intangible Assets

(₹ in millions)

Particulars	Computer Software	Total	Intangible assets under development	Total
Gross carrying amount				
Deemed cost as at April 01, 2016	160.32	160.32	195.44	195.44
Additions	478.21	478.21	241.19	241.19
Capitalised during the year	-	-	435.90	435.90
Closing gross carrying amount	638.53	638.53	0.73	0.73
Accumulated amortisation				
Accumulated amortisation as at April 01, 2016	-	-	-	-
Amortisation for the year	95.29	95.29	-	-
Closing accumulated amortisation	95.29	95.29	-	-
Net carrying amount as at March 31, 2017	543.24	543.24	0.73	0.73
Gross carrying amount				
Opening as at April 01, 2017	638.53	638.53	0.73	0.73
Additions	153.14	153.14	80.62	80.62
Capitalised during the year	-	-	70.65	70.65
Closing gross carrying amount	791.67	791.67	10.70	10.70
Accumulated amortisation and impairment losses				
Opening as at April 01, 2017	95.29	95.29	-	-
Amortisation for the year	108.70	108.70	-	-
Closing accumulated amortisation	203.99	203.99	-	-
Net carrying amount as at March 31, 2018	587.68	587.68	10.70	10.70
Gross carrying amount				
Opening as at April 01, 2018	791.67	791.67	10.70	10.70
Additions	90.95	90.95	38.05	38.05
Disposals / Adjustments	18.90	18.90	33.04	33.04
Capitalised during the year	5.92	5.92	-	-
Closing gross carrying amount	857.80	857.80	15.71	15.71
Accumulated amortisation and impairment losses				
Opening as at April 01, 2018	203.99	203.99	-	-
Amortisation for the year	104.60	104.60	-	-
Disposals / Adjustments	18.12	18.12	-	-
Closing accumulated amortisation	290.47	290.47	-	-
Net carrying amount as at March 31, 2019	567.33	567.33	15.71	15.71
Gross carrying amount				
Opening as at April 01, 2019	857.80	857.80	15.71	15.71
Additions	43.40	43.40	15.20	15.20
Disposals / Adjustments	6.00	6.00	-	-
Capitalised during the period	-	-	13.00	13.00
Closing gross carrying amount	895.20	895.20	17.91	17.91
Accumulated amortisation and impairment losses				
Opening as at April 01, 2019	290.47	290.47	-	-
Amortisation for the period	58.20	58.20	-	-
Disposals / Adjustments	-	-	-	-
Closing accumulated amortisation	348.67	348.67	-	-
Net carrying amount as at September 30, 2019	546.53	546.53	17.91	17.91

Subsidiary Company NeML, had held a software under Intangible assets at an opening gross value of ₹ 15.75 millions and opening value of accumulated amortisation to the extent of ₹ 9.84 millions in the financial year 2018-19. During the financial year 2018-19, the platform developed for software ceased to be recognized as a cash generating unit. Therefore, the net carrying value of ₹ 5.92 millions was fully impaired and was recognised as expense in the Statement of Profit & Loss in the financial year 2018-19.

4 INVESTMENTS - NON-CURRENT

(₹ in millions)

Particulars	As at September 30, 2019		As at March 31, 2019		As at March 31, 2018		As at March 31, 2017	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Investment in associates/joint ventures accounted for using the equity method								
Investments in Unquoted equity Shares								
(i) In Associates								
Equity Shares of ₹10/- each fully paid up in Power Exchange India Limited *	20,000,000	200.00	15,000,000	150.00	15,000,000	150.00	15,000,000	150.00
Less: Provision for diminution in value of Investment		-		(150.00)		(150.00)		(150.00)
Add / Less: Share of Profit /(Loss)		(146.59)		-		-		-
		53.41		-		-		-
(ii) In Joint Venture								
Rashtriya e Market Services Private Limited		50.00		50.00		50.00		50.00
Add: Share of Profit		196.64		177.63		151.47		127.41
		246.64		227.63		201.47		177.41
Investments in Unquoted preference shares								
(i) In Associates								
10% Optionally Convertible Cumulative Preference Shares of ₹10/- each fully paid up in Power Exchange India Limited *		-	5,000,000	50.00	5,000,000	50.00	5,000,000	50.00
Less: Provision for diminution in value of Investment				(50.00)		(50.00)		(50.00)
Total		300.05		227.63		201.47		177.41
Aggregate amount of unquoted investments		300.05		227.63		201.47		177.41
* Aggregate provision for diminution in value of unquoted investments		-		200.00		200.00		200.00

5 OTHER FINANCIAL ASSET

(₹ in millions)

Particulars	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current
	As at September 30, 2019	As at September 30, 2019	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017
(a) Non-current bank balances								
Deposits with bank - original maturity more than 12 months*	493.66		109.91		178.23	-	198.06	-
Total (a)	493.66	-	109.91	-	178.23	-	198.06	-
(b) Others								
Secured, Considered Good								
Interest accrued on fixed deposits**	11.25	147.65	5.32	138.5	4.59	53.25	1.38	82.20
Security Deposits	30.30	14.19	30.80	12.05	37.03	9.93	40.60	0.18
Accrued Income for Provisional Billing	-	53.78	-	-	-	87.43	-	0.70
Receivable against sale of Mutual Funds	-	518.13	-	275.33	-	-	-	-
Other assets	-	3.29	-	10.06	-	12.70	-	4.60
Others receivables considered doubtful	3.20	-	3.20	0.02	3.21	-	3.21	-
Less: Allowance for expected credit loss	(3.20)	-	(3.20)	-	(3.21)	-	(3.21)	-
	-	-	-	0.02	-	-	-	-
Total (b)	41.55	737.04	36.12	435.96	41.62	163.31	41.98	87.68

* In subsidiary company National Commodity Clearing Limited (NCCL), fixed deposits includes Core Settlement Guarantee Fund (Core SGF) ₹ 240.8 millions (March 31, 2019: ₹ 42.82 millions, March 31,2018 : ₹ NIL and March 31,2017: ₹NIL).

In subsidiary company National E Repository Limited (NERL) fixed deposits includes, earmarked deposits ₹ 50 millions (March 31, 2019: ₹ 50 Millions, March 31,2018: ₹ 50 millions and March 31,2017: ₹ NIL) which are restricted. These deposits are earmarked against performance guarantee given to WDRA as per their guidelines.

** In subsidiary company NCCL, interest accrued on fixed deposits includes, interest on Core SGF - Non Current ₹ 0.03 millions (March 31, 2019 : ₹ 0.16 millions, March 31,2018 : ₹ NIL and March 31,2017: ₹NIL) and Current ₹ 35.21 millions (March 31, 2019 : ₹ 33.88 millions, March 31,2018 : ₹ NIL and March 31,2017: ₹ NIL)

In subsidiary company NERL, Interest accrued on fixed deposits includes, interest on earmarked deposits ₹ 6.4 millions (March 31, 2019 : ₹ 4.60 Millions, March 31, 2018 ₹ 1.70 Millions and March 31,2017: ₹ NIL) which are restricted. These deposits are earmarked against performance guarantee given to WDRA as per their guidelines.

6 INCOME TAX ASSETS (NET)

(₹ in millions)

Particulars	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current
	As at September 30, 2019	As at September 30, 2019	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017
Advance income tax paid including tax deducted at source receivable (net of provision)	393.98	-	343.09	-	266.05	-	310.95	-
Total	393.98	-	343.09	-	266.05	-	310.95	-

7 OTHER ASSETS

(₹ in millions)

Particulars	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current
	As at September 30, 2019	As at September 30, 2019	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017
Capital Advances	2.13	-	-	-	0.62	-	1.76	-
Prepaid Expenses	11.34	86.24	11.53	48.73	13.66	31.66	15.87	30.89
Deferred Rent	-	-	-	-	-	-	-	-
Balances with government authorities	-	11.71	-	10.35	-	6.91	-	13.28
Other receivables	-	172.62	-	170.78	-	174.07	-	175.50
Advance to employee	-	0.50	-	0.39	-	-	-	-
Total	13.47	271.07	11.53	230.25	14.28	212.64	17.63	219.67

8 INVESTMENTS - CURRENT

(₹ in millions)

Particulars	As at September 30, 2019	As at September 30, 2019	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
A) Investment in bonds								
Bonds (Quoted)								
NHAI Bonds 2015 Tax Free Bonds Tranche I Series II A	57,140	66.30	57,140	61.20	57,140	62.02	57,140	62.74
7.35% NABARD Tax free bonds Maturity date 23-March-2031, @annualised YTM 6.01%	67,475	79.70	67,475	75.10	67,475	74.90	-	-
8.48% NTPC Tax free bonds Maturity date 16-Dec-2028, at 6.005% p.a.	44,799	61.30	44,799	57.40	44,799	59.36	-	-
Total Bonds (a)		207.30		193.70		196.28		62.74
B) Investment in mutual funds								
Mutual Funds (Unquoted)								
Aditya Birla Sunlife Cash Plus Growth Direct Plan	-	-	15,819	4.80	15,591	4.35	44,698	11.68
Aditya Birla Sun Life Saving Fund-Direct Plan-Growth Option *	-	-	-	-	172,927	59.47	52,824	16.91
Aditya Birla Sun Life Saving Fund-Direct Plan-Growth Option *	-	-	-	-	79,071	27.19	93,923	30.07
Aditya Birla Sunlife Cash Plus Growth Direct Plan *	-	-	-	-	161,107	45.00	-	-
Aditya Birla Sunlife Cash Plus Growth Direct Plan **	16,580	5.20	15,480	4.70	5,618	1.57	-	-
Aditya Birla Sunlife Savings Fund-Direct Plan-Growth Option	-	-	-	-	634,027	218.06	469,441	150.27
Aditya Birla Sunlife Savings Fund-Direct Plan-Growth Option*	-	-	-	-	22,275	7.66	22,275	7.13
Aditya Birla Sunlife Short Term Fund-Direct Plan-Growth	-	-	-	-	2,559,757	171.04	799,447	50.00
Axis Liquid Fund Direct Growth	14,002	30.00	24,143	50.10	-	-	83,223	150.07
Axis Liquid Fund Direct Growth **	-	10.00	-	-	-	-	-	-
Axis Liquid Fund-DP-Growth Option	-	-	-	-	-	-	2,497	4.50
Axis Short Term Fund Direct Growth	-	-	-	-	6,502,234	127.71	2,717,199	50.00
Birla SL Saving Fund -Direct-Growth	-	-	-	-	-	-	35,684	11.42
Birla SL Short Term Fund -Direct-Growth	-	-	-	-	-	-	79,945	5.00
BOI AXA Liquid Fund-Direct Plan-Growth Option	-	-	-	-	24,999	50.08	-	-
DSP Blackrock Liquidity Fund Direct Plan-Growth Option	-	-	-	-	-	-	35,266	82.05
HDFC- Liquid Fund -Direct Plan -Growth	8,551	32.50	-	-	-	-	-	-
HDFC FMP 92D February 2018 (1) - Series 39-Direct Plan-Growth Option	-	-	-	-	5,000,000	50.37	-	-
HDFC FRIF-Short Term Plan-Direct Plan-Wholesale Option-Growth Option	-	-	-	-	3,722,650	113.10	5,289,233	150.00
HDFC Medium Term Opportunities Fund-Direct Plan-Growth Option	-	-	-	-	10,501,138	203.80	-	-
HDFC -Short Term Opportunities fund-Direct Plan-Growth Option	-	-	-	-	5,635,361	108.89	2,762,355	50.00
ICICI Prudential Flexible Income - Direct Plan Growth	-	-	-	-	339,823	113.87	361,323	112.94
ICICI Prudential Ultra Short Term - Direct Plan Growth	-	-	-	-	5,775,157	105.65	4,972,621	85.09
ICICI Prudential Liquid Plan - Direct Plan Growth Option Fy 2017-18	-	-	18,372	5.10	-	-	-	-
ICICI Prudential Liquid Plan - Direct Plan Growth Option Fy 2016-17	29,019	8.30	29,019	8.00	-	-	-	-
IDFC Corp Bond Fund-Direct Plan-Growth Option	-	-	-	-	10,556,587	126.37	-	-
IDFC SSIF-ST Direct Plan Growth	-	-	-	-	1,777,428	64.98	-	-
IDFC Ultra Short Term Fund Direct Plan Growth	-	-	-	-	-	-	6,011,257	139.18
IDFC Ultra Short Term Fund-Direct Plan-Growth Option *	-	-	-	-	1,521,689	37.73	-	-
Invesco India Liquid Fund Direct Plan Growth Option	-	-	-	-	20,928	50.06	111,727	250.12
Invesco India Ultra ST -Direct Plan-Growth Option	-	-	-	-	9,247	22.62	-	-
Kotak Floater ST Direct Plan Growth Option	-	-	-	-	-	-	69,529	185.60
Kotak Floater ST Direct Plan Growth Option *	-	-	-	-	1,292	3.69	3,677	9.81
Kotak Floater ST -Direct Plan - Growth Option*	-	-	-	-	-	-	64	0.17
Kotak Treasury Advantage Fund - Direct Plan - Growth Option *	-	-	-	-	1,271,138	35.88	1,271,138	33.51
Kotak Treasury Advantage Fund Direct Plan Growth Option	-	-	-	-	-	-	5,757,590	151.76

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Kotak Treasury Advantage Fund Direct Plan Growth Option *	-	-	-	-	339,179	9.58	324,262	8.55
Kotak Liquid Scheme- Direct Plan-Growth Option ***	2,764	10.80	-	-	-	-	-	-
Kotak Liquid Scheme- Direct Plan-Growth Option*	-	-	2,540	9.60	-	-	-	-
Kotak Liquid Scheme- Direct Plan-Growth Option	-	-	12,694	48.00	-	-	-	-
L & T Liquid Fund - Growth Option	-	-	-	-	21,008	50.06	95,602	213.20
L&T Short Term Opportunities Fund-Direct Plan-Growth Option	-	-	-	-	5,451,368	92.70	-	-
LIC Nomura MF Liquid-Direct Plan-Growth Option	-	-	-	-	15,888	50.07	84,796	250.07
Prudential ICICI Money Market Fund - Direct Plan-Growth Option	-	-	-	-	291,520	70.10	889,050	200.06
Reliance Fixed Horizon Fund - XXXV - Series 14	-	-	-	-	5,000,000	50.79	-	-
Reliance Liquid Fund Treasury Plan- Direct Plan Growth Option	-	-	-	-	-	-	25,213	100.03
Reliance Fix Horizon Fund-Xxx-Series 4- Direct Plan Growth Option	-	-	5,000,000	64.10	5,000,000	59.69	5,000,000	55.72
Reliance FRF ST Direct Plan Growth Option	-	-	-	-	3,731,302	104.88	1,908,820	50.19
Reliance Liquid Fund-Cash-Direct Plan-Growth Optio	-	-	-	-	11,357	31.88	-	-
Reliance Medium Term Fund-Direct Plan-Growth Option	-	-	-	-	-	-	6,993,454	242.60
Reliance Money Manager Fund - Direct - Growth	-	-	-	-	-	-	1,299	2.96
Reliance Fixed Horizon Fund Direct Plan Growth Option	5,000,000	57.30	5,000,000	54.60	-	-	-	-
SBI Short Term Debt Fund-Direct Plan-Growth	-	-	-	-	5,053,266	103.60	2,599,942	50.10
SBI Ultra Short Term Debt Fund-Direct Plan-Growth Option	-	-	-	-	-	-	71,160	150.00
Sundaram Money Fund Direct plan Growth	-	-	-	-	1,366,606	50.07	-	-
Tata Money Market Fund-Direct Plan-Growth Option	-	-	-	-	7,643	20.93	-	-
Tata Short Term Bond Fund Direct Plan Growth	-	-	-	-	1,639,435	54.98	-	-
Tata Ultra ST Fund Direct Plan - Growth Option	-	-	-	-	-	-	60,551	150.26
Tata Ultra ST Fund-Direct Plan-Growth Option *	-	-	-	-	16,152	42.92	16,152	40.08
TATA Liquid Fund Direct Plan - Growth Option	-	-	13,599	40.00	-	-	-	-
UTI FRF STP Direct Plan-Growth	-	-	-	-	-	-	54,019	146.85
UTI Money Market Fund- Inst-Direct Plan-Growth Option *	-	-	-	-	2,585	5.04	-	-
UTI Money Market Fund-Direct-Growth	-	-	-	-	14,135	27.56	-	-
UTI Money Market Growth Direct Plan	-	-	-	-	25,678	50.07	54,835	100.03
UTI Treasury Advantage Fund Institutional Plan Direct Plan Growth	-	-	-	-	36,461	88.00	84,886	191.45
UTI Treasury Advantage Fund - Growth	-	-	-	-	-	-	2,217	5.00
UTI Treasury Advantage Fund-Direct Plan-Growth Option *	-	-	-	-	15,864	38.29	-	-
Total - Mutual Funds (b)		154.10		289.00		2,750.35		3,694.43
Aggregate amount of total investments(a+b)		361.40		482.70		2,946.63		3,757.17
* Represents investment earmarked for Settlement Guarantee Fund								
** Represents investment earmarked for Investor Service Fund								
*** Represents investment earmarked for Base Minimum Capital (BMC)								

9 TRADE RECEIVABLES

(₹ in millions)

Particulars	Current			
	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
a) Secured, considered good *	127.52	79.89	119.44	110.03
b) Unsecured, considered good	76.73	100.23	66.25	56.13
c) Unsecured, credit impaired	63.00	3.07	5.06	3.25
	267.25	183.19	190.75	169.41
Less: Expected credit loss allowance	(63.00)	(3.07)	(5.06)	(3.25)
Total	204.25	180.12	185.69	166.16

* Secured by Cash margins / Bank guarantees / Fixed deposit receipts and hypothecation of movables such as commodities, securities etc from members.

10 CASH AND CASH EQUIVALENTS

(₹ in millions)

Particulars	Current			
	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents				
Cash in hand	-	-	0.01	0.01
Balances with bank				
On current accounts (Note-1)	3,353.79	520.47	426.06	1,182.97
Deposits with original maturity of three months or less (Note-2)	660.50	147.96	8.97	260.00
Investments in mutual funds (Highly Liquid Funds)	-	116.28	-	-
Total	4,014.29	784.71	435.04	1,442.98

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Annexure VI: Notes to Restated Consolidated Financial Information

Note-1 Includes

₹ 0.3 millions (March 31, 2019 : ₹ 0.3 millions, March 31,2018 : ₹ 0.3 millions, March 31,2017 : ₹0.3 millions) in Escrow account " NCDEX Joint Price Dissemination Account"
₹ 0.25 millions (March 31, 2019 : NIL millions, March 31, 2018 : ₹4.10 millions, March 31, 2017 : ₹ 3.70 millions) in Settlement Guarantee Fund
₹ 0.007 millions (March 31, 2019 : ₹ 0.11 millions, March 31, 2018: ₹0.087 millions, March 31, 2017 : ₹ NIL) for Investor Service Fund.

₹ 49.90 millions Fund in Transit for which fixed Deposit created on October 01, 2019 for Core Settlement Guarantee Fund.

Note-2 Includes

₹79.60 millions (March 31, 2019 : ₹ NIL millions, March 31,2018 : ₹ 0.9 millions, March 31,2017 : ₹ Nil) for Settlement Guarantee Fund.

11 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in millions)

Particulars	Current			
	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Deposits with original maturity for more than 3 months but less than 12 months *	4,376.52	4,600.72	2,745.39	2,553.15
Total	4,376.52	4,600.72	2,745.39	2,553.15

* Includes

₹ 186.5 millions (March 31, 2019 : ₹ 186.6 millions, March 31,2018: ₹ 528.2 millions, March 31,2017 : ₹ 730.1 millions) pledged with Banks for Overdraft facilities.

₹ 1,203.10 millions (March 31, 2019 : ₹ 1,319.10 millions, March 31,2018 : ₹ 550.90 millions, March 31,2017 : ₹ 729.9 millions) earmarked for Settlement Guarantee Fund.

12 EQUITY SHARE CAPITAL

(₹ in millions)

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Authorised				
70,000,000 Equity shares of ₹ 10/- each (Previous Years : 60,000,000 Equity shares of ₹ 10/- each)	700.00	600.00	600.00	600.00
10,000,000 5% Cumulative Redeemable Preference Shares of ₹ 10/- each (Previous Years:10,000,000 5% Cumulative Redeemable Preference Shares of ₹ 10/- each)	-	100.00	100.00	100.00
Issued, subscribed and fully paid up shares				
50,676,000 Equity shares of ₹ 10/- each fully paid up (Previous Years: 50,676,000 equity shares of ₹ 10/- each fully paid up)	506.76	506.76	506.76	506.76
Total	506.76	506.76	506.76	506.76

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

	September 30, 2019		March 31, 2019		March 31, 2018		March 31, 2017	
Equity Shares of ₹ 10 each fully paid	No. of Shares	₹ In millions	No. of Shares	₹ In millions	No. of Shares	₹ In millions	No. of Shares	₹ In millions
At the beginning of the year	50,676,000	506.76	50,676,000	506.76	50,676,000	506.76	50,676,000	506.76
Issued during the year	-	-	-	-	-	-	-	-
Outstanding at the end of the year	50,676,000	506.76	50,676,000	506.76	50,676,000	506.76	50,676,000	506.76

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

	September 30, 2019		March 31, 2019		March 31, 2018		March 31, 2017	
Equity Shares of ₹ 10 each fully paid	No. of Shares	₹ In millions	No. of Shares	₹ In millions	No. of Shares	₹ In millions	No. of Shares	₹ In millions
At the beginning of the year	60,000,000	600.00	60,000,000	600.00	60,000,000	600.00	60,000,000	600.00
Conversion of Preference share into equity share capital	10,000,000	100.00	-	-	-	-	-	-
Outstanding at the end of the year	70,000,000	700.00	60,000,000	600.00	60,000,000	600.00	60,000,000	600.00

c. Reconciliation of the authorised 5% Cumulative Redeemable Preference Shares outstanding at the beginning and at the end of the reporting year.

	September 30, 2019		March 31, 2019		March 31, 2018		March 31, 2017	
Preference Shares of ₹ 10 each fully paid	No. of Shares	₹ In millions	No. of Shares	₹ In millions	No. of Shares	₹ In millions	No. of Shares	₹ In millions
At the beginning of the year	10,000,000	100.00	10,000,000	100.00	10,000,000	100.00	10,000,000	100.00
Conversion of Preference share into equity share capital	10,000,000	100.00	-	-	-	-	-	-
Outstanding at the end of the year	-	-	10,000,000	100.00	10,000,000	100.00	10,000,000	100.00

d. Terms/Rights attached to equity share

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

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

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

	September 30, 2019		As at March 31, 2019		As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
Equity Shares of ₹ 10 each fully paid								
National Stock Exchange of India Limited	7,601,377	15.00%	7,601,377	15.00%	7,601,377	15.00%	7,601,377	15.00%
Life Insurance Corporation of India	5,625,000	11.10%	5,625,000	11.10%	5,625,000	11.10%	5,625,000	11.10%
National Bank for Agriculture and Rural Development	5,625,000	11.10%	5,625,000	11.10%	5,625,000	11.10%	5,625,000	11.10%
Indian Farmers Fertiliser Cooperative Limited*	5,068,000	10.00%	5,068,000	10.00%	5,068,000	10.00%	5,068,000	10.00%
Oman India Joint Investment Fund*	5,067,600	10.00%	5,067,600	10.00%	5,067,600	10.00%	5,067,600	10.00%
Punjab National Bank	3,694,446	7.29%	3,694,446	7.29%	3,694,446	7.29%	3,694,446	7.29%
Build India Capital Advisors LLP	2,533,799	5.00%	3,091,236	6.10%	3,091,236	6.10%	3,091,236	6.10%
Canara Bank	3,055,519	6.03%	3,055,519	6.03%	3,055,519	6.03%	3,055,519	6.03%
Investcorp Private Equity Fund - I (previously known as IDFC Private Equity Fund)	2,533,800	5.00%	2,533,800	5.00%	2,533,800	5.00%	2,533,800	5.00%
Shree Renuka Sugars Limited	2,533,700	5.00%	2,533,700	5.00%	2,533,700	5.00%	2,533,700	5.00%

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

*Pursuant to SEBI direction, the Exchange has frozen voting rights and restricted entitlement to any corporate benefits, including dividend over and above 5% of the paid up capital of the IFFCO and OIJIF, till compliance with SECC Regulations, 2018 or a period of nine (9) months from May 05, 2019, whichever is earlier.

13 OTHER EQUITY

(₹ in millions)

Particulars	Reserves and Surplus							Items of Other Comprehensive Income	Grand Total		
	Securities Premium Reserve	Risk Management Fund	General reserve	Settlement Guarantee Fund	Core Settlement Guarantee Fund (Refer Note No 41)	Special Guarantee Fund	Retained Earnings	FVTOCI Debt instrument	Total Attributable to owners of the company	Attributable to Non-Controlling interest	Total
Balance at the April 1, 2016	1,395.60	0.51	111.00	587.49			1,867.76	-	3,962.36	-	3,962.36
Impact on account of Ind AS 116, net of tax							(8.82)		(8.82)		(8.82)
Addition in current year	-	-	-	52.85			215.7	-	268.55	-	268.55
Share issue expenses	-	-	-	-			(6.48)	-	(6.48)	-	(6.48)
Items of Other Comprehensive Income for the year, net of tax											
Remeasurement benefit of defined benefit plans	-	-	-	-			(3.75)	-	(3.75)	-	(3.75)
Net fair value gain on investment in debt instruments through Other Comprehensive Income	-	-	-	-			-	1.07	1.07	-	1.07
Share of other comprehensive income of joint ventures							(0.004)		(0.004)		(0.004)
Payment of Dividend (Transaction with owners in their capacity as owners)	-	-	-	-			(126.69)	-	(126.69)	-	(126.69)
Dividend distribution tax (Transaction with owners in their capacity as owners)	-	-	-	-			(25.79)	-	(25.79)	-	(25.79)
Transfer to Settlement Guarantee Fund	-	-	-	-			(52.85)	-	(52.85)	-	(52.85)
Utilisation during the year	-	(0.51)	-	-			-	-	(0.51)	-	(0.51)
Balance as at March 31, 2017	1,395.60	0.00	111.00	640.34	-	-	1,859.08	1.07	4,007.09	-	4,007.09
Non controlling interest on account of dilution of shareholding in subsidiary	-	-	-	-			-	-	-	265.49	265.49
Addition in current year	-	1.50	-	34.06			(106.15)	-	(70.59)	(2.64)	(73.23)
Items of Other Comprehensive Income for the year, net of tax											
Remeasurement benefit of defined benefit plans	-	-	-	-			(2.86)	-	(2.86)	(0.20)	(3.06)
Net fair value gain on investment in debt instruments through Other Comprehensive Income	-	-	-	-			-	2.46	2.46	-	2.46
Share of other comprehensive income of joint ventures							0.01		0.01		0.01
Payment of Dividend (Transaction with owners in their capacity as owners)	-	-	-	-			(17.74)	-	(17.74)	-	(17.74)
Dividend distribution tax (Transaction with owners in their capacity as owners)	-	-	-	-			(3.61)	-	(3.61)	-	(3.61)
Transfer to Settlement Guarantee Fund	-	-	-	-			(34.06)	-	(34.06)	-	(34.06)
Transfer to Risk management fund	-	-	-	-			(1.50)	-	(1.50)	-	(1.50)
Share issue expenses	-	-	-	-			(11.45)	-	(11.45)	-	(11.45)
Balance as at March 31, 2018	1,395.60	1.50	111.00	674.40			1,681.72	3.53	3,867.75	262.65	4,130.40
Non controlling interest on account of dilution of shareholding in subsidiary										(7.24)	(7.24)
Addition in current year	0.86	1.50		32.60	1,403.16	0.10	163.24		1,601.46		1,601.46
Items of Other Comprehensive Income for the year, net of tax											
Remeasurement benefit of defined benefit plans							(1.36)		(1.36)		(1.36)

Net fair value gain on investment in debt instruments through Other Comprehensive Income								(1.80)	(1.80)		(1.80)
Share of other comprehensive income of joint ventures							0.02		0.02		0.02
Payment of Dividend (Transaction with owners in their capacity as owners)							(15.20)		(15.20)		(15.20)
Dividend distribution tax (Transaction with owners in their capacity as owners)							(3.10)		(3.10)		(3.10)
Transfer to Settlement Guarantee Fund							(1,070.75)		(1,070.75)		(1,070.75)
Transfer From SGF							706.90		706.90		706.90
Reversal of SGF contribution made by Exchange to Clearing Corporation							(311.80)		(311.80)		(311.80)
Transfer to retained earning				(707.00)					(707.00)		(707.00)
Utilisation during the year		(1.00)							(1.00)		(1.00)
Transfer to Risk management fund							(1.50)		(1.50)		(1.50)
Balance as at March 31, 2019	1,396.46	2.00	111.00	0.00	1,403.16	0.10	1,148.17	1.73	4,062.62	255.41	4,318.03
Non controlling interest on account of dilution of shareholding in subsidiary									-	0.10	0.10
Addition in current period	0.52				219.15		81.10		300.77	(7.71)	293.06
Utilised / Converted during the year									-		-
Items of Other Comprehensive Income for the year, net of tax									-		-
Remeasurement benefit of defined benefit plans							(5.61)		(5.61)		(5.61)
Net fair value gain on investment in debt instruments through Other Comprehensive Income								8.80	8.80		8.80
Share of other comprehensive income of joint ventures									-		-
Payment of Dividend (Transaction with owners in their capacity as owners)							(25.30)		(25.30)		(25.30)
Dividend distribution tax (Transaction with owners in their capacity as owners)							(5.20)		(5.20)		(5.20)
Transfer to Settlement Guarantee Fund - NCCL							(97.50)		(97.50)		(97.50)
Transfer to Core Settlement Guarantee Fund - NCDEX							(16.52)		(16.52)		(16.52)
Transfer From SGF									-		-
Reversal of SGF contribution made by Exchange to Clearing Corporation									-		-
Transfer to retained earning									-		-
Utilisation during the period		(0.03)							(0.03)		(0.03)
Transfer to Risk management fund									-		-
Share issue expenses							(1.90)		(1.90)		(1.90)
Balance as at September 30, 2019	1,396.98	1.97	111.00	0.00	1,622.31	0.10	1,077.24	10.53	4,220.13	247.80	4,467.93

Description of nature and purpose of Reserves

1 Securities Premium Reserve

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

2 Risk Management Fund

Risk Management Fund (RMF) as constituted by the Group is the amount earmarked for completion of the settlement, in case of a default by a member.

3 General Reserve

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

4 Settlement Guarantee Fund

SGF is constituted by the Group as per the regulatory requirement. The amount is earmarked for completion of the settlement, in case of a default by a member.

5 Core Settlement Guarantee Fund

Core SGF is constituted by the Group as per the regulatory requirement. The amount is earmarked for completion of the settlement, in case of a default by a member.

6 Special Guarantee Fund

Subsidiary Company NeML holds Spot exchange Licenses under State Agricultural Produce Market Committee (APMC) Regulations. Under the Regulatory framework a spot exchange is required to maintain Special Guarantee Fund to mitigate the risks attached with defaults in a trade.

7 Retained Earnings

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

8 Reserve for debt instruments through other comprehensive income

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

14 DEPOSITS - NON-CURRENT AND OTHER FINANCIAL LIABILITIES

(₹ in millions)

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
a. Deposit from members	0.50	2.02	6.98	7.46
Total (a)	0.50	2.02	6.98	7.46
b. Other Financial Liabilities				
Provision for Performance based incentives	2.85	1.38	-	-
Total (b)	2.85	1.38	-	-
Total (a + b)	3.35	3.40	6.98	7.46

15 PROVISIONS

(₹ in millions)

Particulars	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current
	As at September 30, 2019	As at September 30, 2019	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017
Employee benefits obligation								
a) Provision for gratuity	13.63	15.66	2.48	14.96	-	10.29	3.54	1.00
b) Provision for leave encashment	10.18	3.29	10.42	2.40	5.06	11.55	11.60	10.03
Total	23.81	18.95	12.90	17.36	5.06	21.84	15.14	11.03

16 DEFERRED TAX (NET)

(₹ in millions)

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Deferred tax assets components				
Employee benefits	11.84	7.60	4.59	7.61
Financial Assets at Fair Value through OCI	0.52	-	3.15	2.10
Provision For Doubtful Debt	17.53			
Unabsorbed losses / depreciation	80.64	61.61	51.29	26.51
MAT Credit Entitlement	61.60	66.87	37.70	6.98
On ISF liabilities	1.78	1.37	-	-
Other items (including impact of leases as per Ind AS 116)	4.95	6.74	14.91	15.12
Gross deferred tax asset	178.86	144.19	111.64	58.32
Deferred tax liabilities components				
Depreciation and amortisation	95.98	105.6	72.64	60.03
Financial Assets at Fair Value through P&L	2.38	6.08	34.00	14.21
Financial Assets at Fair Value through OCI	3.11	0.74	-	-
Other items	-	0.07	-	-
Gross deferred tax liabilities	101.47	112.49	106.64	74.24
Net deferred tax asset/(liability)	77.39	31.70	5.00	(15.92)
Deferred tax assets	77.39	31.70	14.05	6.23
Deferred tax liabilities	-	-	(9.05)	(22.15)

17 DEPOSITS - CURRENT

(₹ in millions)

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Settlement Guarantee Fund				
- Base Minimum Capital	178.80	182.50	196.00	240.00
Deposit from members	5,762.92	2,206.97	1,831.30	2,701.98
Deposits from clearing banks	500.00	480.00	480.00	480.00
Deposits from comtrack participants	73.50	71.50	72.00	71.50
Deposits from warehouse service providers	50.65	50.65	51.45	60.90
Total	6,565.87	2,991.62	2,630.75	3,554.38

18 TRADE PAYABLES

(₹ in millions)

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
a) Total outstanding due of Micro and Small Enterprises (MSME)	1.76	8.79	-	-
b) Total outstanding dues of creditors other than MSME	128.51	129.29	198.68	235.63
Total	130.27	138.08	198.68	235.63

19 OTHER FINANCIAL LIABILITIES - CURRENT

(₹ in millions)

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
a) Creditors for Capital Expenditure	5.41	4.95	34.62	19.90
b) Creditors for Capital Expenditure -	2.00	0.91	-	-
c) Interest Payable to MSME	0.21	0.28	-	-
d) Dues to members	35.60	34.90	514.92	1,258.98
e) Other payable	74.05	91.87	52.44	8.27
Total	117.27	132.91	601.98	1,287.15

20 OTHER LIABILITIES - CURRENT AND CURRENT TAX LIABILITIES

(₹ in millions)

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
a) Revenue received in advance	68.86	30.40	16.46	17.01
b) Investor protection fund *	9.10	20.30	24.92	23.20
c) Investor Service fund	6.10	4.70	1.42	-
d) SEBI turnover & Regulatory fees payable	11.00	13.90	3.89	13.07
e) Statutory dues payable	64.13	49.96	47.52	18.58
f) Others	1.30	3.14	28.29	22.32
	160.49	122.40	122.50	94.18
CURRENT TAX LIABILITIES	11.25	-	-	-
	11.25	-	-	-

* Includes ₹ 1.90 millions payable to Investor Protection Fund Trust, in view of the freeze order on the security deposit of the member Bhavishya Advisory and Comtrade (India) Pvt. Ltd. However, Forward Market Commission(FMC) has directed that NCDEX shall get the freeze order lifted by the police authorities and reimburse the amount to the Trust towards settlement of award and arbitration cost which the Trust has paid.

21 REVENUE FROM OPERATIONS

(₹ in millions)

Particulars	For the half year ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products				
Sale of services				
Transaction charges	444.37	1,074.06	692.35	631.47
Delivery Charges	50.08	82.74	86.62	58.10
Risk Management Fees	46.49	83.91	81.87	81.50
`	37.63	86.15	74.95	48.20
Admission fees	20.41	20.45	10.14	11.07
Data, Analytics and Technology Sales	19.80	38.50	29.72	25.90
Annual subscription fees	12.07	22.42	22.28	27.76
Warehouse charges	9.06	26.74	35.26	51.80
Pledge Finance Charges	0.49	6.49	38.36	39.05
Other Operating Revenues				
Computer to computer link charges	2.30	4.80	4.13	2.90
Others	60.18	46.68	38.46	51.46
Port charges	5.00	10.90	11.52	10.50
Total	707.88	1,503.84	1,125.66	1,039.71

22 OTHER INCOME

(₹ in millions)

Particulars	For the half year ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Finance Income :				
- Interest on Bank deposits	161.74	225.07	135.63	171.86
- Interest on Income Tax Refund	1.93	0.10	25.27	13.80
- Interest on Bonds	6.50	13.00	6.70	14.50
- Interest on SGF	-	45.20	49.72	72.10
- Interest on financial asset measured at amortised cost	1.12	2.35	1.47	2.16
Other non-operating income				
Profit on sale / Fair Value of MF Units*	24.19	111.55	246.85	283.26
Profit on sale / Fair Value of MF Units (ISF)	0.40	-	-	-
Insurance Claim	-	-	-	24.70
Exchange charges	2.40	5.90	5.87	5.60
Recovery of administrative cost	-	-	2.53	10.50
Settlement Penalties SGF	-	0.60	2.37	8.70
Lease Line charges	16.40	27.60	-	-
Profit on sale/scrap of fixed assets (net)	0.08	0.04	0.38	1.16
Provision no longer required	0.07	2.90	8.89	-
Others (miscellaneous income)	3.33	9.32	10.51	15.22
Total	218.16	443.63	496.19	623.56

* Includes ₹ 38 million (March 31, 2019 : ₹ 158.90 millions, March 31, 2018 : ₹ 141.80 millions, March 31, 2017 : ₹ 249.6 millions) of profit on sale of mutual fund.

23 EMPLOYEE BENEFITS EXPENSES

(₹ in millions)

Particulars	For the half year ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, bonus and allowances	304.90	584.76	568.28	501.80
Contribution to Provident and other funds	21.26	41.08	36.68	31.65
Staff welfare expenses	13.98	29.81	28.22	33.28
Total	340.14	655.65	633.18	566.73

24 FINANCE COSTS

(₹ in millions)

Particulars	For the half year ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on Lease Liabilities	8.16	19.30	8.23	12.00
Total	8.16	19.30	8.23	12.00

25 DEPRECIATION & AMORTIZATION

(₹ in millions)

Particulars	For the half year ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation	35.40	38.41	86.74	73.40
Amortization	58.20	156.42	108.71	95.29
Amortization of Right to Use Assets	38.00	81.70	69.29	67.54
Total	131.60	276.53	264.74	236.23

26 OTHER EXPENSES

(₹ in millions)

Particulars	For the half year ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Rent	2.05	0.05	0.58	0.47
Rates and Taxes	0.25	0.70	1.01	0.26
Payment to Auditors				
- As Auditors	2.17	3.75	2.91	3.04
- For other services	0.34	0.80	0.69	0.31
- For reimbursement of expenses	0.05	0.06	0.01	0.11
Legal and Professional Charges	51.84	110.52	134.05	132.75
Communication Expenses	3.82	17.87	22.32	17.90
Travelling and Conveyance Expenses	19.17	49.46	50.89	48.47
Electricity Charges	21.58	42.78	39.94	39.41
Repairs and Maintenance	7.58	18.50	20.04	19.72
Insurance Expenses	4.07	6.06	6.79	7.90
Technology Expenses	240.33	462.57	350.27	352.24
Clearing and settlement Charges			0.00	-
Advertisement and Publicity	4.64	11.53	18.50	19.59
Bad Debts	-	0.20	3.05	-
Provision for doubtful debts	-	3.07	1.89	-
Testing Expense	0.63	3.16	2.10	9.70
Regulatory Fees*	5.8	10.51	11.10	10.00
Contribution to Investor Protection Fund	2.7	5.70	4.48	2.50
Polling Expenses	9.9	17.40	18.41	16.60
Committee member sitting fees and expenses	1.14	2.70	2.10	1.70
Directors Sitting Fees	8.86	18.19	20.72	20.50
Books Periodicals & Subscription	1.10	2.40	3.17	3.30
License Fees	-	8.81	16.59	-
Security Charges	3.52	8.99	9.50	8.30
Preliminary Expenses	-	-	4.66	-
Application charges for clearing corporation	-	2.03	2.27	-
Printing and stationery	2.55	3.61	5.26	5.08
Corporate Social Responsibility Expenses		6.90	10.73	13.00
Sundry balances written off	-	3.21	-	-
Provision for Impairment on Fixed Asset (Software)		5.92	-	-
Contribution to Investor Service Fund	3.1	5.80	4.60	-
Other Expenses	12.13	22.38	23.51	28.10
Total	409.32	855.63	792.14	760.95

*Subsidiary Company NERL, Regulatory fees payable as per Guidelines issued by WDRRA for the period ended September 30, 2019 is Rs 0.50 millions (March, 2019 ₹ 1 million, March 31, 2018 ₹ 1.10 millions, March 31, 2017 ₹ NIL), out of which excess provision of ₹ 0.49 million of FY 17-18 have been reversed during FY 2018-19. So net expenses for the year ended March 2019 is 0.50 million.

27 EXCEPTIONAL ITEMS *

(₹ in millions)

Particulars	For the half year ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Liquidated Damages	-	-	-	95.40
Reversal of impairment loss - PXIL Investment	29.09	-	-	-
Shortfall in payout to counter parties	(63.00)	-	-	-
Total	(33.91)	-	-	95.40

* Refer Note No. 41

28 CURRENT TAX AND DEFERRED TAX

(₹ in millions)

Particulars	For the half year ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax	32.29	42.13	81.98	34.12
MAT Credit Entitlement	(5.20)	(29.24)	(30.71)	(7.01)
Deferred Tax	(47.22)	3.42	10.12	18.29
Total	(20.13)	16.31	61.39	45.40

29 EARNINGS PER SHARE (EPS)

Particulars	For the half year ended September 30, 2019	For the Year ended March 31, 2019	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Net Profit/(Loss) after tax as per	81.10	163.24	(106.15)	215.70
Less: Preference dividend and tax thereon	-	-	-	-
Net Profit for calculation of EPS (A)	81.10	163.24	(106.15)	215.70
Weighted average no. of equity shares for calculating EPS (B)	50,676,000	50,676,000	50,676,000	50,676,000
Basic/Diluted earnings per equity share(in Rupees)(Face value of ₹ 10/- per share) (A)/(B)	1.60	3.22	(2.09)	4.26

Particulars	For the half year ended September 30, 2019	For the Year ended March 31, 2019	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Weighted average number of equity shares for calculating EPS	50,676,000	50,676,000	50,676,000	50,676,000
Weighted average number of equity shares in calculation diluted EPS	50,676,000	50,676,000	50,676,000	50,676,000

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

a) Defined Contribution Plan

Contribution to Provident Fund, Superannuation Fund, and Employee State Insurance Scheme

Contribution to Defined Contribution Plan, recognised are charged off for the year as under :

The Group makes contribution, determined as as percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is defined contribution plan. The Company has no obligation other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue.

Particulars	For the half year ended September 30, 2019	For the Year ended March 31, 2019	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Employer's Contribution to Provident Fund	13.86	23.96	21.43	18.50

b) Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more and less than or equal to nine years of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. Every employee who has completed more than ten years of service gets a gratuity on departure at 26 days salary (last drawn salary) for each completed year of service.

In case of subsidiary NCDEX e Markets Limited, it has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of ₹2 millions.

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date. The significant actuarial assumptions were as follows:

Actuarial assumptions	Gratuity (Unfunded)			
	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Expected Rate of Return on plan assets	6.44% to 7.76%	6.96% to 7.76%	7.35% to 7.78%	6.85% to 7.39%
Discount rate (per annum)	6.44% to 7.76%	6.96% to 7.76%	7.35% to 7.78%	6.85% to 7.39%
Rate of increase in Compensation levels	5% to 10%	5% to 10%	5% to 10%	5% to 10%
Rate of Employee turnover	5% to 20%	5% to 20%	5% to 20%	5% to 20%
Mortality Rate during Employment	Indian Assured lives	Indian Assured lives mortality	Indian Assured lives	Indian Assured lives mortality (2006-08)
Mortality Rate after Employment	N.A.	N.A.	N.A.	N.A.

Table showing changes in present value of obligations :

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Present value of obligation as at the beginning of the year	52.33	47.37	38.43	30.31
Liability Transferred In/ Acquisitions	0.86	6.78	-	-
(Liability Transferred Out/ Divestments)	(0.86)	(7.00)	0.05	(0.04)
Interest Cost	1.88	3.49	2.65	2.31
Current Service Cost	4.72	10.29	7.66	6.14
Benefits paid	(4.01)	(10.22)	(5.61)	(5.37)
Actuarial (gain)/ loss on obligations	7.63	50.70	4.19	5.03
Present value of obligation as at the end of the period	62.55	101.41	47.37	38.38

Table showing changes in the fair value of plan assets :

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Fair value of plan assets at beginning of the year	34.96	37.01	39.85	36.37
Assets Transferred In/Acquisitions	0.86	6.83	-	-
(Assets Transferred Out/ Divestments)	(0.86)	(7.00)	0.05	(0.04)
Expected return of plan assets	1.10	2.76	2.92	2.73
Employer contribution	6.96	6.12	0.32	6.68
Benefits paid	(4.01)	(10.22)	(5.61)	(5.36)
Actuarial gain/ (loss) on plan assets	-	(0.47)	(0.39)	(0.54)
Fair value of plan assets at year end	39.01	35.03	37.14	39.84

The amounts to be recognized in Balance Sheet :

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
period	(62.53)	(52.33)	(25.91)	(26.36)
Fair value of plan assets as at the end of the period	38.95	34.93	37.03	39.85
Funded Status (Surplus / (Deficit))	(23.58)	(17.40)	11.12	13.49
Net asset / (liability) recognised in Balance Sheet	(23.58)	(17.40)	11.12	13.49

Expenses recognised in Statement of Profit and Loss :

Particulars	For the half year ended September 30, 2019	For the Year ended March 31, 2019	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Current service cost	4.72	10.14	7.65	6.18
Past service cost (Vested Benefit)	0.13	-	-	-
Interest Cost	0.58	1.69	2.67	2.31
Expected return on plan assets	(0.09)	(0.89)	(2.78)	(2.73)
Expenses recognised in the Statement of Profit and Loss	5.34	10.94	7.54	5.76

Expenses recognised in Other Comprehensive Income :

Particulars	For the half year ended September 30, 2019	For the Year ended March 31, 2019	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Actuarial (Gains)/Losses on Obligation For the Period	7.63	1.61	4.17	5.03
Return on Plan Assets, Excluding Interest Income	0.16	0.47	0.30	0.54
Change in Asset Ceiling	-	-	-	-
Net (Income)/Expense For the Period Recognized in OCI	7.79	2.08	4.47	5.57

Maturity profile of defined benefit obligation :

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Projected benefits payable in future years from the date of reporting				
1st Following year	7.83	7.04	6.11	4.88
2nd Following year	7.70	6.57	6.43	5.15
3rd Following year	7.83	6.42	5.83	5.30
4th Following year	6.84	6.17	5.59	4.80
5th Following year	6.39	5.51	5.42	4.50
Sum of Years 6 to 10	23.91	20.44	19.07	15.80
Sum of Years 11 & above	36.83	38.93	19.77	-

Investment Details :-

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

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Investments with insurance fund	100%	100%	100%	100%

Sensitivity :-

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

Gratuity	Change in Assumption	As at September 30, 2019		As at March 31, 2019		As at March 31, 2018		As at March 31, 2017	
		Increase / (decrease) in liability							
Discount rate	+1%/-1%	(3.37)	3.81	(2.79)	3.17	(1.38)	1.50	(1.27)	1.38
Salary Escalation Rate	+1%/-1%	3.74	(3.38)	3.04	(2.80)	1.47	(1.37)	1.34	(1.26)
Employee Turnover	+1%/-1%	(0.38)	0.38	(0.30)	0.25	(0.21)	0.21	(0.23)	0.23

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Note-1: The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

Note-2: The obligations are measured at the present value of estimated future cash flows by using a discount rate that is determined with reference to the market yields at the Balance Sheet date on Government Bonds which is consistent with the estimated terms of the obligation.

Note-3: The estimate of future salary increase, considered in the actuarial valuation, takes account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.

31 Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
a. Principal amount remaining unpaid to any supplier as at the end of the period	3.57	8.21	-	-
Interest due thereon :				
b. Amount of interest paid during the period	-	-	-	-
c. Amount of payments made to the supplier beyond the appointed day during the accounting period.	-	6.94	-	-
d. Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the (year) but without adding the interest specified under the Micro Small and Medium Enterprises Development Act, 2006.	-	-	-	-
e. Amount of interest accrued and remaining unpaid at the end of the accounting period.	0.005	0.28	-	-
f. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act 2006.	0.20	-	-	-

Note: The above information and that given in Note No. 18 'Trade Payables' regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Group and has been relied upon by the auditors.

32 Commitments and Contingencies**(a) Contingent Liabilities not provided for in respect of :**

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
(i) On account of Income taxes (Refer Note 1 below)	113.07	113.07	113.07	113.07
(ii) On account of Legal claim (Refer Note 2 below)	18.50	18.50	18.50	18.50
(iii) On account of payment of Bonus for the F.Y. 2014-15 (Refer Note 3 below)	1.05	1.05	1.56	1.56
(iv) National E-Repository Limited - On account of Bank Guarantee (Refer Note 4 below)	50.00	50.00	50.00	5.00
(v) NCDEX Institute of Commodity Markets & Research - On account of Income taxes (Refer Note 5 below)	-	-	-	-
(vi) NCDEX e Markets Ltd (NeML) - On account of Service tax (Refer Note 6 below)	23.89	123.01	-	-
(vii) On account of Income taxes (Refer Note 7 below)	58.00	-	-	-
(viii) NCDEX e Markets Ltd (NeML) - On account of Income tax (Refer Note 8 below)	21.50	-	-	-
(ix) NCDEX e Markets Ltd (NeML) - On account of Bank Guarantee	23.50	-	-	-

Note 1 :

Particulars	Assessment Year	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	Forum before which case is pending
Disallowance u/s 14A	AY 07-08	5.34	5.34	5.34	5.34	High Court
Investor Protection Fund	AY 07-08	17.10	17.10	17.10	17.10	High Court
Investor Protection Fund	AY 08-09	11.25	11.25	11.25	11.25	High Court
Investor Protection Fund	AY 09-10	6.11	6.11	6.11	6.11	High Court
Investor Protection Fund	AY 10-11	16.17	16.17	16.17	16.17	High Court
Investor Protection Fund	AY 11-12	12.33	12.33	12.33	12.33	CIT
Investor Protection Fund	AY 12-13	22.37	22.37	22.37	22.37	CIT
Investor Protection Fund	AY 13-14	16.23	16.23	16.23	16.23	CIT
Investor Protection Fund	AY 14-15	6.17	6.17	6.17	6.17	CIT
Total		113.07	113.07	113.07	113.07	

In A.Y. 2007-08, in the assessment order dated 24.12.2009 passed u/s. 143(3) of the Income Tax Act, 1961 (hereinafter referred to as 'the Act'), disallowance of ₹ 20.90 millions was made u/s. 14A of the Act read with rule 8D of the Income Tax Rules, 1962. Subsequently, vide order dated 13.05.2010 passed u/s. 154 of the Act, the disallowance u/s. 14A was reduced to ₹ 15.90 millions. The Company filed an appeal against the said assessment order, before the Commissioner of Income Tax (Appeals), which was disposed by CIT(Appeals) vide order dated 08.12.2011, in which partial relief of ₹ 7.90 millions has been granted by CIT(Appeals) and accordingly the amount of disallowance reduced from ₹ 15.90 millions to ₹ 7.90 millions. The Company and the Income Tax Department, filed an appeal against the said order of CIT(Appeals) before the Income Tax Appellate Tribunal (ITAT), which has been disposed by Hon'ble ITAT vide order dated 09.08.2017, wherein the Hon'ble ITAT has restricted the disallowance u/s. 14A of the Act to 1% of the dividend income based on the decision of Hon'ble ITAT in the company's own case for AY 2006-07. Against the said order of Hon'ble ITAT, the Income Tax Department have preferred an appeal before Hon'ble High Court which is pending for adjudication.

The Company had received an assessment orders for the A.Y. 2007-08, A.Y. 2008-09, A.Y. 2009-10, A.Y. 2010-11, A.Y. 2011-12, A.Y. 2012-13, A.Y. 2013-14 and A.Y. 2014-15, wherein the Assessing officer has made an addition of the penalty collected by the company on behalf of Investor Protection Fund (IPF), in taxable income of the Company. The Company has filed an appeal with Commissioner of Income Tax (Appeals) for all these years. The CIT(Appeals) for the A.Y. 2007-08 to A.Y. 2011-12 has given the orders in favour of the Company and for the remaining assessment years i.e. from AY 2012-13 to 2014-15, the appeals are pending for adjudication. Against the orders of CIT(Appeals) for AY 2007-08 to 2011-12 the Income Tax Department preferred an appeal before the Hon'ble Income Tax Appellate Tribunal (ITAT), which has been disposed by Hon'ble ITAT vide a combined order dated 09.08.2017 for AY 2007-08 to 2010-11, wherein the Hon'ble ITAT dismissed the appeals of the Income Tax Department. Against the said order of Hon'ble ITAT for AY 2007-08 to 2010-11, the Income Tax Department have preferred an appeal before Hon'ble High Court, which is pending for adjudication.

Note 2 :

A legal suit was been filed jointly against the Company and National Collateral Management Services Limited by a party claiming a sum of ₹ 18.50 millions as at September 30, 2019 (March 31, 2019 - ₹ 18.50 millions, March 31, 2018 - ₹ 18.50 millions, March 31, 2017 - ₹ 18.50 millions) for loss on sale of goods, loss of profit, interest etc. The Company is of the view that since the matter is sub-judice, a reliable estimate of the amount of liability cannot be made.

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

Note 3 :

The retrospective amendment in "The Payment of Bonus Act, 1965" is deemed to have come into force from April 01, 2014. The Kerala and Karnataka High Courts have passed a stay on its implementation and the matter is pending in Court of Law for the hearing. Considering the facts that the books of FY 2014-15 have been closed, return of bonus has already been filed for the said period and as the matter is under litigation. it is considered as contingent.

Note 4 :

In case of subsidiary National E-Repository Limited, it had given bank guarantee to the Warehousing Development and Regulatory Authority (WDRA) for ₹ 50 millions as at September 30, 2019 (₹ 50 millions as at March 31, 2019, ₹ 50 millions as at March 31, 2018 and ₹ 5 millions as at March 31, 2017)

Note 5 :

In case of subsidiary NCDEX Institute of Commodity Markets & Research (NICR), it was granted registration under section 12AA of the Income Tax Act, 1961 (Act) with effect from 1.4.2008 for income tax exemption. The Director of Income Tax (Exemption) vide its Order dated 16.12.2011 cancelled the said registration on the ground that the activities of NICR were in relation to trade or business and not for charitable purpose since the gross receipts had exceeded the prescribed limit of ₹ 1 million during the financial year 2008-09. Accordingly, the assessment for the financial year 2008-09 was completed disallowing NICR's claim of deduction under section 11 and 12 of the Act. The Department had also issued notice initiating penalty proceedings.

ITAT vide its Order dated 28-02-2017, set aside the Order of DIT (Exemption) by restoring the registration granted to NICR. Further, as per directions given in the Order, NICR has represented before Assessing Officer that the activities carried out by it were charitable in nature and not in the nature of business. However, even as per the earlier Assessment Orders, there were no demand of income tax in view of loss and unabsorbed depreciation. Pending the final outcome of the dispute, the liability if any, that may be imposed on it for financial years commencing from 2008-09, on account of income tax, interest and penalty is presently not ascertainable.

NICR has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statement. It does not expect the outcome of these proceedings to have a material impact on its financial statement.

Note 6 :

1) In case of Jointly Controlled company (ReMs) of our subsidiary NCDEX e Markets Ltd (NeML), as at September 30, 2019 claims against the Jointly Controlled company not acknowledged as debts in respect of Service Tax Matters amounted to Rs. 20.80 millions (March 31, 2019 - ₹ 123.01 millions, March 31, 2018 & March 31, 2017 ₹ NIL). These matters are pending before the appellate authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the company's financial position and results of operations.

Service Tax claims amounting to Rs. 20.80 millions (March 31, 2019 - ₹ 123.01 millions, March 31, 2018 & March 31, 2017 ₹ NIL) has not been considered as claims not acknowledged as debt because the company has favourable legal opinion. Therefore, based on this assessment, the Jointly Controlled company is of the view that any liability resulting from these claims is remote and will not sustain on ultimate resolution.

2) In our subsidiary NCDEX e Markets Ltd (NeML), as at September 30, 2019 claims against the company not acknowledged as debts in respect of Service Tax Matters amounted to Rs. 3.09 millions. These matters are pending before the respective authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the company's financial position and results of operations.

Note 7 :

In AY 2016-17, the assessment was completed under section 143(3) of the Income Tax Act, 1961 vide order dated 31.05.2019. The Assessing Officer (AO) has determined the total income of ₹ 1105.98 millions as against ₹ 979.88 millions declared in the return of income by making disallowances/additions of ₹ 126.20 millions. Consequently, demand of ₹ 58.01 millions was raised. The Exchange is now in appeal before the Commissioner of Income Tax (Appeals), which is pending.

Note 8

In our subsidiary NCDEX e Markets Ltd (NeML), as at September 30, 2019 claims against the company not acknowledged as debts in respect of Re-assessment of Financial Year 2015-16 amounted to Rs. 21.50 millions. These matters are pending before the respective authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the company's financial position and results of operations.

(b) Capital Commitments

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3.83	3.50	14.69	12.70

(c) Other Commitments

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Commitment on account of NextGen project	-	-	-	667.50

The Exchange, vide its letter dated September 5, 2018, has given an undertaking to National Commodity Clearing Limited (NCCL) for infusion of capital to the extent required to enable compliance with SEBI directives on net worth of NCCL and for increasing the Core Settlement Guarantee Fund (Core SGF) to ₹ 2500 millions (September 30, 2019 - 1622.30 millions, March 31, 2019 - 1403.16 millions, March 31, 2018 & March 31, 2017 ₹ NIL). This increase in SGF will be by way of interest earned on the Core SGF balance, penalties collected by NCCL and transferred to Core SGF, NCCL's own contribution, direct contribution by the Company to Core SGF and balance amount (if any) as equity investment into NCCL every 6 months over a period of 3 years i.e. by September 2021.

33 Based on complaints of presence of 'Mineral Oil' in some of the stocks, the warehouses having pepper stock were sealed by Food Safety and Standard Authority of India (FSSAI) and deliveries were stopped from these warehouses till further notice. The presence of mineral oil is not a part of the Exchange specifications and therefore any liability arising on account of the same cannot be under the settlement process of the Exchange. However, in order to retain market integrity, the Exchange has offered to facilitate improvement of pepper stock, which is approximately 6400 MT as on September 30, 2019 (March 31, 2019, March 31, 2018 & March 31, 2017: 6400 MT), subject to recovering the costs of improvement and accordingly requested the Hon. Kerala High Court to allow the same. Based on this, the Hon. Kerala High Court vide its order dated August 28, 2014, allowed the Exchange to clean the pepper stock lying in the warehouse with a right to recover the costs associated with the same. Subsequently, some of the holders of the stocks had requested FSSAI to permit the reference of a second sample to the referral laboratory viz. The Central Food Laboratory, Kolkata. Based on the test results of 6206 MT as on September 30, 2019 (March 31, 2019, March 31, 2018 & March 31, 2017: 6206 MT) sent to the referral laboratory, 5002 MT as on September 30, 2019 (March 31, 2019, March 31, 2018 & March 31, 2017: 5,002 MT) has been tested as free of mineral oil. Further, Hon. High Court of Kerala, vide its order dated May 12, 2015 has directed release of such quantity of pepper which is found free from impurities and contamination. Based on this, 4474 MT as on September 30, 2019 (March 31, 2019, March 31, 2018 & March 31, 2017 : 4,474 MT) of pepper out of the quantity found free of mineral oil on testing by Central Food Laboratory, Kolkata, has been released to the holders. As the percentage of stock tested free of mineral oil is substantially high, it is estimated that the total costs required to be incurred will be approximately ' 155.80 millions as on September 30, 2019 (₹ 155.80 millions as on March 31, 2019, ₹ 155.80 millions as on March 31, 2018 & ₹ 155.80 millions as on March 31, 2017) (excluding taxes), as compared to the earlier estimate of ₹ 430 millions (₹ 430 millions as on March 31, 2019, ₹ 430 millions as on March 31, 2018 & ₹ 430 millions as on March 31, 2017). Out of the same, '120 millions as on September 30, 2019 (₹ 120 millions as on March 31, 2019, ₹ 120 millions as on March 31, 2018 & ₹ 120 millions as on March 31, 2017) plus taxes is towards cleaning costs. The total amount paid till September 30, 2019 is 170 millions (₹ 170 millions as on March 31, 2019, ₹ 170 millions as on March 31, 2018 & ₹ 170 millions as on March 31, 2017) (including taxes) towards cleaning and other related costs. These payments are included in advances recoverable in cash or kind. In order to recover the costs for cleaning and other related expenses, the Exchange is in discussions with the local trade association, concerned members and other counterparties. The Management is of the opinion that there is no further exposure to the Exchange and therefore, there is no requirement to make any further provision with respect to these costs in the group's accounts in addition to the provision made in earlier years of ' 26 millions as on September 30, 2019 (₹ 26 millions as on March 31, 2019, ₹ 26 millions as on March 31, 2018 & ₹ 26 millions as on March 31, 2017).

34 a) The subsidiary NCDEX e Markets Ltd (NeML) has written off certain amounts towards old outstanding totaling to ₹ 0.02 million (FY 2018-19 - ₹4.15 million, FY 2017-18 ₹ 0.007 million and FY 2016-17 ₹ 0.001 million) which were due but not received.

The Group also has also created a provision of ₹NIL million (FY 2018- 19 - ₹ 4.96 million, FY 2017-18 ₹ 1.89 million and FY 2016-17 Rs .0.09 million)

The above has been done in line with policy as approved by the Board of Directors

b) NeML has also written back certain payables, which is outstanding for more than 2 years, for which no claim was received amounting to ₹ NIL million (FY 2018-19 - ₹ 0.94 million, FY 2017-18 - ₹ 0.59 million and FY 2016-17 ₹ NIL).

35 In case of subsidiary NCDEX e Markets Ltd (NeML), it is required to maintain Special Guaranteed Fund as it holds Spot exchange Licenses under State Agricultural Produce Market Committee (APMC) Regulations to mitigate market risks. Under the Regulatory framework a spot exchange is required to maintain Settlement Guarantee Fund (SGF) to mitigate the risks attached with defaults in a trade. It has spot exchange/ Private market licenses in the states of Karnataka, Maharashtra, Gujarat, Rajasthan, Odisha, Telangana and Andhra Pradesh. NeML has started its first spot exchange in the state of Karnataka under the name "Mandiz". It is planned to execute more spot exchanges in other states in due course.

36 RELATED PARTY DISCLOSURES

(i) Name and description of related parties

Relationship	Name of related party
(a) Associates	Power Exchange India Limited (PXIL)
(b) Joint venture of subsidiary NCDEX e Markets Limited	Rashtriya e Market Services Private Limited (ReMSPL)
(c) List of Key Management Personnel	Mr. Samir Shah - Managing Director & Chief Executive Officer (Upto 17.01.2018)
	Mr. Vijay Kumar V. Managing Director & Chief Executive Officer (W.e.f.
	Ms. Komal Shahani (Chief Financial Officer) (Upto 09.08.2017)
	Mr. Atul Roongta (Chief Financial Officer) (W.e.f. 10.08.2017)
	Mr. M. K. Ananda Kumar (Company Secretary) (Upto 09.08.2017)
	Mr. Samir Rajdev (Company Secretary) (Upto 15.01.2019)
	Mr Harish Kumar (Company Secretary) (W.e.f. 12.03.2019)
	Mr. Rabi Narayan Das (Public Interest Director) (Upto 31.03.2018)
	Justice (Retd.) Ashok Bhan (Public Interest Director) (Upto 03.01.2019)
	Dr. Purvi Mehta (Public Interest Director) (W.e.f. 11.01.2018)
	Ms. Naina Krishna Murthy (Public Interest Director) (Upto 31.03.2018)
	Mr. Prithvi Raj Bishnoi (Public Interest Director) (Upto 21.07.2016)
	Mr. Siddhartha Pradhan (Public Interest Director) (Upto 10.08.2017)
	Dr. Ashok Gulati (Public Interest Director) (W.e.f. 03.01.2019)
	Mr. Ravindra Kumar Roye (Public Interest Director & Chairman) (W.e.f.
	Mr. Ravi Narain (Shareholder Director) (Upto 21.09.2017)
	Mr. J. Ravichandran (Shareholder Director) (W.e.f. 09.10.2017)
	Mr. Bhaskaran Nayar Venugopal (Shareholder Director) (W.e.f. 11.01.2018)
	Mr. Samir Kumar Mitter (Shareholder Director) (Upto 09.10.2017)
	Mr. Rakesh Kapur (Shareholder Director)
	Mr. Srinath Srinivasan (Shareholder Director)
	Mr. Sunil Kumar (Shareholder Director)
	Mr. Nirmalendu Jajodia (Public Interest Director) (W.e.f. 13.04.2018)
	Mr Prem Kumar Malhotra (Public Interest Director) (W.e.f. 09.08.2018)
	Mr Chaman Kumar (Public Interest Director) (W.e.f. 10.04.2018)

(ii). Nature of transactions - The transactions entered into with the related parties during the period along with related balances as at September 30,

(₹ in millions)

Particulars	Transaction with	For Half Year Ended September 30, 2019	For Year Ended March 31, 2019	For Year Ended March 31, 2018	For Year Ended March 31, 2017
Remuneration					
(i) Samir Shah	National Commodity & Derivatives Exchange Ltd (NCDEX)	-	-	20.30	27.45
(ii) Vijay Kumar V.	National Commodity & Derivatives Exchange Ltd (NCDEX)	8.48	16.60	3.32	-
(iii) Atul Roongta	National Commodity & Derivatives Exchange Ltd (NCDEX)	7.48	13.91	8.44	-
(iv) Komal Shahani	National Commodity & Derivatives Exchange Ltd (NCDEX)	-	-	1.49	4.01
(v) Ananda K.	National Commodity & Derivatives Exchange Ltd (NCDEX)	-	-	2.42	6.93
(vi) Samir R.	National Commodity & Derivatives Exchange Ltd (NCDEX)	-	2.49	2.18	-
(vii) Harish Kumar	National Commodity & Derivatives Exchange Ltd (NCDEX)	2.03	0.19	-	-
		17.99	33.19	38.16	38.38
Recovery of Expense					
(i) Power Exchange India Limited (PXIL)	National Commodity & Derivatives Exchange Ltd (NCDEX)	-	-	0.02	0.12
		-	-	0.02	0.12
Services Rendered					
(i) Power Exchange India Limited (PXIL)	NCDEX e Markets Ltd (NeML)	24.00	-	-	4.32
(ii) Rashtriya e Market Services Private Limited	NCDEX e Markets Ltd (NeML)	17.60	34.25	37.51	37.92
		41.60	34.25	37.51	42.25
Dividend Received					
(i) Rashtriya e Market Services Private Limited	NCDEX e Markets Ltd (NeML)	7.00	6.00	5.00	2.50
		7.00	6.00	5.00	2.50
Key Management Personnel					
Sitting Fees Paid to Directors	National Commodity & Derivatives Exchange Ltd (NCDEX)	4.64	11.50	13.74	12.08
		4.64	11.5	13.74	
Conversation of Preference Shares into equity shares					
	Power Exchange India Limited (PXIL)	50.00	-	-	
		50.00	-	-	12.08

National Commodity & Derivatives Exchange Limited
Annexure VI: Notes to Restated Consolidated Financial Information

(₹ in millions)

Particulars	Transaction with	For Half Year Ended September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Outstanding investment in equity shares					
(i) Power Exchange India Limited (PXIL)	National Commodity & Derivatives Exchange Ltd (NCDEX)	200.00	150.00	150.00	150.00
		200.00	150.00	150.00	150.00
Outstanding Investment in 10% Optionally Convertible Cumulative Preference Shares of ₹10/- each fully paid					
(i) Power Exchange India Limited (PXIL)	National Commodity & Derivatives Exchange Ltd (NCDEX)	-	50.00	50.00	50.00
		-	50.00	50.00	50.00
Investments in Joint Venture					
(i) Rashtriya e Market Services Private Limited	NCDEX e Markets Ltd (NeML)	50.00	50.00	50.00	50.00
		50.00	50.00	50.00	50.00
Provision for diminution in the value of Investment					
(i) Power Exchange India Limited (PXIL)	National Commodity & Derivatives Exchange Ltd (NCDEX)	-	200.00	200.00	200.00
		-	200.00	200.00	200.00
Other Receivables					
(i) Power Exchange India Limited (PXIL)	National Commodity & Derivatives Exchange Ltd (NCDEX)	-	-	-	-
(ii) Power Exchange India Limited (PXIL)	NCDEX e Markets Ltd (NeML)	-	-	2.22	2.22
(iii) Rashtriya e Market Services Private Limited	NCDEX e Markets Ltd (NeML)	3.46	-	0.94	6.43
		3.46	-	3.16	8.65
Trade Payables/Other Payables					
(i) Power Exchange India Limited (PXIL)	National Commodity & Derivatives Exchange Ltd (NCDEX)	-	-	-	0.05
(ii) Samir Shah	National Commodity & Derivatives Exchange Ltd (NCDEX)	-	5.20	5.22	9.92
(iii) Vijay Kumar V.	National Commodity & Derivatives Exchange Ltd (NCDEX)	3.87	4.40	0.93	-
(iv) Atul Roongta	National Commodity & Derivatives Exchange Ltd (NCDEX)	2.70	2.64	1.29	-
(v) Komal Shahani	National Commodity & Derivatives Exchange Ltd (NCDEX)	-	-	0.16	0.40
(vi) Ananda K.	National Commodity & Derivatives Exchange Ltd (NCDEX)	-	-	0.37	0.99
(vii) Samir R.	National Commodity & Derivatives Exchange Ltd (NCDEX)	5.22	-	0.20	-
(viii) Harish Kumar	National Commodity & Derivatives Exchange Ltd (NCDEX)	0.20	-	-	-
		11.98	12.24	8.15	11.36

National Commodity & Derivatives Exchange Limited
Annexure VI: Notes to Restated Consolidated Financial Information

37 The MD & CEO of the Parent Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Group's performance and allocates resources. The disclosure in respect of Segment information as per INDAS 108 - "Operating Segments" for the respective period/ year ended are given as follows:

(₹ in millions)

Particulars	Commodity Exchange Services				Commodity Clearing Services				e-Market Platform Services				Repository Services				Research and Education				Total			
	30 - Sep -19	31-Mar-19	31-Mar-18	31-Mar-17	30 - Sep -19	31-Mar-19	31-Mar-18	31-Mar-17	30 - Sep -19	31-Mar-19	31-Mar-18	31-Mar-17	30 - Sep -19	31-Mar-19	31-Mar-18	31-Mar-17	30 - Sep -19	31-Mar-19	31-Mar-18	31-Mar-17	30 - Sep -19	31-Mar-19	31-Mar-18	31-Mar-17
REVENUE :																								
External Revenue	461.04	1,078.24	1,217.42	1,349.73	186.00	216.01	51.68	55.15	276.50	632.61	390.69	350.86	53.60	115.63	68.28	-	6.10	1.24	1.72	0.86	983.24	2,043.73	1,729.80	1,756.61
Inter-segment Revenue	(50.80)	(70.05)	(56.42)	(48.13)	-	(22.71)	(36.91)	(45.20)	-	-	(11.24)	-	(1.80)	(3.50)	(3.37)	-	(4.60)	-	-	-	(57.20)	(96.26)	(107.94)	(93.33)
Total Revenue	1,008.19	1,161.00	1,301.60	1,301.60	186.00	193.30	14.77	9.95	276.50	632.61	379.45	350.86	51.80	112.13	64.91	-	1.50	1.24	1.72	0.86	926.04	1,947.47	1,621.85	1,663.27
RESULT :																								
Segment Result	(70.64)	(66.85)	(93.47)	161.27	38.90	81.15	14.79	13.13	43.80	168.09	(7.89)	21.80	(1.10)	(22.72)	19.66	-	0.30	(0.02)	(1.30)	(1.44)	11.26	159.66	(68.21)	194.76
Less: Finance Charge		14.95	7.74	11.92						4.35	0.49	0.08									8.16	19.30	8.23	12.00
Profit before tax										1.26	13.98	(6.81)									3.10	140.36	(76.44)	182.76
Add/(Less): Provision for current tax		(2.40)	8.59	(2.25)					(2.99)	(1.30)	(0.04)										(32.29)	(42.13)	(81.98)	(34.12)
Add/(Less): Deferred tax																					47.22	(3.42)	(10.12)	(18.29)
Less: MAT Credit Entitlement																					5.20	29.24	30.71	7.01
Profit after tax and before minority interest and share of loss of associate																					23.23	124.04	(137.83)	137.36
Less: Non-controlling interests																					7.70	7.04	2.64	-
Add / (Less): Share of profit (net) of associate(s)																					50.36	32.15	29.04	78.34
Profit after tax																					81.29	163.23	(106.15)	215.70
OTHER INFORMATION :																								
Segment Assets	3,247.42	3,209.64	5,881.56	7,673.64	6,518.70	2,963.61	1,043.45	134.10	1,917.90	1,647.32	1,153.57	1,794.80	512.00	618.56	429.13	260.03	2.20	18.94	1.55	0.27	12,198.22	8,458.07	8,509.28	9,862.84
Unallocable Assets																								
Total Assets																					12,198.22	8,458.07	8,509.28	9,862.84
Segment Liabilities	990.74	970.41	3,001.18	3,860.11	4,738.20	1,399.26	2.38	4.11	1,396.30	1,170.69	770.97	1,484.12	97.90	92.84	96.50	(0.00)	0.20	0.08	1.09	0.65	7,223.34	3,633.28	3,872.12	5,348.99
Unallocable Liabilities			2,781.44	3,739.86			2.38	4.11			729.35	1,476.03			96.50	-			1.06	0.65				
Total Liabilities																					7,223.53	3,633.28	3,872.12	5,348.99

38 CORPORATE SOCIAL RESPONSIBILITY EXPENSES

Gross amount required to be spent by the Group as per section 135 of the Companies Act 2013 on Corporate Social Responsibility activities during the half-year ended is ₹ 0.60 millions. (March 31, 2019 is ₹ 6.88 millions, March 31, 2018 is ₹ 10.73 millions & March 31, 2017 is ₹ 1.30 millions) and actual spend during the period ended September 30, 2019 is ₹ NIL. (March 31, 2019 is ₹ 6.88 millions, March 31, 2018 is ₹ 10.73 millions & March 31, 2017 is ₹ 1.30 millions)

Details of amount spent during the period/ years are as follows:

(₹ in millions)						
CSR project or activity identified	Projects or programs	Sector in which the project is covered	September 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017
Capacity building of turmeric farmers	Project implemented through NGO MYRADA in Gobichettipalayam and Erode in Tamil Nadu	Post-harvest management activities	-	-	4.71	-
Training programs for farmer producer organizations (FPOs)	Project implemented through Resource Institutions (RIs) in Maharashtra, Rajasthan, Madhya Pradesh, Andhra Pradesh and Karnataka	Agriculture Education	-	-	4.16	-
Training Programs for farmers' family members	The project is planned to be implemented in the states of Rajasthan and Madhya Pradesh.	Agriculture Education	-	-	-	0.80
Swachh Bharat Abhiyan	Contribution to the Swachh Bharat Abhiyan project initiated by the PM	Public Health	-	-	-	0.50
Impact Assessment of Training programs	An agency Kaarak was hired for the job of impact assessment of Training programs	Farmers' awareness	-	0.50	1.39	-
Printed material for distribution among farmers and FPOs	Training booklets, pamphlets, presentations, cartoon books, etc. were given to farmers and FPO members along with certificates for stakeholders who had completed their training through RIs in AP, MP, Karnataka, Rajasthan and Maharashtra.	Imparting knowledge and creating awareness among farmers	-	-	0.34	-
Capacity building of FPOs	12 Assaying kits given to FPCs through various RIs in Gujarat, Maharashtra, Rajasthan, MP and Bihar.	Post-harvest management activities	-	-	0.13	-
Capacity Building of FPCs	Cleaning and grading units including screen grader, vertical bucket, gravity separator etc. given to FPCs through NGOs WOTR, KJBF, KVS, KVK Bundi, GVSS and SGVS in Maharashtra and Rajasthan.	Post-harvest management activities	-	6.38	-	-

39 Settlement Guarantee Fund (SGF) as constituted by the Group, is the amount earmarked for completion of the settlement, in case of a default by a member. The Erstwhile Forward Markets Commission had issued Guidelines dated March 14, 2014 (in revision to the Guidelines dated August 23, 2013) in respect of Settlement Guarantee Fund (SGF). The Group had worked out the Corpus of SGF as on March 31, 2018 at ₹ 1,185.1 millions as disclosed below:

(₹ in millions)			
	Particulars	March 31, 2018	March 31, 2017
Settlement Guarantee Fund (A)	Balance as per last financial statements	640.39	587.54
	Add: Additions during the period (Appropriation net of Tax)	1.55	5.72
	Add: Contribution @ 5% of gross revenue of 2014-15 (Appropriation net of Tax)	-	-
	Add: Income on SGF Investment (Appropriation net of Tax)	32.52	47.13
	Total (A)	674.46	640.39
Non current liabilities (B)	Base Minimum Capital	-	149.50
	Total (B)	-	149.50
Other current liabilities (C)	Base Minimum Capital	196.00	90.50
	Total (C)	196.00	90.50
	Total Cash (A) + (B) + (C)	870.46	880.39
	Total Non Cash *	314.64	348.71
	Total SGF	1,185.10	1,229.10

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

National Commodity & Derivatives Exchange Limited
Annexure VI: Notes to Restated Consolidated Financial Information

As per SEBI circular dated September 01, 2016, the Group is required to determine the adequacy of SGF based on stress test computation on quarterly basis. If there is a shortfall, the Company has to make additional contribution to meet the shortfall. The SGF as per the stress test prescribed in the said guidelines as on March 31, 2018 is ₹ 909.9 millions (March 31, 2017 is ₹ 613.40 millions) and SGF corpus with exchange as on March 31, 2018 is ₹ 1,185.10 millions (March 31, 2017 is ₹ 1,229.10 millions).

Also refer Note 40 below.

40 Core Settlement Guarantee Fund

In the year 2018-19, SEBI, vide letter dated October 06, 2017, has directed that the quantum of Core Settlement Guarantee Fund (SGF) with the Clearing Corporation should not be less than the quantum of SGF with the Exchange at the time of transfer of Clearing & Settlement function. Accordingly, as on September 27, 2018, SGF has been set up in NCCL at an amount of ₹ 1,196.10 millions, as follows:

- By contribution of ₹ 257.90 millions from the Exchange (₹ 231.20 millions as the Exchange's share of core SGF and settlement penalties of ₹ 26.80 millions) - Debited to statement of profit & loss in standalone financial statement of the Exchange, as the contribution made by the Exchange to Core SGF maintained by NCCL is a present obligation and the amount and the party to whom the obligation is owed (Core SGF), is identified. Further, the effective control of such amount, is transferred from NCDEX to NCCL.

- By contribution of ₹ 938.10 millions from NCCL - Debited to Retained Earnings in Statement of Changes in Equity in NCCL's standalone financial statement. The debit to Retained Earnings has been made, as Core SGF will be maintained by NCCL as per the SEBI guidelines and will be used in future, as a fallback guarantee mechanism to meet any contingency arising from failure to fulfill the obligations of settlement. Also, NCCL has control over the Core SGF in terms of its management and returns subject to SEBI regulations. Therefore the contribution given by NCCL to core SGF would be an appropriation of profit and will be included as a part of 'Other Equity' in its balance sheet. This is also in line with the opinion of the Expert Advisory Committee of The Institute of Chartered Accountants of India (ICAI) on the matter which states that at the time of contribution to the fund, there is no obligation on the entity, for incurrence of expenditure, involving another party and the contribution to SGF is pure allocation of a pool of funds, for future default (if any) by the members.

Post the setup of the SGF in NCCL, Exchange has made a further contribution of ₹ 53.90 millions towards its share of Minimum Required Core SGF contribution. Further, NCCL has also contributed ₹100 millions to Core Settlement Guarantee in financial year 2018-19.

The Exchange contributions of ₹ 257.90 millions and ₹ 53.90 millions, are debited to Retained Earnings in the Restated Consolidated Financial Statement for the year ended March 31, 2019. As stated above, NCCL has control over the Core SGF in terms of its management and returns subject to SEBI regulations and NCCL is a wholly owned subsidiary of NCDEX and under its control, the control over the Core SGF effectively remains with the group. Further, for the Group, there is no present and crystallised obligation involving any

In Restated Consolidated Financial Statements, tax liability is increased to the same extent as the tax benefit availed in the standalone financial statement, on contribution to core SGF by the Exchange. This is done through creation of deferred tax liability in Restated Consolidated Statement of Profit & Loss.

In the period ended September 30, 2019 the Exchange has made a further contribution of ₹ 16.5 millions towards its share of Minimum Required Core SGF contribution and NCCL has also contributed ₹ 97.5 millions. The Exchange and NCCL contribution both are debited to Retained Earnings in the Restated Consolidated Financial Statement.

The details of Core Settlement Guarantee Fund as on September 30, 2019 and March 31, 2019 are as given below: (₹ in millions)

Particulars	Settlement penalties	NCCL Contribution	NCDEX Contribution	Member Contribution	Total
As on September 27, 2018	26.80	938.10	231.20	-	1,196.10
Additional Contribution	6.60	100.00	53.90	-	160.50
Income on investment	1.10	36.00	9.40	-	46.50
As on March 31, 2019	34.50	1,074.10	294.50	-	1,403.10
Additional Contribution*	50.2**	97.50	16.50	-	164.20
Income on investment	2.10	41.01	11.90	-	55.01
As on September 30, 2019	86.80	1,212.61	322.90	-	1,622.31

* As per SEBI Circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2019/73 dated June 20, 2019, penalty levied, on account of Short-collection/non-collection of Margins for Commodity derivatives by NCDEX and transferred to NCDEX IPF Trust, shall be transferred to Core SGF, effective from the day on which Clearing corporation commenced clearing function for commodity derivatives segment. Based on this circular, on July 09, 2019, an amount of ₹ 16.80 Millions was transferred from NCDEX IPF Trust to Core SGF towards the above mentioned penalty for the period September 27, 2018 to January 31, 2019.

** Includes penalty levied for the month of September 2019 of ₹ 3.25 millions due and collected in October 2019.

Details of earmarking of funds towards Core SGF as on September 30, 2019 are as under:

Particulars	Settlement penalties	NCCL Contribution	NCDEX Contribution	Member Contribution	Total
Fixed deposits included under 'Cash and cash equivalent'	-	79.60	-	-	79.60
Fixed deposits included under 'Bank balances other than cash and cash equivalents'	81.98	889.02	232.12	-	1,203.12
Fixed deposits included under 'Non-current bank balances'	-	154.89	85.91	-	240.80
Funds in transit (for fixed deposit)	-	49.90	-	-	49.90
Accrued Interest on Fixed Deposits	1.04	31.53	2.67	-	35.24
TDS on Interest/Income	0.29	7.73	2.12	-	10.14
Current Account	0.25	-	-	-	0.25
Total	83.56	1,212.67	322.82	-	1,619.05

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Details of earmarking of funds towards Core SGF as on March 31, 2019 are as under:

					(₹ in millions)
Particulars	Settlement penalties	NCCL Contribution	NCDEX Contribution	Member Contribution	Total
Fixed deposits included under 'Cash and cash equivalent'	-	-	-	-	-
Fixed deposits included under 'Bank balances other than cash and cash equivalents'	30.81	1,003.18	285.06	-	1,319.05
Fixed deposits included under 'Non-current bank balances'	-	42.82	-	-	42.82
Accrued Interest on Fixed Deposits	1.09	27.30	9.42	-	37.81
TDS on Interest/Income	-	0.87	-	-	0.87
Total	31.90	1,074.17	294.48	-	1,400.55

41 Details of Exceptional items are as follows:

					(₹ in millions)
Particulars	For the Half Year ended September 30, 2019	For the Year ended March 31, 2019	For the Year ended March 31, 2018	For the Year ended March 31, 2017	
Liquidated Damages (Note-1)		-	-	95.37	
Reversal of impairment loss - PXIL Investment (Note-2)	29.09	-	-	-	
Shortfall in payout to counter parties (Note-3)	(63.00)	-	-	-	
Total	(33.91)	0.00	-	95.37	

Note-1 As per the terms stated in the Share Purchase Agreement with an investor, the Group had to receive ₹ 759.2 millions as Liquidated Damages (LD) for non achievement of business milestones. During the year 2016-17, ₹ 95.37 millions (₹ 39.50 millions received in year 2015-16 and ₹ 581 millions received in year 2013-14) has been received as per the said agreement towards full and final settlement of this claim receivable by the Group.

Note-2 As at March 31, 2015 the Exchange had an investment in PXIL of Rs 150 millions in equity shares and Rs 50 millions in optionally convertible preference shares. The exchange had accounted for its share of losses in PXIL to the extent of its equity investment of Rs 150 millions in its Restated Consolidated Financial Statements.

In the year 2015-16, after considering continuous losses in PXIL and erosion of its entire net worth, the Exchange had estimated that the recoverable amount of its investment in PXIL of ₹ 200 millions in PXIL, should be impaired to NIL value. Consequently, the Exchange impaired its balance investment of ₹ 50 millions by way of a charge to its consolidated profit and loss account.

During the current financial year, the Exchange converted its investment of Rs 50 millions in optionally convertible preference shares into equity shares. After such conversion, the Exchange has an investment in the equity shares of PXIL to the extent of Rs 200 millions.

Further, as at 30th September 2019, after considering profits in PXIL for last two and a half years, sustainability of such profits and based on a valuation report, the Exchange has reversed the impairment of its investment to the extent of Rs 29.09 millions in the consolidated Profit and loss account (ie. reversal of impairment of Rs 200 millions and recognizing its share of losses till March 31, 2019 amounting to Rs 170.90 millions).

Note-3 In case of subsidiary NCCL, the amounts recoverable from members as on September 30, 2019 include amounts recoverable from two members who have failed to honor their pay-in obligations in September 2019 and the amounts continue to be due from them as on date. The amount recoverable from them as on the date of signing of NCCL financials i.e November 12, 2019 , after adjustment of their collaterals and margin money is ₹ 255.50 millions (including ₹ 68.08 millions towards penalties and GST thereon). As the penalties will be transferred to Core SGF only on collection from members, the Company has funded balance ₹ 187.42 millions subsequent to the balance sheet date, for pay-out to counter parties, as follows:

Particulars	Amount	Remarks
Clearing Corporation's own resources	62.18	5% of MRC of SGF ₹ 1243.68 millions (maximum as per SEBI provisions)
Core SGF	125.24	Balance amount funded from Core SGF
Total	187.42	

NCCL is in the process of following due processes (including legal course of action) for recovery from members as well as from insurance. Considering the recovery of the amount funded and SEBI guidelines for utilisation of Core SGF, a provision has been made for ₹ 62.18 millions funded from Company's own resources as per conservative accounting principle. Further, a provision of ₹ 0.82 millions is also made towards Clearing Corporation dues from these members, aggregating to provision of ₹ 63.00 millions which is considered as Exceptional item in the financial statements for the half year ended September 30, 2019.

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- 42 In compliance with the directives of Securities and Exchange Board of India (SEBI) vide circular no. CIR/CDMRD/DEA/03/2015 dated November 26, 2015 to clear the trades through a separate Clearing Corporation within prescribed timelines, the Exchange has received the approval of SEBI to transfer its clearing and settlement functions to Subsidiary National Commodity Clearing Ltd (NCCL). Accordingly, NCDEX has transferred its Clearing and Settlement functions to NCCL with effect from September 27, 2018. Pursuant to this transfer, following assets & liabilities which were part of the Exchange till September 26, 2018 are now a part of NCCL from September 27, 2018.

(₹ in millions)	
Particulars	Amount
Margin money from members	990.55
Clearing Bank Deposits	330.00
WSP Deposits	51.44
Provision related to Employee benefits	9.12
Total Liabilities	1,381.11
Assets	
Bank balances (funds)	1,381.11
Risk management software	0.79
IT assets(Desktop, Laptop and Servers)	1.98
Total Assets	1,383.88

Also, income related to Clearing and Settlement functions viz. Risk management fee, Physical delivery charges, Warehouse income and Investment income on funds as mentioned above, now form part of NCCL income stream w.e.f. September 27, 2018. Similarly, the expenses related to clearing and settlement function viz. employee costs, technology costs, sharing of infrastructure costs are now incurred by NCCL w.e.f. September 27, 2018.

SEBI, vide letter dated October 06, 2017, has directed that the quantum of Core Settlement Guarantee Fund (SGF) with the Clearing Corporation should not be less than the quantum of SGF with the Exchange at the time of transfer of Clearing & Settlement function. Accordingly, as on September 27, 2018, amount of ₹ 1196.10 millions has been setup as SGF in NCCL, by contribution of ₹ 938.10 millions from NCCL and ₹ 257.90 millions by the Exchange (i.e. ₹ 231.20 millions as the Exchange's share of core SGF and settlement penalties of ₹ 26.80 millions).

- 43 In case of subsidiary NCCL, SEBI vide its circular dated April 10, 2019, has prescribed Risk based method to determine the net worth required for Clearing Corporation. In terms of this circular, NCCL has to certify compliance every quarter, applicable from first quarter of financial year 2019-20. Accordingly, NCCL is having net worth of ₹ 1217.26 millions, as on September 30, 2019, which is in compliance with SEBI directives.
- 44 In case of subsidiary NCCL, it recognizes MAT credit available as an asset only to the extent there is reasonable certainty that the company will pay normal income tax during the specified period. Accordingly, MAT credit entitlement not recognized in books of accounts till September 30, 2019 is ₹ 24.65 millions, which will be carried forward. Further, as and when the MAT credit will be recognised the same will be directly credited to retained earnings and not the statement to profit & loss account as the same is arising out of contribution to Core SGF, forming part of other equity. Deferred tax asset on account of contribution to Core SGF till September 30, 2019 amounting to ₹ 287.54 millions will be recognized and credited directly to retained earnings when there is reasonable certainty.
- 45 In case of subsidiary NCDEX e Markets Ltd (NeML), Risk Management Fund (RMF) as constituted by it is the amount earmarked for completion of the settlement, in case of a default by a member. It is in process of formulating the policy of Risk Management Fund. NeML has voluntarily contributed ₹ NIL (March 31, 2019 : ₹ 1.5 millions, March 31, 2018 : ₹ 1.50 millions, March 31, 2017 : NIL.) to Risk Management Fund during the year and utilised ₹ 0.03 million (March 31, 2019 : ₹ 1 million, March 31, 2018 : NIL, March 31, 2017 : ₹ 0.51) from the fund. As Considered by the Management of NeML, the Contribution made is appropriate and sufficient to cover member defaults, if any.
- 46 The Supreme Court in the case of Regional Provident Fund Commissioner Vs. Vivekananda Viday Mandir and Ors [LSI-62-SC-2019(NDEL)] has rendered a decision dated 28.02.2019 with reference to The Employees Provident Fund and Miscellaneous Provisions Act 1952 on a common question of law as to whether special allowance paid by an establishment to its employees would fall within the expression of 'basic wages' under section 2(b) (ii) read with section 6 of the act for the purpose of computation of deduction towards provident Fund. The Supreme Court has held that in order to exclude the allowance from the ambit of basic wages, there must be evidence to show that the workman concerned has become eligible to get the extra amount beyond the normal work which he was otherwise required to put in. The test laid down by the Supreme Court will now have to be applied to each and every allowance to examine whether the allowance is excluded from the purview of wages or not. If the test for exclusion is met, then the said allowance would not form part of wages for the purpose of contribution under the Act. The Group has evaluated the impact of the decision of the Supreme Court on provident fund liability on account of various allowances to its employees. Accordingly it was concluded that no additional provision is required as on September 30, 2019.

47 (a) Investment in Joint Venture of subsidiary NCDEX e Markets Limited

NCDEX e Markets Limited has a 50% interest in RASHTRIYA e-MARKET SERVICES PRIVATE LIMITED (ReMS), a joint venture involved in establishing, operating, managing, specialized electronic trading platform (Unified Market Platform-UMP) for auctioning of farmer's produce to bring efficiency and transparency in the agricultural regulated markets in the state of Karnataka.. The Group's interest in ReMS is accounted for using the equity method in the Restated Consolidated Financial Statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in Restated Consolidated Financial Statements are set out below:

Summarised Balance Sheet as at :

(₹ in millions)				
Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Current Assets	541.21	506.51	432.24	393.20
Non-current Assets	11.34	15.97	26.50	37.93
Current Liabilities	(58.18)	(65.17)	(54.96)	(69.66)
Non-current liabilities	(1.10)	(2.05)	(0.85)	(6.65)
Total Equity	493.27	455.26	402.93	354.82
Proportion of groups ownership	50%	50%	50%	50%
Carrying Amount of investment	246.64	227.63	201.47	177.41

Summarised Statement of profit and loss for the period/ years ended :

(₹ in millions)

Particulars	For the half year ended September 30, 2019	For the Year ended March 31, 2019	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Revenue from Operations	115.72	310.80	261.13	502.85
Other Income	14.21	20.63	16.89	9.50
Employee benefit expenses	(6.83)	(12.86)	(13.07)	(10.49)
Operating Expenses	(21.15)	(179.21)	(129.58)	(233.65)
Depreciation and amortization expenses	(5.44)	(12.91)	(12.80)	(12.67)
Other Expenses	(18.59)	(25.44)	(46.39)	(20.17)
Profit Before Tax	77.92	101.01	76.18	235.37
Tax Expense	23.02	34.24	16.05	77.71
Profit for the period	54.90	66.77	60.13	157.66
Other Comprehensive Income	0.00	0.04	0.02	(0.01)
Dividend Distribution Tax	(2.88)	(2.47)	(2.04)	(1.00)
Total comprehensive income for the period	52.02	64.34	58.11	156.65
Groups Share of profit for the period	26.01	32.17	29.05	78.32

(b) Investment in associate Power Exchange India Limited (PXIL)

The Exchange, jointly with National Stock Exchange of India Limited (NSE), promoted Power Exchange India Limited (PXIL) in 2008, in order to provide an electronic platform for facilitation of trading of electricity at national level. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in Restated Consolidated Financial Statements are set out below:

Summarised Balance Sheet as at :

(₹ in millions)

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Current Assets	1,290.26	1,118.65	690.33	874.24
Non-current Assets	271.81	79.21	63.24	48.40
Current Liabilities	1,399.91	1,208.64	844.92	1,121.63
Non-current liabilities	6.02	4.18	3.80	3.37
Total Equity	156.15	(14.96)	(95.15)	(202.36)
Proportion of ownership in Associate	34.21%	30.95%	30.95%	30.95%
Carrying Amount of investment	53.42	(4.63)	(29.45)	(62.63)

Summarised Statement of profit and loss for the period/ years ended :

(₹ in millions)

Particulars	For the half year ended September 30, 2019	For the Year ended March 31, 2019	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Revenue from Operations	132.15	166.74	216.81	83.62
Other Income	28.87	39.41	20.38	17.80
Employee benefit expenses	(31.90)	(50.20)	(36.87)	(39.13)
Finance Cost	(2.58)	(12.06)	(13.63)	(16.08)
Depreciation and amortization expenses	(3.81)	(0.44)	(1.55)	(2.82)
Other Expenses	(36.73)	(51.78)	(78.22)	(65.09)
Profit Before Tax	86.00	91.68	106.93	(21.69)
Tax Expense	14.80	11.00	-	-
Profit for the period	71.20	80.68	106.93	21.69
Other Comprehensive Income	(0.09)	(0.49)	0.28	0.12
Dividend Distribution Tax	-	-	-	-
Total comprehensive income for the period	71.11	80.19	107.21	21.58
Groups Share of profit for the period	24.33	24.82	33.18	(6.68)

48 Employee Stock Option Plan / Employee Stock Option Scheme of subsidiary NCDEX e Markets Limited

NCDEX e Markets Limited has created an Employee Stock Option - "ESOP 2017" for the benefits of employees. Details of table of stock options with vesting option, vesting period, exercise price and exercise period are as follows:

Part A : Share option outstanding at the end of the period have the following expiry date and excise prices -

Vesting		Exercise	
Option	Period	Period	Price (₹)*
300,000	3/27/2018	Not more than 3 years from vesting	59.72
225,000	3/27/2019	Not more than 3 years from vesting	59.72
225,000	3/27/2020	Not more than 3 years from vesting	59.72

The aforesaid options will be vested to eligible employees on satisfaction of vesting conditions as defined under the policy.

Part B : Share option outstanding at the end of the period have the following expiry date, vesting period and excise prices -

Vesting		Exercise	
Option	Period	Period	Price (₹)*
300,000	within 3 years from 27-3-18	3 years from vesting ,subject to liquidity event as per Board Discretion	59.72
225,000	within 3 years from 27-3-19	3 years from vesting ,subject to liquidity event as per Board Discretion	59.72
225,000	within 3 years from 27-3-20	3 years from vesting ,subject to liquidity event as per Board Discretion	59.72

- The aforesaid options would have vested to eligible employees on achieving EBIDTA as per Respective yearly targets.

- If the prescribed EBIDTA is not achieved the options stands lapsed.

* Fair value per share is taken from independent valuer .

Employee Stock Option Activity under Scheme 2017

Particulars	30th September 2019	31st March 2019	31st March 2018	31st March 2017
Outstanding at the Beginning of the period	220,770	694,944	-	-
Granted During the period	-	237,999	-	-
Forfeited During the period	-	151,765	-	-
Exercised During the period	10,400	17,229	-	-
Outstanding at the end of the period	-	525,950	-	-
Exercisable at the end of the period	210,370	220,770	694,944	-

49 In subsidiary company NERL, In terms of clause 4 (9) of the Guidelines on Repositories and Creation and Management of Electronic Negotiable Warehouse Receipts dated October 20, 2016 issued by Warehousing Development and Regulatory Authority, the sponsor exchange shall not hold more than fifty one percent of the paid up equity share capital of NERL and shall reduce the same to twenty four percent within a period of ten years from the date of grant of Certificate of Registration. Further, in exceptional circumstances, such an exchange may, with the prior permission of WDRA, increase the shareholding upto seventy four percent of the paid up capital of NERL for such time as may be permitted by WDRA.

NCDEX has been permitted to holds up to seventy four percent of the paid up share capital of the NERL till December 2018 as per WDRA letter no. WDRA/2016/5-15/A&F-1959 dated December 8, 2016. Since the shareholding of NCDEX was not in line with the above guidelines, NCDEX has sought extension from WDRA to comply with the shareholding norms which was infirmed to the NERL. WDRA vide its letter no. D-24015/2/2018-O/o US (A&F)/2763 dated December 17, 2018 approved to allow NCDEX additional time of 12 more months from December 23, 2018 till December 22, 2019 to reduce the shareholding to 51% or below.

50 In subsidiary company NERL , In terms of clause 12 (1) of the Guidelines on Repositories and Creation and Management of Electronic Negotiable Warehouse Receipts dated October 20, 2016 issued by Warehousing Development and Regulatory Authority, the Company is required to maintain a net worth of not less than Rupees two fifty millions, at all times. Further company has maintained required Net Worth as per regulations.

51 The recently promulgated Taxation Laws (Amendment) Ordinance 2019, has inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deductions/ incentives. The option needs to be exercised within the prescribed time for filing the return on income under section 139(1) of the Income Tax Act, 1961, for assessment year (AY) 2020-21 of subsequent assessment year. Once exercised, such an option cannot be withdrawn for the same or subsequent assessment years.

The financial statements of NERL are prepared on the basis that the NERL would avail the option to pay income tax at the lower rate. Consequently, the opening deferred tax asset (net) has been measured at lower rate, with a one time corresponding charge of ₹ 2.46 millions for the half year ended September 30, 2019 to the Statement of Profit and Loss.

52 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Group's senior management has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has constituted a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies.

Management of Liquidity Risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Group's finance department regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any surplus cash available, over and above the amount required for management and other operational requirements, is retained as cash and cash equivalents (to the extent required), highly marketable debt investments and interest bearing term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

Particulars	Note No.	Carrying amount	Less than 12 months	Payable on demand	More than 12 months	Total
As at September 30, 2019						
Deposits	17	6566.37	-	6,565.87	0.50	6,566.37
Trade payables	18	130.27	130.27	-	-	130.27
Lease Liabilities	58	192.27	75.67	-	116.60	192.27
Other financial liabilities	19	120.12	117.27	-	2.85	120.12
As at March 31, 2019						
Deposits	17	2,993.64	-	2,991.62	2.02	2,993.64
Trade payables	18	138.08	138.08	-	-	138.08
Lease Liabilities	58	214.61	73.19	-	141.42	214.61
Other financial liabilities	19	134.29	132.91	-	1.38	134.29
As at March 31, 2018						
Deposits	17	2,637.73	-	2,630.75	6.98	2,637.73
Trade payables	18	198.68	198.68	-	-	198.68
Lease Liabilities	58	275.28	72.37	-	202.91	275.28
Other financial liabilities	19	601.98	601.98	-	-	601.98
As at March 31, 2017						
Deposits	17	3,561.84	-	3,554.38	7.46	3,561.84
Trade payables	18	235.63	235.63	-	-	235.63
Lease Liabilities	58	121.87	71.81	-	50.06	121.87
Other financial liabilities	19	1,287.15	1,287.15	-	-	1,287.15
As at April 1, 2016						
Deposits	17	2,377.66	-	2,371.90	6	2,377.66
Trade payables	18	-	-	-	-	-
Lease Liabilities	58	182.79	-	-	182.79	182.79
Other financial liabilities	19	745.16	745.16	-	-	745.16

Management of Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

Trade Receivables :

Concentrations of credit risk with respect to trade receivables are limited, due to the Group's customer base being large and diverse and also on account of member's deposits kept by the group as collaterals which can be utilised in case of member default. All trade receivables are reviewed and assessed for default on a quarterly basis.

The Group's historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

None of the customers accounted for more than 10% of the receivables and revenue for the half year ended September 30, 2019 & year ended March 31, 2019, March 31, 2018 and for the year ended March 31, 2017.

Other financial assets :

The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in debt mutual funds and Bonds. The Group limits its exposure to credit risk by making investment as per the investment policy. The Group addresses credit risk in its investments by mandating a minimum rating against the security / institution where the amounts are invested and is further strengthened by mandating additional requirement like Capital Adequacy Ratio (CAR), Minimum Average Assets Under Management (AAUM) etc. for certain types of investments. Further the investment committee of the Group reviews the investment portfolio on a periodic basis and recommend or provide suggestion to the management. The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

Management of Market Risk

The Group's business, financial condition and results of operations are highly dependent upon the levels of activity on the exchange, and in particular upon the volume of commodities traded, the number of contracts and liquidity and similar factors.

In addition to the above risk, Market risk also includes the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rates are sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the Group's control. Changes in the general level of interest rates can affect the profitability by affecting the spread between, amongst other things, income the Group receives on investments in debt securities, the value of interest-earning investments, it's ability to realise gains from the sale of investments.

Foreign currency risk

The Group periodically transacts internationally and few of the transactions are conducted in different currencies. As the volume of the transactions are few, the Group has not entered in foreign exchange forward exchange contracts.

Clearing and Settlement Risk

Parties to a settlement may default on their obligations for reason beyond the control of the Group. The clearing and settlement operations are conducted through a wholly owned subsidiary National Commodity Clearing Limited (NCCL). NCCL guarantees the settlement of trade executed on Group's platform and maintains a core settlement guarantee fund to support its guarantee obligations.

Regulatory Risk

The Group requires a number of regulatory approvals, licenses, registrations and permissions to operate our business. For example, the group have licenses from SEBI in relation to, among others, introducing contracts on various commodities. The group's operations are subject to continued review and the governing derivatives regulations changes. The group regulatory team constantly monitors the compliance with these rules and regulations. There have been several changes to the form and manner in which deemed recognised stock exchanges must make contributions to a Core Settlement Guarantee Fund. Should SEBI in the future vary the required contribution amounts to the Core Settlement Guarantee Fund, the group may have to contribute more of funds to the Core Settlement Guarantee Fund which could materially and adversely affect the group financial ability. The group regulatory team keeps a track regarding the amendments in SEBI circulars/regulations pertaining to such core settlement guarantee fund.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Group is predominantly equity financed which is evident from the capital structure. Further, the Group has always been a net cash company with cash and bank balances along with investment which is predominantly investment in liquid and short term mutual funds being far in excess of financial liabilities.

53 FAIR VALUE MEASUREMENT

Financial Instrument by category and hierarchy

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

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

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

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

• **Level 1**

This hierarchy includes financial instruments measured using quoted prices.

• **Level 2**

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

Level 2 inputs include the following:

- a) quoted prices for similar assets or liabilities in active markets.
- b) quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) inputs other than quoted prices that are observable for the asset or liability.
- d) Market – corroborated inputs.

• **Level 3**

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

Particulars	Levels	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
1) Financial Assets					
Financial assets measured at fair value through profit & loss					
A) Investment in Mutual Funds	Level 1	154.10	289.00	2,750.35	3,694.43
Financial assets measured at fair value through other comprehensive income					
A) Investment in Bonds	Level 1	207.30	193.70	196.28	62.74
Financial assets measured at Amortized Cost					
A) Bank deposits		4,870.18	4,710.63	2,923.62	2,751.21
B) Trade receivables		204.25	180.12	185.69	166.16
C) Cash and Cash equivalents		4,014.29	784.71	435.04	1,442.98
D) Investment in Bonds		-	-	-	-
E) Other Financial Asset		778.59	472.08	204.93	129.66
Total financial assets		10,228.71	6,630.24	6,695.91	8,247.18
2) Financial liabilities					
Financial liabilities measured at Amortized Cost					
A) Deposits		6,566.37	2,993.64	2,637.73	3,561.84
B) Trade payables		130.27	138.08	198.68	235.63
C) Lease Liabilities		192.27	214.61	275.28	121.87
D) Other Financial liabilities		120.12	134.29	601.98	1,287.15
Total Financial liabilities		7,009.03	3,480.62	3,713.67	5,206.49

54 During the financial year 2018-19, the Group has made changes in prior period (financial year 2017-18) . As a result, the Group has restated prior period financials as follows :

Balance Sheet (₹ in millions)

S.No.	Particulars	Previously Reported Amount	Prior period impact	Restated amount	Remarks
1	Other intangible assets	578.10	9.50	587.60	Error in elimination of inter company transaction between NeML and NERL
2	Investment in associates/joint ventures accounted for using the equity method (Refer Note-1 below)	200.30	1.20	201.50	Restatement of financial statement of component REMS (JV of subsidiary NeML)
3	Deferred tax assets (net)	14.00	4.40	18.40	Regrouping of MAT Credit from Other current assets to Deferred tax assets - Subsidiary NeML
4	Non current Income tax assets (net)	239.30	26.90	266.20	Reclassification of income tax assets from current to Non current - Subsidiary NeML
5	Current Income tax assets (net)	26.90	(26.90)	-	Reclassification of income tax assets from current to Non current - Subsidiary NeML
6	Other current assets	218.90	(4.40)	214.50	Regrouping of MAT Credit from Other current assets to Deferred tax assets - Subsidiary NeML
7	Other equity (Refer Note-2 below)	3,871.50	27.00	3,898.50	Restated due to changes in statement of profit and loss & change in accounting policy on Investor Service Fund (ISF)
8	Deferred tax liabilities (net)	40.40	(17.80)	22.60	Deferred tax liabilities reversed on unrealized profit eliminated in consolidaton
9	Other Current Liabilities (Refer Note-2 below)	105.80	1.40	107.20	Restated due to change in accounting policy on Investor Service Fund (ISF)

Statement of Profit & Loss

S.No	Particulars	Previously Reported Amount	Prior period impact	Restated amount	Remarks
1	Finance cost	1.70	(1.70)	-	Regrouping of finance cost to other expenses
2	Depreciation & amortization	194.20	1.10	195.30	correction of amortisation impact - refer 1 above
3	Other expenses (Refer Note-2 below)	881.20	(4.30)	876.90	1. Impact due to changes in accounting policy of Investor service fund 2. Correction of elimination of Expenses between NeRL and NEML in Previous year. 3. Regrouping of finance cost to other expenses
4	Profit / (loss) before share of Net profit of Joint venture and income tax	(86.90)	4.90	(82.00)	Resultant changes due to the above
5	Share of net profit from Joint venture accounted for using equity method (Refer Note-1 below)	27.90	1.10	29.00	Restatement of financial statements of component REMS (JV of subsidiary NeML)
6	Deferred tax	(2.20)	(17.80)	(20.00)	Deferred tax liability on unrealized profit eliminated on consolidaton now reversed
7	Profit / (Loss) for the year	(138.40)	23.80	(114.60)	Resultant changes due to the above
8	Total comprehensive income for the year	(139.00)	23.80	(115.20)	Resultant changes due to the above
9	Earning per share	(0.27)	0.05	(0.22)	Resultant changes due to the above

Notes

1 In case of subsidiary NCDEX e Markets Ltd (NeML), during the year the Financial Statement of Joint Venture company of NeML has been restated for FY 2017-18 due to changes in accouting estimates in recognising revenue & expenses. As mentioned below line item of the Financial Statement figures have been restated for FY 2017-18 wherever required in order to be in line with IND AS 8.

Impact of Equity of the Joint Venture

Particulars	31st March 2018 (in ₹ millions)
Trade Receivables	(13.04)
Total Assets	(13.04)
Other current Liabilities	(5.20)
Short Term Provision	(10.19)
Total Liabilities	(15.39)
Impact on Equity	2.35

Impact on the Statement of Profit and Loss Account of the Joint Venture

Particulars	31st March 2018 (in ₹ millions)
Revenue from Operations	(13.04)
Operating Expenses	5.20
Income Tax Expenses	10.19
	-
Net Impact on the profit for the year	2.35
Impact on EPS (Basic) of the Joint Venture	0.02
Impact on EPS (Diluted) of the Joint Venture	0.02
Share of Profits in the Joint venture	50%
Impact on the Consolidation Financial Statements	1.18

- 2 SEBI vide its circular CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13, 2017 has mandated to set up Investor Service Fund (ISF) for providing basic minimum facilities at various Investor Service Centers. Accordingly, the ISF was set up during the year 2017-18 with a contribution of ₹ 4.60 millions, by debiting it to retained earnings and crediting, "ISF reserves" in Statement of Changes in Equity. Subsequently, during the year 2018-19 further contribution of ₹ 5.80 millions was made by the Exchange by debiting it to Statement of Profit & Loss and creating a liability for the same. Accordingly, the contribution during the year 2017-18 of ₹ 4.60 millions has been restated and debited to Statement of Profit & Loss instead of Retained Earnings. The amount utilized out of this fund during the year amounting to ₹ 2.50 millions (March 18 ₹ 3.20 millions) is debited to ISF liability.

55 FIRST TIME ADOPTION OF IND AS

Explanation of transition to Ind AS:

The financial statements for the year ended March 31, 2018 are the Group's first financial statements prepared in accordance with Ind AS. The accounting policies set out in Annexure (V) have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and read with Companies (Accounting Standard) Amendment Rules, 2016 and other relevant provisions of the Act ('Previous GAAP' or 'Indian GAAP'). An explanation of how the transition from Previous GAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables.

Exemptions and exceptions availed :

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS as at the transition date, i.e. April 1, 2016.

A.1 Ind- AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their Previous GAAP carrying value.

A.1.2 Designation of previously recognized financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has elected to apply this exemption for its investment in equity instruments.

A.1.3 Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

A.1.4 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

A.1.5 Investment in Subsidiaries, Associate and Joint Venture

Ind AS 101 permits a first time adopter to measure its investment, at the date of transition, at cost determined in accordance with Ind AS 27, or deemed cost, The deemed cost of such investment shall be its fair value at the Company's date of transition to Ind AS, or Previous GAAP carrying amount at that date.

The Company has elected to measure its investment in subsidiaries, associates and joint ventures at the Previous GAAP carrying amount as its deemed cost on the transition date.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made in for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly, classification and measurement of financial asset has been based on the facts and circumstances that exist at the date of transition to Ind AS.

56 RECONCILIATIONS

The following reconciliations provide the effect of transition to IndAS from IGAAP in accordance with Ind AS 101 :

- Effect of Ind AS adoption on Statement of Profit and loss as at March 31, 2017.
- Reconciliation of total equity as at March 31, 2017 & April 1, 2016.
- Reconciliation of Cash flow statement for year ended March 31, 2017

a. Effect of Ind AS adoption on Statement of Profit and loss as at March 31, 2017.

(₹ in millions)

Particulars	Footnote	March 31, 2017
Profit as per I GAAP for the year ended March 31, 2017		207.90
NICR not for profit consolidated under IND AS	5	(1.50)
Interest Income on Members deposit discounting	7	0.29
Interest Expense on discounting	7	(0.49)
Reclassification to equity under IND AS		6.48
Increase in income due to fair valuation of debt mutual funds	1	7.55
Interest on securities deposit	7	1.00
Reclassification of Gratuity expense to Other Comprehensive Income	6	5.61
Net impact of lease equalisation and deferred rent	3,7	0.80
Total (A)		19.74
Tax impact on total (A)	3	(4.61)
Net impact on profit and loss		15.13
Revised profit after as per IND AS		223.03
Other Comprehensive income		
Reclassification of Gratuity expense to Other Comprehensive Income	6	(5.61)
Fair valuation of Bonds	1,3	1.40
Total (B)		(4.21)
Tax impact on total (B)	3	1.50
Net impact of Other Comprehensive income		(2.71)
		-
Total comprehensive income as per profit and loss statement		220.32

b. Reconciliation of total equity as at March 31, 2017 & April 01, 2016

(₹ in millions)

Particulars	Footnote	March 31, 2017	April 01, 2016
Total equity under previous GAAP		4,516.37	4,315.00
IndAS Adjustments of previous period		160.85	-
Adjustments:			
Dividends and related distribution tax not recognised as liability until declared under Ind AS		(152.48)	152.48
Security deposits paid measured at fair value	7	0.06	(0.07)
Reversal of lease equalisation liability net of tax	3,7	1.10	8.29
Fair value impact of bonds net of tax	1,3	1.00	0.00
Current investments measured at fair value net of tax	1,3	4.94	8.45
Interest Income on deposit fair valuation	7	0.29	0.00
Interest Expense on discounting	7	(0.49)	0.99
Ncdex Institute Of Commodity Markets And Research being not for profit consolidated under IND AS	5	(1.49)	(2.89)
Transaction Charges Special Reserve of JV not consider in IND AS	4	6.40	(6.40)
Total adjustment to equity		20.17	160.86
Total equity under Ind AS		4,536.54	4,475.86

c. Reconciliation of Cash flow statement for year ended March 31, 2017

(₹ in millions)

Particulars	Footnote	March 31, 2017		
		As per Previous GAAP *	Ind-AS Adjustments	As per Ind - AS
Cash flow from operating activities	4	1529.61	(50.87)	1478.65
Cash flows from investing activities	4	(486.86)	46.17	(440.74)
Cash Flows from financing activities	4	(152.48)	(0.51)	(153.00)
Net increase / (decrease) in cash and cash equivalents		890.22	(5.22)	884.95
Cash and cash equivalents as at April 1, 2016	4	558.35	(0.44)	558.05
Cash and Cash equivalents as at March 31, 2017		1,448.57	(5.65)	1443.00

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note

Footnotes to the reconciliation of equity as at April 01, 2016 and March 31, 2017 and the Statement of profit and loss for the year ended March 31, 2017

Note 1: Investments

Mutual funds (other than investments in subsidiaries, associates and joint venture) :

Under the Previous GAAP, investments in mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in other equity as at the date of transition i.e. April 1, 2016 and subsequently in the profit or loss.

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Investments in Debt instruments :

Under Previous GAAP, the investments in bond are measured at cost or fair value, whichever is lower, if classified as current investment. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments.

Under Ind AS, the company has designated bonds as fair value through OCI (FVTOCI). Interest income and fair value changes are recognised in the statement of profit and loss and other comprehensive income, respectively.

Note 2: Re-measurement of post-employment benefit obligations

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year.

Note 3: Deferred Tax

Under Previous GAAP, deferred taxes are recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. Also deferred tax has been recognised on the adjustment made on transition to Ind AS.

Note 4: Investment in Joint Ventures

The Company's subsidiary NCDEX e Markets Ltd. (NeML) holds 50% interest in Rashtriya e Market Services Private Limited (ReMS) and exercises joint control over the entity. Under Indian-GAAP group has proportionately consolidated its interest in the ReMSL in the Consolidated Financial Statement. On transition to Ind AS NeML has assessed and determined that ReMSL is its JV under Ind AS 111 Joint Arrangements. Therefore, it needs to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investment is measured as the aggregate of Ind AS amount of assets and liabilities that the group had previously proportionately consolidated including any goodwill arising on acquisition. On application of equity method the investment stands increased by ₹ 51.6 millions on 1 April 2016 and by ₹ 127.40 Millions on 31 March 2017. Derecognition of proportionately consolidated ReMS has resulted in change in balance sheet, statement of profit and loss and cash flow statement.

Note 5: Investment in subsidiary (not for profit)

The Holding Company has made an Investment in NCDEX Institute of Commodity Markets & Research, a section 8 company under the Companies Act, 2013, wherein the profits will be applied for promoting its objects. Under Indian GAAP, the Financial Statements of NCDEX Institute of Commodity Markets & Research were not consolidated in those financial statements, since the Holding Company will not derive any economic benefits from its investments in NCDEX Institute of Commodity Markets & Research. However in IND AS, the same is consolidated as the subsidiary is controlled by the Company

Note 6: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as part of other comprehensive income includes re-measurements of defined benefit plans, fair value gains or (losses) on FVTOCI equity instruments and debt instruments. The concept of other comprehensive income did not exist under previous GAAP.

Note 7: Other adjustments

Under previous GAAP, all financial assets other than investments and cash and bank balances were initially measured at cost however on transitioning to Ind AS, same were measured initially at fair value and subsequently at amortised. On the date of transition to Ind AS, these financial assets have been measured at value which would have been the value if these financial assets would have accounted as per Ind AS. Further the impact of bringing it at amortised cost given to the respective expense and prepaid expenses based on the nature of individual transaction.

57 Tax Reconciliation

a. A reconciliation of Income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

Particulars	For the period ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before income taxes	2.91	140.36	(76.44)	182.76
Enacted tax rates in India (%)	29.12	29.12	34.61	34.61
Computed expected tax expense	0.85	40.87	(26.46)	63.25
Tax impact on depreciation	9.17	(9.41)	(23.10)	(29.35)
Adjustments in respect of current income tax of previous years		(3.12)	(0.30)	0.10
Tax impact due to Non-deductible expenses for tax purposes	(4.47)	4.77	9.70	7.49
Tax impact on Exempt Income	0.15	(8.10)	(3.30)	(5.49)
Long term capital gain taxed at different rate (Net of Business Losses)	1.41	(0.15)	(22.70)	(2.65)
Tax impact on INDAS adjustments		18.86	(26.20)	(7.28)
Deferred tax expense	(6.77)	(16.98)	24.65	23.21
Tax losses for which no deferred tax assets is recognised	-	0.62	0.50	-
Tax differences due to different tax rates	(0.65)	(10.72)	(2.00)	(5.37)
Deferred tax reversed on unrealized profit eliminated in consolidation	1.57	102.22	(17.90)	-
Tax impact on Intercompany elimination	-	(103.63)	147.80	-
Tax on Elimination of depreciation on unrealised profit	(7.71)	-	-	-
Tax on Impairment loss of PXIL investment	(13.28)	-	-	-
Income tax expense	(19.74)	15.23	60.69	43.90

b. The following table provides the details of income tax assets and income tax liabilities as of September 30, 2019 :

Particulars	For the period ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Income tax assets	1,187.55	1,183.59	1,376.78	1,340.96
Income tax liabilities	805.13	840.50	1,110.73	1,030.01
Net Non current income tax assets/ (liability) at the end	382.42	343.09	266.05	310.95

c. The gross movement in the current income tax asset/ (liability) for the Year ended March 31, 2019

Particulars	For the period ended September 30, 2019	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Net current income tax asset/ (liability) at the beginning	343.09	266.05	310.95	314.83
Add:-Income tax paid	86.33	115.85	96.48	47.79
Less:-Provision for tax of earlier years	-	(0.70)	-	(0.10)
Less:-Additional Refund Received	(15.86)	6.89	(59.67)	(17.44)
Less:-Provision for income tax	(31.10)	(45.30)	(81.33)	(34.22)
Net current income tax asset/ (liability) at the end	382.42	343.09	266.05	310.95

d. Deferred tax assets

Movements in deferred tax assets

Particulars	Employee benefit	Provision For Doubtful Debt	Financial Assets at Fair Value through OCI	Unabsorbed losses / depreciation	MAT Credit Entitlement	Lease Ind AS 116	Other Items	Total
As at 1 April 2016	5.50		0.59	-	1.76	4.66	4.40	16.91
Charged/(credited)								
- to profit or loss	2.11			26.51	5.22	(3.87)	10.72	40.69
- to other comprehensive income			1.51					
As at 31 March 2017	7.61		2.10	26.51	6.98	0.79	15.12	59.11
Charged/(credited)								
- to profit or loss	(3.02)			24.78	30.72	(3.49)	(0.21)	49.78
- to other comprehensive income			1.05					1.05
As at 31 March 2018	4.59		3.15	51.29	37.70	(2.70)	14.91	109.94
Charged/(credited)								
- to profit or loss	3.01			10.32	29.17	4.04	(6.80)	35.59
- to other comprehensive income			(3.15)					
As at 31 March 2019	7.60	-	-	61.61	66.87	1.34	8.11	145.53
Charged/(credited)								
- to profit or loss	4.24	17.53		19.03	(5.27)	(0.99)	(1.38)	33.68
- to other comprehensive income			0.52					
As at 30 September 2019	11.84	17.53	0.52	80.64	61.60	0.35	6.73	179.21

Movements in deferred tax liabilities

Particulars	Depreciation and amortisation	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI	Total
As at 1 April 2016	13.25	9.45	-	22.70
Charged/(credited)				
- to profit or loss	46.78	4.76	-	51.54
As at 31 March 2017	60.03	14.21	-	74.24
Charged/(credited)				
- to profit or loss	12.61	19.79	-	32.40
As at 31 March 2018	72.64	34.00	-	106.54
Charged/(credited)	32.96	(27.92)		5.04
- to profit or loss			0.74	0.74
As at 31 March 2019	105.60	6.08	0.74	112.42
Charged/(credited)				
- to profit or loss	(9.62)	(3.70)		(13.32)
- to other comprehensive income			2.37	2.37
As at 30 September 2019	95.98	2.38	3.11	101.47

58 LEASE

1 Transition

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 169.30 million and a lease liability of ₹ 182.79 million. The cumulative effect of applying the standard of ₹ 13.40 million was debited to retained earnings, net of taxes. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

2 The following is the summary of practical expedients elected on initial application:

- i Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
 - ii Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
 - iii Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
 - iv Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
- 3** The effect of depreciation and interest related to Right Of Use Asset and Lease Liability are reflected in the Profit & Loss Account under the heading "Depreciation and Amortisation Expense" and "Finance costs" respectively under Note No 25 and 24
- 4** The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2016 is 8% - 8.38%.
- 5** The difference between the lease obligation recorded as at March 31, 2016 under Ind AS 17 (disclosed under Note 28 of the Consolidated Financial Statements for the year ended March 31, 2016) and the value of the lease liability as at April 1, 2016 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.
- 6** Following are the changes in the carrying value of right of use assets for the year ended March 31, 2017, March 31, 2018 & March 31, 2019 & during the six months ended September 30, 2019:

(₹ In Millions)

Particulars	Category of ROU		Total
	Office Space	Guest House	
Balance as of April 1, 2016	162.13	7.17	169.30
Reclassified on account of adoption of Ind AS 116	2.31	-	2.31
Additions	-	3.43	3.43
Depreciation	(64.74)	(2.80)	(67.54)
Balance as of March 31, 2017	99.70	7.80	107.50
Balance as of April 1, 2017	99.70	7.80	107.50
Reclassified on account of adoption of Ind AS 116	6.44	-	6.44
Additions	226.35	2.49	228.84
Depreciation	(66.18)	(3.11)	(69.29)
Balance as of March 31, 2018	266.31	7.18	273.49
Balance as of April 1, 2018	266.31	7.18	273.49
Reclassified on account of adoption of Ind AS 116	0.03	-	0.03
Additions	13.15	0.58	13.73
Depreciation	(78.55)	(3.15)	(81.70)
Balance as of March 31, 2019	200.94	4.61	205.55
Balance as of April 1, 2019	200.94	4.61	205.55
Reclassified on account of adoption of Ind AS 116	-	-	-
Additions	14.42	-	14.42
Depreciation	(36.40)	(1.60)	(38.00)
Balance as of September 30, 2019	178.96	3.01	181.97

7 The following is the break-up of current and non-current lease liabilities as of March 31, 2017, March 31, 2018, March 31, 2019 & September 30, 2019:

(₹ In Millions)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY ended Sept 19
Current Lease liabilities	71.81	72.37	73.19	75.67
Non-current lease liabilities	50.06	202.91	141.42	116.60
Total	121.87	275.28	214.61	192.27

National Commodity & Derivatives Exchange Limited
Annexure VI: Notes to Restated Consolidated Financial Information

8 The following is the movement in lease liabilities for the year ended March 31, 2017, March 31, 2018 & March 31, 2019 & during the six months ended September 30, 2019:

(₹ In Millions)	
Particulars	Amount
Balance as of April 1, 2016	182.79
Additions	3.43
Finance cost accrued during the year	12.00
Payment of lease liabilities	(76.36)
Balance as of March 31, 2017	121.86
Balance as of April 1, 2017	121.86
Additions	228.84
Finance cost accrued during the year	8.23
Payment of lease liabilities	(83.67)
Balance as of March 31, 2018	275.26
Balance as of April 1, 2018	275.26
Additions	13.73
Finance cost accrued during the year	19.30
Payment of lease liabilities	(93.69)
Balance as of March 31, 2019	214.60
Balance as of April 1, 2019	214.60
Additions	14.42
Finance cost accrued during the period	8.16
Payment of lease liabilities	(44.92)
Balance as of September 30, 2019	192.26

9 The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2017, March 31, 2018, March 31, 2019 & September 30, 2019 on an undiscounted basis:

(₹ In Millions)				
Particulars	FY 2016-17	FY 2017-18	FY 2018-19	HY ended Sept 19
Less than one year	78.34	91.17	87.14	86.55
One to five years	54.48	227.42	153.14	126.88
More than 5 years	0.25	-	-	-
Total	133.07	318.59	240.28	213.43

10 The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

11 Rental expense recorded for short-term leases was ₹ 2.05 million for the six months ended September 30, 2019 (March 31, 2019: ₹ 0.05 millions, March 31, 2018 : ₹ 0.58 million and March 31, 2017: Rs .047 millions).

National Commodity & Derivatives Exchange Limited
Annexure VII-Statement of Adjustments to the Consolidated Financial Statements

Summarised below are the restatement adjustments made to the equity of the audited consolidated financial statements of the Group for the half year ended September 30, 2019 and years ended March 31, 2019, March 31, 2018, and March 31, 2017 and balance sheet as at April 1, 2016 and their consequential impact on the equity of the Group:

(₹ in million)

Particulars	Notes	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
A. Total equity as per audited consolidated financial statements		4,974.14	4,834.58	4,667.35	4,536.14
B. Adjustments:					
Material restatement adjustments					
(i) Audit qualifications		-	-	-	-
Total:		-	-	-	-
(ii) Adjustments due to prior period items / other adjustments					
(a) Adjustment for Provision of Bonus Payable	(b)	-	8.43	(6.86)	(6.81)
(b) Revenue for previous years pushed back	(c)	-	-	(15.41)	-
(c) Excess/(shortage) of tax relating to earlier period/year	(e)	-	(0.17)	(0.35)	-
(d) Impact on adoption of Ind AS 116	(d)	(0.50)	(0.39)	5.00	(2.29)
(e) Ind AS 116 (Books of accounts impact reversed)		10.90	-	-	-
(e) Opening Adjustment Carried Forward		(14.08)	(21.74)	(21.74)	(21.74)
Total:		(3.68)	(13.87)	(39.36)	(30.84)
(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable					
Deferred tax impact on restatement adjustments	(f)	4.23	4.09	9.18	8.56
Total:		4.23	4.09	9.18	8.56
B. Total impact of adjustments (i + ii + iii)		0.55	(9.78)	(30.18)	(22.28)
C. Total equity as per restated consolidated summary financial information (A+B)		4,974.69	4,824.80	4,637.16	4,513.85

Summarized below are the restatement adjustments made to the audited financial statements for the half year ended September 30, 2019 and fiscal year ended March 31, 2019, 2018 and 2017 and their impact on the profit / (loss) of the Group:

(₹ In Millions)

Particulars	Notes	For the half-year ended	For the year ended		
		September 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017
Total comprehensive income before restatement		76.55	146.27	(115.51)	219.83
Add/ (Less) Adjustments					
A. Material Restatement Adjustments					
(a) Adjustment for ESOP expenses	(a)	-	(14.03)	14.03	-
(b) Adjustment for Provision of Bonus Payable	(b)	-	15.29	(0.05)	(6.81)
(c) Reversal of revenue booked wrongly	(c)	-	15.41	(15.41)	-
(d) Impact on adoption of Ind AS 116	(d)	0.06	(5.39)	7.29	(2.29)
Total:		0.06	11.28	5.86	(9.10)
Excess/(shortage) of tax relating to earlier period/year	(e)	-	0.18	(0.35)	-
Tax Impact of adjustments	(f)	0.14	(5.09)	0.62	2.29
Ind AS 116 (Books of accounts impact reversed)		(0.17)	-	-	-
Total tax adjustments		(0.03)	(4.91)	0.27	2.29
Total impact due to restatement		0.03	6.37	6.13	(6.81)
E. Total Profit post impact due to restatement		76.58	152.64	(109.38)	213.02

1. Adjustments for audit qualification: None

2. Material regrouping

Appropriate adjustments have been made in the Restated Consolidated Financial Information, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited consolidated financial statements of the Group as at and for the period ended September 30, 2019, prepared in accordance with Division II Ind AS Schedule III of the Companies Act, 2013 ('the Act') and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018 (as amended). Accordingly, the Group has presented the Restated Consolidated Financial Information as at and for the years ended March 31, 2019, March 31, 2018 and March 31, 2017 following the requirements of Schedule III of the Act.

National Commodity & Derivatives Exchange Limited

Annexure VII-Statement of Adjustments to the Audited Consolidated Financial Statements (Continued)

Notes to Adjustments (Continued)

3. Material restatement adjustments

(a) ESOP Reserve Reversed

In case of subsidiary NCDEX e Markets Ltd (NeML), it had created an Employee Stock Option (ESOP) Reserve for share options as per the accounting prescribed under Ind AS 102 'Share Based Payments'. As per the ESOP scheme, the shares will be issued to the employees at the grant date fair value which would not require company to provide for any expense. However, expense was recognised in the FY 2017-18 and reversed in FY 2018-19 in the audited financial statements. Both these have been reversed in the relevant years in the restated audited financial statements.

(b) Provision for Bonus Payable yearly

NeML had been accounting for bonus payable to its employees in the year of payment as the provision was subject to board's approval which was after the closure of the year to which the expense related. As per ICDR Regulations, the bonus expense has been restated to the respective year to which it relates.

(c) Transaction Charges reversed for Customer

NeML had recognised revenue for a debtor as per the terms agreed in FY 2017-18. However, at the time of payment, the same was disputed by the customer on account of the customer not utilising the entire services for which the company had recognised revenue. On final settlement, the company received only 25% of the amount it had recognised as revenue. For the balance 75%, the company has issued a credit note to the customer which has been adjusted in the FY 2018-19's revenue. The same has been restated and adjusted from the revenue for the relevant previous year.

(d) Impact on adoption of Ind AS 116

As per the guidance under SEBI ICDR, 2019, the Group has accounted for the adoption of Ind AS 116 by disregarding the initial date of application i.e. April 01, 2019 as notified by MCA and applied the standard as a change in accounting policy throughout the period covered for the preparation of restated financial information i.e. from periods beginning April 01, 2016 onwards. The adoption resulted in recognition of 'Right of Use' asset of ₹ 169.30 million and a lease liability of ₹ 182.79 million as on April 01, 2016. The cumulative effect of applying the standard of ₹ 13.40 million net of taxes was debited to retained earnings as at April 1, 2016.

(e) Prior period tax adjustments

Short/ excess provisions for income taxes pertaining to earlier years, based on intimations / orders / received / returns filed, accounted for during the years ended 31 March 2018 and 31 March 2019 has been adjusted in the respective financial years to which it pertains. The Group Adjustments related to financial years prior to March 31, 2017 have been adjusted against the opening balance of Statement of Profit and Loss as at April 01, 2016.

(f) Deferred tax impacts

Deferred tax has been computed on adjustments made as detailed above and has been adjusted in the restated Restated Consolidated Financial Statements information for the six months ended September 30, 2019, years ended March 31, 2019, March 31, 2018 and March 31, 2017. The adjustments related to financial years prior to March 31, 2017 have been adjusted against the opening balance of retained earnings as per Restated Consolidated Financial Statements information as at April 1, 2016.

National Commodity & Derivatives Exchange Limited

Non-adjusting items

i. Emphasis of matters in the Auditors' report for period ended September 30, 2019 which do not require any corrective adjustments in the Restated Consolidated Financial Information

1. Note 31 to the consolidated financial statements. In respect of the matters relating to the future contracts of pepper, 'other receivable' as on September 30, 2019, includes various costs amounting to ₹ 170 millions towards cleaning of the pepper stock in warehouses. The order of Hon'ble High Court of Kerala dated August 28, 2014 has allowed the Company to clean the pepper stock in warehouses with a right to recover the aforesaid estimated pepper-cleaning costs and applicable taxes, associated with the same.

In terms of the legal opinion obtained by the Company, it therefore has a fair chance of recovery of the costs incurred by them since the Company is backed by orders of the Court which provides a constructive lien on the goods lying under the physical control of the Company through its approved warehouses. The Management has considered the receivable as good and recoverable, apart from a provision of ₹ 26 millions which was made in earlier years towards such pepper cleaning costs.

2. The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the six months ended September 30, 2019, have drawn attention in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), a joint venture of NeML, wherein balance under Sundry Debtors in Financial statements of Joint Venture have not been confirmed by few parties or are under reconciliation on the reporting date. We are unable to comment on the impact adjustments arising out of reconciliation / confirmation of such balances on the financial statements for the half year ended September 30, 2019.

ii. Emphasis of matters in the Auditors' report for FY 2018-19 which do not require any corrective adjustments in the Restated Consolidated Financial Information

Note 33 to the consolidated financial statements. In respect of the matters relating to the future contracts of pepper, 'other receivable' as on March 31, 2019, includes various costs amounting to ₹ 170 millions towards cleaning of the pepper stock in warehouses. The order of Hon'ble High Court of Kerala dated August 28, 2014 has allowed the Company to clean the pepper stock in warehouses with a right to recover the aforesaid estimated pepper-cleaning costs and applicable taxes, associated with the same.

In terms of the legal opinion obtained by the Company, it therefore has a fair chance of recovery of the costs incurred by them since the Company is backed by orders of the Court which provides a constructive lien on the goods lying under the physical control of the Company through its approved warehouses. The Management has considered the receivable as good and recoverable, apart from a provision of ₹ 26 millions which was made in earlier years towards such pepper cleaning costs.

iii. Emphasis of matters in the Auditors' report for FY 2017-18 which do not require any corrective adjustments in the Restated Consolidated Financial Information

1. Note 33 to the consolidated financial statements. In respect of the matters relating to the future contracts of pepper, 'other receivable' as on March 31, 2018, includes various costs amounting to ₹ 170 millions towards cleaning of the pepper stock in warehouses. The order of Hon'ble High Court of Kerala dated August 28, 2014 has allowed the Company to clean the pepper stock in warehouses with a right to recover the aforesaid estimated pepper-cleaning costs and applicable taxes, associated with the same.

In terms of the legal opinion obtained by the Company, it therefore has a fair chance of recovery of the costs incurred by them since the Company is backed by orders of the Court which provides a constructive lien on the goods lying under the physical control of the Company through its approved warehouses. The Management has considered the receivable as good and recoverable, apart from a provision of ₹ 26 millions which was made in earlier years towards such pepper cleaning costs.

2. The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the year ended March 31, 2018, have drawn attention in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), a joint venture of NeML, wherein balances under sundry debtors have not been confirmed by few parties. We are unable to comment on the adjustments, if any, arising out of reconciliation / confirmation of such balances on the consolidated financial statements.

iv. Emphasis of matters in the Auditors' report for FY 2016-17 which do not require any corrective adjustments in the Restated Consolidated Financial Information

1. Note 30 to the consolidated financial statements. In respect of the matters relating to the future contracts of pepper, 'advances recoverable in cash or in kind' as on March 31, 2017, includes various costs amounting to ₹ 168.10 millions towards cleaning of the pepper stock in warehouses. The order of Hon'ble High Court of Kerala dated August 28, 2014 has allowed the Company to clean the pepper stock in warehouses with a right to recover the aforesaid estimated pepper-cleaning costs and applicable taxes, associated with the same.

In terms of the legal opinion obtained by the Company, it therefore has a fair chance of recovery of the costs incurred by them since the Company is backed by orders of the Court which provides a constructive lien on the goods lying under the physical control of the Company through its approved warehouses. The Management has considered the receivable as good and recoverable, apart from a provision of ₹ 26.00 millions which was made in earlier years towards such pepper-cleaning costs.

2. The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the year ended March 31, 2017, have drawn attention to a matter wherein in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), in the opinion of the joint venture's management, service tax is not applicable on the transaction charges billed by ReMSPL. Hence the provision for service tax has not been made in the books of accounts for the same. The financial impact, if any, due to applicability of service tax on the consolidated financial statement of the Group is ₹ 871.61 lakhs exclusive of interest and other imposition.

3. The Independent Auditors of the Company's subsidiary, NCDEX e Markets Limited ('NeML'), in their audit report on consolidated financial statements of NeML for the year ended March 31, 2017, have drawn attention to the matter stated in note 47 (b) to the consolidated financial statements wherein in respect of Rashtriya e Market Services Private Limited ('ReMSPL'), a joint venture of NeML, balances under sundry debtors have not been confirmed by few parties and we are unable to comment on the adjustments, if any, arising out of reconciliation / confirmation of such balances on the consolidated financial statements.

4. Reconciliation of Retained earnings as at April 1, 2016

(₹ in million)

Particulars	April 1, 2016
A. Total equity as per audited consolidated financial statements as per previous GAAP	4,315
B. Total Ind AS adjustments (refer note 60 of Annexure VI)	160.86
Material restatement adjustments	
(i) Audit qualifications	-
(ii) Adjustments due to prior period items / other adjustments	
Provision for Bonus Payable pushed back	(8.43)
Prior period tax	0.17
Ind AS 116 impact	(13.48)
Deferred Tax impact	6.27
C. Total impact of restatement adjustments	(15.47)
D. Total equity as per restated consolidated summary financial information (A + B + C)	4,460.31

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

For and on behalf of the Board of Directors
National Commodity & Derivatives Exchange Limited
CIN: U51909MH2003PLC140116

Sachin A. Negandhi
Partner
Membership No.112888

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

Ravindra Kumar Roye
Chairman
DIN - 07304930

Place : Mumbai

Harish Kumar

Atul Roongta
Chief Financial Officer

Date : February 10, 2020

Company Secretary

National Commodity & Derivatives Exchange Limited
Annexure VIII - Restated Consolidated Statement of Other Financial Information

(₹ in millions)

Sr. No.	Particulars	For the half year ended		For the year ended	
		September 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017
1	Restated Profit / (Loss) after Tax (₹ in millions)	73.4	156.20	(108.79)	215.70
2	Net Profit / (Loss) available to Equity Shareholders (₹ in millions)	73.4	156.20	(108.79)	215.70
3	Weighted average number of basic Equity Shares outstanding during the year	50,676,000	50,676,000	50,676,000	50,676,000
4	Weighted average number of diluted Equity Shares outstanding during the year	50,676,000	50,676,000	50,676,000	50,676,000
5	Net Worth for Equity Shareholders (₹ in millions)	4,726.89	4,569.38	4,374.51	4,513.85
6	Accounting Ratios:				
	Basic Earnings per Share	1.60	3.22	(2.09)	4.26
	Diluted Earnings per Share	1.60	3.22	(2.09)	4.26
	Return on Net Worth for Equity Shareholders(2)/(5)	1.55%	3.42%	-2.49%	4.78%
	Net Asset Value Per Share (₹) (5)/(4)	93.28	90.17	86.32	89.07
7	Earnings before interest, tax, depreciation and amortisation (EBITDA) (₹ in millions)				
	Revenue from operations	707.88	1,503.84	1,125.66	1,039.71
	Other Income	218.16	443.63	496.19	623.56
	Total Income	926.04	1,947.47	1,621.85	1,663.27
	Employee benefits expense	340.14	655.65	633.18	566.73
	Other expenses	409.32	855.63	792.14	760.95
	Total expenses	749.46	1,511.28	1,425.32	1,327.68
	Earnings before interest, tax, depreciation and amortisation (EBITDA) (₹ in millions)	176.58	436.19	196.53	335.59

Note:

- The above Annexure should be read with the Basis of preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Summary Financial Information appearing in Annexure VI and Statement of Adjustments to Audited Consolidated Financial Statements appearing in Annexure VII.
- The ratios have been computed as follows:
 - Earning Per Share (Basic) = $\frac{\text{Restated net profit/ loss after tax and adjustments, available for equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$
 - Earning Per Share (Diluted) = $\frac{\text{Restated profit/ loss for the year}}{\text{Weighted average number of diluted potential equity shares outstanding during the year}}$
 - Return on Net worth (%) = $\frac{\text{Restated net profit/ loss after tax and adjustments, available for equity shareholders}}{\text{Restated net worth at the end of the year}}$
 - Net Asset Value per Share (₹) = $\frac{\text{Restated net worth at the end of the year}}{\text{Weighted average number of equity shares outstanding during the year}}$
- Net worth for ratios mentioned in Point 5 is = Equity share capital + Reserves and surplus (including Capital reserve, Securities Premium, Debenture redemption reserve, and Retained earnings), excluding Non-controlling interest
- Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
- The Company does not have any revaluation reserves or extra-ordinary items.
- Earnings per share calculations are in accordance with Indian Accounting Standard 33 (Ind AS 33) - Earnings per share.

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

For and on behalf of the Board of Directors
National Commodity & Derivatives Exchange Limited
CIN: U51909MH2003PLC140116

Sachin A. Negandhi
Partner
Membership No.112888

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

Ravindra Kumar Roye
Chairman
DIN - 07304930

Place : Mumbai
Date : February 10, 2020

Harish Kumar
Company Secretary

Atul Roongta
Chief Financial Officer

National Commodity & Derivatives Exchange Limited
Annexure IX: Restated Consolidated Statement of Capitalisation

(₹ in millions)		
Particulars	Pre-issue as at September 30, 2019	As Adjusted for issue (Refer note ii below)
Debt:		
Long term borrowings	-	
Short term borrowings	-	
Current portion of Secured long term borrowings, included in Other Current	-	
Total debt (A)	-	
Shareholders Funds:		
Equity Share Capital	506.76	
Other equity	4,220.13	
Total Shareholders Funds (B)	4,726.89	
Total Debt/Shareholder fund (A/B)	-	

Notes:

- i) The above has been computed on the basis of the Restated Consolidated Financial Statement - Annexure I & Annexure II.
ii) The corresponding post IPO capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement.

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

For and on behalf of the Board of Directors
National Commodity & Derivatives Exchange Limited
CIN: U51909MH2003PLC140116

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

Ravindra Kumar Roye
Chairman
DIN - 07304930

Place : Mumbai
Date : February 10, 2020

Harish Kumar
Company Secretary

Atul Roongta
Chief Financial Officer

National Commodity & Derivatives Exchange Limited
Annexure X: Restated Consolidated Statement of Dividend

Particular	(₹ in millions)			
	September 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017
Face value per share (₹)	10	10	10	10
Dividend per Equity Share (in ₹)	0.00	0.50	0.30	0.35
Rate of dividend	0.00%	5.00%	3.00%	3.50%
Issued, subscribed and paid-up capital (in ₹ million)	506.76	506.76	506.76	506.76
Dividend declared (in ₹ million)	0.00	25.34	15.20	17.74
Amount of Dividend - paid subsequent to the respective reporting period (in ₹ million) *	0.00	22.80	15.20	17.74

* Excluding dividend distribution tax

Note: Pursuant to SEBI direction dated May 23, 2019, the Company has frozen the voting rights and restricted entitlement to any corporate benefits, including dividend over and above 5% of the paid up capital of the Indian Farmers Fertiliser Cooperative Limited and Oman India Joint Investment Fund, till compliance with SECC Regulations, 2018 or a period of nine (9) months from May 05, 2019.

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

For and on behalf of the Board of Directors
National Commodity & Derivatives Exchange Limited
CIN: U51909MH2003PLC140116

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Ravindra Kumar Roye
Chairman
DIN - 07304930

Place : Mumbai
Date : February 10, 2020

Harish Kumar
Company Secretary

Atul Roongta
Chief Financial Officer

(i) Name and description of related parties

Relationship	Name of related party
Subsidiaries	NCDEX e Markets Limited (NeML)
	National E-Repository Limited (NERL)
	National Commodity Clearing Limited (NCCL)
	NCDEX Institute of Commodity Markets and Research (NICR)

(ii) Nature of transactions - The transactions entered into with the Holding Company and the related parties during the year along with related balances are as under:

Particulars	Subsidiaries																Total					
	NeML				NICR				NERL				NCCL				Sept-19	Mar-19	Mar-18	Mar-17		
	Sept-19	Mar-19	Mar-18	Mar-17	Sept-19	Mar-19	Mar-18	Mar-17	Sept-19	Mar-19	Mar-18	Mar-17	Sept-19	Mar-19	Mar-18	Mar-17	Sept-19	Mar-19	Mar-18	Mar-17		
Fees Paid		-	-	-		-	-	-		1.71	1.75	-		-	22.71	36.91	45.20		-	24.42	38.66	45.20
Recovery of expenses	3.53	13.16	29.70	31.80	4.57	0.79	0.89	-	5.37	8.91	7.53	-	34.65	45.81	17.07	15.20	48.13	68.66	55.19	47.00		
Expenses paid on behalf of Subsidiaries/ Associates		-	0.15	0.10		0.38	0.44	0.20	0.06	11.25	15.00	6.50	0.07	2.35	1.99	-	0.12	13.99	17.58	6.80		
Transfer of asset between Subsidiaries		-	-	0.20		-	-	-		-	-	-		6.84	-	0.02	-	6.84	-	0.22		
Expenses paid by subsidiaries / Associates on behalf of NCDEX	0.18	-	0.10	-		-	-	-	0.01	-	-	-		0.39	-	-	0.19	0.39	0.10	-		
Research Expenses paid to Subsidiaries					4.53																	
Rent expenses paid to Subsidiaries	0.04																					
Sale of Comtrack Business Undertaking		-	-	-		-	-	-		-	461.00	-		-	-	-	-	-	-	461.00	-	
Investment in Equity Shares		-	-	-		-	-	-		-	284.50	260.00	97.50	100.00	910.00	-	97.50	100.00	1,194.50	260.00		
Income collected on behalf subsidiaries / Associates		-	-	-		-	-	-		0.09	1.48	-		8.29	-	-	-	8.38	1.48	-		
Fund transfer on account of Business Transfer		-	-	-		-	-	-		-	74.04	-		-	-	-	-	-	-	74.04	-	

Particulars	Subsidiaries																Total				
	NeML				NICR				NERL				NCCL				Sept-19	Mar-19	Mar-18	Mar-17	
	Sept-19	Mar-19	Mar-18	Mar-17	Sept-19	Mar-19	Mar-18	Mar-17	Sept-19	Mar-19	Mar-18	Mar-17	Sept-19	Mar-19	Mar-18	Mar-17					
Conversion of Preference Share in to Equity		-	120.00	-		-	-	-		-	-	-		-	-	-		-	120.00	-	
Interest on advance		-	-	-	0.67	1.32	1.19	1.20		-	0.03	-		-	-	-		0.67	1.32	1.22	1.20
Interest Expenses		-	-	-		-	-	-		-	1.62	-		-	-	-		-	-	1.62	-
Loans given		-	-	-		1.00	0.71	0.40		-	-	-		-	1.90	1.99		-	2.90	2.70	0.40
Loan repayment received														1.90	1.99						
Repayment on Interest on advance		-	-	-		-	0.02	-		-	-	-		-	-	-		-	-	0.02	-
Dues recovered from deposits lying with NCCL		-	-	-		-	-	-		-	-	-		8.29	4.89	-		8.29	4.89	-	-
SGF Contribution		-	-	-		-	-	-		-	-	-		16.52	311.80	-		16.52	311.80	-	-
Transfer of clearing and settlement operations		-	-	-		-	-	-		-	-	-		1,384.00	-	-		-	1,384.00	-	-

Balance outstanding at the year end	Subsidiaries																Total				
	NeML				NICR				NERL				NCCL				Sept-19	Mar-19	Mar-18	Mar-17	
	Sept-19	Mar-19	Mar-18	Mar-17	Sept-19	Mar-19	Mar-18	Mar-17	Sept-19	Mar-19	Mar-18	Mar-17	Sept-19	Mar-19	Mar-18	Mar-17					
Investments in Equity Shares	355.00	355.00	355.00	235.00	0.50	0.50	0.50	0.50	544.50	544.50	544.50	260.00	1,188.50	1,091.00	991.00	81.00	2,088.50	1,991.00	1,891.00	576.50	
Investments in Preference Shares		-	-	120.00		-	-	-		-	-	-		-	-	-		-	-	-	120.00
Provision for diminution in the value of Investment		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	-
Short term loans receivable		-	-	-	18.29	17.48	17.30	15.10		-	-	-		-	-	-		18.29	17.48	17.30	15.10
Provision for Advances		-	-	-	17.30	17.30	17.30	11.10		-	-	-		-	-	-		17.30	17.30	17.30	11.10
Other Receivables	0.47	2.39	8.93	25.40	7.92	2.73	0.45	-	5.73	4.49	3.82	6.50	18.13	17.01	1.54	1.30	32.25	26.61	14.74	33.20	
Trade Payables	0.14	-	0.44	-	4.53	-	-	-		-	3.35	-	0.03	0.04	3.58	5.10	4.70	0.04	7.37	5.10	
Other current liabilities		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	-

(iii) Nature of transactions - The transactions entered into within the Subsidiaries amongst themselves during the year along with related balances as at 31st March, 2019 are as under:

Particulars	NeML				NICR				NERL				NCCL			
	Sept-19	Mar-19	Mar-18	Mar-17												
NCCL																
Exchange Connectivity Charges	-	-	-	-	-	-	-	-	1.75	1.79	-	-	-	-	-	-
NEML																
Transfer of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02
Software Development services rendered	-	-	-	-	-	-	-	-	-	-	11.25	-	-	-	-	-
NERL																
25% of the consideration of Comlive ePledge Business Transfer Agreement - Receivable from NeML	-	-	35.25	-	-	-	-	-	-	-	-	-	-	-	-	-

Balance outstanding at the year end	Sept-19	Mar-19	Mar-18	Mar-17												
NCCL																
Exchange Connectivity Charges - Balance Payable	-	-	-	-	-	-	-	-	-	(0.95)	-	-	-	-	-	-
NERL																
Closing Balance - Receivable from NeML	-	-	35.25	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Sachin A. Negandhi
Partner
Membership No.112888

Place : Mumbai
Date : February 10, 2020

For and on behalf of the Board of Directors
National Commodity & Derivatives Exchange Limited
CIN: U51909MH2003PLC140116

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

Harish Kumar
Company Secretary

Ravindra Kumar Roye
Chairman
DIN - 07304930

Atul Roongta
Chief Financial Officer

OTHER FINANCIAL INFORMATION

For details of accounting ratios, see “*Financial Statements- Restated Consolidated Summary Financial Information*” on page 172.

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CAPITALISATION STATEMENT

(₹ in million)

Particulars	Pre-Offer as at September 30, 2019	As adjusted for the Offer (Refer note ii below)
Debt:		
Long term borrowings	-	[•]
Short term borrowings	-	[•]
Current portion of secured long-term borrowings, included in other current liabilities	-	[•]
Total debt (A)	-	[•]
Shareholders funds:		
Equity Share Capital	506.76	[•]
Other equity	4,220.13	[•]
Total Shareholders funds (B)	4,726.89	[•]
Total Debt/Shareholder fund (A/B)	-	[•]

Notes:

- i) The above has been computed on the basis of the Restated Consolidated Financial Information - Annexure I & Annexure II.
- ii) The corresponding post-Offer capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the book building process and hence the same have not been provided in the above statement.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless indicated otherwise, the financial information included herein is based on the Restated Financial Information. You should read the following discussion of our financial condition and results of operations together with the Restated Financial Information, on page 171. This section should be read in conjunction with the sections titled "Risk Factors", "Industry Overview", "Financial Statements" and "Our Business" on pages 87,171 and 109, respectively, as well as the financial information included in the section titled "Financial Statements" on page 171.

The Restated Financial Information has been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. We do not provide a reconciliation of our financial statements to US GAAP or IFRS, and we have not otherwise quantified or identified the impact of the differences between Ind AS and US GAAP or IFRS, as applied to the Restated Financial Information. Accordingly, the degree to which the financial statements in this Draft Red Herring Prospectus will provide meaningful information to a prospective investor in countries other than India depends entirely on such potential investor's level of familiarity with Indian accounting practices. Our fiscal year ends on March 31 of each year; therefore, all references to a particular fiscal are to the twelve-month period ended March 31 of that year. For further details, please refer to the section titled "Certain Conventions, Presentation of Financials, Industry and Market Data" on page 16 of this Draft Red Herring Prospectus.

We have included various operational and financial performance indicators in this Draft Red Herring Prospectus, including certain non-Ind AS financial measures, some of which may not be derived from the Restated Financial Information, or otherwise subjected to an examination, audit or review by our auditors or any other expert. The manner in which such operational and financial performance indicators, including non-Ind AS financial measures, are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other companies.

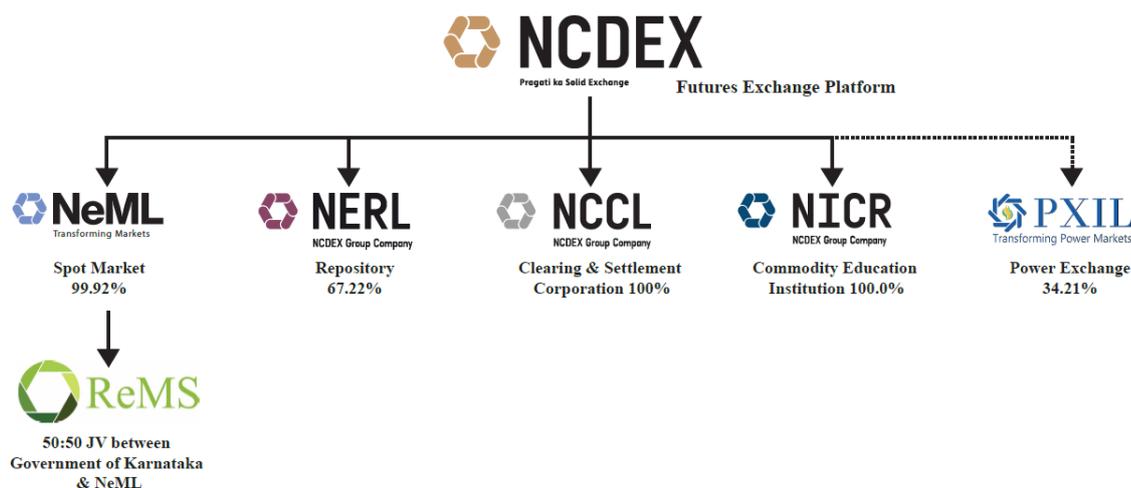
This discussion contains forward-looking statements and reflects our current plans and expectations. Actual results may differ materially from those anticipated in these forward-looking statements. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. For further details, please see "Forward-Looking Statements" on page 18.

Unless otherwise stated or the context otherwise requires, references in this section to our "Company" and "Exchange" are to National Commodity & Derivatives Exchange Limited and references to "we", "our", "us", "our Group" are to National Commodity & Derivatives Exchange Limited, its Subsidiaries, ReMS (a joint venture between Government of Karnataka and NeML), and PXIL, as applicable.

Overview

National Commodity & Derivatives Exchange Limited ("**Exchange**") is a leading agricultural commodity exchange in India, with a market share of 78.0%, 81.5%, 79.9% and 78.1% in the agricultural commodity segments, based on average daily turnover (by value) ("**ADTV**") for the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively (*source: CARE Report*). The Exchange has maintained its leadership position since 2005, in the agricultural commodity derivatives market, in terms of ADTV (*Source: CARE Report*). Further, the Exchange is a professionally managed company, which is driven by technology.

Set out below is the organisation structure of our Group:



We have created a modern agricultural commodities trading ecosystem with various offerings across four business verticals, being the following:

- futures and options trading in agricultural commodities through the Exchange;
- clearing and settlement of trades through National Commodity Clearing Limited (“NCCL”), a registered clearing corporation;
- an online commodities spot market, through NCDEX e-Markets Limited (“NeML”); and
- issuance of electronic negotiable warehouse receipts for commodities, and provision of related services, through National E-Repository Limited (“NERL”), a WDR registered repository.

Further, we also engage in research, training and building awareness in the agricultural commodities market through NCDEX Institute of Commodity Markets and Research (“NICR”).

In addition to the above, we have (i) established a joint-venture between the Government of Karnataka (“GoK”) and NeML, called Rashtriya e Market Services Private Limited (“ReMS”), which renders support to the agricultural market reform agenda of GoK, and (ii) hold 34.21% of shareholding in Power Exchange India Limited (“PXIL”), a power market infrastructure institution providing an electronic platform for transactions in power and allied products.

We believe that we have, from time to time, made innovative interventions to modernize the Indian agricultural commodities ecosystem. Some of our key innovations include electronic record keeping and enabling electronic transfers of agricultural commodities through our proprietary system, Comtrack, development of an electronic platform for spot trading of agricultural commodities, issuance of electronic negotiable warehouse receipts for agricultural commodities stored in registered warehouses, enabling an electronic commodity pledging mechanism, *mandi* modernisation, standardisation of agricultural commodity specifications across India for derivatives trading, development of modern warehousing practices, and connecting farmer producer organisations (“FPOs”) to futures markets.

Agricultural commodities such as castor seed, coriander, cumin, guar gum, chana and moong, which are exclusively traded on the Exchange platform, form an important component of India’s global trade of agricultural commodities. Value chain participants such as processors, traders, stockists and FPOs rely on the Exchange’s derivative contracts for price discovery and risk mitigation, which may serve as global benchmarks for pricing (*source: CARE Report*).

We offer services across the entire post-harvest agricultural commodities value chain by utilising our varied presence, which we believe has enabled us to create a wide network of stakeholders and market participants. As of September 30, 2019, the Exchange’s network comprised 380 members, 13,316 terminals, 9 WSPs, 12 clearing banks, 41 financial institutions and 246 FPOs representing 461,619 farmers, thereby encouraging a virtuous cycle. In addition, as on September 30, 2019, NeML’s network comprised 171 *mandis* and had approximately 8,900 members and 7.8 million farmers, connected to its platform through the various projects managed by it.

Some of our key investors include National Stock Exchange of India Limited (“NSE”), Life Insurance Corporation of India (“LIC”), National Bank for Agriculture and Rural Development (“NABARD”), Indian Farmers Fertiliser Co-operative Limited (“IFFCO”), Oman India Joint Investment Fund, Punjab National Bank, Canara Bank, Build India Capital Advisors LLP, and Investcorp Private Equity Fund I (formerly known as IDFC Private Equity Fund III).

As per the CARE Report, commodity derivatives contributed 2.7% to the traded value in the secondary market in India

in Fiscal 2019. Further, the overall agriculture segment accounted for 8.8% share in total turnover of all commodity derivative exchanges in Fiscal 2019. The agriculture industry represents an important component of the Indian economy both in terms of its contribution to GDP as well as a source of employment. This sector currently shows immense opportunities, with India presently being one of the world's largest agricultural producers by value. Further, considering the fact that agriculture has been contributing approximately 15% to India's GDP over the past 3-4 years, it is expected to be a considerable contributor to India's GDP in the future as well. Accordingly, there is a wide gap to be tapped by the Indian agricultural commodity exchanges by increasing awareness, promoting Government initiatives and accessibility of commodity exchanges across the country. We believe that such a scenario offers immense potential for growth and a large addressable market for us.

Set out below are certain financial indicators of our performance for the six month period ended September 30, 2019 and Fiscal 2019, Fiscal 2018 and Fiscal 2017:

(in ₹ million)

Particulars	Six month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Total income	926.04	1,947.47	1,621.85	1,663.27
Total expenses	749.46	1,511.28	1,425.32	1,327.68
EBITDA	176.58	436.19	196.53	335.59
Finance cost	8.16	19.30	8.23	12.00
Depreciation & amortization	131.60	276.53	264.74	236.23
Add : Exceptional item	(33.91)	-	-	95.40
Share of net profit from joint venture/ associate accounted for using the equity method	50.36	32.15	29.04	78.34
Profit / (loss) before tax	53.27	172.51	(47.40)	261.10
Tax expense	(20.13)	16.31	61.39	45.40
Profit / (loss) after tax	73.40	156.20	(108.79)	215.70

Significant factors affecting our results of operations and financial condition

We believe that the following factors, amongst others, have significantly affected our results of operations, cash flows and financial condition during the periods under review, and may continue to affect our results of operations and financial condition in the future:

Highly regulated nature of business

We operate in a highly regulated industry and are subject to extensive regulation. The Exchange and NCCL are regulated by SEBI, and NERL is regulated by WDRA. SEBI has broad powers to withhold approvals or consents with respect to fresh proposals made by the Exchange and / or NCCL (whether with respect to rule amendments, products or infrastructure or market development initiatives), to restrict trading in securities based on prevalent conditions. Where SEBI is satisfied that it is appropriate to do so in the interest of the investing public or in the public's interest, for the protection of investors or for the proper regulation, SEBI may initiate suitable actions against the Exchange or NCCL.

Any increase in the levels of monitoring that the Exchange is required to perform, including on account of regulatory changes, may impose or result in increased compliance costs for the Exchange. Further, failure to adequately monitor compliance with applicable commodity derivatives related laws for contracts listed on the Exchange platform may subject us to penalties, fines, suspension of the Exchange's license.

Our ability to comply with applicable laws and rules may largely depend on our ability to establish and maintain appropriate systems and procedures as well as our ability to attract and retain qualified personnel and professionals. Further, any changes in regulations issued by WDRA could affect the operations of NERL, including issuance of eNWRs.

For further details, please refer to "Risk Factors – We operate in an industry which is highly regulated. We may be subject to commodity contract suspensions, censures, fines, allegations, complaints, other legal proceedings if we fail to comply with our legal and regulatory obligations, which could materially adversely affect our reputation, our business, our financial condition and results of operations" on page 34.

Trends in traded volume and OI

A significant portion of our revenue is derived from transaction charges levied on the trades executed on the Exchange's platform. As the transaction charges collected are directly related to the value of commodity futures and options contracts traded on the Exchange, our income and results of operations could be affected by any decline in total value of commodity futures and options contracts for these commodities traded on the Exchange, their volumes and OI. We have

no direct control over the trading volumes of these commodities, the OI or their resulting concentration on the Exchange. Any change in the trading volume or OI in any of these commodities may affect our business and results of operations. Further, any temporary or permanent suspension of any of the contracts could have a material adverse effect on our operations and revenue.

Our revenue and forecasts are dependent upon our current ADTV and OI for trades executed on the Exchange and on the volume of commodities traded on NeML's platforms, as well as the amount by which we expect the same to increase. Increasing the trading volumes on our trading platforms, as well as our ability to continue to grow our business, may depend, in part, on:

- our ability to enhance our existing services and maintain and improve the functionality and reliability of our electronic platform, in particular, reducing network downtime or disruptions;
- our ability to enhance capacity to cope with increasing trading volume on our online platform during peak trading hours or unusual market volatility;
- demand for agricultural commodities;
- government policies;
- market and price volatility;
- our ability to anticipate and respond to technological advances or service offerings by competitors and emerging industry practices on a cost-effective and timely basis;
- our ability to continue to attract and retain skilled staff;
- our ability to maintain and develop our existing technology and to adapt to and manage emerging technologies;
- our ability to respond to failure of systems due to power or telecommunications failure, acts of God, war or terrorism, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, acts of vandalism or similar events; and
- any insufficiency or failure of our business continuity plan and data recovery process.

Our current offerings primarily comprise providing an ecosystem for trading in agricultural commodities. We cannot assure you that we will be able to successfully maintain the current trading volume or increase them as per our expectations. Any of the foregoing risks and consequent failure to maintain the present or expected trading volumes could have an adverse effect on our business and results of operations.

One of the revenue streams for NCCL is risk management fees, which are calculated based on incremental OI of commodities. Further, we earn a portion of our revenue from physical delivery charges. These charges are levied on trades which are settled by way of physical delivery of commodities. Any changes in ADTV will impact the physical delivery charges.

Accordingly, any changes in traded volume and incremental OI will have an impact on our financial condition.

For further details, please refer to *“Risk Factors – The turnover of commodity futures contracts traded on the Exchange in the past has been concentrated in certain commodities. Further, we may not be able to achieve the desired increase and expected ADTV. A decline in volume of trade or in our market share in such commodities or failure to achieve desired ADTV may adversely affect our business and results of operation”* on page 29.

Joint ventures, investments, divestments

The Exchange is dependent on its Subsidiaries for various processes relating to its operations. For instance, the Exchange depends on NCCL for clearing and settlement cycles of the commodities traded on the Exchange and on NERL for generating and processing of eNWRs. These processes form an integral aspect of our operations, and any disruptions in such processes could have an adverse effect on our trading activities, reputation and experience of clearing members. Any disruptions in the synergies shared between the Exchange and its Subsidiaries, or change in shareholding or control may adversely affect our business, financial condition and results of operations.

Further, we may, from time to time, need to infuse funds to ensure that our subsidiaries, associates or group company(ies) are adequately capitalized, including with regard to their statutory reserves and/or net worth requirements prescribed under applicable regulations. Conversely, regulatory requirements may mandate the Exchange to divest its stake in subsidiaries, associates or group company(ies). For further details, please see *“Risk Factors - The Exchange is under a regulatory mandate to reduce its current shareholding in (i) NERL from 67.22% to 51.00% by December 22, 2020 and (ii) PXIL from 34.21% to 25.00% by April 23, 2021. Any inability to comply with such reduction in shareholding within the prescribed timelines, or at all, may lead to regulatory action and penalties being imposed upon the Exchange”* on page 37.

In order to stay competitive, we may seek to enter into future investments, alliances, joint ventures or other business combinations.

For further details, please refer to “*Risk Factors – Any failure to successfully execute any current or proposed strategic investment, alliance, joint venture or other business combination may materially adversely affect our financial condition and results of operations*” on page 38.

Transaction charges and fees for our products and services

Our revenue from operations is derived from sale of services relating to trading, clearing and settlement, issuance of eNWRs, warehousing, and other related activities, and comprises, amongst other things, transaction charges, annual subscription charges, admission fees, risk management fees, delivery charges, Comtrack / repository charges, warehouse charges, data, analytics and technology sales and other operating income. Accordingly, our financial condition and results of operations are significantly dependent upon the revenue we can generate in the form of charges and fees. Any loss in demand for the services we provide, the extent to which we can levy fees or charges, or any changes in the markets and industry we service, could affect our results of operations and financial condition.

Factors affecting our investment income

A significant contribution to our income is from investments made by utilizing our funds, member deposits / margins, clearing bank deposits, WSP deposits, repository participant deposits. The investment and treasury income that we receive depends primarily on two factors, namely (i) the prevailing interest rates in the case of investments we make in interest bearing assets (or on market rates of return in the case of investments that we make in non-interest bearing investments) and (ii) the levels of cash surplus that we have available for investment. These, in turn, depend on external factors such as the prevailing interest rate and macroeconomic environment in India, and levels of market activity.

The amount available for investment, depends primarily on the margin policy applicable to the particular trade, and the settlement period of the trade. We invest our own funds, as well as cash that we receive from market participants and earn interest and dividend income on such investments. The deposits and collateral that we receive from market participants is interest free, so any income that we earn on investments made with such funds accrues to our benefit and we recognize income from such investments in our statement of profit and loss. The average yield that we earn on our investment portfolio also depends on the mix of our investments, which we change over time in response to market conditions and to ensure efficient tax treatment.

For further details, please see “*Risk Factors - Changes in interest rates may materially adversely affect our profitability*” on page 38.

Establishing Core SGF

Every recognised clearing corporation, including NCCL, our Subsidiary, is required to establish and maintain a settlement guarantee fund (“**SGF**”), to guarantee the settlement of trades executed in each segment of a recognised stock exchange. Further, each clearing corporation is also required to create a core fund within the SGF (“**Core SGF**”) which is readily and unconditionally available to meet the settlement obligations of the clearing corporation in case of clearing members failing to honour their settlement obligations. The contribution to the SGF and its core SGF is required to be made by a recognised stock exchange, recognised clearing corporation and the clearing members, in such manner as may be specified by SEBI. In case of a shortfall in the SGF or core SGF, the recognised clearing corporation and the recognised stock exchange may have to replenish such fund to the requisite level as may be specified by SEBI. Accordingly, the Exchange is required to contribute to the SGF or core SGF of NCCL.

These compliance requirements could affect our results of operations and financial condition. For further details, please see “*Objects of the Offer - Contribution to the Core SGF and net worth requirements of NCCL*” on page 76.

Significant Accounting Policies

Certain of our accounting policies require the application of judgment by our management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Our management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The following are what our management believes to be the significant accounting policies and related judgments and estimates used in the preparation of the Restated Financial Information. For more information on each of these policies and for other significant accounting policies and judgments, estimates and assumptions, see “*Annexure V to the Restated Financial Statements*” on page 189.

1. *Statement of Compliance*

The Restated Financial Information has been prepared in accordance with Indian Accounting Standards (“**Ind AS**”) notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (India Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Companies Act, to the extent applicable.

The Restated Financial Information has been compiled by the Exchange, its subsidiary companies, jointly controlled entities and associates (“**Group**”) from the Audited Consolidated Financial Statements of the Group as at and for the half-year ended September 30, 2019 and years ended March 31, 2019 and March 31, 2018 prepared under Ind AS which includes the comparative Ind AS Consolidated Financial Statements for the year ended March 31, 2017 prepared in accordance with Ind AS.

The Consolidated Audited Financial Statements as at and for the year ended March 31, 2017 have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS (being first time adoption) as on April 1, 2016 (“**Transition Date**”).

The Restated Financial Information has been prepared by the management in connection with the Offer, in accordance with the requirements of:

- a) Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Act;
- b) SEBI ICDR Regulations the SEBI Act; and
- c) Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“**ICAI**”).

The Restated Financial Information have been compiled by the Group from the Audited Consolidated Financial Statements and:

- a) there were no changes in accounting policies during the years of these financial statements except for the new and amended Ind AS 115- Revenue from Contracts with Customers & Ind AS - 116, Leases;
- b) material amounts relating to adjustments for previous years in arriving at profit/loss of the years to which they relate, have been appropriately adjusted;
- c) adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited consolidated financial statements of the Group as at and for the period ended September 30, 2019 prepared under Ind AS and the requirements of the SEBI ICDR Regulations, and the resultant tax impact on above adjustments has been appropriately adjusted in deferred taxes in the respective years to which they relate.

2. *Principle of Consolidation and Equity Accounting*

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-company transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interest in the results and equity of subsidiaries are shown separately in the restated consolidated statement of profit and loss, restated consolidated statement of changes in equity and restated consolidated statement of assets and liabilities respectively.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20.00% to 50.00% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint Arrangements

Under IND AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has only joint ventures. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the restated consolidated statement of assets and liabilities.

Equity Method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post - acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. *Changes in the Group's ownership interests in existing subsidiaries;*

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. *Revenue Recognition*

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

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

Transaction charges

Transaction charges are recognised as income on trade date basis.

Annual subscription charges

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

Admission fees

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

Delivery charges

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

Interest income

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

applicable.

Dividends

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

Risk management fees

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

Comtrack / repository charges

Comtrack / repository charges are recognized when a transaction for fresh deposit, ownership transfer, client negotiated trade (off-market transaction), pledge creation/closure/invocation is entered by client.

Warehouse charges

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

Software service charges

Software rental charges are recognized as income on the basis of agreement with parties and in respect of agreements with the joint controlled, claims are accounted on actual receipts.

Registration fees

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

Annual Membership Fees/lot creation charges/penalty/e-Pledge fees/ticker board charges/other charges

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

5. Intangible assets

Recognition of intangible assets

Computer Software

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

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

- a) It is technically feasible to complete the software so that it will be available for use;
- b) Management intends & has ability to complete the software and use or sell it;
- c) Software will be able to generate probable future economic benefits; and
- d) The expenditure attributable to the software during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortized from the point at which the asset is available for use. The estimated useful life (4-10 years) of subsequent development of already capitalised intangible assets is evaluated independent of the estimated life of the original assets. The carrying value of computer software costs is reviewed for impairment annually when the asset is not in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

De-recognition of Intangible Assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of profit and loss when the asset is

derecognized.

Intangible Assets under Development

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

6. Provisions, Contingent liabilities and Contingent assets

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

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

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

Contingent liabilities are not accounted but disclosed in the Restated Consolidated Financial Statements, unless possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not accounted but disclosed in the Restated Consolidated Financial Statements when an inflow of economic benefits is probable.

7. Employee Benefit

Short-term Obligations

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

Other Long-term Employee Benefit Obligations

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

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

Post-Employment Obligations

The Group operates the following post-employment schemes:

- a) Defined Benefit Plans such as gratuity; and
- b) Defined Contribution Plans such as provident fund.

Defined Benefit Plan

Gratuity Obligations

The Group has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance

sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to yields on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation.

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of profit and loss as past service cost.

Defined Contribution Plan

Provident Fund

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

Leave Encashment

Leave encashment is measured on the basis of actuarial report.

8. *Core Settlement Guarantee Fund (Core SGF)*

From September 27, 2018, the clearing and settlement function is carried out by NCCL. Accordingly, as per SEBI requirements, the Core SGF is set up and maintained by NCCL. Contribution to the Core SGF by the Exchange is debited to Restated Consolidated Statement of Profit and Loss, and contribution by NCCL to Core SGF is by way of appropriation from retained earnings in the respective standalone financial statement. As the SGF is maintained within the Group, in Restated Consolidated Financial Statements, contribution by the Exchange and NCCL is appropriated out of retained earnings.

Results of Operations

The table below sets forth a summary of our financial results containing significant items of our income and expenditure for the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, based on the Restated Financial Information included in the section titled “*Financial Information*” on page 171.

(in ₹ million, except percentage data)

Particulars	Six month period ended September 30, 2019		Fiscal 2019		Fiscal 2018		Fiscal 2017	
	Amount	% of total income	Amount	% of total income	Amount	% of total income	Amount	% of total income
Income								
Revenue from operations	707.88	76.44%	1,503.84	77.22%	1,125.66	69.41%	1,039.71	62.51%
Other Income	218.16	23.56%	443.63	22.78%	496.19	30.59%	623.56	37.49%
Total income	926.04	100.00%	1,947.47	100.00%	1,621.85	100.00%	1,663.27	100.00%
Expense								
Employee benefits expense	340.14	36.73%	655.65	33.67%	633.18	39.04%	566.73	34.07%
Other expenses	409.32	44.20%	855.63	43.94%	792.14	48.84%	760.95	45.75%
Total expenses (excluding finance costs, depreciation & amortization)	749.46	80.93%	1,511.28	77.60%	1,425.32	87.88%	1,327.68	79.82%
Earnings before interest, depreciation, amortisation and tax (adjusted EBITDA) before exceptional	176.58	19.07%	436.19	22.40%	196.53	12.12%	335.59	20.18%

Particulars	Six month period ended September 30, 2019		Fiscal 2019		Fiscal 2018		Fiscal 2017	
	Amount	% of total income	Amount	% of total income	Amount	% of total income	Amount	% of total income
items								
Finance cost	8.16	0.88%	19.30	0.99%	8.23	0.51%	12.00	0.72%
Depreciation & amortization	131.60	14.21%	276.53	14.20%	264.74	16.32%	236.23	14.20%
Profit / (loss) before share of net profit of joint venture / associate, exceptional items and income tax	36.82	3.98%	140.36	7.21%	(76.44)	-4.71%	87.36	5.25%
Add : Exceptional item	(33.91)	-3.66%	-	0.00%	-	0.00%	95.4	5.74%
Profit / (loss) before share of net profit of joint venture/ associate and income tax	2.91	0.31%	140.36	7.21%	(76.44)	-4.71%	182.76	10.99%
Share of net profit from joint venture/ associate accounted for using equity method	50.36	5.44%	32.15	1.65%	29.04	1.79%	78.34	4.71%
Profit / (loss) before tax	53.27	5.75%	172.51	8.86%	(47.40)	-2.92%	261.10	15.70%
Tax expense								
Current tax	32.29	3.49%	42.13	2.16%	81.98	5.05%	34.12	2.05%
Deferred tax expense/ (credit)	(52.42)	-5.66%	(25.82)	-1.33%	(20.59)	-1.27%	11.28	0.68%
Profit / (Loss) for the year (A)	73.40	7.93%	156.20	8.02%	(108.79)	-6.71%	215.70	12.97%
Other comprehensive Income:								
Items that will not be reclassified to the Statement of profit and loss;								
Remeasurement of post-employment benefit obligations	(7.82)	-0.84%	(2.06)	-0.11%	(4.5)	-0.28%	(5.58)	-0.34%
Share of other comprehensive income of joint ventures	(0.03)	0.00%	0.02	0.00%	0.01	0.00%	(0.00)	0.00%
Income tax impact on above	2.23	0.24%	0.48	0.02%	1.44	0.09%	1.83	0.11%
Item that will be reclassified to the Statement of profit and loss;								
Debt instruments through Other Comprehensive Income	11.40	1.23%	(2.60)	-0.13%	3.20	0.20%	1.40	0.08%
Income tax impact on above	(2.60)	-0.28%	0.60	0.03%	(0.74)	-0.05%	(0.33)	-0.02%
Other comprehensive income for the year net of tax (B)	3.18	0.34%	(3.56)	-0.18%	(0.59)	-0.04%	(2.68)	-0.16%
Total comprehensive income for the year (A+B)	76.58	8.27%	152.64	7.84%	(109.38)	-6.74%	213.02	12.81%

Components of income and expenditure

Total income

We derive our income from the following revenue sources:

- (a) Revenue from operations, which consists primarily of (i) transaction charges, (ii) delivery charges, (iii) risk management fees, (iv) Comtrack / repository charges, (v) admission fees, (vi) data, analytics and technology sales, (vii) annual subscription fees, (viii) warehouse charges, and (ix) pledge finance charges. Further, our income also includes operating revenues such as computer to computer link charges, port charges, and other operating income.
- (b) Other income, which consists primarily of (i) interest on bank deposits, (ii) interest on bonds, (iii) profit on sale / fair value of mutual funds units, (iv) lease line charges, and (v) other miscellaneous income.

Revenue from operations

Transaction charges:

Transaction revenue or fees which the Exchange and NeML earn from the trades executed on their platforms are the largest contributor to our revenue and are classified as transaction charges. For the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, revenue from transaction charges contributed to 47.99%, 55.15%, 42.69% and 37.97% of our consolidated total income, respectively.

Delivery charges:

Agricultural commodities are not standardised and homogeneous assets as compared to financial securities or physical commodities such as gold. They are bulky, have limited shelf life and are governed by different tax structures in different states. Accordingly, physical delivery of agricultural commodities is considered to be challenging. NCCL has, through its network of WSPs, created a robust infrastructure for scientific assaying and storage of agricultural commodities. For the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, revenue from delivery charges contributed to 5.41%, 4.25%, 5.34% and 3.49% of our consolidated total income, respectively.

Risk management fees:

Risk management fees are charges levied by NCCL for managing the risk emanating from OI, and is charged on daily incremental OI. For the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, revenue from risk management fees contributed to 5.02%, 4.31%, 5.05% and 4.90% of our consolidated total income, respectively.

Comtrack / repository charges:

Comtrack is an electronic web-based system, developed and implemented by us, which facilitates eNWRs of commodities deposited in approved warehouses. NERL facilitates transfer of such deposited commodities against the obligations arising out of the trades executed on the Exchange trading platform under the clearing and settlement process of the Exchange. NERL levies charges for these services, which are classified as Comtrack / repository charges. For the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, revenue from Comtrack / repository charges contributed to 4.06%, 4.42%, 4.62% and 2.90% of our consolidated total income, respectively.

Data, analytics and technology sales:

Spot prices polled by the Exchange and the price discovery data and analytics which are available to the Exchange through the trades executed on our platform, enable our data and analytics sales business. This data is distributed through various data feed vendors. As on September 30, 2019, the Exchange had 32 clients, including international clients and 59,678 farmers, subscribing to the price information data of the Exchange. For the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, revenue from data, analytics and technology sales contributed to 2.14%, 1.98%, 1.83% and 1.56% of our consolidated total income, respectively.

Warehouse charges:

We provide warehousing services through accredited warehouses for storage of agricultural commodities. For the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, revenue from warehouse charges contributed to 0.98%, 1.37%, 2.17% and 3.11% of our consolidated total income, respectively.

Pledge finance charges:

NeML offers e-Pledge services wherein NeML acts as a facilitator, for the borrower, WSP and pledgee bank by providing warehousing and commodity electronic accounting system, pledging, trading, clearing and settlement solutions. For the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, revenue from pledge finance charges contributed to 0.05%, 0.33%, 2.37% and 2.35% of our consolidated total income, respectively.

Other income

Investment Income: A significant portion of our income comes from investments made by utilising our funds, member deposits / margins, clearing bank deposits, WSP deposits, repository participant deposits. The investments made by us are in accordance with our investment policy.

Apart from investment income, other income includes interest on income tax refunds, lease line charges, and other miscellaneous income.

For a break up and further details of our income, please see “Financial Statements – Annexure VI: Notes to Restated Consolidated Financial Information” on page 198.

The following table sets out the amount and percentage share of each component of our revenue from operations, alongwith our other income:

(₹in million, except percentages)

Particulars	Six month period ended September 30, 2019		Fiscal 2019		Fiscal 2018		Fiscal 2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Transaction charges	444.37	47.99%	1,074.06	55.15%	692.35	42.69%	631.47	37.97%
Delivery charges	50.08	5.41%	82.74	4.25%	86.62	5.34%	58.10	3.49%
Risk management fees	46.49	5.02%	83.91	4.31%	81.87	5.05%	81.50	4.90%
Comtrack/repository charges	37.63	4.06%	86.15	4.42%	74.95	4.62%	48.20	2.90%
Admission fees	20.41	2.20%	20.45	1.05%	10.14	0.63%	11.07	0.67%
Data, analytics and technology sales	19.80	2.14%	38.50	1.98%	29.72	1.83%	25.90	1.56%
Annual subscription fees	12.07	1.30%	22.42	1.15%	22.28	1.37%	27.76	1.67%
Warehouse charges	9.06	0.98%	26.74	1.37%	35.26	2.17%	51.80	3.11%
Pledge finance Charges	0.49	0.05%	6.49	0.33%	38.36	2.37%	39.05	2.35%
Other operating revenues	67.48	7.29%	62.38	3.20%	54.11	3.34%	64.86	3.90%
Other Income	218.16	23.56%	443.63	22.78%	496.19	30.59%	623.56	37.49%
Total income	926.04	100.00%	1,947.47	100.00%	1,621.85	100.00%	1,663.27	100.00%

Expenses

Our primary expenses consist of employee benefits, expenses, finance costs, depreciation and amortization expenses and other expenses.

Employee benefit expenses: Employee benefit expenses are a significant contributor to our consolidated expenses, which comprise salaries, bonuses, allowances, staff welfare expenses and contribution to provident and other funds.

Other expenses: Our other expenses include, amongst other things, technology, rent, professional and legal charges, electricity, travel and conveyances charges, regulatory fees.

Finance costs: Our finance costs primarily include interest component on lease liability, accounted as per Ind AS 116 - Leases.

Depreciation and amortisation expenses: Our depreciation and amortization expenses include depreciation and amortization towards property, plant, equipment, software and right to use assets.

The following table sets out the amount and percentage share of each of our major expenses:

(₹in million, except percentages)

Particulars	Six month period ended September 30, 2019		Fiscal 2019		Fiscal 2018		Fiscal 2017	
	Amount	% of total income	Amount	% of total income	Amount	% of total income	Amount	% of total income
Employee benefits expenses	340.14	36.73%	655.65	33.67%	633.18	39.04%	566.73	34.07%
Finance costs	8.16	0.88%	19.30	0.99%	8.23	0.51%	12.00	0.72%

Particulars	Six month period ended September 30, 2019		Fiscal 2019		Fiscal 2018		Fiscal 2017	
	Amount	% of total income	Amount	% of total income	Amount	% of total income	Amount	% of total income
Depreciation and amortization	131.60	14.21%	276.53	14.20%	264.74	16.32%	236.23	14.20%
Other expenses	409.32	44.20%	855.63	43.94%	792.14	48.84%	760.95	45.75%
Total	889.22	96.02%	1,807.11	92.79%	1,698.29	104.71%	1,575.91	94.75%

For a break up and further details of our expense, please see “Financial Statements – Annexure VI: Notes to Restated Consolidated Financial Information” on page 198.

Exceptional items

The following table sets out the amount of exceptional items:

(₹ in million)

Particulars	Six month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Liquidated damages (Note 1)		-	-	95.37
Reversal of impairment loss - PXIL investment (Note 2)	29.09	-	-	-
Shortfall in payout to counter parties (Note 3)	(63.00)	-	-	-
Total	(33.91)	-	-	95.37

Note 1: As per the terms of the share subscription agreement with an investor, we had to receive ₹759.2 million as liquidated damages for non-achievement of business milestones. During the year 2016 - 17, ₹95.37 million (₹39.50 million received in year 2015 - 16 and ₹581 million received in year 2013-14) has been received as per the said agreement towards full and final settlement of this claim receivable by us.

Note 2: As at March 31, 2015 the Exchange had an investment in PXIL of ₹150 million in equity shares and ₹50 million in optionally convertible preference shares. The Exchange had accounted for its share of losses in PXIL to the extent of its equity investment of ₹150 million in its Restated Consolidated Financial Statements.

In the year 2015-16, after considering continuous losses in PXIL and erosion of its entire net worth, the Exchange had estimated that the recoverable amount of its investment in PXIL of ₹200 million in PXIL, should be impaired to NIL value. Consequently, the Exchange impaired its balance investment of ₹50 million by way of a charge to its consolidated profit and loss account.

During the six month period ended September 30, 2019, pursuant to the conversion of optionally convertible preference shares of ₹50 million into equity shares, the Exchange has an investment in the equity shares of PXIL to the extent of ₹200 million.

Further, as on September 30, 2019, after considering profits in PXIL for last two and a half years, sustainability of such profits and based on a valuation report, the Exchange has reversed the impairment of its investment to the extent of ₹29.09 million in the consolidated profit and loss account (being reversal of impairment of ₹200 million and recognizing its share of losses till March 31, 2019 amounting to ₹170.90 million).

Note 3: In case of NCCL, the amounts recoverable from members as on September 30, 2019 include amounts recoverable from two members who have failed to honor their pay-in obligations in September, 2019 and the amounts continue to be due from them as on date. The amount recoverable from them as on date, after adjustment of their collaterals and margin money is ₹255.50 million (including ₹68.08 million towards penalties and GST thereon). As the penalties will be transferred to Core SGF only on collection from members, the Exchange has funded balance ₹187.42 million (excluding ₹68.08 million towards penalties and GST thereon) subsequent to the balance sheet date, for pay-out to counter parties.

NCCL is following due processes (including legal course of action) for recovery from members as well as from insurance. Considering the recovery of the amount funded and SEBI guidelines for utilisation of Core SGF, a provision has been made for ₹62.18 million funded from the Exchange’s own resources as per conservative accounting principle. Further, a provision of ₹0.82 million is also made towards clearing corporation dues from these members, aggregating to provision of ₹63.00 million which is considered as an exceptional item in the financial statements for the six month period ended September 30, 2019.

Tax expenses

Our tax expenses consist of current tax and deferred tax. Our tax expenses were ₹20.13 million, ₹16.31 million, ₹61.39 million and ₹45.40 million in the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively.

Six month period ended September 30, 2019

(₹in million)

Particulars	Six month period ended September 30, 2019
Total income	926.04
Total expenses (excluding finance cost and depreciation and amortisation)	749.46
EBITDA	176.58
Finance Cost	8.16
Depreciation and amortization	131.60
Exceptional items	(33.91)
Share of net profit from joint venture/ associate accounted for using equity method	50.36
Profit / (loss) before tax	53.27
Tax expense	(20.13)
Profit / (loss) after tax	73.40

Revenue

Our total income for the six month period ended September 30, 2019 was ₹926.04 million, comprising transaction charges, delivery charges, risk management fees, Comtrack/ repository charges, admission fees, data, analytics and technology sales, annual subscription fees, warehouse charges, and other operating income. It also includes other income, which consists primarily of investment income, lease line charges, and other miscellaneous income.

Our EBITDA for the six month period ended September 30, 2019 was ₹176.58 million.

Expenses

Our total expenses (excluding finance cost and depreciation and amortisation) for the six month period ended September 30, 2019 were ₹749.46 million, comprising of employee benefit expenses and other expenses which include, amongst other things, technology, rent, professional and legal charges, electricity, travel and conveyances charges, regulatory fees.

Our finance cost for the six month period ended September 30, 2019 were ₹8.16 million, comprising of interest on lease liability accounted as per Ind AS 116 – Leases.

Our depreciation and amortization expenses for the six month period ended September 30, 2019 were ₹131.60 million, comprising depreciation and amortization towards property, plant, equipment, software and right to use assets.

Exceptional items

Our exceptional items for the six month period ended September 30, 2019 were ₹(33.91) million and comprised of reversal of impairment loss - PXIL investment and shortfall in pay-out to counter parties as explained in the notes above.

Share of net profit from joint venture/ associate accounted for using equity method

Our share of net profit from ReMS (joint venture) and PXIL (associate) accounted for using equity method for the six month period ended September 30, 2019 was ₹50.36 million.

Profit before tax

Our profit before tax for the six month period ended September 30, 2019 was ₹53.27 million.

Tax expenses

Our tax expenses for the six month period ended September 30, 2019 were ₹20.13 million, comprising current tax, MAT credit entitlement and deferred tax.

Profit after tax

Our profit after tax for the six month period ended September 30, 2019 was ₹73.40 million.

Results for Fiscal 2019 compared with Fiscal 2018

Summary of Performance

(in ₹ million, except percentages)

Particulars	Fiscal 2019	Fiscal 2018	% Change
Total income	1,947.47	1,621.85	20.08%
Total expenses (excluding finance cost and depreciation and amortisation)	1,511.28	1,425.32	6.03%
EBITDA	436.19	196.53	121.95%
Finance costs	19.30	8.23	134.51%
Depreciation and amortization	276.53	264.74	4.45%
Exceptional item	-	-	-
Share of net profit from joint venture/ associate accounted for using equity method	32.15	29.04	10.71%
Profit / (Loss) before tax	172.51	(47.40)	-463.95%
Tax expenses	16.31	61.39	-73.43%
Profit / (Loss) after tax	156.20	(108.79)	-243.58%

Total income

Our total income increased by 20.08% from ₹1,621.85 million in Fiscal 2018 to ₹1,947.47 million in Fiscal 2019. This is attributable to the following:

- Our revenue from transaction charges increased by 55.13% from ₹692.35 million in Fiscal 2018 to ₹1,074.06 million in Fiscal 2019. This increase is primarily attributable to an increase in the average rate levied by the Exchange on executed trades, and an increase in the turnover of NeML.
- Our delivery charges decreased by 4.48% from ₹86.62 million in Fiscal 2018 to ₹82.74 million in Fiscal 2019.
- Our risk management fees increased by 2.49% from ₹81.87 million in Fiscal 2018 to ₹83.91 million in Fiscal 2019.
- Our Comtrack/ repository charges increased by 14.94% from ₹74.95 million in 2018 to ₹86.15 million in Fiscal 2019. This increase is primarily attributable to certain income being classified as Comtrack/ repository charges instead of warehouse charges subsequent to the transfer of Comtrack undertaking to NERL. For further details in relation to such transfer, please see “*History and Certain Corporate Matters*” on page 133.
- Our admission fees increased by 101.68% from ₹10.14 million in Fiscal 2018 to ₹20.45 million in fiscal 2019. This increase is primarily attributable to a significant increase in membership of NeML.
- Our data, analytics and technology sales increased by 29.54% from ₹29.72 million in Fiscal 2018 to ₹38.50 million in Fiscal 2019. This increase is attributable to positive trends and growth in our data sales business segment.
- Our annual subscription fees increased by 0.63% from ₹22.28 million in Fiscal 2018 to ₹22.42 million in Fiscal 2019.
- Our warehouse charges decreased by 24.16% from ₹35.26 million in Fiscal 2018 to ₹26.74 million in Fiscal 2019. This decrease is primarily attributable to certain income being classified as Comtrack/ repository charges instead of warehouse charges subsequent to the transfer of Comtrack undertaking to NERL. For further details in relation to such transfer, please see “*History and Certain Corporate Matters*” on page 133.
- Our pledge finance charges decreased by 83.08% from ₹38.36 million in Fiscal 2018 to ₹6.49 million in Fiscal 2019. This decrease is attributable to discontinuation of pledge finance business by NeML during Fiscal 2019.
- Our other operating revenues have increased by 15.28% from ₹54.11 million in Fiscal 2018 to ₹62.38 million in Fiscal 2019. This increase is primarily attributable to an increase in the technology sales revenue of NeML.
- Our other income decreased by 10.59% from ₹496.19 million in Fiscal 2018 to ₹443.63 million in Fiscal 2019. This decrease is primarily attributable to decrease in our investment income. Investment income decreased primarily due to reduction in amount available for investment.

Total Expenses

Our total expenses (excluding finance cost and depreciation and amortisation) increased by 6.03% from ₹1,425.32 million in Fiscal 2018 to ₹1,511.28 million in Fiscal 2019. This increase is attributable to the following:

- Our employee benefit expenses increased by 3.55% from ₹633.18 million in Fiscal 2018 to ₹655.65 million in Fiscal 2019. This increase is primarily attributable to increase in the number of our employees.
- Our other expenses increased by 8.01% from ₹792.14 million in Fiscal 2018 to ₹855.63 million in Fiscal 2019. This increase is primarily attributable to an increase in technology related expenses and a decrease in other expenses.

EBITDA

Our EBITDA increased by 121.95% from ₹196.53 million in Fiscal 2018 to ₹436.19 million in Fiscal 2019. Our EBITDA margin increased from 12.12% in fiscal 2018 to 22.40% in fiscal 2019. This increase is attributable to increase in total income by 20.08% and total expenditure by only 6.03%.

Finance costs

Our finance costs increased by 134.51% from ₹8.23 million in Fiscal 2018 to ₹19.30 million in Fiscal 2019. This increase is primarily attributable to renewal of some of our lease agreements.

Depreciation and amortization

Our depreciation and amortization increased by 4.45% from ₹264.74 million in Fiscal 2018 to ₹276.53 million in Fiscal 2019.

Share of net profit from joint venture/ associate accounted for using equity method

Our share of net profit from joint venture/ associate accounted for using equity method increased by 10.71% from ₹29.04 million in Fiscal 2018 to ₹32.15 million in Fiscal 2019. This increase is attributable to increase in share of profit in ReMS.

Profit/ (loss) before tax

We incurred a loss before tax of ₹47.40 million in Fiscal 2018, which improved to a profit before tax of ₹172.51 million in Fiscal 2019. This change is attributable to the various foregoing changes in income and expenses.

Tax expenses

Our tax expenses decreased by 73.43% from ₹61.39 million in Fiscal 2018 to ₹16.31 million in Fiscal 2019. [This decrease is primarily attributable to the tax paid on transfer of Comtrack undertaking to NERL in Fiscal 2018. For further details in relation to such transfer, please see “History and Certain Corporate Matters” on page 133.

Profit/ (loss) after tax

We incurred a loss after tax of ₹108.79 million in Fiscal 2018, which improved to a profit after tax of ₹156.20 million in Fiscal 2019. This change is attributable to the various foregoing changes in income expenses, and tax impact.

Results for Fiscal 2018 compared with Fiscal 2017

Summary of Performance

(₹in million, except percentages)

Particulars	Fiscal 2018	Fiscal 2017	% Change
Total income	1,621.85	1,663.27	-2.49%
Total expenses	1,425.32	1,327.68	7.35%
EBITDA	196.53	335.59	-41.44%
Finance costs	8.23	12.00	-31.42%
Depreciation and amortization	264.74	236.23	12.07%
Exceptional item	-	95.40	-100.00%
Share of net profit from joint venture/ associate accounted for using equity method	29.04	78.34	-62.93%
Profit / (Loss) before tax	(47.40)	261.10	-118.15%
Tax expenses	61.39	45.40	35.22%
Profit / (Loss) after tax	(108.79)	215.70	-150.44%

Total Income

Our total income decreased by 2.49% from ₹1,663.27 million in Fiscal 2017 to ₹1,621.85 million in Fiscal 2018. This decrease is attributable to the following:

- Our transactional charges increased by 9.64% from ₹631.47 million in Fiscal 2017 to ₹692.35 million in Fiscal 2018. This increase is primarily attributable to an increase in the turnover of NeML.
- Our delivery charges increased by 49.09% from ₹58.10 million in Fiscal 2017 to ₹86.62 million in Fiscal 2018. This increase is primarily attributable to an increase in the physical deliveries undertaken by the Exchange.
- Our risk management fees increased by 0.45% from ₹81.50 million in Fiscal 2017 to ₹81.87 million in Fiscal 2018.
- Our Comtrack / repository charges increased by 55.50% from ₹48.20 million in 2017 to ₹74.95 million in Fiscal 2018. This increase is primarily attributable to certain income being classified as Comtrack/repository charges instead of warehouse charges subsequent to the transfer of Comtrack undertaking to NERL. For further details in relation to such transfer, please see “*History and Certain Corporate Matters*” on page 133.
- Our admission fees decreased by 8.40% from ₹11.07 million in Fiscal 2017 to ₹10.14 million in fiscal 2018.
- Our data, analytics and technology sales increased by 14.75% from ₹25.90 million in Fiscal 2017 to ₹29.72 million in Fiscal 2018. This increase is primarily attributable to positive trends and growth in our data sales business segment.
- Our annual subscription fees decreased by 19.74% from ₹27.76 million in Fiscal 2017 to ₹22.28 million in Fiscal 2018. This decrease is primarily attributable to discontinuation of a category of membership in NeML.
- Our warehouse charges decreased by 31.93% from ₹51.80 million in Fiscal 2017 to ₹35.26 million in Fiscal 2018. This decrease is primarily attributable to certain income being classified as Comtrack / repository charges instead of warehouse charges subsequent to the transfer of the Comtrack undertaking to NERL. For further details in relation to such transfer, please see “*History and Certain Corporate Matters*” on page 133.
- Our pledge finance charges decreased by 1.77% from ₹39.05 million in Fiscal 2017 to ₹38.36 million in Fiscal 2018.
- Our other operating revenues decreased by 16.57% from ₹64.86 million in Fiscal 2017 to ₹54.11 million in Fiscal 2018. This decrease is primarily attributable to decrease in the technology sales revenue of NeML.
- Our other income decreased by 20.43% from ₹623.56 million in Fiscal 2017 to ₹496.19 million in Fiscal 2018. This decrease is primarily attributable to decrease in our investment income. Investment income decreased primarily due to reduction in the average investment yield earned.

Total Expense

Our total expenses (excluding finance cost and depreciation and amortisation) increased by 7.35% from ₹1,327.68 million in Fiscal 2017 to ₹1,425.32 million in Fiscal 2018. This increase is attributable to the following:

- Our employee benefit expenses increased by 11.73% from ₹566.73 million in Fiscal 2017 to ₹633.18 million in Fiscal 2018. This increase is primarily attributable to increase in the number of our employees and annual increment in their remuneration.
- Our other expenses increased by 4.10% from ₹760.95 million in Fiscal 2017 to ₹792.14 million in Fiscal 2018.

EBITDA

Our EBITDA decreased by 41.44% from ₹335.59 million in Fiscal 2017 to ₹196.53 million in Fiscal 2018. Our EBITDA margin decreased from 20.18% in Fiscal 2017 to 12.12% in Fiscal 2018. This decrease is primarily attributable to decrease in total income by 2.49% and increase in total expenditure by 7.35%.

Finance costs

Our finance costs decreased by 31.42% from ₹12 million in Fiscal 2017 to ₹8.23 million in Fiscal 2018. This decrease is primarily attributable to reduction of lease liability.

Depreciation and amortization

Our depreciation and amortization expenses increased by 12.07% from ₹236.23 million in Fiscal 2017 to ₹264.74 million in Fiscal 2018. This increase is attributable to capitalisation of our new trading system in December, 2016.

Share of net profit from joint venture/ associate accounted for using equity method

Our share of net profit from joint venture/ associate accounted for using equity method decreased by 62.93% from ₹78.34 million in Fiscal 2017 to ₹29.04 million in Fiscal 2018. This increase is primarily attributable to decrease in share of profit in ReMS.

Profit / (loss) before tax

Our profit before tax decreased by 118.15% from ₹261.10 million in Fiscal 2017 to a loss before tax of ₹47.40 million in Fiscal 2018. This change is attributable to the various foregoing changes in income and expenses.

Tax expenses

Our tax expenses increased by 35.22% from ₹45.40 million in Fiscal 2017 to ₹61.39 million in Fiscal 2018. This increase is primarily attributable to the tax paid on transfer of Comtrack undertaking to NERL in Fiscal 2018. For further details in relation to such transfer, please see “History and Certain Corporate Matters” on page 133.

Profit after tax

Our profit after tax decreased by 150.44% from ₹215.70 million in Fiscal 2017 to a loss after tax of ₹108.79 million in Fiscal 2018. This change is attributable to the various foregoing changes in income, expenses and tax impact.

Financial position

Assets

The following table sets forth the principal components of our assets as of September 30, 2019, March 31, 2017, 2018 and 2019:

<i>(in ₹ million)</i>				
Assets	September 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017
Non-Current Assets				
Property, plant and equipment	165.14	195.04	224.03	232.30
Right to use assets	181.97	205.55	273.49	107.50
Capital work-in-progress	2.00	-	8.98	-
Other intangible assets	546.53	567.33	587.68	543.24
Intangible assets under development	17.91	15.71	10.70	0.73
Financial assets				
Investment in associates/joint ventures accounted for using the equity method	300.05	227.63	201.47	177.41
- Other financial assets				
- Bank balances	493.66	109.91	178.23	198.06
- Others	41.55	36.12	41.62	41.98
Deferred tax assets (net)	77.39	31.70	14.05	6.23
Income tax assets (net)	393.98	343.09	266.05	310.95
Other non-current assets	13.47	11.53	14.28	17.63
Total non-current assets	2,233.65	1,743.61	1,820.58	1,636.03
Current Assets				
Financial assets				
- Investment	361.40	482.70	2,946.63	3,757.17
- Trade receivables	204.25	180.12	185.69	166.16
- Cash and cash equivalents	4,014.29	784.71	435.04	1,442.98
- Bank balances other than cash and cash equivalents	4,376.52	4,600.72	2,745.39	2,553.15
- Others	737.04	435.96	163.31	87.68
Other current assets	271.07	230.25	212.64	219.67
Total current assets	9,964.57	6,714.46	6,688.70	8,226.81
Total assets	12,198.22	8,458.07	8,509.28	9,862.84

Our total assets decreased from ₹9,862.84 million as of March 31, 2017 to ₹8,509.28 million as of March 31, 2018. This

decrease was primarily on account of changes in our non-current and current assets, which are further elaborated below. Our total assets were ₹8,509.28 million as of March 31, 2018 as compared to ₹8,458.07 million as of March 31, 2019. This decrease was primarily on account of changes in our non-current and current assets, which are further elaborated below. Our total assets were ₹12,198.22 million as of September 30, 2019.

Non-current assets

Our non-current assets increased from ₹1,636.03 million as of March 31, 2017 to ₹1820.58 million as of March 31, 2018. This increase was primarily attributable to recognition of right to use assets on account of renewal of certain lease agreements. Our non-current assets decreased from ₹1,820.58 million as of March 31, 2018 to ₹1,743.61 million as of March 31, 2019. This decrease was primarily attributable to net impact of depreciation and capitalisation of assets.

Our non-current assets were ₹2,233.65 million as of September 30, 2019.

Current assets

Our current assets decreased from ₹8,226.81 million as of March 31, 2017 to ₹6,688.70 million as of March 31, 2018, which was primarily attributable to decrease in funds available for investment due to a decrease in margin money deposits by members. Our current assets increased from ₹6,688.70 million as of March 31, 2018 to ₹6,714.46 million as of March 31, 2019.

Our current assets were ₹9,964.57 million as of September 30, 2019.

Equity and Liabilities

The following table sets forth a summary of our equity and liabilities as of September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017:

	<i>(in ₹million)</i>			
Equity and liabilities	September 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017
Equity				
Equity share capital	506.76	506.76	506.76	506.76
Other equity	4,220.13	4,062.62	3,867.75	4,007.09
Equity attributable to owners	4,726.89	4,569.38	4,374.51	4,513.85
Non Controlling Interest	247.80	255.41	262.65	-
Total equity	4,974.69	4,824.79	4,637.16	4,513.85
Liabilities				
Non-current liabilities				
Financial Liabilities				
- Deposits	0.50	2.02	6.98	7.46
- Other Financial liabilities	2.85	1.38	-	-
- Lease Liabilities	116.60	141.42	202.91	50.06
Provisions	23.81	12.90	5.06	15.14
Deferred tax liabilities (net)	-	-	9.05	22.15
Total non-current liabilities	143.76	157.72	224.00	94.81
Current Liabilities				
Financial liabilities				
- Deposits	6,565.87	2,991.62	2,630.75	3,554.38
- Lease Liabilities	75.67	73.19	72.37	71.81
- Trade payables				
Total Outstanding dues of micro enterprises and small enterprises (MSME)	1.76	8.79	-	-
Total Outstanding dues of other than MSME	128.51	129.29	198.68	235.63
- Other Financial liabilities	117.27	132.91	601.98	1,287.15
Other current liabilities	160.49	122.40	122.50	94.18
Provisions	18.95	17.36	21.84	11.03
Current Tax Liabilities (Net)	11.25	-	-	-
Total current liabilities	7,079.77	3,475.56	3,648.12	5,254.18
Total liabilities	7,223.53	3,633.28	3,872.12	5,348.99
Total equity and liabilities	12,198.22	8,458.07	8,509.28	9,862.84

Equity

Our equity attributable to owners decreased from ₹4,513.85 million as of March 31, 2017 to ₹4,374.51 million as of March 31, 2018. This decrease was primarily attributable to loss incurred in Fiscal 2018. However, our equity attributable to owners increased from ₹4,374.51 million as of March 31, 2018 to ₹4,569.38 million as of March 31, 2019.

This increase was primarily attributable to profit earned in the aforesaid financial period.

Our equity attributable to owners was ₹4,726.89 million as of September 30, 2019.

Our non-controlling interest of ₹262.65 million as of March 31, 2018, ₹255.41 million as of March 31, 2019 and ₹247.80 million as of September 30, 2019, relates to 32.78% shareholding of NERL held by minority shareholders.

Our total non-current liabilities, comprising deposits, provisions and other financial liabilities increased from ₹94.81 million as of March 31, 2017 to ₹224.00 million as of March 31, 2018. This increase was primarily as a result of recognition of additional lease liability as per Ind AS 116 – Leases, due to renewal of lease agreements.

Our non-current liabilities decreased from ₹224.00 million as of March 31, 2018 to ₹157.72 million as of March 31, 2019. This decrease was primarily as a result of reduction of lease liability.

Our non-current liabilities were ₹143.76 million as of September 30, 2019.

Our total current liabilities decreased from ₹5,254.18 million as of March 31, 2017 to ₹3,648.12 million as of March 31, 2018. This decrease was primarily attributable to reduction in margin money deposits and refund of member deposits. They decreased from ₹3,648.12 million as of March 31, 2018 to ₹3,475.56 million as of March 31, 2019. This decrease was primarily attributable to refund of member deposits and payment of dues to creditors.

Our current liabilities were ₹7,079.77 million as of September 30, 2019.

Liquidity and capital resources

We meet, and have in the past met, our operations and capital requirements primarily through cash flows from revenue from operations and investment income. We expect that cash flow from revenue from operations and investment income will continue to be our principal sources of cash in the long-term.

The following is a summary of our cash flows for the corresponding periods:

Particulars	<i>(in ₹million)</i>			
	September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Cash flows from operating activities	3,353.22	9.48	(2140.21)	1542.11
Cash flows from investing activities	(77.54)	451.15	983.19	(421.78)
Cash flows from financing activities	(46.10)	(110.96)	149.08	(235.32)

Cash flows from operating activities

Six month period ended September 30, 2019

Our net cash generated from operating activities was ₹3,353.22 million during the six month period ended September 30, 2019. This was attributable to inflow of working capital of ₹3,411.15 million and operating cash outflow of ₹57.93 million. The inflow of working capital was primarily attributable to increase in margin money deposits by members. Our restated profit before tax was ₹53.27 million, which was adjusted for non-cash and other items in a net amount of ₹111.20 million, resulting in an operating cash outflow before working capital changes of ₹57.93 million

Fiscal 2019

Our net cash generated from operating activities was ₹9.48 million in Fiscal 2019. This was attributable to outflow of working capital of ₹98.99 million and operating cash inflow of ₹108.47 million. The outflow of working capital was primarily attributable to refund of member deposits and payment of dues to creditors. Our restated profit before tax was ₹172.51 million, which was adjusted for non-cash and other items in a net amount of ₹64.04 million, resulting in an operating cash inflow before working capital changes of ₹108.47 million.

Fiscal 2018

Our net cash generated from operating activities was ₹(2,140.21) million in Fiscal 2018. This was attributable to outflow of working capital of ₹1724.07 million and operating cash outflow of ₹416.14 million. The outflow of working capital was primarily attributable to reduction in margin money deposits and refund of member deposits. Our restated profit before tax was ₹(47.40) million, which was adjusted for non-cash and other items in a net amount of ₹368.74 million, resulting in an operating cash outflow before working capital changes of ₹416.14 million.

Fiscal 2017

Our net cash generated from operating activities were ₹1,542.11 million in Fiscal 2017. This was attributable to inflow of working capital of ₹1,693.79 million and operating cash outflow of ₹151.68 million. The inflow of working capital was primarily attributable to addition in margin money deposits. Our restated profit before tax was ₹261.10 million, which was adjusted for non-cash and other items in a net amount of ₹412.78 million, resulting in an operating cash outflow before working capital changes of ₹151.68 million.

Cash flows from investing activities

Six month period ended September 30, 2019

Our net cash generated from investing activities was ₹(77.54) million in during the six month period ended September 30, 2019. This was attributable to purchase of fixed assets, including intangible assets and capital work in progress, net of sale, amounting to ₹47.60 million, net cash outflow from investment in fixed deposit and mutual funds of ₹245.06 million and inflow of investment income of ₹215.12 million.

Fiscal 2019

Our net cash generated from investing activities was ₹451.15 million in Fiscal 2019. This was attributable to purchase of fixed assets, including intangible assets and capital work in progress, net of sale, amounting to ₹169.66 million, net cash inflow from investment in fixed deposit and mutual funds of ₹364.24 million and inflow of investment income of ₹256.57 million.

Fiscal 2018

Our net cash generated from investing activities was ₹983.19 million in Fiscal 2018. This was attributable to purchase of fixed assets, including intangible assets and capital work in progress, net of sale, amounting to ₹234.33 million, net cash inflow from investment in fixed deposit and mutual funds of ₹994.73 million and inflow of investment income of ₹222.79 million.

Fiscal 2017

Our net cash generated from investing activities was ₹(421.78) million in Fiscal 2017. This was attributable to purchase of fixed assets, including intangible assets and capital work in progress, net of sale, amounting to ₹371.64 million, net cash outflow from investment in fixed deposit and mutual funds of ₹338.36 million and inflow of investment income of ₹288.22 million.

Cash flows from financing activities

Six month period ended September 30, 2019

Our net cash generated from financing activities was ₹(46.10) million during the six month period ended September 30, 2019. This was attributable to cash outflow on account of issue of equity shares amounting to ₹1.18 million by our Subsidiaries, and outflow on account of payment of lease liabilities of ₹44.92 million.

Fiscal 2019

Our net cash generated from financing activities was ₹(110.96) million in Fiscal 2019. This was attributable to inflow on account of issue of equity shares amounting to ₹1.03 million by our Subsidiaries, payment of dividend (net of taxes) of ₹18.30 million, and outflow on account of payment of lease liabilities of ₹93.69 million.

Fiscal 2018

Our net cash generated from financing activities was ₹149.08 million in Fiscal 2018. This was attributable to inflow on account of issue of equity shares amounting to ₹254.10 million by our Subsidiaries, payment of dividend (net of taxes) of ₹21.35 million, and outflow on account of payment of lease liabilities of ₹83.67 million.

Fiscal 2017

Our net cash generated from financing activities was ₹(235.32) million in Fiscal 2017. This was attributable to outflow on account of issue of equity shares amounting to ₹6.48 million by our Subsidiaries, payment of dividend (net of taxes) of ₹152.48 million, and outflow on account of payment of lease liabilities of ₹76.36 million.

Borrowings

As of September 30, 2019, we have not availed of any borrowings.

Off-balance sheet arrangements and contingent liabilities

We do not have any material off-balance sheet arrangements. We had contingent liabilities of ₹309.51 million, ₹305.64 million, ₹183.13 million and ₹138.13 million for the six month period ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively. For further details on contingent liabilities, please see “Annexure VI to the Restated Financial Information” on page 198.

Suppliers or customer concentration

For further details, please see “Risk Factors - For the six month period ended September 30, 2019 and Fiscal 2019, Fiscal 2018 and Fiscal 2017, the top 50 trading members of the Exchange accounted for approximately 79.04%, 76.09%, 76.45% and 64.39%, respectively, of the total traded value. Any loss of these members could significantly affect the Exchange’s average traded value and OI, which could have a material adverse effect on our financial position and results of operations”.

Seasonality

Our business is not subject to material seasonal fluctuations.

Related Party Transactions

For details on related party transactions, please see the section titled “Financial Statements – Annexure XI” on page 246.

Significant developments after September 30, 2019

In the opinion of the Director’s no circumstances have arisen since September 30, 2019, which materially and adversely affect or is likely to affect within the next twelve months:

- a. the trading or profitability of the Exchange; or
- b. the value of our assets; or
- c. our ability to pay its liabilities.

Further, except as set out below, there are no developments subsequent to September 30, 2019 that we believe are expected to have a material impact on our reserves, profits/(losses), earnings/(losses) per share and book value:

In the month of September, 2019 there was a substantial built up of OI in the castor seed contract, aggregating to approximately 30% of overall expected production of castor seed during the year. Consequently, the castor seed contracts hit the lower circuit of 4% for five consecutive days from September 25, 2019 till October 3, 2019. This resulted in a failure by some of the members to honour their pay-in obligations. The amounts recoverable from members as on September 30, 2019 include amounts recoverable from two members who have failed to honour their pay-in obligations in September 2019. These two members continued to fail to honour their pay-in obligations subsequent to the date of the last audited balance sheet date of NCCL, being September 30, 2019. These amounts continue to be due from such members as on date of the audited financial statements of NCCL for the six month period ended September 30, 2019, being November 12, 2019. The amount recoverable from such members as on November 12, 2019, after adjustments of their collaterals and margin money is ₹255.50 million (including ₹68.08 million towards penalties and GST thereon). The penalties will be transferred to Core SGF only upon collection from such members. The pay-out of the balance amount of ₹187.42 million, to counter parties, was funded from NCCL’s own resources to the extent of ₹62.18 million, and from the Core SGF to the extent of ₹125.24 million.

NCCL is in the process of following due processes (including legal course of action) for recovery from members as well as an insurance claim in relation thereto.

Further, subsequent to November 12, 2019, GST on penalties recoverable from defaulting members amounting to ₹10.39 million, have also been funded from the Core SGF and deposited with the tax authorities. Accordingly, the total amount funded from the Core SGF was ₹135.62 million.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding (1) criminal proceedings involving the Exchange, its Subsidiaries, or its Directors, (2) actions by statutory or regulatory authorities involving the Exchange, its Subsidiaries, or Directors, (3) claims involving the Exchange, its Subsidiaries, or its Directors for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved); or (4) other pending litigation involving the Exchange, its Subsidiaries, or its Directors (other than proceedings covered under (1) to (3) above) which has been determined to be material pursuant to the Materiality Policy for litigation (as disclosed herein below).

In terms of the Materiality Policy for litigation, other than outstanding criminal proceedings, statutory or regulatory actions and claims for any direct or indirect tax liabilities mentioned in point (1) to (3) above, all other pending litigation:

A. *involving the Exchange and its Subsidiaries:*

- i. where the aggregate monetary claim made by, or against, the Exchange and/or its Subsidiaries (individually or in aggregate), in any such pending litigation proceeding exceeds the lower of (i) 1% of the Exchange's revenue (calculated on a restated and consolidated basis); or (ii) 5% of the Exchange's profit after tax (if applicable, calculated on a restated and consolidated basis) prior to deduction of exceptional items, in the most recently completed Fiscal, as per the Restated Financial Information.*

For Fiscal 2019, as per the Restated Financial Information, we have incurred a profit after tax of ₹156.20 million, while our revenue for Fiscal 2019 was ₹1503.84 million. Accordingly, we have disclosed all such outstanding litigation where the aggregate monetary claim made by, or against, the Exchange and/or its Subsidiaries (individually or in aggregate), in any such pending litigation proceeding is in excess of ₹7.81 million (being 5% of our profit after tax (prior to deduction of exceptional items) for Fiscal 2019, as per the Restated Financial Information); and

- ii. where the monetary liability is not quantifiable, or which does not fulfil the threshold specified in A(i) above, but the outcome of which could, nonetheless, have a material adverse effect on our financial position, business, operations, prospects or reputation, has been considered "material" and, accordingly, has been disclosed in this Draft Red Herring Prospectus.*

B. *involving our Directors, the outcome of which could have a material adverse effect on financial position, business, operations, prospects or reputation of the Exchange, irrespective of the amount involved in such litigation, shall be considered "material" and, accordingly, have been disclosed in this Draft Red Herring Prospectus.*

Further, except as disclosed in this section, there is no litigation involving our Group Companies which may have a material impact on the Exchange.

For the purposes of the above, pre-litigation notices received by the Exchange, its Subsidiaries, its Directors and its Group Companies from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) have not, and shall not, unless otherwise decided by our Board, be considered material until such time that the Exchange, or such Subsidiary, Director or Group Company, as the case may be, is impleaded as a defendant in litigation before any judicial/arbitral forum.

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

A. Litigation involving the Exchange

I. Litigation initiated against the Exchange

a. Criminal proceedings

1. A complaint was filed by Halycon Life Sciences Private Limited ("**Complainant**") against Rajlaxmi Commodities Private Limited, the Exchange and certain others, under Sections 403, 405, 406, 415, 417, 418, 420, 421, 422, 423, 424, 425, 426 read with 120-B of the Indian Penal Code, 1860 before the Judicial Magistrate, First Class, Chandigarh. The Complainant alleged that it was cheated of an amount of approximately ₹14.21 million. It was also alleged that the Exchange did not take any action against Rajlaxmi Commodities Private Limited. The Exchange has filed a petition under Section 482 of the Code of

Criminal Procedure, 1973, before the High Court of Punjab and Haryana for quashing of this complaint and the ancillary proceedings. The matter is currently pending.

b. Other pending proceedings

1. An application was filed under the Right to Information Act, 2005 (“**RTI Act**”), by Indu Bala Agarwal (“**Petitioner**”) seeking information about the procedure followed by the Exchange for accreditation of warehouses and matters related therewith. The Exchange rejected the application on the grounds that it is not a public authority under the RTI Act. Aggrieved by this decision of the Exchange, the Petitioner filed a complaint before the Central Information Centre (“**CIC**”). Thereafter, the CIC, by way of its order dated February 8, 2010, (“**CIC Order**”) held that the Exchange was not a public authority under the RTI Act and, therefore, was not required to provide the requested information. Aggrieved by the CIC Order, the Petitioner has filed a writ petition dated February 21, 2013, before the High Court of Delhi and sought for an appropriate writ. The matter is currently pending.
2. A writ petition was filed before the High Court of Rajasthan, Jodhpur by Nokha Agro Services Private Limited (“**Petitioner**”), a warehouse service provider of the Exchange, against the Exchange and SEBI, seeking a writ of *certiorari* and quashing of certain communications from the Exchange requiring the Petitioner to comply with a revised method of calculation of net worth of warehouses. The Petitioner also prayed for the issuance of a direction or order to the Exchange for permitting the Petitioner to calculate its net worth as per the previously recognised method. The matter is currently pending.
3. A complaint was filed with the Food Safety and Standards Authority of India (“**FSSAI**”), alleging that stocks of pepper lying in various accredited warehouses of the Exchange in Kochi were adulterated. The FSSAI, by way of its orders dated August 7, 2013, October 28, 2013, November 22, 2013, November 27, 2013, January 6, 2014 and March 6, 2014, ordered certain large stocks of pepper to be sealed and destroyed. Aggrieved by the orders, the Exchange has filed writ petitions along with interim applications seeking a stay on the orders of the FSSAI. Subsequently, a writ petition along with an interim application was filed by Kalimirch Vyapari Association before the High Court of Kerala, Ernakulam (“**Court**”) stating that the said orders have adversely affected pepper trade and has sought delivery of goods or alternative damages from the Exchange. One of the warehouse service providers of the Exchange, namely, JICS Logistics Limited, has, subsequently, filed a writ petition with the Court, claiming lien on the stocks of pepper lying in their warehouse. The matter is currently pending.
4. A writ petition has been filed before the High Court of Madhya Pradesh, Indore by Rajesh Bordia (“**Petitioner**”), a former member of the Exchange, against the Exchange and certain others. The dispute is in relation to an alleged delay in the release of the Petitioner’s security deposit pursuant to the surrender of his membership with the Exchange. The Petitioner has sought an appropriate action against the Exchange and a refund of the security deposit along with costs. The matter is currently pending.
5. A suit was filed before the District Court of Delhi by Shree Balaji Traders Limited (“**Plaintiff**”) against LTC Commercial Company Private Limited, the Exchange and certain others (“**Defendants**”), regarding the default in delivery of 195 MT of Chana by LTC Commercial Company Private Limited. The Plaintiff has sought for a mandatory injunction against the Defendants for the delivery of 195 MT of Chana to the Plaintiff. The matter is currently pending.
6. A letters patent appeal was filed before the High Court of Punjab and Haryana by Ankur Message Service and others (“**Petitioners**”) against an order of the single judge bench dated April 20, 2018, quashing the writ petition filed by the Petitioner against the Exchange and certain others, in relation to a First Information Report filed by the Exchange against the Petitioners for providing false information regarding prices of steel to their customers. The Petitioners have sought a writ of *mandamus*, directing the Exchange not to initiate any further criminal action against the Petitioners. The matter is currently pending.
7. A suit was filed by R.K. Enterprise (“**Plaintiff**”) against the Exchange and another (“**Defendant**”) before the Principal Senior Civil Judge, Mehsana, praying for a sum of ₹18.47 million to be decreed in favour of the Plaintiff from the properties of the Defendants for the loss on sale of goods and profit caused to it in relation to the procurement of substandard quality of Jeera from an authorised warehouse of the Exchange. The Exchange filed an application before the 3rd Additional Senior Civil Judge, Mehsana (“**ASCJ**”) praying, amongst other things, for the court to decide whether it has the jurisdiction to adjudicate the suit. The said application was heard and the ASCJ by its order dated September 25, 2009 (“**Order**”) directed that the preliminary issue of jurisdiction may be framed. Aggrieved by the Order, the Plaintiff filed a special civil application before the High Court of Gujarat against the Exchange and another, praying, amongst others, to quash and set aside the Order. The matter is currently pending.

Please see “*Litigation involving our Subsidiaries*” on page 277, for details regarding the litigation wherein the

Exchange is also a party.

c. Claims related to direct and indirect taxes involving the Exchange

Sr. No.	Direct/Indirect tax	No. of Cases	Amount involved (in ₹ million)*
1.	Direct tax	15	191.58
2.	Indirect tax	2	85.24
Total		17	276.82

*To the extent quantifiable

II. Litigation initiated by the Exchange

a. Criminal proceedings

1. The Exchange has filed 30 criminal complaints under Sections 272, 417, 418 and 420 of the Indian Penal Code, 1860, alleging cheating and causing wrongful loss to the Exchange by the accused persons due to the deposition of adulterated pepper in the accredited warehouses of the Exchange. The matters are currently pending before the Court of Additional Chief Judicial Magistrate (Economic Offence), Ernakulam. Out of these 30 complaints, issuance of process has been challenged in three complaints before the High Court of Kerala, Ernakulam, and stays have been granted.
2. A criminal complaint was filed by the Exchange with the Economic Offences Wing, Crime Branch of Mumbai (“EOW”) alleging misappropriation in the stocks of steel by Indian Exchange of Metals (“IEM”). Pursuant to the investigation, an FIR was registered against certain directors of IEM at the Park Site Police Station at Vikhroli (W), Mumbai. Thereafter, the EOW filed a charge sheet against these directors in the Court of Additional Metropolitan Magistrate, Esplanade, Mumbai (“ACMM”). Subsequently, a discharge application has been filed by these directors and the Exchange has filed an intervention application before the ACMM praying, amongst other things, for this application to be rejected by the court. The matter is currently pending.

b. Other pending proceedings

1. An arbitration was initiated by the Exchange against Indian Exchange of Metals (“IEM”), regarding the defaults made by IEM in supplying of 1,185.53 MT of steel to the traders trading on the Exchange, resulting in alleged losses to the Exchange. Subsequently, on February 1, 2019, an award was passed ordering IEM to pay (a) an amount of ₹40.47 million along with interest thereon at the rate of 18% per annum from the date of filing of the statement of claim till the date of the award; (b) interest at the rate of 12% per annum on ₹40.47 million from the date of the award till its realisation and (c) costs of ₹0.99 million. The Exchange has filed a petition for the execution of this award before the High Court of Delhi. The matter is currently pending.
2. An arbitration was initiated by the Exchange against the New India Assurance Company Limited (“NIA”), regarding certain wrongful deductions made on the claim arising out of the alleged losses suffered by the Exchange due to defaults in supply of steel made by India Exchange of Metals. The Exchange has sought (a) payment of ₹17.65 million along with interest at the rate of 18% per annum along with interest and (b) payment of interest at the rate of 18% per annum on the claim amount, amounting to ₹15.94 million. The matter is currently pending for the award of the arbitrator.

III. Compounding application

The Exchange has filed a compounding application in relation to two preferential allotments undertaken by the Exchange that were not in compliance with certain requirements of the erstwhile Companies Act, 1956, read with the erstwhile Unlisted Public Companies (Preferential Allotment) Rules, 2003. The compounding proceedings are yet to commence. For further details in relation to these allotments, please see “*Capital Structure – Notes to Capital Structure – Share capital history of the Exchange – Equity Share Capital*” on page 68 and “*Risk Factors - The Exchange had undertaken certain preferential allotments of Equity Shares which were not in compliance with certain requirements of the erstwhile Companies Act, 1956, read with the erstwhile Unlisted Public Companies (Preferential Allotment) Rules, 2003. While the Exchange has applied to the RoC for compounding such instances of non-compliance, we cannot assure you that these non-compliances will be compounded in a timely manner, or at all. Further, we cannot assure you that any compounding fee imposed on the Exchange will be reasonable and that such compounding will not have an adverse effect on the operations of the Exchange.*” on page 29.

B. Litigation involving our Subsidiaries

1) NeML

I. Litigation initiated against NeML

a. Other pending proceedings

1. A writ petition was filed before the High Court of Karnataka by K.M Somaiah and another (“**Petitioners**”) against the Union of India, the Exchange, NeML, ReMS and certain others challenging, amongst other things, the legality of (a) the Karnataka Agricultural Marketing Policy, 2013 and (b) the shareholders’ agreement dated December 23, 2013, entered into between the Government of Karnataka and NeML for incorporation of a joint venture, Rashtriya e-Market Services Private Limited (“**Shareholders’ Agreement**”). The Petitioner has alleged that the act of entering into the Shareholders’ Agreement for incorporating the joint venture company (to have absolute, unbridled and exclusive control and dominion over the Agricultural Produce Marketing Committee in Karnataka) resulted in violation of various statutes, besides being discriminatory, arbitrary and a *mala fide* exercise of power. The matter is currently pending.
2. A suit was filed before the Calcutta High Court by Rinki Singh, an individual carrying on business in the name of Om Trading Company (“**Plaintiff**”) against PEC Limited and NeML in relation to the intermittent supply of 700 MT of yellow peas by PEC Limited and harassment caused to the Plaintiff. The Plaintiff has prayed for a decree for damages and compensation for an amount ₹9.08 million. The matter is currently pending.
3. 142 applications have been filed by Canara Bank (“**Bank**”) against NeML, CNX Corporation Limited., and certain others under the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, alleging, amongst other things, that NeML failed in the performance of its duties, as provided under an agreement entered into between the Bank, NeML and CNX Corporation Limited, which, required, amongst other things, that NeML shall provide the Bank with online access to an electronic commodity management system for the purpose of registering the lien and / or pledge on commodities deposited at designated warehouses, in favour of the Bank. These applications are pending before the Debts Recovery Tribunal – I, Bangalore, and the Debts Recovery Tribunal – II, Bangalore.

II. Litigation initiated by NeML

a. Criminal proceedings

1. NeML has filed a criminal complaint under Section 138 of the Negotiable Instruments Act, 1881, against Ishaque Ibrahim Atnurkar before the Metropolitan Magistrate’s Court, Mazgaon, Mumbai, in relation to dishonour of a cheque for ₹0.67 million. The matter is currently pending.

2) NCCL

I. Litigation initiated by NCCL

a. Other pending proceedings

1. A suit has been filed by NCCL against Kunjal Trade Commodities LLP and others (“**Defendants**”) before the High Court of Bombay (“**Court**”) alleging, amongst other things, that Kunjal Trade Commodities LLP is required to meet its outstanding liability and dues, as levied by NCCL under its rules and bye laws, for being a member of NCCL. NCCL has, amongst other things, sought a decree from the Court, directing the Defendants to pay a sum of ₹155.21 million along with the interest thereon. The matter is currently pending.
2. A suit has been filed by NCCL against Dita Comtrade Limited (“**Defendant**”) before the High Court of Bombay (“**Court**”) alleging, amongst other things, that the Defendant is required to meet its outstanding liability and dues, as levied by NCCL under its rules and bye laws, for being a member of NCCL. NCCL has, amongst other things, sought a decree from the Court, directing the Defendant to pay a sum of ₹98.12 million along with the interest thereon. The matter is currently pending.

3) **Claims related to direct and indirect taxes involving the Subsidiaries**

Sr. No.	Direct/Indirect tax	No. of Cases	Amount involved (in ₹ million)*
1.	Direct tax	5	23.94
2.	Indirect tax	Nil	Nil
Total		5	23.94

*To the extent quantifiable

C. Litigation involving our Directors

I. Litigation initiated against B. Venugopal

a. Criminal proceedings

1. A complaint was filed by Kotak Mahindra Bank against Ballarpur Industries Limited, its authorized signatories and its directors (including Mr. B. Venugopal) under Section 138 of the Negotiable Instruments Act, 1881 for an alleged dishonour of two cheques, aggregating to approximately ₹198.40 million before the Court of the Metropolitan Magistrate, Patiala House, New Delhi. Certain of the non-executive directors of Ballarpur Industries Limited, including Mr. B. Venugopal, have filed a petition before the Delhi High Court seeking to quash this complaint, post which the Delhi High Court has stayed the proceedings before the Court of the Metropolitan Magistrate, Patiala House, New Delhi insofar as it pertains to the non-executive directors of Ballarpur Industries Limited. The complaint and petition are currently pending.

D. Litigation involving our Group Companies which may have a material impact on the Exchange

1) ReMS

Please see “*Litigation involving our Subsidiaries*” on page 277, for details regarding the litigation wherein ReMS is also a party.

E. Outstanding dues to creditors

In accordance with the Materiality Policy, the Exchange considers all such creditors (excluding banks and financial institutions from whom the Exchange has availed financing facilities) as ‘material’ to whom the amount due exceeds 5% of the consolidated trade payables as of the end of the most recently completed Fiscal, as per the Restated Financial Information. Accordingly, a creditor has been considered ‘material’ if the amount due to such creditor exceeds ₹6.90 million as on March 31, 2019.

In terms of the Materiality Policy, our Board considers all such creditors (excluding banks and financial institutions from whom the Exchange has availed financing facilities) as ‘material’ to whom the amount due exceeds 5% of the consolidated trade payables as on March 31, 2019, i.e. ₹6.90 million (“**Material Creditors**”).

The details of the total outstanding dues (trade payables) owed to micro, small and medium enterprises, Material Creditors and other creditors as on September 30, 2019 is as set forth below:

Particulars	Number of creditors	Amount involved (₹ in million)
Dues to micro, small and medium enterprises	27	3.76
Dues to Material Creditors	Nil	Nil
Dues to other creditors	236	28.92
Total	263	32.68

The complete details pertaining to outstanding overdues to the Material Creditors, as of September 30, 2019, are available on the website of the Exchange at https://www.ncdex.com/Downloads/Disclosure_of_Material_Creditors_as_on_September_30_2019.pdf.

GOVERNMENT AND OTHER APPROVALS

Except as disclosed herein, the Exchange and its Material Subsidiaries have obtained all material consents, licenses, permissions, registrations and approvals, from various governmental statutory and regulatory authorities, which are necessary for undertaking their respective business activities and operations. Certain approvals may lapse in their normal course or have not been obtained by the Exchange and its Material Subsidiaries, and the Exchange and its Material Subsidiaries shall either make an application to the appropriate authorities for grant or renewal of such approvals or are in the process of making such applications. Unless otherwise stated, these approvals are valid as on the date of this Draft Red Herring Prospectus. For details in connection with the regulatory and legal framework within which we operate, please see “Key Regulations and Policies” beginning on page 126. Set out below is an indicative list of material consents, licenses, permissions, registrations and approvals obtained by the Exchange and its Material Subsidiaries.

Material approvals relating to the Exchange

Incorporation details of the Exchange

Certificate of incorporation dated April 23, 2003, issued by the RoC; and

Certificate for commencement of business dated May 9, 2003, issued by the RoC.

Approvals from taxation authorities

Tax Deduction Account Number issued by the Income Tax Department under the Income Tax Act, 1961: MUMN09514B;

Permanent Account Number issued by the Income Tax Department under the Income Tax Act, 1961: AABCN7696K;

Registration as employer and enrolment certificate under the relevant state professions, trade, calling and employment legislation for payment of professional tax; and

Certificates of registration issued by the Government of India and various State Governments under the Central Goods and Services Tax Act, 2017.

Material approvals relating to the Exchange’s current business and operations

Certificate of importer exporter code issued by the Ministry of Commerce, GoI: 0303024810;

Code number 35, allotted by SEBI by way of letter bearing reference number CDMRD-DEA/05/13/1/15 dated October 21, 2015, for the purpose of trading and settlement operations; and

Approvals in relation to contracts for various commodities traded on the Exchange have been obtained from SEBI from time to time, as applicable.

Material approvals relating to our labour / employees and offices

Set out below are the material approvals applicable to our labour / employees and offices:

Certificate of registration of establishment issued under relevant shops and establishment legislations of respective states in which the Exchange’s offices are located; and

Code number M.H/BAN/47531 allotted to the Exchange under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952.

Material approvals for which applications have been made but are currently pending grant

Nil

Material approvals which have expired for which renewal applications have been made

Nil

Material approvals which have expired for which renewal applications are yet to be made

Nil

Material approvals required for which no application has been made

Nil

Material approvals relating to our Material Subsidiaries

NCCL

Incorporation details of NCCL

Certificate of incorporation dated August 4, 2006, issued by the RoC; and

Certificate for commencement of business dated August 23, 2006, issued by the RoC.

Approvals from taxation authorities

Tax Deduction Account Number issued by the Income Tax Department under the Income Tax Act, 1961: MUMN14010D;

Permanent Account Number issued by the Income Tax Department under the Income Tax Act, 1961: AACCN3393G;

Registration as employer and enrolment certificate under the relevant state professions, trade, calling and employment legislation for payment of professional tax; and

Certificates of registration issued by the Government of India and various State Governments under the Central Goods and Services Tax Act, 2017.

Material approvals relating to NCCL's current business and operations

Notification no. SEBI/LAD-NRO/GN/2018/35 dated September 10, 2018 and SEBI's letter dated September 12, 2018, bearing no. SEBI/HO/CDMRD/DEA/OW/P/2018/025765/1, granting recognition to NCCL as a clearing corporation, read with SEBI's letter dated September 5, 2019 bearing no. SEBI/HO/CDMRD/DRMP/OW/P/2019/22794/1.

Material approvals relating to NCCL's labour / employees and offices

Set out below are the material approvals applicable to NCCL's labour / employees and offices:

Certificate of registration of establishment issued under relevant shops and establishment legislations of respective states in which NCCL's offices are located; and

Code number THTHA1745029000 issued to NCCL under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Approval for National Commodity Clearing Limited Group Gratuity cum Life Assurance Scheme from the Principal Commissioner of Income Tax.

Pending approvals:

NCCL has made the following applications which are currently pending before the respective authorities:

Application dated September 19, 2018, seeking notification of Core SGF set up and maintained for the purpose of Section 10 (23EE) of the Income Tax Act, 1961, as amended, to the Central Board of Direct Taxes.

NERL

Incorporation details of NERL

Certificate of incorporation dated February 16, 2017, issued by the RoC to the NERL.

Approvals from taxation authorities

Tax Deduction Account Number of NERL issued by the Income Tax Department under the Income Tax Act, 1961: MUMN23966F;

Permanent Account Number of NERL issued by the Income Tax Department under the Income Tax Act, 1961: AAFCN4933R;

Registration as employer and enrolment certificate under the relevant state professions, trade, calling and employment legislation for payment of professional tax; and

Certificates of registration issued by the Government of India and various State Governments under the Central Goods and Services Tax Act, 2017.

Material approvals relating to NERL's current business and operations

Certificate of registration dated September 26, 2017 bearing number WDRA/2017/32-2/A&F issued by the WDRA.

Material approvals relating to NERL's labour / employees and offices

Set out below are the material approvals applicable to NERL's labour / employees and offices:

Certificate of registration of establishment issued under relevant shops and establishment legislations of respective states in which NERL's offices are located; and

Code number THTHA1651961000 issued to NERL under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

NeML

Incorporation details of NeML

Certificate of incorporation dated October 18, 2006, issued by the RoC;

Certificate for commencement of business dated November 21, 2006, issued by the RoC to NCDEX Spot Exchange Limited; and

Certificate of incorporation pursuant to change of name dated September 16, 2014, issued by the RoC.

Approvals from taxation authorities

Tax Deduction Account Number issued by the Income Tax Department under the Income Tax Act, 1961: MUMN14313F;

Permanent Account Number issued by the Income Tax Department under the Income Tax Act, 1961: AACCN4009K;

Registration as employer and enrolment certificate under the relevant state professions, trade, calling and employment legislation for payment of professional tax; and

Certificates of registration issued by the Government of India and various State Governments under the Central Goods and Services Tax Act, 2017.

Material approvals relating to NeML's current business and operations

Licenses for registration as an E-Market / private market issued by the competent authorities under the relevant agricultural produce market legislations.

Material approvals relating to NeML's labour / employees and offices

Set out below are the material approvals applicable to NeML's labour / employees and offices:

Certificate of registration of establishment issued under relevant shops and establishment legislations of respective states in which NEML offices are located; and

Code number M.H/THN/202285 issued to NCDEX Spot Exchange Limited (erstwhile name of NeML) under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Pending approvals:

NeML has made the following applications which are currently pending before the respective authorities:

Applications for renewal as an e-Market / private market before the respective competent authorities under the relevant agricultural produce market legislations in the states of Odisha, Andhra Pradesh and Rajasthan.

Intellectual property

For details in connection with our intellectual property, please see "*Our Business – Intellectual Property*" on page 123.

Investment approvals

In accordance with the SECC Regulations, approvals from the FMC and SEBI have been obtained for acquisition of Equity Shares, from time to time, in the event such Equity Shares acquired along with Equity Shares held by any acquirer, if any, exceeded the relevant thresholds, as set out thereunder. For further details, please see "*Key Regulations and Policies*" on page 126.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Commodity Derivatives Market Regulation Department of SEBI, by way of a letter (SEBI/HO/CDMRD/DEA/OW/P/2019/18538/1), dated July 25, 2019, has approved the initial public offering of the Exchange and consequent listing of Equity Shares on recognised stock exchanges. The Offer has been authorised by our Board pursuant to its resolutions dated December 14, 2018 and August 9, 2019, and the Fresh Issue has been authorised by our Shareholders pursuant to their resolution dated September 26, 2019 under Section 62(1)(c) of the Companies Act. Additionally, each of the Selling Shareholders has confirmed that its Offered Shares are eligible to be offered for sale as per the applicable provisions of the SEBI ICDR Regulations.

The Offer for Sale has been authorised by the Selling Shareholders as follows:

Selling Shareholder	Equity Shares offered in the Offer for Sale	Date of consent letter	Date of resolution authorising participation in the Offer for Sale
Build India Capital Advisors LLP	780,453	September 30, 2019	September 20, 2019
Canara Bank	2,138,975	September 30, 2019	September 30, 2019
Indian Farmers Fertiliser Cooperative Limited	2,281,675	September 30, 2019	September 11, 2019
Investcorp Private Equity Fund I (formerly known as IDFC Private Equity Fund III)	1,773,753	September 30, 2019	NA.
Jaypee Capital Services Limited	843,404	September 3, 2019	August 31, 2019
National Bank for Agriculture and Rural Development	1,767,592	September 30, 2019	July 11, 2019
Oman India Joint Investment Fund	2,281,675	September 30, 2019	October 14, 2019
Punjab National Bank	2,586,247	September 30, 2019	May 28, 2018

The Exchange has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

The Exchange, the Selling Shareholders and our Directors, have not been prohibited from accessing the capital markets and have not been debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any other authority/court.

Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018

The Exchange and the Selling Shareholders are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent applicable.

Directors associated with the securities market

Except in the capacity of being Directors on the Board, none of our Directors are, in any manner, associated with the securities market and there is no outstanding action initiated by SEBI against the Directors in the five years preceding the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

The Exchange is undertaking the Offer in accordance with Regulation 6(2) of the SEBI ICDR Regulations, as explained below:

“An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy five per cent of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.”

Since the Exchange does not satisfy the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations, the Exchange is required to allot at least 75% of the Offer to QIBs to meet the conditions specified under Regulation 6(2) of the SEBI ICDR Regulations. In the event the Exchange fails to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, the Exchange shall ensure that the number of prospective Allottees in the Offer shall be not less than 1,000, failing which, the Bid Amounts received by the Exchange shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations and applicable law.

The Exchange confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, the Exchange confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:

- (a) Neither the Exchange nor any of the Selling Shareholders nor any of our Directors is debarred from accessing the capital markets by SEBI.
- (b) None of our Directors are promoters or directors of companies which are debarred from accessing the capital markets by SEBI.
- (c) Neither the Exchange nor any of its Directors is a wilful defaulter.
- (d) None of our Directors has been declared a Fugitive Economic Offender.
- (e) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMS, ICICI SECURITIES LIMITED AND SBI CAPITAL MARKETS LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE EXCHANGE IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE EXCHANGE AND THE SELLING

SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 10, 2020, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE EXCHANGE FROM ANY LIABILITIES UNDER THE COMPANIES ACT, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

Disclaimer from the Exchange, the Selling Shareholders and the BRLMs

The Exchange, the Directors, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at the Exchange's instance, and anyone placing reliance on any other source of information, including the Exchange's website, www.ncdex.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by the Exchange, the Selling Shareholders and the BRLMs to the public and investors at large, and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Neither the Exchange nor the Selling Shareholders nor any member of the Syndicate is liable for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Each Bidder will be required to confirm that it is a fit and proper person in terms of the SECC Regulations and will also be required to confirm and will be deemed to have represented to the Exchange, the Selling Shareholders and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are, amongst other things, eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares (directly and indirectly, individually and together with persons acting in concert) and that they shall not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Exchange, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, the Exchange, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Exchange, the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Further, OIJIF is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. OIJIF and SBICAP are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.

Disclaimer in respect of jurisdiction

Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds registered with

SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds, insurance funds set up and managed by the army and navy and insurance funds (set up and managed by the Department of Posts, India), SI-NBFCs, GoI and permitted Non-Residents including FPIs and Eligible NRIs, AIFs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

The Red Herring Prospectus, when filed with the RoC will not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered thereby in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, the Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Exchange, its Subsidiaries, the Selling Shareholders and their respective affiliates from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Eligibility and transfer restrictions

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and applicable laws of the jurisdictions where such offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer clause of BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to the Exchange, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Disclaimer clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to the Exchange, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

[●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised. Applications shall be made to the BSE and NSE for permission to deal in, and for an official quotation of, the Equity Shares to be Allotted.

Consents

Consents in writing of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, Statutory Auditors, Legal Counsel to the Exchange as to Indian law, Legal Counsel to the BRLMs as to Indian law, Banker to the Exchange, the BRLMs, the Registrar to the Offer and CARE have been obtained; and consents in writing of the Syndicate Members and the Banker(s) to the Offer to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC, as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for filing with the RoC.

Expert

Except as stated below, the Exchange has not obtained any expert opinions:

The Exchange has received written consent from the statutory auditors namely, M/s. K.S. Aiyar & Co., Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name as required under Section 26 of the Companies Act, in this Draft Red Herring Prospectus and as an 'expert' as defined under Section 2(38) of Companies Act, in relation to the: (a) Restated Financial Information and their examination report dated February 10, 2020 on the Restated Financial Information; and (b) the statement of special tax benefits dated February 10, 2020, included in this Draft Red Herring Prospectus. Such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus to SEBI.

Further, the Exchange has received written consent from CARE, to include their name as required under Section 26 of the Companies Act, in this Draft Red Herring Prospectus and as an 'expert' as defined under Section 2(38) of Companies Act, in relation to the CARE Report and its contents or any extract thereof being included in this Draft Red Herring Prospectus. Such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus to SEBI.

Particulars regarding public or rights issues by the Exchange during the last five years

The Exchange has not made any public or rights issues during the last five years.

Underwriting commission, brokerage and selling commission paid on previous issues of the Equity Shares

Since this is the initial public offer of Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to, or procuring or agreeing to procure subscription for, any of the Equity Shares since incorporation.

Capital issues during the previous three years by the Exchange or the listed Group Companies or our Subsidiaries

None of the securities of any of our Subsidiaries or Group Companies are listed on any stock exchange. For details in relation to the capital issuances by the Exchange since incorporation, see "*Capital Structure - Notes to the Capital Structure*" at page 68.

Performance *vis-à-vis* objects – Public/ rights issue of the Exchange

The Exchange has not undertaken any public or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

Performance *vis-à-vis* objects – Public/ rights issue of listed Subsidiaries

None of the securities issued by our Subsidiaries are listed on any stock exchange.

Price information of past issues handled by the BRLMs (during the current Fiscal and two Fiscals preceding the current Fiscal)

1. Price information of past issues handled by ICICI Securities:

S. No.	Issuer name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Galaxy Surfactants Limited	9,370.90	1,480.00	February 8, 2018	1,525.00	+1.14%, [-3.31%]	-0.85%, [+1.33%]	-14.68%, [+7.66%]
2.	Aster Healthcare Limited DM	9,801.40	190.00	February 26, 2018	183.00	-13.66%, [-3.77%]	-5.39%, [+1.00%]	-8.16%, [+9.21%]
3.	Sandhar Technologies Limited	5,124.80	332.00	April 2, 2018	346.10	+19.59%, [+4.96%]	+15.41%, [+4.36%]	-4.20%, [+7.04%]
4.	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+58.04%, [+1.17%]	+29.60%, [-7.58%]	+23.78%, [-4.33%]
5.	Creditaccess Grameen Limited	11,311.88	422.00	August 23, 2018	390.00	-21.16%, [-3.80%]	-14.90%, [-8.00%]	-5.71%, [-8.13%]
6.	Aavas Financiers Limited	16,403.17	821.00	October 8, 2018	750.00	-19.32%, [+1.76%]	+2.39%, [+4.09%]	+38.82%, [+12.74%]
7.	IndiaMart InterMesh Limited	4,755.89	973.00 ⁽¹⁾	July 4, 2019	1,180.00	+26.39%, [-7.95%]	+83.82%, [-4.91%]	+65.67%, [+2.59%]

S. No.	Issuer name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
8.	Affle Limited (India)	4,590.00	745.00	August 8, 2019	926.00	+12.56%, [-0.78]	+86.32%, [+8.02%]	+135.49%, [+6.12%]
9.	Spandana Sphoorty Financial Limited	12,009.36	856.00	August 19, 2019	824.00	-0.73%, [-2.14%]	+51.38%, [+7.51%]	NA *
10.	Sterling and Wilson Solar Limited	28,496.38	780.00	August 20, 2019	706.00	-7.01%, [-1.60%]	-58.90%, [+7.87%]	NA *

*Data not available

(1) Discount of ₹ 97 per equity share offered to Eligible Employees. All calculations are based on Issue Price of ₹973.00 per equity share.

Notes:

1. All data sourced from www.nseindia.com.
2. Benchmark index considered is NIFTY.
3. 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the next trading day.

Summary statement of disclosure of past issues handled by ICICI Securities:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-20*	4	49,850.66	-	-	1	-	1	2	-	-	-	2	-	-
2018-19	4	60,843.16	-	-	2	1	-	1	-	-	2	-	1	1
2017-18	9	208,306.61	-	-	5	1	-	3	-	-	5	1	2	1

*The information is as on the date of this Draft Red Herring Prospectus

2. Price information of past issues handled by SBICAP:

S.No.	Issuer name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Indian Railway Catering and Tourism Corporation Limited ¹	6,379.60	320.00	October 14, 2019	626.00	191.53% [5.05%]	186.64% [8.07%]	-
2.	Sterling and Wilson Solar Limited	28,496.38	780.00	August 20, 2019	706.00	-21.88% [-1.60%]	-48.63% [7.97%]	-
3.	Ircon International Limited ²	4,667.03	475.00	September 28, 2018	412.00	-27.04% [8.24%]	-6.60% [-1.84%]	-15.71% [5.06%]
4.	RITEES Limited ³	4,604.40	185.00	July 2, 2018	190.00	34.97% [+6.56%]	33.03% [+2.56%]	49.70% [+1.90%]
5.	ICICI Securities Ltd	35,148.49	520.00	April 4, 2018	435.00	-27.93% [+5.44%]	-37.26% [+5.22%]	-44.39% [+7.92%]
6.	Mishra Dhatu Nigam Limited ⁴	4,328.96	90.00	April 4, 2018	87.00	67.89% [+5.44]	40.44% [+5.22%]	29.50% [+7.92%]
7.	Hindustan Aeronautics Limited ⁵	41,131.33	1,215.00	March 28, 2018	1,152.00	-6.96% [+4.98%]	-25.84% [+6.41%]	-25.45% [+10.18%]
8.	Bharat Dynamics Limited ⁶	9,527.88	428.00	March 23, 2018	370.00	-2.90% [+5.66%]	-9.78% [+7.74%]	-19.60% [+12.81%]
9.	H. G. Infra Engineering Limited	4,620.00	270.00	March 9, 2018	270.00	19.19% [+1.02%]	8.35% [+4.48%]	-12.81% [+12.65%]
10.	Amber Enterprises India Limited ⁷	5,995.99	859.00	January 30, 2018	1,175.00	27.15% [-5.04%]	24.98% [-3.23%]	6.73% [+2.07%]

Source: www.nseindia.com

Notes:

*The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.

* The Nifty 50 index is considered as the Benchmark Index.

* The number of issues in Table-1 is restricted to 10.

- 1 Price for retail individual bidders bidding in the retail portion and to eligible employees was ₹310.00 per equity share.
- 2 Price for retail individual bidders bidding in the retail portion and to eligible employees was ₹465.00 per equity share.
- 3 Price for retail individual bidders bidding in the retail portion and to eligible employees was ₹179.00 per equity share.
- 4 Price for retail individual bidders bidding in the retail portion and to eligible employees was ₹87.00 per equity share.
- 5 Price for retail individual bidders bidding in the retail portion and to eligible employees was ₹1,190.00 per equity share.
- 6 Price for retail individual bidders bidding in the retail portion and to eligible employees was ₹418.00 per equity share.
- 7 Price for eligible employees was ₹774.00 per equity share.

Summary statement of disclosure of past issues handled by SBICAP:

Financial Year	Total no. of IPOs [#]	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-20*	2	34,875.98	-	1	-	1	-	-	-	-	-	-	-	-
2018-19	4	48,748.88	-	1	1	1	1	-	-	1	-	-	2	1
2017-18	10	1,64,517.67	-	-	4	1	2	3	-	2	3	1	2	2

*The information is as on the date of this Draft Red Herring Prospectus.

Date of listing for the issue is used to determine which financial year that particular issue falls into.

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012, issued by SEBI, please see the websites of the BRLMs as set forth in the table below:

S. No	Name of the BRLMs	Website
1.	ICICI Securities	www.icicisecurities.com
2.	SBICAP	www.sbicaps.com

Stock Market Data of Equity Shares

This being an initial public offer of the Equity Shares by the Exchange, the Equity Shares are not listed on any stock exchange and, accordingly, no stock market data is available for the Equity Shares.

Redressal of Investor Grievances

Bidders can contact the Company Secretary and Compliance Officer/ the BRLMs and/or the Registrar to the Offer in case of any pre – Offer or post – Offer related problems such as non - receipt of letters of Allotment, non - credit of Allotted Equity Shares in the respective beneficiary account, non - receipt of refund orders or non - receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs or the Registrar to the Offer, in the manner provided below.

All grievances, in relation to the Bidding process other than of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the ASBA Form was submitted. The ASBA Bidder should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the submission of ASBA Form, address of the ASBA Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder. Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

The Exchange, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under the SEBI ICDR Regulations.

The Exchange shall obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013, in relation to redressal of investor grievances through SCORES.

The Exchange has also constituted a Stakeholders Relationship Committee to review and redress investor grievances in relation to transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For further details, see '*Our Management*' on page 141.

The Exchange has also appointed Harish Kumar, our Company Secretary, as the Compliance Officer of the Exchange under the SEBI ICDR Regulations and SEBI Listing Regulations. For details, see "*General Information*" beginning on page 60.

The Exchange has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus. Further, no investor complaint in relation to the Exchange is pending as on the date of filing of this Draft Red Herring Prospectus.

None of our Group Companies nor any of our Subsidiaries are listed on any stock exchange.

Disposal of Investor Grievances by the Exchange

The Exchange estimates that the average time required by the Exchange or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 15 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Exchange will seek to redress these complaints as expeditiously as possible.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued and transferred pursuant to this Offer are subject to the provisions of the Companies Act, the SCRA, the SCRR, the SECC Regulations, the SEBI ICDR Regulations, the SEBI Listing Regulations, our Memorandum of Association and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, CAN, the Allotment Advice and other documents or certificates that may be executed in respect of this Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities offered from time to time by SEBI, the GoI, the Stock Exchanges, the RoC, the RBI, and/or other authorities, as in force on the date of this Offer and to the extent applicable or such other conditions as may be prescribed by such governmental, regulatory or statutory authority while granting its approval for the Offer.

The Offer

The Offer comprises the Fresh Issue and the Offer for Sale. The fees and expenses relating to the Offer shall be shared in the proportion mutually agreed between the Exchange and each of the Selling Shareholders in accordance with applicable law. For further details, see “*Objects of the Offer – Offer expenses*” on page 78.

Ranking of the Equity Shares

The Equity Shares being issued and transferred in the Offer shall be subject to the provisions of the Companies Act, the SECC Regulations, the SCRA, the SCRR, our Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend, voting and other corporate benefits if any, declared by the Exchange after the date of Allotment in accordance with applicable law. For further details, see “*Description of Equity Shares and terms of the Articles of Association*” on page 322.

Mode of payment of dividend

The Exchange shall pay dividends, if declared, to Shareholders as per the provisions of the Companies Act, our Memorandum of Association and Articles of Association, the SECC Regulations, the SEBI Listing Regulations and other applicable law. All dividends, if any, declared by the Exchange after the date of Allotment, will be payable to the Bidders who have been allotted Equity Shares in the Offer, for the entire year, in accordance with applicable law. For further details in relation to dividends, see “*Dividend Policy*” and “*Description of Equity Shares and terms of the Articles of Association*” on pages 170 and 322, respectively.

Face value and Offer Price

The face value of the equity shares of the Exchange is ₹10 each and at any given time there shall be only one denomination of Equity Shares. The Floor Price is ₹[●] per Equity Share and the Cap Price is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share. (1) The Price Band will be decided by the Exchange, in consultation with the Selling Shareholders and the BRLMs and (2) the minimum Bid Lot for the Offer will be decided by the Exchange, in consultation with the BRLMs, and advertised in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●], and [●] editions of the Marathi daily newspaper [●] (Marathi being the regional language of Maharashtra wherein our Registered and Corporate Office is located), each with wide circulation, respectively, at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges. The Offer Price shall be determined by the Exchange, in consultation with the Selling Shareholders and the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

Compliance with disclosure and accounting norms

The Exchange shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Fit and proper persons

In terms of the SECC Regulations, no person shall, directly or indirectly, acquire or hold shares in a recognised stock exchange unless he is a fit and proper person. Accordingly, in terms of the 2016 Circular, a declaration will be included in the Bid cum Application Form confirming that the Bidder is a fit and proper person. Submission of the Bid cum Application Form will be deemed to be a confirmation by the Bidder that such Bidder satisfies the fit and proper criteria. Bidders should ensure that they confirm to the fit and proper criteria prescribed under Regulation 20 of the SECC Regulations for Bidding in the Offer. Failing the satisfaction of fit and proper criteria, the Exchange reserves the right to reject any Bid without assigning any reason thereof.

Compliance with SECC Regulations

Acquisition of 2%, and up to 5%, of the paid-up Equity Share capital

In the event that any person who, directly or indirectly, either individually or together with persons acting in concert, acquires Equity Shares such that his shareholding is in the range of 2% to 5% of the paid-up Equity Share capital of the Exchange, the approval of SEBI would be required to be sought within 15 days of such acquisition. If SEBI does not grant its approval, such person will be required to forthwith divest his excess shareholding.

Any person holding 2% or more of the paid-up equity share capital in the Exchange shall file a declaration within 15 days from the end of every financial year with the Exchange that he complies with the fit and proper criterion as specified in the SECC Regulations.

For further details in this regard, please see “*Key Regulations and Policies*” on page 126.

Acquisition of more than 5% of the paid-up Equity Share capital

No person can, at any time, directly or indirectly, either individually or together with any person acting in concert, acquire or hold more than 5% of the paid-up Equity Share capital of the Exchange subject to certain exceptions, as stated below, and prior approval of SEBI.

As per the 2016 Circular, depositories are required to have in place a mechanism to prevent credit of equity shares beyond 5% to any Shareholder of the Exchange in accordance with the SECC Regulations. The depositories are required to generate an alert when such holding exceeds 2% and monitor the same with SEBI. Further, upon breach of these limits, the Depositories are required to inform the Exchange and take such actions as laid out in the 2016 Circular, including freezing of voting rights and all corporate actions in respect of such excess shareholding until its divestment in the prescribed manner.

Accordingly, in case of Bids for such number of Equity Shares, as may result in the shareholding of a Bidder (either directly or indirectly, by himself or acting in concert with other persons and including existing shareholding, if any) exceeding 5% of the post-Offer paid-up Equity Share capital of the Exchange, such Bidder is required to submit a clear legible copy of the approval obtained from SEBI in this regard with the Registrar at least one Working Day prior to finalization of the Basis of Allotment. All Allotments to such Bidders shall be in accordance with, and subject to, the conditions contained in such SEBI approval.

The Basis of Allotment is expected to be finalised on or around [●]. In case of any failure by such Bidder to submit the requisite approval within the above time period, the Exchange may Allot the maximum number of Equity Shares, as adjusted for the Bid Lot (and in case of over-subscription in the Offer, after making applicable proportionate allocation for the Equity Shares Bid for), that will limit the aggregate shareholding of the Bidder (either directly or indirectly, by itself or acting in concert with other persons and including existing shareholding, if any) to 5% of the post-Offer paid-up Equity Share capital of the Exchange.

Please note that the Exchange, the Selling Shareholders, the Book Running Lead Managers and the Registrar will rely strictly and solely on SEBI approvals received from the Bidders for making any Allotments to any

Bidders that would result in such shareholding exceeding 5% of the post-Offer paid-up Equity Share capital of the Exchange. The Exchange, the Selling Shareholders the Registrar and the Book Running Lead Managers will not exercise any discretion or judgment in identifying the group of any Bidder and will not be responsible, directly or indirectly, for the consequences of any Bidder and persons acting in concert with such Bidder, acquiring any Equity Shares that would result in such shareholding exceeding 5% of the post-Offer paid up Equity Share capital of the Exchange, without a valid and subsisting SEBI approval.

Entities permitted to hold more than 5% of the paid-up Equity Share capital

As stated above, the SECC Regulations permits stock exchanges, depositories, banking companies, insurance companies, and public financial institutions to acquire or hold, up to 15% of the paid-up Equity Share capital of the Exchange, provided that such entities are resident entities. However, if the shareholding of such entities exceeds 5% but does not exceed 15% of the paid-up Equity Share capital of the Exchange, then prior approval of SEBI would be required.

Further, no person resident outside India, directly or indirectly, either individually or together with persons acting in concert, shall acquire or hold more than 5% percent of the paid-up Equity Share capital of the Exchange. However, foreign stock exchanges, foreign depositories, foreign banking companies, foreign insurance companies, foreign commodity derivatives exchanges and bilateral or multilateral financial institutions approved by the Central Government, may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, up to 15% of the paid-up Equity Share capital of the Exchange, provided that such persons shall mean persons recognised / incorporated outside India and if the shareholding of such entities exceeds 5% but does not exceed 15% of the paid-up Equity Share capital of the Exchange, then prior approval of SEBI would be required.

Restrictions on shareholding in a recognised stock exchange

The SECC Regulations mandate that, subject to the limits as otherwise prescribed by the Central Government from time to time, the combined holding of all persons resident outside India in the paid-up Equity Share capital of the Exchange cannot exceed, at any time, beyond 49% percent of the total paid-up Equity Share capital of the Exchange.

The SECC Regulations restricts clearing corporations from holding any right, stake or interest, of whatsoever nature, in any recognised stock exchange.

Additionally, the SECC Regulations mandate that at least 51% of the paid-up equity share capital of a recognised stock exchange should be held by the public. The term 'public' has been defined under the SECC Regulations to include any member or section of the public but does not include any trading member or clearing member or their associates and agents.

In accordance with the 2016 Circular, the Depositories are required to have in place the necessary systems to ensure that the shareholding of trading members or their associates and agents does not exceed 49%.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles of Association, our Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy or 'e-voting', in accordance with the provisions of the Companies Act;
- The right to receive offers for Equity Shares pursuant to rights issues and be allotted Equity Shares pursuant to bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares, subject to applicable law; and

- Such other rights, as may be available to a shareholder of a listed public company under applicable law, including the Companies Act, SECC Regulations, the terms of the SEBI Listing Regulations, and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see “*Description of Equity Shares and terms of the Articles of Association*” on page 322. For restrictions in shareholding applicable to the Exchange, please see “*Key Regulations and Policies*” on page 126.

Allotment of Equity Shares in dematerialised form

Pursuant to Section 29 of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. Further, Regulation 46 of the SECC Regulations requires securities of a recognised stock exchange and clearing corporation to be in dematerialised form. Hence, the Equity Shares offered through the Red Herring Prospectus can be applied for in dematerialised form only.

Market lot and trading lot

Further, the trading of our Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment of Equity Shares will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

Joint holders

Subject to provisions contained in our Articles of Association, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Jurisdiction

The courts of Mumbai, India, will have exclusive jurisdiction in relation to this Offer.

Period of operation of subscription list

See “*Offer Structure – Bid/Offer Programme*” on page 303.

Nomination facility to investors

In accordance with Section 72 of the Companies Act read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered and Corporate Office or with the registrar and transfer agent of the Exchange.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act as mentioned above, shall, upon the production of such evidence as may be required by our Board/Committee, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there shall be no requirement for a separate nomination with the Exchange. Nominations registered with the respective Depository Participant of the Applicant will prevail. If investors wish to change their nomination, they are requested to inform their respective Depository Participant.

Minimum subscription

In the event the Exchange does not receive (i) a minimum subscription of 90% of the Fresh Issue and (ii) subscription in the Offer equivalent to at least the minimum number of securities as specified under Rule 19(2)(b)(i) of the SCRR, including through devolvement of Underwriters, as applicable, within 60 days from the date of Bid/Offer Closing Date, or if the subscription level falls below the threshold under Rule 19(2)(b)(i) of the SCRR mentioned above, after the Bid/Offer Closing Date, on account of withdrawal of applications or after technical rejections, or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares being offered under the Red Herring Prospectus, the Exchange shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after the Exchange becomes liable pay the amount, the Exchange and every Director of the Exchange who are officers in default, shall pay interest at the rate of 15% per annum. Further, if at least 75% of the Offer is not Allotted to QIBs, the Bid Amounts received shall be refunded by the Exchange in accordance with applicable law.

The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Offer, after meeting the minimum subscription requirement of 90% of the Fresh Issue, the balance subscription in the Offer will be undertaken in a manner agreed to amongst the Exchange and the Selling Shareholders, subject to applicable law.

Under-subscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories at the discretion of the Exchange, in consultation with the BRLMs and the Designated Stock Exchange.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, the Exchange shall ensure that the number of prospective Allottees will be not less than 1,000.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restriction on transfer and transmission of shares

Except for (i) the lock-in of the pre-Offer Equity Shares, and (ii) Allotments made to Anchor Investors pursuant to the Offer, and (iii) as provided in Articles of Association, there are no restrictions on transfers and transmission of Equity Shares or on their consolidation or splitting. See, "*Description of Equity Shares and terms of the Articles of Association*" at page 322.

Option to receive Equity Shares in dematerialized form

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

Withdrawal of the Offer

The Exchange, in consultation with the BRLMs, reserve the right not to proceed with the entire or portion of the Offer for any reason at any time after the Bid/Offer Opening Date but before the Allotment. In such an event, the Exchange would issue a public notice in the same newspapers, in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time prescribed by SEBI, providing reasons for such a decision. Further, the Stock Exchanges shall be informed promptly in this regard by the

Exchange and the BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. In the event of withdrawal of the Offer and subsequently, plans of a fresh offer are made by the Exchange, a fresh draft red herring prospectus shall be submitted to SEBI.

Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which the Exchange shall apply for after Allotment and within six Working Days or such other period as may be prescribed, and the final RoC approval of the Prospectus after it is filed with the RoC.

OFFER STRUCTURE

Initial public offering of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share, aggregating up to ₹[●] million, comprising a fresh issue of up to [●] Equity Shares by the Exchange, aggregating up to ₹1,000 million and an offer for sale of up to 14,453,774 Equity Shares by the Selling Shareholders, aggregating up to ₹[●] million. The Offer shall constitute at least 25% of the post-Offer paid-up Equity Share capital of the Exchange.

The Offer is being made through the Book Building Process.

Particulars	QIBs ⁽¹⁾	Non-Institutional Bidders	RIBs
Number of Equity Shares available for Allotment / Allocation ⁽²⁾	Not less than [●] Equity Shares.	Not more than [●] Equity Shares available for allocation or Offer less allocation to QIBs and RIBs.	Not more than [●] Equity Shares available for allocation or Offer less allocation to QIBs and Non-Institutional Bidders.
Percentage of Offer available for Allotment/Allocation	At least 75% of the Offer shall be available for allocation to QIB Bidders. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available for allocation to QIBs.	Not more than 15% of the Offer less allocation to QIBs and RIBs.	Not more than 10% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders.
Basis of Allotment/ Allocation if respective category is oversubscribed	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per	Proportionate.	Allotment to each RIBs shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis.

Particulars	QIBs ⁽¹⁾	Non-Institutional Bidders	RIBs
	(a) above. The Exchange, in consultation with the and BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price on a discretionary basis, out of which at least one-third will be available for allocation to Mutual Funds only.		
Minimum Bid	Such number of Equity Shares in multiples of [●] so that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares in multiples of [●] so that the Bid Amount exceeds ₹200,000.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares in multiples of [●] so that the Bid does not exceed the size of the Offer, subject to applicable limits.	Such number of Equity Shares in multiples of [●] so that the Bid does not exceed the size of the Offer (excluding the QIB portion), subject to applicable limits.	Such number of Equity Shares in multiples of [●] so that the Bid Amount does not exceed ₹200,000.
Mode of Allotment	Compulsorily in dematerialised form.		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.		
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Shares. For RIBs, [●] Equity Shares and in multiples of one Equity Share thereafter, subject to availability in the Retail Portion.		
Trading Lot	One Equity Share.		
Who can Apply ⁽³⁾	Mutual Funds, Venture Capital Funds, AIFs, FVCIs, FPIs (other than individuals, corporate bodies and family offices), public financial institutions as defined in Section 2(72) of the Companies Act, a scheduled commercial bank, multilateral and bilateral development financial institution, state industrial development corporation, insurance company registered with the Insurance	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts and any FPIs who are individuals, corporate bodies and family offices which are re-categorised as Category II FPIs and registered with SEBI.	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs.

Particulars	QIBs ⁽¹⁾	Non-Institutional Bidders	RIBs
	Regulatory and Development Authority, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million, National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India and SI - NBFC.		
Terms of Payment	<p><i>In case of Anchor Investors:</i> Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid. However, in the event that the Offer Price is higher than the Anchor Investor Allocation Price the difference shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN.</p> <p><i>In case of all other Bidders:</i> Full Bid Amount shall be blocked by SCSBs or under the UPI Mechanism, as applicable in the bank account of the Bidders that is specified in the ASBA Form at the time of submission of the ASBA Form.</p>		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).	Only through the ASBA process.	Only through the ASBA process.

⁽¹⁾ The Exchange may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For further details, see "Offer Procedure" on page 305.

⁽²⁾ Subject to valid Bids being received at or above the Offer Price. The Offer is being made in terms of Rule 19(2)(b)(i) of the SCRR read with Regulation 45 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers. Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to all QIBs. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion, the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of the Exchange, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, please see "Terms of the Offer" on page 294.

⁽³⁾ In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. The Exchange reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Bidders will be required to confirm and will be deemed to have represented to the Exchange, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Allocation for all categories shall be subject to restrictions as prescribed in the SECC Regulations. For further details, see “Key Regulations and Policies” on page 126.

Bid/Offer Programme

BID/ OFFER OPENS ON*	[●]
BID/ OFFER CLOSES ON**	[●]

*The Exchange may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. Anchor Investors shall Bid on the Anchor Investor Bidding Date.

** The Exchange may, in consultation with the Selling Shareholders and the BRLMs, consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account	[●]
Credit of the Equity Shares to depository accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchanges	[●]

The above timetable is indicative and does not constitute any obligation on the Exchange, the Selling Shareholder or the BRLMs. While the Exchange shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date or such period as may be prescribed, the timetable may change due to various factors, such as extension of the Bid/ Offer Period by the Exchange, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each Selling Shareholder, severally and not jointly confirms that it shall extend complete co-operation required by the Exchange and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date, or within such other period as may be prescribed.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m. (IST)** during the Bid/Offer Period (except on the Bid/Offer Closing Date) at the Bidding Centres as mentioned on the Bid cum Application Form **except that:**

- (i) on the QIB Bid/Offer Closing Date, in case of Bids by QIBs under the Net QIB Portion, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 4.00 p.m. (IST);
- (ii) on the Bid/Offer Closing Date:
 - (a) in case of Bids by Non-Institutional Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 4.00 p.m. (IST); and
 - (b) in case of Bids by RIBs, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. (IST), which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges.

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system or in respect of which full Bid Amount is not blocked by SCSBs and under the UPI Mechanism, as the case maybe, will be rejected.

Due to limitation of the time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (IST) on the Bid/Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are

received on the Bid/Offer Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation under this Offer. Bids will only be accepted on Working Days. Investors may please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges. Neither the Exchange, nor the Selling Shareholders, nor any member of the Syndicate is liable for any failure in uploading or downloading the Bids due to faults in any software / hardware system or otherwise.

The Exchange, in consultation with the Selling Shareholders and the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI ICDR Regulations. In such an event, the Cap Price shall not be more than 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price, as advertised at least five Working Days before the Bid/Offer Opening Date.

In case of any revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical ASBA Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

OFFER PROCEDURE

All Bidders should review the General Information Document, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.

SEBI, through its circulars dated November 1, 2018 (SEBI/HO/CFD/DIL2/CIR/P/2018/13) as modified by way of SEBI's circular dated April 3, 2019 (SEBI/HO/CFD/DIL2/CIR/P/2019/50) and circular dated June 28, 2019 (SEBI/HO/CFD/DIL2/CIR/P/2019/76), has introduced an additional payment mechanism using Unified Payments Interface ("UPI") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI mechanism for RIBs applying through Designated Intermediaries were made effective along with the existing process and existing timeline of T+6 days. The same was effective till June 30, 2019 ("UPI Phase I"). With effect from July 1, 2019, with respect to applications by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI mechanism with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later ("UPI Phase II"). Further, as per the SEBI circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, the UPI Phase II has been extended until March 31, 2020. Subsequently, the final reduced timeline of T+3 will be made effective using the UPI mechanism for applications by RIBs ("UPI Phase III"), as may be prescribed by SEBI.

The Exchange, the Selling Shareholders and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

The procedure set forth in this section is based on the assumption that the Offer will be under UPI Phase II. However, if the Bid/ Offer Opening Date falls after UPI Phase III becoming applicable in accordance with any circular(s) issued by SEBI from time to time, the Offer will be undertaken in accordance with the framework made applicable by SEBI through such circular(s).

The Exchange, Selling Shareholders and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI mechanism for application in this Offer.

Book Building Procedure

The Offer is being made through the Book Building Process, in accordance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than or at least 75% of the Offer shall be available for allocation to QIBs on a proportionate basis provided that the Exchange may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for them, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. Further, such number of Offered Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not more than 15 % of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10 % of the Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price.

Under-subscription, if any, in any category, except the QIB Category, would be allowed to be met with spill-over from any other category or categories, as applicable, at the discretion of the Exchange, in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN and UPI ID (for RIB Bidders bidding using the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Phased implementation of Unified Payments Interface

SEBI has issued circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019. SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 (collectively the “UPI Circulars”) in relation to streamlining the process of public issue of equity shares and convertibles. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019, or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and the continuation of this phase has been extended until March 31, 2020. Under this phase, submission of the ASBA Form by RIBs through intermediaries to SCSBs for blocking of funds has been discontinued and is replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing is proposed to be reduced to three Working Days.

For further details, please refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

Copies of the Bid cum Application Form and the abridged prospectus will be available with the Designated Intermediaries at relevant Bidding Centres and at the Registered and Corporate Office. The ASBA Forms will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date. Anchor Investor Application Forms shall be available at the offices of the BRLMs at least one day prior to the Anchor Investor Bidding Date.

Bidders (other than RIBs bidding using the UPI Mechanism and Anchor Investors) must provide bank account details and authorisation by the ASBA bank account holder to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Form that does not contain such detail are liable to be rejected.

RIBs bidding using the UPI mechanism must provide the UPI ID in the relevant space provided in the ASBA Form and the ASBA Form that does not contain the UPI ID are liable to be rejected. The Sponsor Bank shall provide details of the UPI linked bank account of the Bidders to the Registrar to the Offer for purpose of reconciliation.

RIBs submitting a Bid-cum Application Form to any Designated Intermediary (other than SCSBs) should ensure that only the UPI ID is mentioned in the field for payment details in the Bid cum Application Form. ASBA Forms submitted by RIBs to Designated Intermediary (other than SCSBs) with ASBA Account details are liable to be rejected.

Further, such Bidders (other than Anchor Investors) including RIBs using UPI Mechanism, shall ensure that the Bids are submitted at the Bidding Centres only on ASBA Forms bearing the stamp of a Designated Intermediary (except in case of electronic Bid-cum Application Forms) and ASBA Forms (except electronic Bid-cum-Application Forms) not bearing such specified stamp may be liable for rejection. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or under the UPI mechanism, or the Sponsor Banks applicable, at the time of submitting the Bid. Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from a RIB who is not Bidding using the UPI Mechanism.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form *
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis ^	[●]
Non-Residents including FPIs and Eligible NRIs, FVCIs and registered bilateral and multilateral development financial institutions applying on a repatriation basis ^	[●]
Anchor Investors **	[●]

* Excluding electronic Bid cum Application Forms

**Anchor Investor Application Forms will be made available at the office of the BRLMs.

^ Electronic Bid cum Application forms will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com).

In case of ASBA Forms, Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Form (except the ASBA Form from RIBs using the UPI mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank. For RIBs using UPI mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from a RIB who is not Bidding using the UPI Mechanism.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act), pursuant to the private placement exemption set out in Section 4(a) of the U.S. Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Who can Bid?

In addition to the category of Bidders set forth in the General Information Document, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- FPIs eligible under applicable law;
- Scientific and/or industrial research organisations in India, which are authorised to invest in equity

- shares; and
- Any other person eligible to Bid in this Offer, under the laws, rules, regulations, guidelines and policies applicable to them.

In terms of the SECC Regulations and the SEBI circular dated January 1, 2016, all shareholders are required to ensure compliance with the provisions of the SECC Regulations, including meeting the fit and proper criteria. Accordingly, as prescribed under the SEBI circular dated January 1, 2016, a declaration will be included in the Bid cum Application Form stating that the Bidder is fit and proper, in terms of Regulations 19 and 20 of the SECC Regulations. Submission of the Bid cum Application Form will be deemed to be a confirmation by the Bidder that such Bidder satisfies the fit and proper criteria. Bidders should ensure that they conform to the fit and proper criteria prescribed under the SECC Regulations while Bidding in the Offer. The SEBI circular dated January 1, 2016 also provides that upon commencement of trading in the Equity Shares, declaration of compliance with the fit and proper criteria will be included in the contract notes in relation to trades in the Equity Shares. For further details, please see “*Terms of the Offer*” on page 294.

Participation by associates and affiliates of the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Offer, either in the Net QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, and such Bid subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither the BRLMs or any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of BRLMs or AIFs sponsored by the entities which are associates of the BRLMs or FPIs other than individuals, corporate bodies and family offices, sponsored by the entities which are associates of the BRLMs) shall apply in the Offer under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

The Selling Shareholders will not participate in the Offer except to the extent of the Offered Shares.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, the Exchange reserves the right to reject any Bid without assigning any reason therefore.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made. In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights. No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme.

Bids by HUFs

Bids by HUFs, in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the ASBA Form as follows: “Name of sole or first Bidder/Applicant: XYZ

Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of ASBA Form from the BRLMs, Syndicate Members and sub-syndicate members at select locations as specified in the ASBA Form. Eligible NRI Bidders bidding on a repatriation basis should authorise their SCSB or should confirm/accept the UPI Mandate Request (in case of RIBs using the UPI Mechanism) to block their Non-Resident External ("NRE") accounts or Foreign Currency Non-Resident ("FCNR") accounts, and eligible NRI Bidders bidding on a non-repatriation basis should authorise their SCSB or should confirm/accept the UPI Mandate Request (in case of RIBs Bidding using the UPI Mechanism) to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the ASBA Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents.

Participation by Eligible NRIs in the Offer shall be subject to the FEMA Rules.

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of equity shares to a single FPI or an investor group (which means multiple entities having common ownership, directly or indirectly, of more than fifty percent. or common control) must be below 10% of the post-issue equity share capital of a company. Further, in terms of FEMA Rules, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of a company and the total holdings of all FPIs put together shall not exceed 24% of the total paid-up equity share capital of a company. In terms of FEMA, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The aggregate limit of 24% may be increased up to the sectoral cap, if any by way of a resolution passed by the board of directors followed by a special resolution passed by the shareholders of a company.

Additionally, the aggregate foreign portfolio investment up to 24% of the paid-up capital on a fully diluted basis or the sectoral/statutory cap, whichever is lower, does not require Government approval or compliance of sectoral conditions as the case may be, if such investment does not result in transfer of ownership and control of the resident Indian company from resident Indian citizens or transfer of ownership or control to persons resident outside India. Other investments by a person resident outside India will be subject to conditions of Government approval and compliance of sectoral conditions as laid down in these regulations.

The existing individual and aggregate investment limits for FPI investment in the Exchange is 10% and 24% respectively. In accordance with the FEMA Rules, with effect from April 1, 2020, the aggregate investment limit shall be the sectoral cap applicable to the Exchange, i.e. 49%. For details of restrictions on foreign ownership of Indian securities, see "*Restrictions on Foreign Ownership of Indian Securities*" beginning on page 321.

Further, pursuant to the Master Directions on Foreign Investments in India issued by the RBI dated January 4, 2018, as amended on April 6, 2018, the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid up value of each series of debentures or preference shares or warrants.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons

registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms as prescribed by SEBI; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to *inter alia* the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with Regulation 21(1) of the SEBI FPI Regulations (as mentioned in points (i) to (iv), above); and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission. Neither the Exchange, the Selling Shareholders nor the BRLMs will be responsible for any loss that may be incurred by the Bidder on account of conversion of foreign currency.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations, *inter-alia*, prescribe the respective investment restrictions on the FVCIs, VCFs and AIFs registered with SEBI. Accordingly, the holding by any individual VCF or FVCI registered with SEBI, in any company should not exceed 25% of the corpus of the VCF. Further, VCFs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

Category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus of the fund in one investee company. A VCF registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations.

Participation of AIFs, VCFs and FVCIs shall be subject to the FEMA.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, the Exchange reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which the Exchange reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended ("**Banking Regulation Act**"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 (the "**Financial Services Directions**"), is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a

company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to *inter alia* make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed under 5(b) (i) of the Financial Services Directions), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a) (v) (c) (i) of the Financial Services Directions. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

The above investment limits shall be subject to the shareholding restrictions contained in the SECC Regulations.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by SI-NBFC

In case of Bids made by SI-NBFC, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid cum Application Form. Failing this, the Exchange reserves the right to reject any Bid, without assigning any reason thereof. SI-NBFC participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, the Exchange reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers is prescribed in Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 ("**IRDAI Investment Regulations**") are set forth below:

- (i) equity shares of a company: the lower of 10%* of the investee company's outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer/investment assets in case of a general insurer or a reinsurer;
- (ii) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or a reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (iii) the industry sector in which the investee company operates: not more than 15% of the respective fund of a life insurer or general insurance or 15% of the investment assets, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (i), (ii) or (iii) above, as the case may be.

**The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Insurer companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time including the IRDAI Investment Regulations.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with minimum corpus of ₹250 million and pension funds with a minimum corpus of ₹250 million, in each case, subject to applicable law and in accordance with their respective constitutional documents. A certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws as applicable must be lodged along with the Bid cum Application Form. Failing this, the Exchange reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

The Exchange, in consultation with the BRLMs, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that the Exchange, in consultation with the BRLMs, may deem fit, without assigning any reasons thereof.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below.

- (i) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs at least one day prior to the Anchor Investor Bidding Date.
- (ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund may be aggregated to determine the minimum application size of ₹100 million.
- (iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- (iv) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date, i.e., the Anchor Investor Bidding Date, and will be completed on the same day.
- (v) the Exchange, in consultation with the BRLMs may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
 - (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100 million;
 - (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million, subject to a minimum Allotment of ₹50 million per Anchor Investor; and
 - (c) in case of allocation above ₹2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum allotment of ₹50 million per Anchor Investor.
- (vi) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/ Offer Opening Date, through intimation to the Stock Exchanges.
- (vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- (viii) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the

Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Allocation Price.

- (ix) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- (x) Neither the BRLMs or any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLM or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices, sponsored by the entities which are associate of the BRLMs) shall apply in the Offer under the Anchor Investor Portion. For details, see “- *Participation by associates and affiliates of the BRLMs and the Syndicate Members*” on page 308.
- (xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.
- (xii) For more information, see the General Information Document.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, the Exchange reserves the right to reject any Bid, without assigning any reason therefor.

The above information is given for the benefit of the Bidders. The Exchange, the Selling Shareholders and the members of Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulation or as specified in the Red Herring Prospectus and Prospectus.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in the Offer.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, the Exchange will, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all edition of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Marathi newspaper, Marathi also being the regional language of Maharashtra where the Registered and Corporate Office is located). The Exchange shall, in the pre-Offer advertisement state the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB Bid/Offer Closing Date if any. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Signing of Underwriting Agreement and filing of Prospectus with the RoC

The Exchange and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters on or immediately after the finalisation of the Offer Price. After signing the Underwriting Agreement, the Exchange will file the Prospectus with the RoC, in accordance with applicable law. The Prospectus will contain details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and will be complete in all material respects.

GENERAL INSTRUCTIONS

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until Bid/Offer Closing Date. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;
6. In case of joint Bids, ensure that the first applicant is the ASBA Account holder, (or the UPI-linked bank account holder, as the case may be) and the signature of the first applicant is included in and also signs the Bid cum Application Form;
7. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than RIBs bidding using the UPI mechanism) in the Bid cum Application Form;
8. RIBs bidding using the UPI Mechanism should ensure that the correct UPI ID is mentioned in the ASBA Form;
9. RIBs bidding using the UPI Mechanism should ensure that they use only their own bank account linked UPI ID to make an Bid in the issue;
10. RIBs submitting a Bid cum Application Form using the UPI Mechanism, should ensure that the bank where the bank account linked to their UPI ID is maintained along with the application and UPI handle being used for making the Bid is listed on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>;
11. RIBs not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;
12. RIBs submitting a Bid-cum Application Form to any Designated Intermediary (other than SCSBs) should ensure that only UPI ID is included in the Field for payment details in the Bid cum Application Form;
13. RIBs bidding shall ensure that the bank, with which it has its bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI;
14. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
15. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the ASBA Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
16. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
17. Ensure Bidders, other than RIBs using the UPI Mechanism, shall ensure that they have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;
18. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

19. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;
20. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
21. Ensure that Anchor Investors submit their Anchor Investor Application Form only to the BRLMs;
22. Ensure that the Demographic Details are updated, true and correct in all respects;
23. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
24. Ensure that the correct investor category and the investor status is indicated in the Bid cum Application Form;
25. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;
26. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
27. Ensure that the depository account is active, the correct DP ID, Client ID and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository database;
28. Ensure that where the Bid cum Application Form is submitted in joint names, the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;
29. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors) is submitted to a Designated Intermediary in a Bidding Centre and in case of Bidding through a Designated Intermediary (other than for Anchor Investors) the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in) or such other websites as updated from time to time;
30. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
31. For RIBs bidding using the UPI mechanism, ensure that you approve the Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment, in a timely manner;
32. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorisation of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment

containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorise the SCSB to block the Bid Amount mentioned in the ASBA Form; and to the other Sponsor Bank to issue debit instruction in as of allotment up to the entire Bid Amount.

33. RIBs bidding using the UPI Mechanism should mention valid UPI ID of only the Applicant (in case of single account) and of the first Applicant (in case of joint account) in the ASBA Form;
34. RIBs bidding using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of Allotment in a timely manner; and
35. Bids by Eligible NRIs and HUFs for a Bid Amount of less than ₹200,000 would be considered under the Retail Portion, and Bids for a Bid Amount exceeding ₹200,000 would be considered under the Non-Institutional Portion, for the purposes of allocation in the Offer.
36. In the event that your Bid results in your shareholding (either directly or indirectly, by yourself or acting in concert with other persons and including existing shareholding, if any) exceeding 2% of the post-Offer paid-up equity share capital of the Exchange, you shall seek the approval of SEBI in accordance with the provisions of the SECC Regulations within 15 days from the date of Allotment; and
37. In the event that your Bid results in your shareholding (either directly or indirectly, by yourself or acting in concert with other persons and including existing shareholding, if any) exceeding 5% of the post-Offer paid-up Equity Share capital of the Exchange, submit the approval obtained from SEBI with the provisions of the SECC Regulations with the Registrar, at least one Working Day prior to finalisation of the Basis of Allotment. In case of any failure in submitting the requisite approval within the time period, the Exchange may Allot the maximum number of Equity Shares, as adjusted for the Bid Lot (and in case of over-subscription in the Offer, after making applicable proportionate allocation for the Equity Shares Bid for), that will limit the aggregate shareholding of the Bidder (either directly or indirectly, by itself or acting in concert with other persons and including existing shareholding, if any) to 5% of the post-Offer paid-up Equity Share capital of the Exchange.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form or the Anchor Investor Application Form, as the case maybe, after you have submitted a Bid to a Designated Intermediary;
4. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
5. RIB should not submit a Bid using the UPI Mechanism, unless the name of the bank where the bank account linked to your UPI ID is maintained, is listed on the website of the SEBI a <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>;
6. RIB should not submit a Bid using the UPI Mechanism, using an application or UPI handle, not listed on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>;
7. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
8. Anchor Investors should not Bid through the ASBA process;
9. Do not submit the Bid cum Application Forms to any non-SCSB bank or the Exchange or at a location other than the Bidding Centres. Provided that RIBs not using the UPI Mechanism should not submit Bid cum Application Forms with Designated Intermediaries (other than SCSBs);

10. Do not Bid on a physical ASBA Form that does not have the stamp of the relevant Designated Intermediary;
11. Do not Bid at Cut-off Price in case of Bids by QIBs and Non-Institutional Investors;
12. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
13. If you are a Non-Institutional Investor or a Retail Individual Investor, do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;
14. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/ Offer Closing Date;
15. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
16. Do not Bid for a Bid Amount exceeding ₹200,000 for Bids by Retail Individual Investors;
17. Do not submit the General Index Register (GIR) number instead of the PAN;
18. Do not submit incorrect UPI ID details if you are a RIB bidding through the UPI Mechanism;
19. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
20. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account;
21. Do not submit more than one Bid cum Application Form per ASBA Account;
22. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs bidding through the Designated Intermediaries using the UPI Mechanism;
23. Do not submit Bids to a Designated Intermediary at a location other than Specified Locations;
24. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
25. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
26. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
27. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIB Bidder using the UPI mechanism;
28. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
29. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
30. Do not submit a Bid cum Application Form using a third party bank account or using third party linked bank account UPI ID (in case of Bids submitted by RIBs using the UPI mechanism); and
31. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if any of the above instructions or any other condition mentioned in the Red Herring Prospectus, as applicable, is not complied with.

Grounds for Technical Rejections

In addition to the grounds for rejection of Bids on technical grounds as provided in the General Information Document, Bidders are requested to note that Bids may be rejected on the following additional technical grounds:

1. Bid submitted without instruction to the SCSB to block the entire Bid Amount;
2. Bids which do not contain details of the Bid Amount and the bank account or UPI ID (for RIBs using the UPI Mechanism) details in the ASBA Form;
3. Bids submitted on a plain paper;
4. Bids submitted by RIBs using the UPI Mechanism through an SCSB and/or using an application or UPI handle, not listed on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>;
5. Bids by HUFs not mentioned correctly as provided in - “Who can bid?” on page 307;
6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
7. Bids submitted without the signature of the First Bidder or sole Bidder;
8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
9. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are “suspended for credit” in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;
10. GIR number furnished instead of PAN;
11. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
12. Bids accompanied by stock invest, money order, postal order or cash; and
13. Bids by OCB.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Payment into Escrow Account

Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT) to the Escrow Accounts. The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

- (i) In case of resident Anchor Investors: “[●]”
- (ii) In case of non-resident Anchor Investors: “[●]”

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among the Exchange, the respective Depositories and the Registrar to the Offer:

- Tripartite Agreement dated July 20, 2019 among NSDL, the Exchange and the Registrar to the Offer.
- Tripartite Agreement dated December 31, 2019 among CDSL, the Exchange and Registrar to the Offer.

Undertakings by the Exchange

The Exchange undertakes the following:

- (i) that if the Exchange or the Selling Shareholders do not proceed with the Offer after the Bid/Offer Closing Date, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- (ii) that if the Exchange and the Selling Shareholders withdraw the Offer after the Bid/Offer Closing Date, the Exchange shall be required to file a fresh offer document with the SEBI, in the event the Exchange or the Selling Shareholders subsequently decides to proceed with the Offer;
- (iii) that the allotment of Allotment Advice/refund confirmation to Eligible NRIs shall be dispatched within specified time;
- (iv) that the complaints received in respect of the Offer shall be attended to by the issuer expeditiously and satisfactorily;
- (v) that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within the period prescribed by the SEBI;
- (vi) that the issuer shall apply in advance for the listing of equities on the conversion of debentures/ bonds;
- (vii) that the funds required for making refunds/unblocking to unsuccessful applicants as per the mode(s) disclosed shall be made available to the registrar to the issue by the issuer;
- (viii) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the specified period of closure of the issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- (ix) that no further issue of securities shall be made till the securities offered through the offer document are listed or till the application monies are refunded on account of non-listing, under subscription, etc., other than as disclosed in accordance with Regulation 19;
- (x) that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalising the basis of allotment;

Undertakings by Selling Shareholders

Each of the Selling Shareholders, severally and not jointly, undertakes the following in respect of itself and its respective portion of the Offered Shares:

- (i) the Equity Shares offered pursuant to the Offer for Sale have been held for a period of at least one year prior to the date of the Draft Red Herring Prospectus and are eligible for being offered in the Offer for Sale as required under the SEBI ICDR Regulations;

- (ii) that the respective portion of the Offered Shares are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or encumbrances and are eligible for Offer in accordance with Regulation 26(6) of the SEBI ICDR Regulations and shall continue to be in dematerialised form at the time of transfer;
- (iii) that it is the legal owner of and has full title to its portion of the Offered Shares;
- (iv) that it shall provide all support and cooperation as may be reasonably requested by the Exchange and the BRLMs to the extent such support and cooperation is in relation to its portion of the Offered Shares and in relation to the completion of the Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders (as applicable) to the requisite extent of its portion of the Offered Shares;
- (v) it shall not have any recourse to the proceeds of the Offer, until final listing and trading approvals have been received from the Stock Exchanges;
- (vi) that it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer, except as permitted under applicable law;
- (vii) that it shall not offer, lend, pledge, create lien, charge, encumber, sell, contract to sell or otherwise transfer or dispose of, directly or indirectly, any of its portion of Offered Shares;
- (viii) that it has authorised the Exchange and the Registrar to deal with, on its behalf, with any investor grievances or complaints received in relation to the Offer and will provide all assistance as may be required by the Exchange, in redressal of such investor grievances that pertain to its portion of Offered Shares and itself; and
- (ix) that it shall transfer its portion of the Offered Shares to an escrow demat account in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Utilisation of Offer Proceeds

The Exchange and the Selling Shareholders severally and not jointly, specifically confirm and declare that all monies received from the Offer shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is governed through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the Foreign Investment Promotion Board (“FIPB”). Accordingly, the process for foreign direct investment (“FDI”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the DPIIT, as stated in the memorandum by the Ministry of Finance, Department of Economic Affairs dated June 5, 2017, which has notified the specific ministries handling relevant sectors.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The DIPT issued the Consolidated Foreign Direct Investment Policy notified by the D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017, with effect from August 28, 2017 (the “**FDI Policy**”), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPT that were in force and effect prior to August 28, 2017. The Government of India proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy will be valid until the DIPT issues an updated circular.

The SECC Regulations further state that, subject to the limits as otherwise prescribed by the Central Government from time to time, the combined holding of all persons resident outside India in the paid-up equity share capital of a recognised stock exchange cannot exceed, at any time, beyond 49% percent of its total paid-up equity share capital of the recognised stock exchange.

In addition to the above, no person resident outside India, directly or indirectly, either individually or together with persons acting in concert, shall acquire or hold more than 5% percent of the paid-up equity share capital in a recognised stock exchange. However, foreign stock exchanges, foreign depositories, foreign banking companies, foreign insurance companies, foreign commodity derivatives exchanges and bilateral or multilateral financial institutions approved by the Central Government, may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, up to 15% of the paid-up equity share capital of a recognised stock exchange, provided that such persons shall mean persons recognised/ incorporated outside India, and if the shareholding of such entities exceeds 5% but does not exceed 15% of the paid equity share capital of a recognised stock exchange, then prior approval of SEBI would be required.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

For further details, see “*Offer Procedure*” beginning on page 305.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and applicable laws of the jurisdictions where such offers and sales are made.

The above information is given for the benefit of the Bidders. The Exchange, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

Pursuant to the Companies Act and the SEBI ICDR Regulations, the main provisions of our Articles of Association relating to, among others, voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalised/defined terms herein have the same meaning given to them in our Articles. Subject to our Articles, any words or expression defined in the Companies Act shall, except so where the subject or context forbids, bear the same meaning in these Articles.

Article No.	Title	Particulars
Share Capital		
4.	Authorised Share Capital	The authorised share capital of the Exchange, from time to time, would be as per clause V (a) of the Memorandum of Association.
10.	Shares at the disposal of the Directors	Subject to the provisions of the Act and these Articles, the shares in the capital of the Exchange for the time being (including any shares forming part of any increased capital of the Exchange) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with sanction of the Exchange in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the Exchange on payment in full or part of any property sold and transferred or for any services rendered to the Exchange in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Exchange in the general meeting.
11.	Directors may allot shares as fully paid-up or partly paid-up	Subject to the provisions of the Companies Act and these Articles, the Directors may allot and issue shares in the capital of the Exchange as payment or part payment for any property sold or goods transferred or machinery supplied or for services rendered to the Exchange and any shares which may be so allotted may be issued as fully paid-up or partly paid-up and if so issued shall be deemed to be fully paid-up shares or partly paid-up shares.
16.	Trusts not recognised	Except as ordered by a court of competent jurisdiction or as provided by the Companies Act, no notice of any trust, expressed or implied or constructive, shall be entered on the register of members or of debenture-holders of the Exchange.
17.	Power to modify rights of different classes of shareholders and the rights of dissentient shareholders	<p>If at any time the share capital of the Exchange is divided into different classes of shares, the rights and privileges attached to the shares of any class may, subject to provisions of the Companies Act, and whether or not the Exchange is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class.</p> <p>This Article is not to derogate from any power the Exchange would have had if this Article were omitted and the right of dissentient shareholders being holders of not less in the aggregate, than 10 per cent of the issued shares of that class, being persons who did not consent to or vote in favour of the resolution for the variation, to apply to the tribunal to have the variations or modifications cancelled as provided in Section 48 of the Companies Act.</p>
18.	Commission for	1.1 Subject to the provisions of Section 40(6) of the Companies Act and the

Article No.	Title	Particulars
	placing shares	<p>rules made there under, the Exchange may pay commission to any person in connection with the subscription or procurement of subscription to its securities, whether absolute or conditional.</p> <p>The commission may be paid out of the proceeds of the issue or the profit of the Exchange or both.</p> <p>The Exchange shall pay or agreed to be paid commission to any person at rates as mentioned under the Companies Act.</p> <p>Brokerage 1.2 The Exchange may also, on issue of such shares pay such brokerage as the Board may deem fit.</p>
19.	Certificates how to be issued	<p>The certificate of title to shares shall be issued and shall bear the signature of two Directors or persons acting on behalf of the Directors under a duly constituted power of attorney or some other persons appointed by the Board for the purpose. The certificate of such shares shall, subject to provisions of Section 56(4) of the Companies Act, be delivered in accordance with the procedure laid down in Section 20 of the Companies Act within three months after the allotment or within two months after the application for the registration of the transfer of such share as the case may be unless the conditions of issue of the shares otherwise provide; provided always that notwithstanding anything contained in these Articles, the certificate of title to shares may be executed and issued in accordance with such other provisions of the Companies Act or rules made thereunder, as may be in force for the time being and from time to time.</p>
20.	Member's right to Certificates	<p>1.1 Every Member shall be entitled without payment to one certificate in marketable lots, for all the shares of each class or denomination registered in his name or, if the Directors so approve (upon paying such fee or fees or at the discretion of the Directors without payment of fees as the Directors may from time to time determine) to several certificates, each for one or more shares of each class within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Exchange and specify the number and distinctive numbers of shares in respect of which it is issued and the amount paid thereon and shall be in such form as the Directors shall prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Exchange shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders. Where a Member has transferred a part of the shares comprised in his holding he shall be entitled to a certificate for the balance without charge.</p> <p>Any member of the Exchange shall have the right to sub-divide, split or consolidate the total number of shares held by them in any manner and to request the Exchange to provide certificate(s) evidencing such sub-division, split or consolidation.</p> <p>1.2 Notwithstanding anything contained hereinabove, the Board may, in its absolute discretion, refuse applications for sub-division or consolidation of share certificates, debenture or bond certificates, into denomination of less than marketable lot except when such sub-division or consolidation is required to be made to comply with a statutory provision or on order of a competent court of law.</p>
21.	As to issue of new certificate in place	<p>1.1 If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon</p>

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	of one defaced, lost or destroyed.	<p>production and surrender thereof to the Exchange, a new certificate may be issued in lieu thereof, and if any certificate, is lost or destroyed then upon proof thereof to the satisfaction of the Exchange and on execution of such indemnity as the Exchange deem adequate, a new certificate in lieu thereof shall be given.</p> <p>Every certificate under this Article shall be issued on payment of not exceeding fifty rupees for each certificate.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Companies Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.</p> <p>These provisions shall mutatis mutandis apply to the debentures of the Exchange.</p> <p>1.2 The manner of issue or renewal of a certificate or issue of a duplicate thereof, the form of a certificate (original or renewed) or of a duplicate thereof, the particulars to be entered in the Register of Members or in the Register of renewed or duplicate certificates, the form of such Registers, the fee on payment of which, the terms and conditions on which a certificate may be renewed or a duplicate thereof may be issued, shall be such as prescribed by the Companies (Issue of Share Certificates) Rules, 1960 or any other rules in substitution or modification thereof.</p>
28.	Amount payable at fixed time or by installments as call	If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the amount of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.
74.	Further issue of capital	<p>1.1 The new shares (resulting from an increase of capital as aforesaid) may, subject to the provisions of the Companies Act and these Articles, be issued or disposed of by the Exchange in the general meeting or by the Directors under their powers in accordance with these Articles and the following provisions:</p> <ol style="list-style-type: none"> <li data-bbox="598 1451 1394 1570">i. Such new shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Exchange in proportion as nearly as circumstances admit to the capital paid-up on those shares at the date; <li data-bbox="598 1608 1394 1727">ii. The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer, within which the offer, if not accepted, will be deemed to have been declined; <li data-bbox="598 1765 1394 1883">iii. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in clause (b) shall contain a statement of this right; <li data-bbox="598 1921 1394 2027">iv. After the expiry of time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that the person declines to accept the shares offered, the Board of Directors may dispose off them in such manner as they

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		<p>think most beneficial to the Exchange.</p> <p>1.2 Notwithstanding anything contained in subclause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.</p> <p>i. If a special resolution to that effect is passed by the Exchange in general meeting, or</p> <p>ii. Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Exchange.</p> <p>1.3 Nothing in clause (c) of sub-article (1) shall be deemed:-</p> <p>i. to extend the time within which the offer should be accepted; or</p> <p>ii. to authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.</p> <p>1.4 Nothing in this Article shall apply to the increase of the subscribed capital of the Exchange caused by the exercise of an option attached to the debentures issued or loans raised by the Exchange:</p> <p>i. To convert such debentures or loans into shares in the Exchange ; or</p> <p>ii. To subscribe for shares in the Exchange.</p> <p>Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:</p> <p>i. Either has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and</p> <p>ii. In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the Exchange in general meeting before the issue of the loans.</p>
79.	Joint holders of share	<p>Where two or more persons are registered as the holders of any share, the person first named in the Register shall be deemed the sole holder for matters connected with the Exchange subject to the following and other provisions contained in the Articles:</p> <p>i. The Exchange shall be entitled to decline to register more than three persons as the joint holders of any share.</p>

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		<p>ii. The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.</p> <p>iii. On the death of any such joint holders, the survivor(s) shall be the only person(s) recognised by the Exchange as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person(s).</p> <p>iv. Any one of such joint holders may give effectual receipts for any dividends or other monies payable in respect of such share.</p> <p>v. Only the person whose name stands first in Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive document (which expression shall be deemed to include all documents mentioned in Article 201) from the Exchange and any notice given to or document served on such person shall be deemed service on all the joint holders.</p> <p>vi. Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders are present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) in the Register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that the joint holder present at the meeting personally shall be entitled to vote in preference to a joint holder present by attorney or by proxy stands first or higher (as the case may be) in the Register in respect of such shares. Several executors or administrators of a deceased Member in whose (deceased Member's) sole name any share stand, shall for the purpose of this clause be deemed to be joint holders.</p>
186.	Buy back of own shares	Notwithstanding anything contained in these Articles, the Exchange may, when and if thought fit, buy back such of the Exchange's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be required under the provisions of the Companies Act.
Calls on Shares		
22.	Call	<p>The Board may, from time to time, make calls upon the Members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.</p> <p>Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.</p> <p>Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Exchange in a General Meeting.</p> <p>Each Member shall, subject to receiving at least fourteen days notice specifying the time or times and place of payment, pay to the Exchange, at the time or times and place so specified, the amount called on his shares.</p>

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		<p>A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.</p> <p>The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.</p>
29.	Deposit and calls, etc. to be a debt payable immediately	Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sums becomes payable.
30.	When interest on call or installment payable	<p>If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate as the Board may determine.</p> <p>The Board shall be at liberty to waive payment of any such interest wholly or in part.</p>
31.	Payment in anticipation of calls may carry interest	<p>The Board may, if it thinks fit, subject to the provisions of Section 50 of the Companies Act, agree to and receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him and upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Exchange in general meeting shall otherwise direct, twelve percent per annum, as may be agreed upon between the Board and the member paying the sum in advance.</p> <p>The Directors may at any time repay the amount so advanced upon giving to such Member one month's notice in writing; provided the Member shall not be entitled to any voting rights in respect of the monies so paid by him until the same would, but for such payment, become presently payable.</p> <p>The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Exchange.</p>
33.	Members not entitled to privileges of membership until all calls are paid	No Member shall be entitled to receive any dividend or exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any person, together with interest and expenses, if any.
Transfer and Transmission of Shares		
49.	Transfer not to be registered except on production of instrument of transfer	Subject to the provisions of Article 45 and 46, the Exchange shall register a transfer of securities of the Exchange, if in accordance with the provisions of Section 56 of the Companies Act, a proper instrument of transfer duly stamped, dated and executed by or on behalf of the transferor and the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Exchange by the transferor or the transferee within a period of sixty days from the date of execution, along with the certificate relating to the securities, or if no such certificate is in existence, along with the letter of allotment of the shares or debentures provided that where, on an application in writing made to the Exchange by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Exchange may register the transfer on such terms as to indemnity as the Board may think fit; provided further that nothing in this Article shall prejudice the power of the Exchange to register, on receipt of an intimation of transmission of any right to any securities by

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53.	Exchange's power to refuse transfer	<p>operation of law from any person to whom such right has been transmitted.</p> <p>Nothing in these Articles shall prejudice the powers of the Exchange to refuse to register the transfer /transmission of any shares, giving reasons for such refusal.</p> <p>Subject to the provisions of Companies Act, these Articles and other applicable provisions of the any act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Exchange under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Exchange. The Exchange shall within thirty days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Exchange, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Exchange on any account whatsoever except where the Exchange has a lien on shares.</p>
54.	Transferor liable until the transferee's name entered in Register	<p>The transferor shall be deemed to remain the holder of any shares until the name of the transferee is entered into the Register of Members in respect thereof.</p>
64.	Fee on transfer or transmission	<p>No fee shall be payable to the Exchange in respect of transfer or transmission of shares, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or other similar document.</p>
66.	Transmission of shares	<p>1.1 Any person who becomes a nominee by virtue of the provisions of Article 65, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either (a) to be registered himself as holder of the share or debenture, as the case may be; or (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.</p> <p>1.2 If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Exchange a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.</p> <p>1.3 All the limitations, restrictions and provisions of the Companies Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.</p> <p>1.4 A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Exchange; provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter</p>

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		withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.
70	Dematerialisation of securities	<p>1.1 Notwithstanding anything contained in these Articles, the Exchange shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.</p> <p>1.1(A) The Exchange or an investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification thereto or re-enactment thereof. The Exchange shall cause to be kept a register and index of Members in accordance with all applicable provisions of the Companies Act and the Depositories Act, 1996 with the details of Members holding Shares both in material and dematerialised form in any media as permitted by Law including any form of electronic media. The Exchange shall be entitled to keep in any State or Country outside India a branch Register of Members resident in that state or country.</p>
Forfeiture, Surrender, and Lien		
34.	If call or installment not paid, notice must be given	If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and all expenses (legal or otherwise) that may have been paid or incurred by the Exchange by reason of such non-payment.
35.	Form of Notice	The notice shall name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made and state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
36.	In default of payment shares to be forfeited	If the requisitions of any such notice as aforesaid are not complied with, any of the shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interest and expenses or the money due in respect thereof, be forfeited by resolution of the Directors to that effect. Such forfeiture shall, subject to the provisions of the Companies Act, include all dividends and/or bonus declared or any other monies payable in respect of the forfeited shares and not actually paid before the forfeiture.
37.	Application of forfeiture provisions	The provisions of the Articles as to the forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, as if the same had been payable by virtue of a call duly made and notified.
39.	Forfeited shares to be property of the Exchange and may be sold, etc.	Any share so forfeited shall be deemed to be the property of the Exchange and may be sold, reallocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Directors shall think fit.
40.	Power to annul forfeiture	At any time before a sale or disposal of any shares so forfeited, the Board may cancel the forfeiture on such terms as it thinks fit.
41.	Shareholders still liable to pay money together with interest owing at the time of forfeiture	1.1 Any Member whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Exchange all calls, instalments, interests, expenses and other monies owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rates as

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		<p>may be prescribed by the Directors and the Directors may enforce the payment of the whole or a portion thereof if they think fit but shall not be under any obligation to do so.</p> <p>1.2 The liability of such member shall cease if and when the Exchange shall have received payment in full of all such moneys in respect of the shares</p>
42.	Surrender of share(s)	The Directors may subject to the provisions of the Companies Act accept surrender of any share(s) from or for any member desirous of surrendering on such terms as they think fit.
43.	Exchange's lien on shares	<p>The Exchange shall have no lien on its fully paid shares. In the case of partly paid up shares, the Exchange shall have a first and paramount lien only for all monies (whether presently payable or not) called or payable at a fixed time in respect of such shares and on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Exchange in respect of such shares.</p> <p>Any such lien shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.</p>
44.	Enforcing lien by sale	<p>The Exchange may sell, in such manner as the Board thinks fit, any shares in which the Exchange has a lien.</p> <p>To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.</p> <p>The purchaser shall be registered as the holder of the shares comprised in any such transfer.</p> <p>The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.</p> <p>Provided that no sale shall be made unless a sum in respect of which the lien exists is presently payable or until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount, in respect of which the lien exists is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.</p>
45.	Application of proceeds of sale	The net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards the satisfaction of the debt or liability in respect whereof the lien exists so far as the same is presently payable and the residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of sale.
46.	Certificate of forfeiture	A certificate in writing under the hands of any Director, Manager or the Secretary of the Exchange that the call in respect of a share was made and that the forfeiture of the share was made by a resolution of the Directors to that effect shall be conclusive evidence of the fact stated therein as against all persons entitled to such shares.
Increase, Reduction and Alteration of Capital		
73.	Increase of Capital	The Exchange may, from time to time, in general meeting increase its share capital by the creation of new shares of such amount as it thinks expedient and the new shares shall, subject to the provisions of the Companies Act and these Articles, be created upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting creating the same shall direct and if no such directions be given, as the Directors shall determine.
77.	Reduction of capital	Subject to the provision of Section 66 of the Companies Act, the Exchange may from time to time, by special resolution, reduce its share capital in any

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		way authorized by law and in particular may pay off any paid up share capital upon the footing that it may be called up again or otherwise and may and if and so far as is necessary alter its Memorandum of Association by reducing the amount of its share capital and of its share accordingly.
78.	Division and sub-division	<p>The Exchange may in the General Meeting by ordinary resolution alter the conditions of its Memorandum of Association so as to:</p> <p>1.1 Consolidate and divide all or any of its shares into shares of larger amount than its existing shares.</p> <p>1.2 Sub-divide shares or any of them into shares of smaller amount than originally fixed by the Memorandum of Association subject nevertheless to the provisions of the Companies Act in that behalf. Subject to these Articles, the resolution by which any shares are sub-divided may determine that as between the holders of the shares resulting from such sub-division one or more of such shares may be given any preference or advantage or otherwise over the others or any other such shares.</p> <p>1.3 Cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.</p>
Meetings		
87.	Annual General Meeting	The Exchange shall in each year hold, in addition to other meetings, a general meeting which shall be styled as its "Annual General Meeting" in accordance with the provisions of Section 96 of the Companies Act.
88.	Extra-Ordinary General Meetings	All general meetings other than Annual General Meeting shall be called Extra-ordinary General Meetings.
89.	Calling of Extraordinary General Meeting	<p>1.1 The Board may, whenever they think fit, and shall, on the requisition of such number of Members of the Exchange as is hereinafter specified, forthwith proceed to call an Extra-ordinary General Meeting of the Exchange.</p> <p>1.2 The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Exchange.</p> <p>1.3 The requisition may consist of several documents in like form, each signed by one or more requisitionists.</p> <p>1.4 The number of Members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of deposit of the requisition, not less than one-tenth of such of the paid-up capital of the Exchange as at the date carries the right of voting in regard to that matter.</p> <p>1.5 Where two or more distinct matters are specified in the requisition, the provisions of sub-article (4) shall apply separately in regard to each such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that sub-article is fulfilled.</p> <p>1.6 If the Board does not, within twenty one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters, on a day not later than forty five days from the deposit of the requisition, the meeting may be called by such of the requisitionists as represent either majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Exchange as is referred to in</p>

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		<p>sub-article (4), whichever is less. However, for the purpose of this sub-article (4), the Directors shall, in the case of a meeting at which a resolution is to be proposed as a special resolution give, such notice thereof as is required by sub-section (2) of Section 189 of the Companies Act.</p> <p>1.7 A meeting called under sub-article (6) by the requisitionists or any of them:</p> <ol style="list-style-type: none"> i. shall be called in the same manner, as nearly as possible, as that in which the meetings are to be called by the Board, but ii. shall not be held after the expiration of three months from the date of the deposit of the requisition; provided that nothing contained in this sub-article shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period. <p>1.8 Where two or more persons hold any shares or interest in the Exchange jointly, a requisition, or a notice calling a meeting, signed by one or some of them only shall, for the purposes of this Article, have the same force and effect as if it had been signed by all of them.</p> <p>1.9 Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to call a meeting shall be reimbursed to the requisitionists by the Exchange and any sum so reimbursed shall be retained by the Exchange out of any sums due or to become due from the Exchange by way of fees or other remuneration for their services to such of the Directors as were in default.</p>
Votes of Members		
112.	Voting of Members	<p>Subject to any rights or restrictions for the time being attached to any class or classes of shares-</p> <p>1.1 upon a show of hands every Member of the Exchange entitled to vote and present in person or by attorney or proxy shall have one vote; and</p> <p>1.2 upon a poll or electronic voting, every Member of the Exchange who being an individual is present in person or by attorney or by proxy or being a corporation is present by a representative or proxy shall have a voting right in proportion to his share of the paid-up equity share capital of the Exchange as on the date of the meeting or on the cut-off date fixed for such purpose.</p>
113.	Voting by Corporations	<p>1.1 A corporation / institution / Exchange / organization / society, or any other body corporate, may if it is Member, by a resolution of the Board of Directors or other governing body in accordance with the provisions of Section 113 of the Companies Act, authorize such person as it thinks fit to act as its representative at any meeting of the Exchange, or at any meeting of any class of members of the Exchange.</p> <p>1.2 The production at the meeting of a copy of such resolution duly signed by one Director of such corporation or by a member of its governing body or any person authorized in this behalf and certified by him as being a true copy of the resolution shall on production at the meeting, be accepted by the Exchange as sufficient evidence of the validity of his appointment.</p> <p>1.3 A person authorised by a resolution as aforesaid shall be entitled to</p>

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		exercise the same rights and powers (including the right to vote by a proxy and by postal ballot) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member, creditor or holder of debentures of the Exchange.
114.	Calls Payable	No Member shall be entitled to vote either personally or by proxy for another Member at any General Meeting or meeting of a class of shareholders either upon a show of hands or upon poll or electronically in respect of any shares registered in his name on which any call or other sums presently payable by him have not been paid or in regard to which the Exchange has exercised any right of lien.
116.	Qualification of proxy	<p>1.1 Any Member of the Exchange entitled to attend and vote at a meeting of the Exchange shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself, but a proxy so appointed shall not have any right to speak at the meeting and shall not be entitled to vote except on a poll.</p> <p>1.2 In every notice calling a meeting of the Exchange, there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a Member.</p>
119.	Deposit of instrument of appointment of proxy and inspection	No person shall act as proxy unless the instrument of his appointment and the Power of Attorney or other authority, if any, under which it is signed or a copy of that Power of Attorney or other authority, duly certified by a Notary Public, shall be deposited at the Office at least forty eight hours before the time of holding the meeting at which the person named in the instrument of proxy proposes to vote and in default the instrument appointing the proxy shall not be treated as valid. No attorney shall be entitled to vote unless the Power of Attorney or other instrument appointing him as attorney or a copy thereof, duly certified by a Notary Public, has either been registered in the records of the Exchange at any time not less than forty eight hours before the time of the meeting at which the attorney proposes to vote or is deposited at the Office not less than forty eight hours before the time of same meeting as aforesaid. Notwithstanding that a Power of Attorney or other authority has been registered in the records of the Exchange, the Exchange may by notice in writing addressed to the Member or that attorney at least seven days before the date of a meeting require him to produce the original Power of Attorney or authority and unless the same is thereupon deposited with the Exchange not less than forty eight hours before the time fixed for the meeting, the attorney shall not be entitled to vote at such meeting unless the Directors in their absolute discretion excuse such non production and deposit. Every member entitled to vote at a meeting of the Exchange or any resolution to be moved thereat shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect the proxies lodged at any time during the business hours of the Exchange provided that not less than three days notice in writing of the intention so to inspect is given to the Exchange.
120.	Custody of the instrument	If any Instrument of appointment is confined to the object of appointing a proxy or substitute for voting at meetings of the Exchange, it shall remain permanently or for such time as the Director may determine, in the custody of the Exchange, and if embracing other objects a copy thereof, examined with the original, shall be delivered to the Exchange to remain in custody of the Exchange.
121.	Instrument appointing proxy	Every instrument of proxy whether for a specified meeting or otherwise shall be in writing and if the appointer is a corporation under the hand of an officer or an attorney duly authorized by it and shall as nearly as circumstances will admit be in the form as prescribed in the rules made under Section 105 of the Companies Act

Article No.	Title	Particulars
122.	Validity of votes given by proxy notwithstanding death of Members, etc.	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed or the transfer of the shares in respect of which the vote is given provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting
123.	Time for objections to votes	No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy not disallowed at such meeting or poll, shall be deemed valid for all purposes.
Directors		
126.	Number of Directors	The number of Directors shall not be less than three or more than Sixteen.
126A.	Composition of Board of Directors	<p>The Board shall include -</p> <p>(i) Public Interest directors;</p> <p>(ii) Shareholder directors; and</p> <p>(iii) Managing Director.</p> <p>Notwithstanding anything to the contrary contained in these Articles, Securities Contract Regulation (Stock Exchange and Clearing Corporation) (Regulations), 2012, directives issued by SEBI, Circulars issued from time to time with regard to composition of the Board, general requirements related to manner of appointment of directors, key management personnel, 'code of conduct for Directors and key management personnel' and other incidental and consequential matters relating to governance of the Exchange shall be complied with.</p> <p>The manner of election, appointment, tenure, resignation, vacation etc. of Directors shall be governed by the Companies Act, 2013, Securities Contract Regulation (Stock Exchange and Clearing Corporation) (Regulations), 2012, directives issued by SEBI, Circulars issued from time to time.</p> <p>1.1 The number of public interest directors shall not be lesser than the number of shareholder directors in the Exchange.</p> <p>1.2 The managing director shall be an ex-officio director on the Board of Director and shall not be included in either the category of public interest directors or shareholder directors. Any employee of the Exchange may be appointed on the Board of Directors in addition to the managing director, and such director shall be deemed to be a shareholder director. Atleast one public interest director shall be present in the meetings of the Board of Directors to constitute the quorum.</p> <p>1.3 The persons to be appointed as Directors should satisfy the criteria of "fit and proper person" as prescribed by SEBI.</p>
126B.	Public Interest Directors	<p>1.1 The public interest directors on the Board of Directors of the Exchange shall be nominated by the SEBI. Public interest directors shall be nominated for a fixed term of three years, or for such extended period, as may be approved by SEBI. If any issue arises as to whether an assignment or position of a public interest director is in conflict with his role, the SEBI's decision shall be final. A public interest director may be renominated after a cooling-off period of one year or such period as the SEBI may deem fit in the interest of the securities market. Public interest directors shall be paid only sitting fees as specified in the Companies Act 2013.</p> <p>1.2 The names of public interest directors shall be forwarded to SEBI after</p>

Article No.	Title	Particulars
		<p>the approval of the Board of the Exchange. The shareholders approval shall not be necessary. A minimum of two names shall be submitted to SEBI for each vacancy of public interest directors.</p> <p>1.3 The Exchange shall ensure that public interest directors are selected from diverse field of work. While deciding to propose a particular person as a public interest director, the Exchange shall also take into account the following factors:</p> <ul style="list-style-type: none"> i. Qualification in the area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets. ii. Atleast one person may be inducted having experience and background in finance / accounts who may preferably be inducted in the audit committee. iii. Persons currently holding positions of trust and responsibility in reputed organisations or person who have retired from such positions. iv. Persons who are likely to have interested positions in commercial contracts and financial affairs of stock exchanges, may be excluded. Also, persons who are regular traders/speculators in the market or are director in the board of the promoter entity of the Exchange shall be excluded. <p>1.4 Public interest directors shall not be simultaneously on the board of any other stock exchange or their subsidiary.</p> <p>1.5 Public interest directors shall peruse the relevant laws, code of conduct, code of ethics, etc and submit an undertaking to the Exchange that they are aware of their role, responsibilities and obligations. The Exchange shall also provide at least seven days of training to every public interest director each year.</p> <p>1.6 In case of extension of the term of the public interest director or appointment of a new public interest director, the Exchange shall apply to SEBI two months before the expiry of the term. In addition to the other requirements prescribed, the application for extension of term of the public interest director shall be accompanied with, his attendance details on meetings of various mandatory committees and on the Board of Directors of the stock exchange, reasons for waiver of the cooling off period.</p> <p>1.7 The public interest director shall not be subject to retirement by rotation.</p> <p>1.8 The existing public interest director shall continue holding the post, till a new public interest director is appointed in his place.</p>
126C.	Exclusion	<p>1.1 No trading member or clearing member, or their associates and agents, shall be on the Board of Directors of the Exchange.</p> <p>1.2 No foreign portfolio investor shall have any representation in the Board of Directors of the Exchange.</p>
126D.	Shareholder Directors	<p>1.1 The names of persons to be appointed as shareholder directors shall first be approved by the Board of Directors of the Exchange, followed by Shareholders' approval before submitting the same to SEBI for approval.</p>

Article No.	Title	Particulars
		<p>1.2 The manner of election, appointment, tenure, resignation, vacation etc. of Shareholder Directors shall be governed by the Companies Act, save as otherwise specifically provided under the SECC Regulations or in accordance with the Securities Contracts (Regulation) Act, 1956, circulars issued thereunder.</p>
128.	Managing Director	<p>1.1 The appointment, renewal of appointment and termination of service of the managing director of the Exchange shall be subject to prior approval of the SEBI.</p> <p>1.2 The Exchange shall, subject to the guidelines issued by the SEBI from time to time, determine the qualification, manner of appointment, terms and conditions of appointment and other procedural formalities associated with the selection/ appointment of the managing director.</p> <p>1.3 The appointment of the managing director shall be for a tenure not less than three years and not exceeding five years.</p> <p>1.4 The managing director the Exchange shall not—</p> <ul style="list-style-type: none"> i. be a shareholder or an associate of a shareholder of the Exchange or shareholder of an associate of the Exchange; ii. be a trading member or a clearing member, or his associate and agent, or shareholder of a trading member or clearing member or shareholder of an associate and agent of a trading member or a clearing member; or iii. hold any position concurrently in the subsidiary of Exchange or in any other entity associated with the Exchange: <p>Provided that the managing director of the Exchange may be appointed on the Board of Directors, but not as managing director, of the subsidiary of the Exchange.</p> <p>1.5 The managing director shall be liable for removal or termination of services by the Board of Directors with the prior approval of the SEBI for failure to give effect to the directions, guidelines and other orders issued by the SEBI, or the rules, the articles of association, bye-laws and regulations of the Exchange.</p> <p>1.6 The SEBI may suomotu remove or terminate the appointment of the managing director if deemed fit in the interest of securities market:</p> <p>Provided that no managing director shall be removed unless he has been given a reasonable opportunity of being heard.</p> <p>1.7 The Exchange shall constitute a Committee for the selection of the CEO /Managing Director /Executive Director, as the case may be. The managing director shall be selected through open advertisement in all editions of atleast one national daily from amongst persons qualified in the fields of capital market/ finance/ management and possessing sufficient experience. In case of re-appointment, or extension the Exchange shall apply to SEBI two months before the last working day of such Managing Director.</p> <p>1.8 In case a vacancy of managing director arises due to unforeseen reasons, the Exchange shall forward the new names to SEBI within 60 days from the date of submission of resignation or such vacation of office.</p>

Article No.	Title	Particulars
		<p>1.9 At the time of seeking approval of SEBI for the appointment of the managing director, the Exchange shall seek approval for the compensation of the managing director from SEBI. The compensation of the Managing Director of a Exchange shall be in accordance with the following compensation norms stiputed by SEBI:</p> <ul style="list-style-type: none"> i. The variable pay component will not exceed one-third of total pay. ii. 50% of the variable pay will be paid on a deferred basis after three years. iii. ESOPs and other equity linked instruments in the Exchange will not form part of the compensation for the key management personnel. iv. The compensation policy will have malus and clawback arrangements. <p>Apart from the above, the following shall also be taken into consideration:</p> <ul style="list-style-type: none"> i. financial condition / health of the Exchange, ii. average levels of compensation payable to employees in similar ranks, iii. should not contain any provisions regarding incentives to take excessive risks over the short term, iv. revenues, net profit of the Exchange, v. comparable to the industry standards, vi. role and responsibilities of the managing director, vii. periodic review <p>1.10 The aforesaid provisions shall also be applicable if the Exchange appoints a Chief Executive Officer who is not a Managing Director.</p>
129.	Alternate Director	<p>1.1 Subject to Section 161 of the Companies Act, any requirements of applicable law, the Board of Directors may appoint an Alternate Director to act for a Director (hereinafter in this Article called "the original Director") at his suggestion or otherwise, during his absence for a period of not less than three months from India.</p> <p>1.2 An Alternate Director appointed under sub-article (1) shall not hold office as such for a period longer than permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to India.</p> <p>1.3 If the term of office of the original Director is determined before he so returns to the State aforesaid, any provision for the automatic reappointment of the retiring Directors in default of another appointment shall apply to the original and not to the Alternate Director.</p>
Rotation of Directors		
140.	Non-rotational Directors	Directors other than SEBI nominated Public Interest Directors shall be persons whose period of office is liable to determination by rotation and, subject to the provisions of the Companies Act, shall be appointed by the Exchange in a General Meeting.

Article No.	Title	Particulars
141.	Directors to retire annually, how determined	At every Annual General Meeting of the Exchange other than the first Annual General Meeting, one-third of such of the Directors for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.
142.	Which Directors to retire	The Directors to retire by rotation at every Annual General Meeting shall be those who are liable to retire and who have been longest in office since their last appointment, but as between persons, who became Directors on the same day, those who are to retire shall (unless they otherwise agree among themselves), be determined by lot.
143.	Retiring Directors eligible for re-election	A retiring Director shall be eligible for re-election.
144.	Exchange to fill up vacancy	The Exchange may, at the Annual General Meeting at which a Director retires as aforesaid, fill up the vacancy by appointing the retiring Director or some other person in that vacancy.
145.	Retiring Directors to remain in office until successors appointed	<p>If the place of the retiring Director is not filled up as provided in the preceding Article and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place and if at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless -</p> <ol style="list-style-type: none"> <li data-bbox="555 1055 1385 1122">i. at that meeting or at the previous meeting, a resolution for the re-appointment of such Director has been put to the meeting and lost; <li data-bbox="555 1144 1385 1234">ii. the retiring Director has, by a notice in writing addressed to the Exchange or its Board of Directors, expressed his unwillingness to be so reappointed; <li data-bbox="555 1256 1385 1301">iii. he is not qualified or is disqualified for appointment; <li data-bbox="555 1323 1385 1391">iv. a resolution, whether special or ordinary, is required for his appointment by virtue of any provisions of the Companies Act; or <li data-bbox="555 1413 1385 1451">v. the proviso to sub-article (2) of Article 146 is applicable to the case.
146.	Appointment of Directors to be voted individually	<p>1.1 At every annual general meeting of the Exchange, a motion shall not be made for the appointment of two or more persons as Directors of the Exchange by a single resolution, unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it.</p> <p>1.2 A resolution moved in contravention of sub-article (1) of this Article shall be void whether or not objection was taken at the time to this being so moved; provided that where a resolution so moved is passed, no provision for the automatic re-appointment of retiring Directors in default of another appointment shall apply.</p> <p>1.3 For the purpose of this Article, a motion for approving a person's appointment or for nominating a person for appointment shall be treated as motion for his appointment.</p>
147.	Rights of persons other than retiring Directors to stand for Directorship	1.1 No person, not being a retiring Director, shall be eligible for election to the Office of Director at any General Meeting, unless he or some other Member intending to propose him has, at least fourteen days before the meeting, left at the office a notice in writing under his hand signifying

Article No.	Title	Particulars
		<p>his candidature for the Office of Director or the intention of such Member, to propose him, as a candidate for that Office, as the case may be along with a deposit of such sum as may be prescribed which shall be refunded to such person, or as the case may be, to such Member, if the person succeeds in getting elected as a Director or gets more than such per cent of total valid votes as may be prescribed, cast either on show of hands or on poll on such resolution.</p> <p>1.2 The Exchange shall inform its Members of the candidature of a person for the Office of Director or the intention of a Member to propose such person as a candidate for that office by serving individual notices on the Members and by placing notice of such candidature or intention on the website of the Exchange.</p> <p>Provided that that it shall not be necessary for the Exchange to serve individual notices upon the Members as aforesaid if the Exchange advertises such candidature or intention, not less than seven days before the meeting at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the Exchange is situated, and circulating in that district, and at least once in English language in an English newspaper circulating in that district.</p>
148.	Removal of Directors	<p>1.1 The Exchange may, subject to the provisions of the Companies Act and these Articles, by an ordinary resolution remove a Director before the expiry of his period of office.</p> <p>1.2 A special notice shall be required of any resolution to remove a Director under this Article or to appoint somebody instead of a Director so removed at the meeting at which he is removed.</p> <p>1.3 On receipt of notice of a resolution to remove a Director under this Article, the Exchange shall forthwith send a copy thereof to the Director concerned, and the Director (whether or not he is a Member of the Exchange) shall be entitled to be heard on the resolution at the meeting.</p> <p>1.4 Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Exchange (not exceeding a reasonable length) and requests for notification to Members of the Exchange, the Exchange shall, unless the representations are received by it too late for it to do so:</p> <ol style="list-style-type: none"> <li data-bbox="603 1512 1398 1572">i. in the notice of the resolution given to Members of the Exchange, state the fact of the representations having been made; and <li data-bbox="603 1601 1398 1966">ii. send a copy of the representations to every Member of the Exchange to whom notice of the meeting is sent (whether before or after receipt of the representations by the Exchange) and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Exchange's default, the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting; provided that copies of the representations need not be read out at the meeting, if on the application either of the Exchange or of any other person who claims to be aggrieved, the Central Government is satisfied that the rights conferred by this sub-article are being abused to secure needless publicity for defamatory matter. <p>1.5 A vacancy created by the removal of a Director under this Article may,</p>

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		<p>if he had been appointed by the Exchange in the General Meeting or by the Board pursuant to Article 130, be filled by the appointment of another Director in his stead, by the meeting at which he is removed, provided special notice of the intended appointment has been given under sub-article (2) of this Article. A Director so appointed shall hold office until the date up to which his predecessor would have held office, had he not been removed as aforesaid.</p> <p>1.6 If the vacancy is not filled under sub-article (5) of this Article, it may be filled as a casual vacancy in accordance with the provisions so far as they may be applicable of Article 130 and all the provisions shall apply accordingly; provided that the Director who was removed from office shall not be re-appointed as a Director by the Board of Directors.</p>
Proceedings of Directors' Meeting		
149.	Meeting of Directors	The Directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings and proceedings as they think fit; provided, however, that a meeting of the Board of Directors shall be held at such number of times and at such frequencies as may be prescribed in the Companies Act, the rules made there under and the Secretarial Standards.
150.	When meeting to be convened	The chairman may at any time and the managing director / manager or such other officer of the Exchange as may be authorized by the directors shall, upon the request of a director, convene a meeting of the directors.
152.	Chairman of the Board of Directors	The chairperson of the board of directors of the Exchange shall be Public Interest Director and shall be appointed with the prior approval of SEBI. All meetings of the Directors shall be presided over by such chairman, if present, but if, at any meeting of directors, the chairman be not present at the time appointed for holding the same, then and in that case the directors shall choose one of the directors then present to preside at the meeting.
167.	Powers of the Board	<p>1.1 The Board shall have power to organise, maintain, control, manage, regulate and facilitate the operations of the Exchange(s) and of commodities transactions by trading members of the Exchange subject to the provisions of these Articles and of the SCRA Act and the rules framed thereunder.</p> <p>1.2 Subject to the provisions of these Articles and of the SCRA Act and the rules framed thereunder or any directives by the SEBI, the Board shall have power and wide authority to make rules, bye-laws and regulations from time to time, for any or all matters relating to the conduct of the business of the Exchange, the business and transactions of trading members between trading members inter se as well as between trading members and persons who are not trading members, and to control, define and regulate all such transactions and to do such acts and things which are necessary for the purposes of the Exchange or of the Exchange.</p> <p>1.3 Without prejudice to the generality of the foregoing, the Board shall have power to make rules, bye-laws and regulations, amongst other purposes, for all or any of the following matters:</p> <ol style="list-style-type: none"> i. Conditions for admission to membership of the Exchange; ii. Conduct of business of the Exchange; iii. Conduct of trading members with regard to the business of the Exchange, including all matters relating to all transactions in commodities of all kinds and all contracts which have been made subject to rules, bye-laws, regulations or usage of the Exchange;

Article No.	Title	Particulars
		<ul style="list-style-type: none"> iv. Form and conditions of contracts to be entered into, and the time, mode and manner of performance of contracts between trading members inter se or between trading members and their constituents; v. Conditions and levy for admission of commodities for dealings on the Exchange; vi. Time, place and manner for transacting business on the Exchange; vii. Penalties for disobedience or contravention of the Rules, Bye-laws and Regulations or of general discipline of Exchange, including expulsion or suspension of the trading members; viii. Declaration of any trading member as defaulter or suspension, or resignation or exclusion from trading membership of the Exchange and of consequences thereof; ix. Scale of commission or brokerage which trading members can charge; x. Conditions, levy for admission or subscription for admission to or continuance for trading membership of Exchange; xi. Charge payable by trading members for transactions in such scrips, commodities, their derivatives, etc as may be laid down from time to time; xii. Investigations of the financial condition, business conduct and dealings of trading members; xiii. Settlement of disputes, complaints, claims arising between trading members and persons who are not trading members inter se as well as between trading members and persons who are not trading members relating to any transaction in commodities made subject to the rules, bye-laws and regulations and usage of the Exchange including settlement by arbitration in accordance with the rules, bye-laws and regulations and usage of the Exchange in force from time to time; xiv. Establishment and functioning of clearing house(s) or other arrangements for clearing; and xv. Appointment of Committee or Committees for any purposes of the Exchange. <p>1.4 The Board shall be empowered to delegate to Executive Committee(s) or to any person, all or any of the powers vested in it, to manage all or any of the affairs of Exchange.</p> <p>1.5 Subject to the provisions of these Articles and of the SCRA Act and the Rules framed thereunder any directives from the SEBI, the Board shall be empowered to vary, amend or repeal or add to Rules, Bye-laws and Regulations framed by it.</p>
Dividends		
173.	Capital paid up in advance at interest not to earn	Where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits, subsequently declared.

Article No.	Title	Particulars
	dividend	
174.	Dividends in proportion to amount paid up	The Exchange may pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others.
175.	The Exchange in General Meeting may declare a dividend	The Exchange in Annual General Meeting may declare a dividend to be paid to the Members according to their respective rights and interests in the profits and may fix the time for payment.
177.	No larger dividend than recommended by Directors, etc.	No larger dividend shall be declared than is recommended by the Directors but the Exchange in General Meeting may declare a smaller dividend, subject to the provisions of Section 123 of the Companies Act, and no dividend shall carry interest as against the Exchange. The declaration of the Directors as to the amount of the net profits of the Exchange in any year shall be conclusive.
178.	Interim dividend	The Directors may, from time to time, pay to the Members such interim dividends as, in their judgement, the position of the Exchange justifies.
182.	Special provision with reference to dividend	<p>The Exchange shall pay dividend in respect of any share(s) therein only to the registered shareholder of such share(s) or to his order or to his banker and shall not be payable except in cash.</p> <p>Provided that the capitalisation of profits or reserves of the Exchange for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Exchange shall not be deemed to be prohibited by the provisions of this Article.</p>
183.	Dividends how remitted	<p>Any dividend payable in cash may be paid by cheque or warrant sent through the post to the registered address of the Member or in case of joint holders to that one of them first named in the Register in respect of the joint holding or in any electronic mode.</p> <p>Every such cheque shall be made payable to the order of the person to whom it is sent. The Exchange shall not be liable or responsible to any cheque or warrant lost in transit or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means</p>
184.	Unclaimed or unpaid dividends	<p>1.1 If a dividend declared by the Exchange has not been paid or claimed within thirty days from the date of declaration to any shareholder entitled to the payment of the dividend, the Exchange shall within seven days from the date of expiry of the said period of thirty days, open a special account in that behalf in any Scheduled Bank called "The Unpaid Dividend Account of NCDEX for (mention year)" and transfer the total amount of such dividend remaining unpaid or unclaimed, to such Account.</p> <p>Explanation: In this Sub-Article, the expression "dividend which remains unpaid" means any dividend the warrant in respect of which has not been encashed or which has otherwise not been paid or claimed.</p> <p>1.2 Any money transferred to the unpaid dividend account of the Exchange which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Exchange to the Fund established under the applicable law.</p> <p>1.3 No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.</p>
Secrecy Clause		
211.	Secrecy Clause	No member shall be entitled to require discovery of or any information respecting any detail of the Exchange's business or trade or any matter which may be in the nature of a trade secret, mystery of trade or secret process

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		which may relate to the conduct of the business of the Exchange and which in the opinion of the Directors, will be inexpedient in the interest of the Members of the Exchange to communicate to the public.
Winding Up		
213.	Distribution of assets on winding up	The provisions of the Companies Act and rules made thereunder, the Insolvency and Bankruptcy Code, 2016 and the guidelines issued by the Insolvency and Bankruptcy Board of India shall apply to the process of winding up of the Exchange.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and subsisting contracts which have been entered or are to be entered into by the Exchange (not being contracts entered into in the ordinary course of business carried on by the Exchange) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be filed with the RoC. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so, required in the interest of the Exchange or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

A. Material Contracts for the Offer

1. Offer agreement dated February 10, 2020 entered into between the Exchange, the Selling Shareholders and the BRLMs.
2. Registrar agreement dated February 10, 2020 entered into between the Exchange, the Selling Shareholders and the Registrar to the Offer.
3. Escrow and Sponsor Bank agreement dated [●] entered into between the Exchange, the Selling Shareholders, the Registrar to the Offer, the BRLMs and the Banker(s) to the Offer.
4. Share escrow agreement dated [●] entered into between the Exchange, the Selling Shareholders and the Share Escrow Agent.
5. Syndicate agreement dated [●] entered into between the Exchange, the Selling Shareholders, the BRLMs, the Syndicate Members and the Registrar to the Offer.
6. Underwriting agreement dated [●] entered into between the Exchange, the Selling Shareholders, and the Underwriters.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association.
2. Certificate of incorporation dated April 23, 2003 granted by the RoC.
3. Certificate of commencement of business dated May 9, 2003 granted by the RoC.
4. SEBI letter dated July 25, 2019 granting approval for the proposed initial public offering of the Exchange and consequent listing of Equity Shares on a recognised stock exchange
5. Resolution of the Shareholders dated September 26, 2019 authorising the Fresh Issue.
6. Resolution of the Board of Directors dated February 10, 2020, approving this Draft Red Herring Prospectus.
7. Resolution of the Board of Directors dated February 10, 2020 taking on record the Offer for Sale and other related matters.
8. Resolution of the Board of Directors dated December 14, 2018 and August 9, 2019 authorising the Offer.

9. Consent letters from Build India Capital Advisors LLP, Canara Bank, Indian Farmers Fertiliser Cooperative Limited, Jaypee Capital Services Limited, National Bank for Agriculture and Rural Development, Oman India Joint Investment Fund, Punjab National Bank and Investcorp Private Equity Fund I (formerly known as IDFC Private Equity Fund III) dated September 30, 2019, September 30, 2019, September 30, 2019, September 3, 2019, September 30, 2019, September 30, 2019, September 30, 2019 and September 30, 2019, respectively and the resolutions passed at their meeting dated September 20, 2019, September 30, 2019, September 11, 2019, August 31, 2019, July 11, 2019, October 14, 2019 and May 28, 2018.
10. Resolutions of the Board of Directors dated November 20, 2017 and Shareholders dated December 15, 2017 approving the terms of appointment of Vijay Kumar V. as Managing Director and Chief Executive Officer of the Exchange.
11. Consent letter from CARE dated January 31, 2020 to rely on and reproduce part or whole of the CARE Report and include their name as an “expert” as defined under section 2(38) of the Companies Act, in this Draft Red Herring Prospectus.
12. Consent letter dated February 10, 2020, from the statutory auditors namely, M/s. K.S. Aiyar, Chartered Accountants, to include their name as an “expert” as defined under section 2(38) of the Companies Act, to the extent and in their capacity as a statutory auditor and in respect of the: (i) Restated Financial Information and their examination report dated February 10, 2020 on the Restated Financial Information; and (ii) the statement of special tax benefits dated February 10, 2020, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
13. Statement of special tax benefits dated February 10, 2020 from the Statutory Auditors included in this Draft Red Herring Prospectus.
14. Copy of the annual report of the Exchange for Fiscal 2019, 2018 and 2017.
15. Consents of our Directors, Selling Shareholders, BRLMs, Syndicate Members, Legal Counsel to the Exchange as to Indian law, Legal Counsel to BRLMs as to Indian law, Registrar to the Offer, Banker(s) to the Offer, Banker to the Exchange and the Company Secretary and Compliance Officer as referred to in their specific capacities.
16. Due diligence certificate dated February 10, 2020 addressed to SEBI from the BRLMs.
17. In-principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.
18. Tripartite agreement dated July 20, 2019 among the Exchange, NSDL and the Registrar to the Offer.
19. Tripartite agreement dated December 31, 2019 among the Exchange, CDSL and the Registrar to the Offer.
20. SEBI observation letter no. [●] dated [●].
21. Business transfer agreement dated June 30, 2017 entered into between NERL and the Exchange.
22. Transfer clearing and settlement function agreement dated August 24, 2018 entered into between NCCL and the Exchange.
23. Share purchase agreement dated August 31, 2015 entered into between FIH Mauritius Investments Ltd., NCMSL and the Exchange.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines and regulations issued by the Government of India, the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, SCRA and the SEBI Act, or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF THE EXCHANGE

Name: Vijay Kumar V. Designation: Managing Director and Chief Executive Officer	Name: Ravindra Kumar Roye Designation: Chairman and Public Interest Director
Name: Dr. Ashok Gulati Designation: Public Interest Director	Name: Dr. Purvi Mehta Designation: Public Interest Director
Name: Nirmalendu Jajodia Designation: Public Interest Director	Name: Chaman Kumar Designation: Public Interest Director
Name: Prem Kumar Malhotra Designation: Public Interest Director	Name: Srinath Srinivasan Designation: Shareholder Director
Name: Sunil Kumar Designation: Shareholder Director	Name: Rakesh Kapur Designation: Shareholder Director
Name: B. Venugopal Designation: Shareholder Director	

SIGNED BY THE CHIEF FINANCIAL OFFICER

Atul Roongta

Place: Mumbai

Date: February 10, 2020

DECLARATION

We, the undersigned, Build India Capital Advisors LLP, as a Selling Shareholder, hereby certify that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to us and the Equity Shares being offered by us in the Offer are true and correct. We assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Exchange or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of Build India Capital Advisors LLP

Place: Chennai

Date: February 10, 2020

DECLARATION

We, the undersigned, Canara Bank, as a Selling Shareholder, hereby certify that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to us and the Equity Shares being offered by us in the Offer are true and correct. We assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Exchange or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of Canara Bank

Place: Mumbai

Date: February 10, 2020

DECLARATION

We, the undersigned, Indian Farmers Fertiliser Cooperative Limited, as a Selling Shareholder, hereby certify that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to us and the Equity Shares being offered by us in the Offer are true and correct. We assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Exchange or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of Indian Farmers Fertiliser Cooperative Limited

Place: New Delhi

Date: February 10, 2020

DECLARATION

We, the undersigned, Investcorp Private Equity Fund I, as a Selling Shareholder, hereby certify that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to us and the Equity Shares being offered by us in the Offer are true and correct. We assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Exchange or any other person(s) in this Draft Red Herring Prospectus.

**Signed for and on behalf of Investcorp Private Equity Fund I
Through its Investment Manager, Investcorp India Asset Managers Private Limited**

Place: Mumbai

Date: February 10, 2020

DECLARATION

We, the undersigned, Jaypee Capital Services Limited, as a Selling Shareholder, hereby certify that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to us and the Equity Shares being offered by us in the Offer are true and correct. We assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Exchange or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of Jaypee Capital Services Limited

Place: Delhi

Date: February 10, 2020

DECLARATION

We, the undersigned, National Bank for Agriculture and Rural Development, as a Selling Shareholder, hereby certify that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to us and the Equity Shares being offered by us in the Offer are true and correct. We assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Exchange or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of National Bank for Agriculture and Rural Development

Place: Mumbai

Date: February 10, 2020

DECLARATION

We, the undersigned, Oman India Joint Investment Fund, as a Selling Shareholder, hereby certify that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to us and the Equity Shares being offered by us in the Offer are true and correct. We assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Exchange or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of Oman India Joint Investment Fund

Place: Mumbai

Date: February 10, 2020

DECLARATION

We, the undersigned, Punjab National Bank, as a Selling Shareholder, hereby certify that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to us and the Equity Shares being offered by us in the Offer are true and correct. We assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Exchange or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of Punjab National Bank

Place: New Delhi

Date: February 10, 2020