

New management at MSEI achieves first milestone of reducing losses and boosting volumes

- Exchange optimized its business process and reduces costs further by 22%
- FY16 losses reduced by 33% over FY15.
- Arrests fall in volumes of currency futures and enhances it from 3.7% to 7.2% over the last few months
- Eyes listing of select companies from Regional Stock Exchanges
- Plans boosting its Equity trading platform through Block Deals and ETFs

Mumbai, June 2, 2016: Metropolitan Stock Exchange of India Ltd. (MSEI), the third national stock exchange of India has reduced its annual losses by 33% in FY16 as reported in the annual audited account approved by its board of directors last week.

MSEI has achieved the target set out in the turnaround plan and has made substantial progress by reduction in losses. The new management team led by **Mr. Udai Kumar, MD & CEO**, is scripting a turnaround of the exchange which was the pioneer in Currency and Interest Rate derivatives in India till 2013.

Commenting on the development, Mr. Abhijit Chakraborty, CFO & Head Strategy, MSEI said, “We have reduced our last year losses primarily by focusing on cost reduction. Going forward, focus is on top-line growth. In the early stages of our strategy implementation, we have gained nearly 400bps in currency futures market share in couple of months’.

He added that, “The exchange is implementing its turnaround business plan, which focuses on the alternate investment products market in the country. The exchange would achieve EBIDTA break even by FY18.”

Mr. Udai Kumar, MD & CEO of MSEI said, “We have observed the global financial markets and identified the gaps in the Indian markets. Based on this research we have planned a strategy to turnaround the exchange. We will focus on getting liquidity and developing the Currency Derivatives segment, Interest Rate Derivatives, ETFs and Single Stock (Bulk / Block Deals) market, in the first phase of our revival strategy”.

Over the next few quarters, the exchange will strategically approach increasing its market share in these segments. **Mr. Chakraborty says,** ‘Our approach in all these

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segments will be based on product and process innovation, which fills the gaps in the market and meets its needs.’

MSEI has written to Sebi for extended trade timing in the equity segment till 5:00 pm and also extending the trading timings for currency markets. The regulator sought examples where different exchanges within a same country operate on different timings. The exchange has furnished the necessary details and awaits clarity on it’s application from the regulator.

Also, they have started attracting the listed companies from regional stock exchanges. In the last few months, over 130 companies have migrated from Regional Stock Exchanges (RSE) to MSEI and another 40 applications are being processed. The exchange has an affordable listing fee of Rs. 5 lakhs for such companies and listing of these 200 companies from RSE would fetch Rs. 10 crs to the exchange.

Another major development at the exchange includes attracting Bulk and block deals on its equity segment. The first deal was of Balaji Telefilms Ltd. at 26% stake where the participants witnessed zero slippage. Several brokers have shown interest in this segment due to lower impact cost and almost zero slippage while executing the bulk / block deal.

Commenting on the fund requirement of the exchange, **Mr. Chakraborty says**, ‘We need to raise capital to fund the growth strategy of the exchange and also to meet capitalisation needs of our subsidiary. We are in active talks with leading investors and are confident that we shall be able to close our fund raising in a quarter’s time’.

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