



Press Release

Clarification - News on Merger of MCCIL with MSE

- Parent Company Invested heavily in a material subsidiary Company's business to ensure that subsidiary progresses
- Even after deploying about INR 120 Crores, there was continuous de-growth in Business of MCCIL and market share plummeted to 0%
- Subsidiary MCCIL continuously since May 2019 never adhered to Parent Board's (consisting of Public Interest Director (PIDs)) direction to provide Business Plan, Budgets and Cost Rationalization
- Statements made by certain previous PIDs of MCCIL are derogatory and an attempt to sidetrack real matter of non-performance, losses, absence of business plan, cost rationalization and more importantly approach to the whole matter of merger

MSE, the parent Exchange and its board consisting Public Interest Director (PIDs) who comes with wide industry experience with high pedigree initiated communication with MCCIL since July 2019 post interoperability, as MCCIL could not garner any material Clearing members and Business to provide Business Plan, Budgets and to initiate cost rationalization measures. The points raised by PIDs of MSE were well within rights of holding company as per the law. MCCIL Management and its Board never paid any heed to any of these requests made by the parent Board.

The business at MCCIL continuously kept going down wherein MCCIL has hardly earned across the last 3 years INR 4.50 lacs from Clearing and Settlement Business under interoperability. Misery is that though business went down, MCCIL never bothered to work on any cost rationalization measures. Blatant blames can be made today but facts are available in open. Since, over last 2 years, MCCIL to cover its losses brought a redundant Clearing & Settlement Agreement as signed between MSE and MCCIL in 2012 when MCCIL was MSE's captive clearing Corporation and started raising C&S Invoices for losses plus 15% mark-up. Such Invoices ensured that MCCIL financials are seen to be in black, contrary to absolute losses in last 2 years in reality. Post change in Market Structure, the business arena was wide open for MCCIL too as applicable to other Clearing Corporations (CCs) wherein all CCs signed agreement with all Exchanges with new pricing structure for Clearing and Settlement of trades across all Exchanges. However, MCCIL could not garner any Business. MCCIL's market share in the business is nearly zero.

The parent company and its Board, in the absence of business and business plan requested MCCIL since December 2020 to consider merger/ wind-up of MCCIL. Merger was given preference and made it amply clear to board of MCCIL that it is time to combine the strength and merger would be the best option to protect the stakeholder's interest and mainly employees of MCCIL. It has been over 20 months since parent board's direction; still MCCIL Board did not consider the matter that was highly evident and crucial for the group as a whole. It is imperative to note that MCCIL management and the Board instead should have proactively



themselves proposed merger in the interest of group and their employees. Rationale has been several times provided to MCCIL, however, ignored.

We would like to emphasize that apparently the statements made by certain previous PIDs of MCCIL are derogatory and an attempt to sidetrack real matter of non-performance, losses, absence of business plan, cost rationalization and more importantly approach to the whole matter of merger. Matters spoken by certain PIDs of MCCIL are denied in toto and there is enough to demonstrate the poor state of affairs of MCCIL besides continued non-performance. MSE express its displeasure that private matters between parent and the subsidiary has been unethically brought out like this. There are records available to suggest that enough time was granted to MCCIL to build itself.

About MSE

Metropolitan Stock Exchange of India (MSE) is a SEBI regulated Stock Exchange and offers a transparent, hi-tech platform for trading in Capital Market, Futures & Options (F&O), Interest Rate Derivatives, Currency Derivatives and ETFs. At present about 1400 companies are available for trading.

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