

T R Chadha & Co LLP

Chartered Accountants

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Independent Auditor's Review Report on Unaudited Consolidated Financial Results of Metropolitan Stock Exchange of India Limited ('Holding Company') Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, read with Securities Contracts (Regulation) (Stock Exchange and Clearing Corporations) Regulations 2018, as amended, for the quarter ended June 30, 2022.

To The Board of Directors of Metropolitan Stock Exchange of India Limited

1. We have reviewed the unaudited Consolidated financial results of **Metropolitan Stock Exchange of India Limited ("the Parent Company")** and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter ended June 30, 2022, which are included in the accompanying 'Statement of Unaudited Consolidated Financial Results', (the "Statement"), being submitted by the Parent Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations') read with Regulation 33 of Securities Contracts (Regulation) (Stock Exchange and Clearing Corporations) Regulations, 2018, as amended, which has been initialled by us for identification purposes.
2. This Statement, which is the responsibility of the Parent Company's Management and approved by the Parent's Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have also performed procedures in accordance with the Circular No. CIR/CFD/CMD/44/2019 dated March 29, 2019, issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following subsidiary entities:
 - Metropolitan Clearing Corporation of India Limited; and
 - MSE Fintech Limited (erstwhile MCX-SX KYC Registration Agency Limited)



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5. Basis of Qualified Conclusion

We draw attention to note 9 of the unaudited consolidated results whereby the Group continues to prepare its Financial Results on going concern basis even though Group has continued to incur significant losses during the current and preceding periods. As advised, the Group is adequately capitalised, has gone live on interoperability, operations are functioning, adequate cost reduction measures have been considered, merger of subsidiary (Metropolitan Clearing Corporation of India Limited) with the Company is under process, initiatives are being taken to build new products and build further volume and thereby gross revenues are expected to increase in future years and accordingly the Group continues to prepare its Financial Result on going concern basis. However, the business volumes are not sufficient at present and there is no clarity on increasing revenue & making profits in future and the Group could not achieve its projected revenues so far and accordingly we are unable to comment on the preparation of results on going concern basis and related adjustments, if any, that will be arising out of said going concern assumption.

6. Qualified Conclusion

Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of other auditors referred to in paragraph 8 below, except for the matter described in para 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. Emphasis of Matter

We draw attention to Note 10 which mentions the qualification in subsidiary's review report where the subsidiary auditors expect stress on the revenue generation from Clearing and Settlement services due to termination of CNS agreements with a customer. Their Management has viable business plans to increase the revenue from operation, however the said plans are yet to be implemented. The company is adequately capitalized but subsidiary auditors are unable to comment on treating the company as going concern.

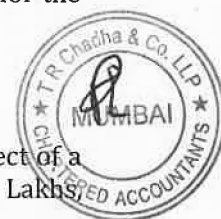
Our conclusion is not modified in respect of this matter.

8. Other Matter

The forensic audit of the Company, with respect to the whistle blower complaints, as advised by Securities Exchange and Board of India has been completed. As explained, the final report for the same is submitted to the SEBI

Our conclusion is not modified in respect of this matter.

9. The accompanying Statement includes the reviewed interim financial information in respect of a subsidiary, whose reviewed interim financial information reflects total revenue of Rs. 524.52 Lakhs



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total net profit after tax of Rs. 27.45 Lakh and total comprehensive income of Rs. 30.38 Lakh for the quarter ended June 30, 2022, as considered in the Statement which have been reviewed by its respective independent auditors.

The independent auditor's reports on interim financial results of the subsidiary have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of the subsidiary, is based solely on the report of such auditor and procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement in respect of above matter is not modified with respect to our reliance on the work done and the review report of the other auditors.

For T R Chadha & Co LLP
Chartered Accountants
Firm Reg. No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. 076650



Place: Mumbai
Date: August 11, 2022
UDIN: 22076650AOWDCE9193

METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED

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STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2022

(Rs in Lakh except per share data)

Sr. No.	Particulars	For the Quarter Ended			For the Year Ended
		June 30, 2022	March 31, 2022	June 30, 2021	March 31, 2022
		Unaudited	Audited	Unaudited	Audited
1	Revenue from operations	261	266	257	1,006
2	Other Income	310	389	397	1,500
3	Total Income	571	655	654	2,506
4	Expenses				
(a)	Operating expenses	455	396	458	1,730
(b)	Employee benefits expense	504	457	514	1,985
(c)	Depreciation and amortisation expense	234	255	260	1,048
(d)	Advertisement and business promotion expenses	26	13	19	58
(e)	Administration and Other expenses	217	152	223	751
(f)	Finance Costs	13	14	17	60
	Total Expense	1,449	1,287	1,490	5,632
5	Profit/ (Loss) from before Exceptional items and tax	(878)	(632)	(836)	(3,126)
6	Exceptional items	-	-	-	-
7	Profit/ (Loss) from before tax	(878)	(632)	(836)	(3,126)
8	Tax expense				
1)	Current Tax	5	-	-	14
2)	Earlier Year Tax	-	-	-	-
3)	Deferred Tax	(3)	20	2	27
	Total Tax Expense	2	20	2	41
9	Profit/ (Loss) for the period/year	(880)	(652)	(838)	(3,167)
10	Other Comprehensive Income				
1)	Items that will not reclassified to profit or loss (net of tax)	9	26	3	36
2)	Income tax relating to item will not reclassified to profit or (loss)	(1)	(4)	0	(4)
	Total other Comprehensive Income for the period/ year, net of tax	8	22	3	32
11	Total Comprehensive Income for the period/year	(872)	(630)	(835)	(3,135)
12	Non controlling interest in Income/(Loss)	(8)	(9)	(7)	(33)
13	Net Profit/ (Loss) after taxes and non controlling interest (11-12)	(864)	(621)	(828)	(3,102)
14	Paid-up Equity Share Capital (Equity Shares of Rs. 1/- each.)	48,052	48,052	48,052	48,052
15	Other equity				(21,984)
16	Earnings Per Share of Rs 1/- each (In Rs) (Not Annualised)				
(a)	Basic	(0.02)	(0.01)	(0.02)	(0.06)
(b)	Diluted	(0.02)	(0.01)	(0.02)	(0.06)

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CONSOLIDATED UNAUDITED SEGMENT INFORMATION FOR THE QUARTER ENDED JUNE 30, 2022

Primary Segment

Business segments being Trading & Clearing

(Rs in Lakh)

Sr. No.	Particulars	For the Quarter Ended			For the Year Ended
		June 30, 2022	March 31, 2022	June 30, 2021	March 31, 2022
		Unaudited	Audited	Unaudited	Audited
I	Segment Revenue				
	(a) Trading Services	142	152	143	550
	(b) Clearing Services	347	306	267	1,198
	Total	489	458	410	1,748
	Less : Inter Segment Revenue	228	191	153	742
	Total Income	261	266	257	1,006
II	Segment Results				
	(a) Trading Services	(771)	(638)	(834)	(3,041)
	(b) Clearing Services	(413)	(372)	(388)	(1,541)
	Profit / (Loss) before Interest and Taxation	(1,184)	(1,010)	(1,221)	(4,582)
	Less : Interest	13	14	17	60
	Add : Unallocable Income	320	391	402	1,516
	Profit / (Loss) before Taxation	(877)	(633)	(836)	(3,126)
	Less : Tax Expense (Net)	2	20	2	41
	Profit / (Loss) after Taxation	(879)	(653)	(838)	(3,167)
	Less : Non controlling Interest	(8)	(9)	(7)	(33)
	Other Comprehensive Income	8	22	3	32
	Profit / (Loss) for the period/year	(863)	(622)	(828)	(3,102)

Secondary Segment

Since all the activities of the company are predominantly conducted in India, there are no separate reportable geographical segments.

Notes on Segment Information for the Quarter and year ended June 30, 2022,

In accordance with Ind AS-108 "Segment Reporting", the Group has two reportable segments, Trading Services and Clearing Services. Segments have been identified and reported taking into account nature of services, management structure and system of financial reporting. The accounting policies adopted for segment reporting are in line with the accounting policy of the group with following additional policies for segment reporting.

Revenues and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenues and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Un-allocable."

Notes :

- 1 The above unaudited consolidated financial results, of the Company, for the quarter ended June 30, 2022, have been drawn up in accordance with Indian Accounting Standards (IND AS) as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016 and other recognised accounting practices generally accepted in India.
- 2 The above Statement of Consolidated Unaudited Financial Results have been reviewed by the Audit Committee at their meeting held on August 11, 2022, and approved by the Board of Directors at their meeting held on August 11, 2022 and T R Chadha & Co. LLP, the statutory auditors of the Company have carried out limited review of the aforesaid result.
- 3 SEBI in its order dated March 19, 2014, stated that 63 moons technologies limited (63 moons) (Formerly known as Financial Technologies (India) Limited) is not a 'fit and proper person' to acquire or hold any equity share or any instrument that provides for entitlement for equity shares or rights over equity shares at any future date, in a Recognized Stock Exchange or Clearing Corporation, either directly or indirectly and directed them to divest equity shares held in Metropolitan Clearing Corporation of India Limited (MCCIL), directly or indirectly, within 90 days of the order. In the same order, SEBI also stated that 63 moons and entities through whom it indirectly holds equity shares or any instrument entitling voting rights in MCCIL shall cease to be entitled to exercise voting rights in respect of those shares or instruments with immediate effect. The Securities Appellate Tribunal (SAT) has since its order dated July 09, 2014, upheld the decision of SEBI. SEBI had vide its letter dated September 29, 2014, directed MCCIL to comply with the shareholding requirements of SECC Regulations and SEBI's direction issued vide order dated March 19, 2014, with regard to entities which have been declared not 'fit and proper' person. Further MCCIL has sent multiple letters to 63 moons regarding divestment of their stake in the Company; in reply to these letters 63 moons informed that they are in search of the suitable buyer to acquire their stake in MCCIL. Further, SEBI vide letter no. SEBI/MRD/DRMN/2019/15963 dated June 25, 2019, advised the Company to freeze the voting rights and corporate benefits of 63 moons technologies limited.
- 4 The Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM, who is responsible for the allocating resources and assessing performance of the operating segments, has been identified as the MD & CEO of the Company.
- 5 The paid-up equity share capital disclosed in above results is net of 49,77,671 equity shares of Rs 1 each held by Metropolitan Stock Exchange Esop Trust.
- 6 Securities & Exchange Board of India had issued norms related to the computation and contribution to the Core Settlement Guarantee Fund (Core SGF) as part of the SEBI circular CIR/CMD/DRMN/25/2014 dated August 27, 2014. Based on said guidelines clearing corporation and stock exchange are required to contribute at least 50% and 25% of the minimum required corpus (MRC) of the core SGF whereas up to 25% of the core SGF contribution can be collected from clearing members.
(A) Core SGF - For Segments other than Commodity Derivatives:
An amount of Rs. 41.66 crore is required to be maintained as the Minimum Required Corpus (MRC) of Core SGF for the segment other than commodity. As on June 30, 2022, an amount of Rs. 59.98 crore is maintained comprising of Rs. 23.35 crore contributed by the MCCIL, Rs. 10.41 crore contributed by MSEI, Rs. 4.26 crore as Penalties and Rs. 21.96 crore as Income earned / accrued on Core SGF Corpus.
(B) Core SGF- For Commodity Segment:
An amount of INR 10 crore is required to be maintained as the Minimum Required Corpus (MRC) of Core SGF in the Commodity Derivatives Segment. As on June 30, 2022, an amount of INR 51.38 crore is maintained comprising of INR 5 crore contributed by the MCCIL, INR 35.34 crore contributed by ICEX and INR 0.56 crore as Penalties, INR 10.48 crore as Income earned / accrued on Core SGF Corpus.
- 7 The Parent Company at its board meeting held on December 16, 2020 has resolved to merge its subsidiary Metropolitan Clearing Corporation of India Limited (MCCIL) with itself / winding up of MCCIL. The Exchange has received in-principle approval letter from Securities and Exchange Board of India (SEBI) dated May 19, 2022 in this regard and is in the process of taking further steps to enable the same.
- 8 The Subsidiary Company Metropolitan Clearing Corporation of India Limited (MCCIL) of the Exchange has raised invoices of Rs. 228.29 Lakh (excluding taxes) and Rs. 1,614.31 Lakh (excluding taxes), towards Clearing and Settlement Charges based on an erstwhile C&S Agreement (prior to interoperability) from April 1, 2022, to June 30, 2022 and cumulative from April 1, 2020, to June 30, 2022, respectively. This invoice raised by MCCIL has been disputed by the Exchange for its applicability and accordingly the said invoice has not been provided for in books of accounts and considered as a 'Contingent Liability - Claim against the Company not acknowledged as debt'.
MCCIL has raised few invoices amounting to Rs.1614.31 Lakh (excluding taxes) for the period April 1, 2020 to June 30, 2022 under C&S Agreement 2012 which is unenforceable as trades are being cleared under Interoperability Agreement (IO). MCCIL has raised these invoice towards C&S charges on the basis of C&S agreement signed in 2012 which is no longer valid post implementation of interoperability (IO). The multi-partite IO Agreement was executed effective from June 1, 2019 for C&S charges, for CDS, EDS and Equity segment. C&S Agreement had been overridden by IO Agreement for Currency Derivatives, Equity and Equity Derivatives segments w.e.f. June 1, 2019. Further, the Exchange has issued a letter to MCCIL on September 15, 2020 for termination of C&S Agreement as applicable to Debt segment which was temporarily suspended with effect from September 18, 2020 as there were no trades in this segment since 2013. MCCIL has been requested to withdraw these invoices. Further, the Company being holding company has not approved the financial statements of MCCIL as on March 31, 2021 at MCCIL's annual general meeting held on November 27, 2021.
- 9 The auditor in their review report on the consolidated financial result for the quarter ended June 30, 2022 expressed below qualification which is summarized along with the Company's comments on the same:

Qualification by auditor

The Parent Company continues to prepare its Financial Results on going concern basis even though it has continued to incur significant losses during the current and preceding periods. As advised, the Parent Company is adequately capitalised, has gone live on

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interoperability, operations are functioning, adequate cost reduction measures have been considered, merger of subsidiary (Metropolitan Clearing Corporation of India Limited) with the Company is under process, initiatives are being taken to build new products and build further volume and thereby gross revenues are expected to increase in future years and accordingly the Parent Company continues to prepare its Financial Result on going concern basis. However, the business volumes are not sufficient at present and there is no clarity on increasing revenue & making profits in future and the Parent Company could not achieve its projected revenues so far and accordingly we are unable to comment on the preparation of results on going concern basis and related adjustments, if any, that will be arising out said going concern assumption.

Group's comments

It may be noted that the Parent Company is adequately capitalized and the regulatory net-worth of the Exchange as on June 30, 2022 stands at Rs. 134.76 Crores as against minimum regulatory requirement of Rs. 100 Crores

Further, the Parent Company has been in compliance of implementing all regulatory requirements like T+1 settlement cycle, Interoperability etc. The operations of the Parent Company are running smoothly. Apart from the above, the Parent Company is taking various initiatives which will help in building further volumes and thereby revenue. During the last two financial years, the Parent Company has continuously carried trading transactions worth in excess of INR 180,000 crores. Despite the continuous losses, the Parent Company has not defaulted in repayments of its creditors and to meet its statutory / regulatory liabilities. The Parent Company has also not defaulted in payment of staff salaries and is also efficiently managing its receivables from its debtors. Further, the Parent Company has also not borrowed any amount from Banks/Financial Institutions and this depicts that the Company is able to manage its cash flows to take care of the various expenses of the company. Further, the Parent Company has also adopted various cost reduction measures, which shall help the Parent Company in improving its financial position. Accordingly, the Parent Company continues to prepare its Financial Statements on going concern basis.

- 10 The Statutory Auditor of Metropolitan Clearing Corporation of India Limited (MCCIL), the Subsidiary Company, has issued qualified conclusion, that they expect stress on the revenue generation from Clearing and Settlement services due to termination of CNS agreements with a customer. Management has viable business plans to increase the revenue from operation, however the said plans are yet to be implemented. The company is adequately capitalized but they are unable to comment on treating the company as going concern.

MSE, the parent company at its board meeting held on December 16, 2020 has resolved to merge MCCIL with itself / winding up of MCCIL. The Exchange has received in-principle approval letter from Securities and Exchange Board of India (SEBI) dated May 19, 2022 in this regard and is in the process of taking further steps to enable the same.

- 11 Previous quarter's figures has been re-grouped, re-arranged, re-classified and restated wherever necessary, to make them comparable with those of the current quarter's classification / disclosure.

For and on Behalf of Board of Directors
Metropolitan Stock Exchange of India Limited

Sd/-
Latika S. Kundu
MD & CEO

Place : Mumbai
Dated : August 11, 2022