

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 and nine months ended December 31, 2021.

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 and nine months ended December 31, 2021, 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.

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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)

5. **Basis of Qualified Conclusion**

We draw attention to note 10 of the reviewed consolidated results with respect to preparation of interim financial result by Parent Company on going concern basis even though Parent Company has continued to incur significant losses during the current and preceding periods. As advised, the Parent Company is adequately capitalised, has gone live on interoperability, operations are functioning, adequate cost reduction measures have been considered, 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 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**

- a. We draw attention to Note 6 to the Statement which describes that Securities Exchange Board of India (SEBI) had advised the Parent Company to an initiate Forensic Audit in certain matters. As advised by the Management of the Company the same is concluded and under deliberation of the Board of the Company.
- b. We further draw attention to Note 9 to the Statement which describes the extent to which the Covid-19 pandemic will impact the Group's consolidated financial result will depend on the upcoming developments, which are highly uncertain.

Our conclusion is not modified in respect of this matter.

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8. The accompanying Statement includes the reviewed interim financial information in respect of a subsidiary, whose reviewed interim financial information reflects total revenue of Rs. 504 Lakhs and Rs. 1,489 lakh, total net profit after tax of Rs. 18 Lakh and Rs. 50 Lakh and total comprehensive income of Rs. 18 Lakh and Rs. 50 Lakhs for the quarter and nine months ended December 31, 2021, respectively, 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
Digitally
signed by
PRAMOD
TILWANI

Place: Mumbai
Date: February 14, 2022
UDIN: 22076650ACGXKW5786

Pramod Tilwani
Partner
Membership No. 076650

Metropolitan Stock Exchange of India Limited

Regd. Office: Building A, Unit 205A, 2nd Floor, Piramal Agastya Corporate Park, L.B.S Road,
Kurla West, Mumbai - 400 070. INDIA | CIN: U65999MH2008PLC185856



Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Months ended December 31, 2021

(₹ in Lakh except per share data)

Sr. No.	Particulars	For the Quarter Ended			For the Nine Months Period Ended		For the Year Ended
		Dec 31, 2021 Unaudited	Sept 30, 2021 Unaudited	Dec 31, 2020 Unaudited	Dec 31, 2021 Unaudited	Dec 31, 2020 Unaudited	March 31, 2021 Audited
1	Revenue from operations	243	240	265	740	751	1,063
2	Other Income	353	362	684	1,112	1,809	2,182
3	Total Income	596	601	949	1,851	2,560	3,245
4	Expenses						
	(a) Operating expenses	447	429	397	1,334	1,350	1,695
	(b) Employee benefits expense	499	515	592	1,528	1,773	2,290
	(c) Depreciation and amortisation expense	268	265	224	793	750	1,117
	(d) Advertisement and business promotion expenses	6	20	22	45	33	59
	(e) Administration and Other expenses	199	178	255	600	725	1,068
	(f) Finance Costs	15	16	10	47	32	83
	Total Expense	1,433	1,422	1,500	4,346	4,664	6,312
5	Profit/ (Loss) from before Exceptional items and tax	(838)	(821)	(551)	(2,494)	(2,104)	(3,067)
6	Exceptional items	-	-	-	-	-	-
7	Profit/ (Loss) from before tax	(838)	(821)	(551)	(2,494)	(2,104)	(3,067)
8	Tax expense						
	1) Current Tax	6	8	(10)	14	-	-
	2) Earlier Year Tax	-	-	-	-	-	(0)
	3) Deferred Tax	3	2	9	7	23	41
	Total Tax Expense	9	10	(1)	21	23	41
9	Profit/ (Loss) for the period/year	(847)	(831)	(550)	(2,516)	(2,127)	(3,108)
10	Other Comprehensive Income						
	1) Items that will not reclassified to profit or loss (net of tax)	4	4	(10)	10	(31)	11
	2) Income tax relating to item will not reclassified to profit or (loss)	0	0	1	0	3	0
	Total other Comprehensive Income for the period/year , net of tax	4	4	(9)	10	(28)	11
11	Total Comprehensive Income for the period/year	(843)	(827)	(559)	(2,506)	(2,155)	(3,096)
12	Non controlling interest in Income/(Loss)	(9)	(9)	2	(25)	3	(26)
13	Net Profit/ (Loss) after taxes and non controlling interest (11-12)	(834)	(819)	(561)	(2,481)	(2,158)	(3,070)
14	Paid-up Equity Share Capital (Equity Shares of Rs. 1/- each.)	48,052	48,052	48,052	48,052	48,052	48,052
15	Other equity						(18,876)
16	Earnings Per Share of Rs 1/- each (In Rs) (Not Annualised)						
	(a) Basic	(0.02)	(0.02)	(0.01)	(0.05)	(0.04)	(0.06)
	(b) Diluted	(0.02)	(0.02)	(0.01)	(0.05)	(0.04)	(0.06)

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Consolidated Unaudited Segment Information for the Quarter and Nine Months ended December 31, 2021

Primary Segment		(₹ in Lakh)					
Business segments being Trading & Clearing		For the Quarter Ended			For the Nine Months Period Ended		For the Year Ended
Sr. No.	Particulars	Dec 31, 2021 (Unaudited)	Sept 30, 2021 (Unaudited)	Dec 31, 2020 (Unaudited)	Dec 31, 2021 (Unaudited)	Dec 31, 2020 (Unaudited)	March 31, 2021 (Audited)
I	Segment Revenue						
	(a) Trading Services	129	126	149	398	388	585
	(b) Clearing Services	321	304	249	892	815	1,124
	Total	449	431	398	1,290	1,204	1,709
	Less : Inter Segment Revenue	207	191	133	551	452	646
	Total Income	243	240	265	740	751	1,063
II	Segment Results						
	(a) Trading Services	(786)	(784)	(852)	(2,403)	(2,685)	(3,488)
	(b) Clearing Services	(395)	(386)	(405)	(1,169)	(1,252)	(1,722)
	Profit / (Loss) before Interest and Taxation	(1,181)	(1,170)	(1,258)	(3,573)	(3,937)	(5,210)
	Less : Interest	15	15	10	47	32	83
	Add : Unallocable Income	358	365	717	1,125	1,865	2,226
	Profit / (Loss) before Taxation	(838)	(821)	(551)	(2,494)	(2,104)	(3,067)
	Less : Tax Expense (Net)	9	10	(1)	21	23	41
	Profit / (Loss) after Taxation	(847)	(831)	(550)	(2,516)	(2,127)	(3,108)
	Less : Non controlling Interest	(9)	(9)	2	(25)	3	(26)
	Other Comprehensive Income	4	3	(9)	10	(28)	11
	Profit / (Loss) for the period/year	(834)	(819)	(561)	(2,481)	(2,158)	(3,070)
III	Segment Assets (As at)						
	(a) Trading Services				16,766	13,307	16,254
	(b) Clearing Services				13,089	13,185	13,462
	(c) Unallocated				16,163	23,388	19,440
	Total Assets				46,018	49,880	49,157
IV	Segment Liabilities (As at)						
	(a) Trading Services				4,420	4,191	4,545
	(b) Clearing Services				10,719	10,721	10,746
	(c) Unallocated				2,807	3,170	3,272
	Total Liabilities				17,946	18,081	18,564

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 Nine Months ended December 31, 2021

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 "Unallocable."

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Notes :

- 1 The above unaudited consolidated financial results of the Group for the quarter and nine months ended December 31, 2021, have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on February 14, 2022 and the Statutory Auditors of the Company have carried out limited review of the aforesaid result.
- 2 The above unaudited consolidated financial results for the quarter and nine months ended December 31, 2021 are prepared in accordance with the Indian Accounting Standard (Ind AS) as prescribed under section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- 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 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 the Company 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 the Company sent multiple letters to 63 moons regarding divestment of their stake in the Company; in reply to these letters 63 moons informed us that they are in search of the suitable buyer to acquire their stake in the Company. Further, SEBI vide letter no. SEBI/MRD/DRMNP/2019/15963 dated June 25, 2019 advised the Company to freeze the voting rights and corporate benefits of 63 moons technologies limited.
- 4 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 Forensic Audit as advised by SEBI has been concluded and under deliberation.
- 7 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/DRMNP/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. 41.65 crore is required to be maintained as the Minimum Required Corpus (MRC) of Core SGF for the segment other than commodity. As on December 31, 2021, an amount of Rs. 58.52 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. 20.50 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 December 31, 2021, an amount of INR 50.13 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 9.23 crore as Income earned / accrued on Core SGF Corpus.
- 8 During the period, the Subsidiary Company Metropolitan Clearing Corporation of Indian Limited (MCCIL) of the Exchange has raised invoices of Rs. 206.96 Lakh, Rs. 550.44 Lakh and Rs. 1,194.90 Lakh (all amount excluding taxes), towards Clearing and Settlement Charges based on an erstwhile C&S Agreement (prior to interoperability), for the quarter ended December 31, 2021, nine months ended December 31, 2021 and cumulative from April 1, 2020 to December 31, 2021 respectively. These invoices 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.1,194.90 Lakh (excluding taxes) for the period April 1, 2020 to December 31, 2021 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 approve the financial statements of MCCIL as on March 31, 2021 at MCCIL's annual general meeting held on November 27, 2021.
- 9 Impact of COVID 19: The Group is under Essential Service Sector and was exempted from closure vide SEBI notification dated March 24, 2020. The said exemption was also carried forward vide notification dated April 15, 2020 and May 03, 2020.
As determined by the management, for the quarter and nine months ended December 31, 2021, the impact of COVID-19 pandemic on Group's financials and Operations remained insignificant. However, going forward the full extent to which the pandemic will impact the future financial results of the Group will depend on upcoming developments, which are highly uncertain. Management will continue to monitor any material changes to future economic conditions and the impact thereof on the Group, if any.
- 10 The auditor in their review report on the consolidated financial result for the quarter and Nine Month ended December 31, 2021 expressed below qualification which is summarized along with the Group's comments on the same:
Qualification by auditor
The holding company continues to prepare its Standalone Financial Results on going concern basis even though Company has continued to incur significant losses during the current and preceding periods. As advised, the Company is adequately capitalised, has gone live on interoperability, operations are functioning, core transaction income has increased based on increased volumes, adequate cost reduction measures have been considered, 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 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 holding 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 of said going concern assumption.
Group's comments
The Company is adequately capitalized, the regulatory net worth of the company as on December 31, 2021 stands at Rs. 145.40 Crores as against minimum regulatory requirement of Rs. 100 Crore. Further, the Exchange has also gone live on regulatory requirement like interoperability and Exchange's operations are running smoothly & appropriately. It is pertinent to note that the core transaction income of the Exchange increased year on year on account of better volumes. Apart from the above, the Exchange is taking various initiatives which will help in building further volumes and thereby revenue. Further, the Exchange has also adopted various cost reduction measures, which shall help the Exchange in improving its financial position. Accordingly, the Company continues to prepare its Financial Statements on going concern basis.
- 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

Place : Mumbai
Dated : February 14, 2022

Latika S Kundu
MD & CEO