

**Disclosure of events or information under regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of 12th Annual General Meeting of Metropolitan Stock Exchange of India Limited held on Friday, December 18, 2020 through video conferencing (VC) facility/ Other Audio Visual Means (OAVM).**

**Gist of Proceedings of the 12th Annual General Meeting (AGM) of MSE**

**1. Date, time and Venue of the Meeting:**

The 12th AGM of the Company was held on Friday, December 18, 2020. The Meeting commenced at 02:00 P.M through video conferencing (VC) facility/ Other Audio Visual Means (OAVM), from the Registered Office viz., 4th Floor, Vibgyor Towers, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 and the concluded at 4:00 P.M.

**2. Proceedings in brief:**

- Mr. Dinesh Kumar Mehrotra (DIN: 00142711), Chairman of the Meeting, chaired the proceedings of the Meeting.
- The requisite quorum being present, the Chairman called the Meeting to order.
- The voting was conducted by remote e-voting and insta-poll at the meeting through the facility provided by KFin Technologies Private Limited (KFin).

**Ordinary Business:**

1. Consideration and adoption of the Audited Standalone Financial Statements (including Audited Standalone Consolidated Financial Statements) of the Company for the Financial Year ended March 31, 2020 and the Reports of the Board of Directors and Statutory Auditors thereon.

**Special Business:**

2. Consideration and approval of retirement of Mr. Sudhir Kumar Bassi from post of shareholder director of the Company.
  3. Resolution for considering re-appointment of Mr. Dinesh Kumar Mehrotra (DIN: 00142711) as an (Independent Director) Public Interest Director & Chairman of the Company.
  4. Resolution for considering re-appointment of Mr. Ajai Kumar (DIN: 02446976) as an (Independent Director) Public Interest Director.
  5. Resolution for considering appointment of Ms. Latika S. Kundu as Director of the Company.
  6. Resolution for considering appointment of Ms. Latika S. Kundu as the Managing Director and Chief Executive Officer (MD&CEO) of the Company.
3. Chief Financial Officer (CFO) presented the financial highlights to all the stakeholders of the Company.
  4. Reply/ clarifications were provided to the queries raised by members, by the Managing Director and Chief Executive Officer of the Company.
  5. All the resolutions set out in Notice calling 12th Annual General Meeting were duly passed.

**Note:** These are not the minutes of the proceedings of the Annual General Meeting of the Company.

**Metropolitan Stock Exchange of India Limited**



**METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED**

**12<sup>TH</sup> ANNUAL GENERAL MEETING**

**Ms. Manisha Thakur – Head Legal and Company Secretary**

Good afternoon, welcome to the 12th Annual General Meeting of Metropolitan Stock Exchange of India Limited.

The requisite quorum is present for the meeting.

Owing to the COVID 19 pandemic and considering the health and safety of all the employees and the shareholders of the Exchange, the 12th Annual General Meeting is being held through video conferencing in line with the Circulars issued by the Ministry of Corporate Affairs.

Accordingly, the Exchange has provided the remote e-voting facility for business to be transacted at the Annual General Meeting. The remote e-voting was **open from 9:00 a.m. on December 15, 2020 up to 5.00 p.m. on December 17, 2020.**

We have also provided facility for electronic voting at this meeting. This is a facility by which all shareholders who have not yet voted by remote e-voting, will be able to vote.

During the question/ answer session, the names of registered speaker shareholders will be announced. Each speaker will be given maximum time slot of 2 minutes to ask questions and I request each speaker to adhere to this time limit. The questions will be answered during the Meeting. Questions which are of similar nature will be consolidated and answered together.

Since, the AGM is held through Video-conferencing means, the resolutions mentioned in the Notice convening this AGM have already been put to vote through remote e-voting and as the facility of voting is also available at the AGM, there will be no proposing or seconding of the resolutions.

Now, I request our Chairman of the Board, Mr. Dinesh Mehrotra to chair the meeting and commence the proceedings.

**Mr. Dinesh Kumar Mehrotra – Chairman and Public Interest Director**

Thank you Manisha, I thank all the Shareholders and Directors present for their participation at the 12th AGM of the Exchange. Let me introduce you to the Directors.

Mr. Sudhir Bassi, Shareholder Director

Mr. Ajai Kumar, Public Interest Director

Ms. Trishna Guha, Public Interest Director

Mr. Nageswara Rao, Public Interest Director

Mr. Vijay Sardana, Public Interest Director

Ms. Latika S. Kundu, MD & CEO

We welcome Ms. Latika S. Kundu, MD&CEO she comes with over 20 years of rich experience across leading global multi-asset Exchanges, Clearing Houses and Depositories. She is widely acknowledged as an expert in setting up, launching & managing Exchanges, Clearing Houses & Depositories across all asset classes & products.

We also have our statutory auditors, internal auditor, the secretarial auditors and the scrutinizer attending this Annual General Meeting.

The Notice dated November 11, 2020 convening the Annual General Meeting and a copy of the Annual Report for the financial year ended March 31, 2020, have been circulated to the members of the Company electronically. With the permission of all the shareholders, I shall take them as read.

The Company has presented the Standalone and the Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, as per the requirements under the Companies Act, 2013. With the permission of all the stakeholders may I deem the Auditor's Report as read. However, I request Mr. Saket Bhansali, CFO to read the qualification provided by the Statutory Auditor in their Report.

**Mr. Saket Bhansali, CFO**

I will now briefly share with you the performance of your Company as well as the qualification in the Auditors' Report.

The last few months of FY 2019-20 witnessed the start of an unprecedented situation, which has also unfortunately hit our industry among all other businesses.

The annual Standalone Revenue recorded for 2019-20 was Rs. 1,575 lakhs vis-à-vis Rs. 1,295 lakhs in FY 2018-19, an increase in 21.59%.

With regards to the Expenditure, Overall Expenses for FY 2019-20 was Rs. 4910 Lacs as compared to Rs 6030 Lacs which has gone down by down by 18.57% excluding exceptional items.

Loss before exceptional items and before tax was Rs. 3335 lakhs as compared to Rs. 4,735 lakhs in the FY 2018-19. The same has gone down by 30%.

It may be noted during the year 2019-20. Rs. 16,295 lakhs was received upon reduction of capital from MCCIL.

The Auditors' Report on the Standalone and the Consolidated Financial Statements included a qualifications as follows:

The company continues to prepare Financial Statements on going concern basis even though it has continued to incur significant losses during the current and preceding periods. As advised, the Company is adequately capitalized, it has gone live on interoperability, operations are functioning appropriately and gross revenue are expected to increase in future years and accordingly the company continues to prepare its Financial Statements on going concern basis.

However, the business volumes are not sufficient and there is no clarity on increasing revenue & making profits and the Company could not achieve its projected revenues so far. The management has also considered the GST Credit available amounting to Rs. 4171 Lakh and MAT Credit Entitlement amounting to Rs. 186 Lakh as recoverable treating the company as going concern. We are unable to comment on the preparation of accounts on going concern basis and not making provisions for impairment for the above and the other adjustments, if any, that will be arising out of the same.

**Management Response:**

The Company is adequately capitalized, the regulatory net worth of the company as on March 31, 2020 stands at Rs. 188 Crores as against minimum regulatory requirement of Rs. 100 Crore. Further, the Exchange has also gone live on regulatory requirements like interoperability and the Exchange's operations are running smoothly & appropriately. Apart from this Exchange is taking various new initiatives which will help the Exchange in creating liquidity, more business

Accordingly, the Company continues to prepare its Financial Statements on going concern basis.

The Company has unutilized CENVAT credit of Rs. 4,171 Lakhs as at March 31, 2020 and MAT credit of Rs. 186 Lakhs. As mentioned above, the Company expects improved revenue earnings in the future years and hence is of the view that the unutilized CENVAT credit will be fully utilized in future years and the same is considered as good for recovery.

I now invite Ms. Latika S. Kundu, MD & CEO to give a brief overview of the Exchange.

**Ms. Latika S. Kundu – MD & CEO**

A warm welcome to all the Members present.

SEBI, Board of Directors and Shareholders of the Company have entrusted me with the responsibility to take the Exchange forward and build it as a strong successful market place that could create healthy competition which could benefit the Shareholders. I sincerely thank everyone for reposing trust in me.

During the past 9 months the Exchange has been in the process of restructuring including building Business. However, since the past few years the Exchange had been grappling with multiple challenges like eroding volumes, surrender of membership, lack of market confidence, low brand

image, etc. The Exchange under its new leadership having significant experience of several years in capital markets was focused on constructing the foundation of the Exchange including strengthening of the core business, new initiatives, new products and services.

It was very important that the market starts perceiving and recognizing MSE as the Exchange of future. Whatever happened in the past cannot be undone but need of the hour was to convey the message across, that the Exchange was here for long haul and was back with renewed focus and energy to create its own niche space in a competitive business. Therefore to bring back the market confidence it was of utmost importance to review all processes, people, offerings, effective service delivery, cost management, contracts with vendors, office premises, regulatory compliances, stakeholder management, etc.

In the last seven months the Exchange had been able to bring back volume and open interest which was close to what it was three years ago. It is important to bring back trading members to trade on MSE's trading platform. As for the market share, it was earlier less than half a per cent, which now rose to close to about 2.5%. Though the growth was small, it was an important step for MSE.

Thank you very much.

**Mr. Dinesh Kumar Mehrotra, Chairman and Public Interest Director**

I now invite the shareholders who had registered themselves as speakers to speak on matters specifically pertaining to the Annual Report for FY 2019-20 and business matters for the Annual General Meeting.

**List of Speakers**

Queries and suggestions were received during the meeting from following shareholders as detailed below:

1. State Bank of India
2. Nilesh Hari Kunte
3. Kamlesh Baburao Kale
4. Khaja Mohideen
5. Jeegar Mulraj Shah
6. Arti Khanna
7. Pranay Kumar Dokaniya
8. Nagesh Pai
9. Kirit Dodiya
10. Kirti Shah
11. Ganesh Ithape

About 7 Speakers spoke through KFin's VC application and for 5 Speakers, who had connectivity issues at their end, spoke through an alternate arrangement.

Several Speakers acknowledged and thanked the Chairman and Board of Directors for devoting their time and energy for the benefit of the Exchange. Shareholders congratulated MD&CEO on her appointment and expressed confidence in the new MD&CEO's ability and experience, in Indian and International Exchanges, to take forward the Exchange in the right direction. It was observed that expenses had considerably reduced and business volume was slowly rising. Ms. Kundu had managed to take necessary initiatives, despite the Exchange grappling through extremely difficult times including lockdown due to

COVID19. It was also observed that Trading member, Banks and investors have taken note of MSE's presence through increased investor Awareness Programmes increased presence in social media. However, to turnaround the Exchange the Management should continue its efforts and work aggressively to become profitable.

Few Shareholders raised concern on the financial performance of the Company over the past several years, due to continuous losses and depletion of reserves. Shareholders sought long term strategy for scaling up reserves and return to profitability. They requested status of investment of over Rs.100 crore in subsidiary Metropolitan Clearing Corporation of India Limited (MCCIL), as MCCIL had lost considerable business after implementation of interoperability; expenses were increasing while revenue reduced significantly. In view of the same, would MSE consider closing down MCCIL to save shareholder's money and give back some return to Shareholders. Additionally, for the last two quarters, MCCIL was raising unjustified invoices against MSE, which would add to MSE's losses.

Few shareholders informed MSE about their inability to connect with the VC application of KFin, MSE immediately informed KFin and advised them to promptly address the matter. The moderator of KFin made several attempts to guide the shareholder to connect, after which an alternate solution was provided which enabled the Speaker to raise queries. KFin additionally announced the URL, mobile number and OTP for a guest login link to enable the concerned shareholders to hear the proceedings of this Meeting. MSE had taken note of the Speaker's questions and answered the same during the proceedings of the meeting. Clarifying on the above matter, KFin informed MSE that certain Speaker's inability to connect was primarily on account of technical compatibility issues pertaining to browser application and Internet bandwidth at the respective Speaker's end. Internet firewalls, browser setting requirements, compatibility and bandwidth affects seamless streaming of e-meetings. KFin had also informed that the audio visual transmission of the AGM proceeding was seamless.

Ms. Arti Khanna expressed her displeasure on the connectivity issue faced by her, as she could hear the AGM proceedings, but was unable to speak and hear a few Speakers. She was provided alternate solution to speak. After which she stated that Mr. Sudhir Bassi's retirement was a set back and requested him to continue on the Board. Ms. Khanna expressed her gratitude to the Chairman, Mr. Dinesh K. Mehrotra and stated that the Shareholders reposed their confidence in Mr. Mehrotra. She appreciated MD&CEO and new Management for their efforts to increase trading volume in a clean way. However, it was necessary for MSE to increase profits as well as trading volume. Ms. Khanna advised to reduce expenses wherever possible, utilize manpower optimally and provide status of introduction of new products.

The Chairman drew attention to the fact that MD&CEO had joined the Exchange only in March 2020, and has initiated steps to control cost, increase trading volume, hence will need the support of the Shareholders to take forward the Exchange.

A Shareholder recalled that the minority shareholders had requested SEBI for the appointment of Ms. Kundu as MD&CEO, to enable the Exchange to shift to the next level. The Shareholder enquired about further steps taken, as requested by the Shareholders at the last AGM, towards introduction of new products, reduction of rent by shifting of office premises, recovering MSE's claim against NSE which was pending for over 7 years, among others. Further, MSE's business is not profitable, having continuous losses and low net worth, MSE cannot continue for more than two to three years, hence it was necessary to look for alternate business opportunities. How will the Auditor's observations reported in the Financials be addressed. The Annual Report disclosed possible growth opportunities; however, data should also be included for the same. MSE should examine SME trading and also specify timeline for listing MSE's equity shares.

Few Shareholders appreciated reduction in rental charges, employee cost, other recurring expenses from the period March 2020 – November 2020 in addition to continuous growth in operations, which was reassuring. The shareholders also acknowledged that owing to stiff competition from large Exchanges, MSE is striving to combat and efforts are slowly but showing results. The Shareholders observed that Trading Members and Regulators have faith in the Exchange, and the Exchange should take advantage of it and should work towards becoming a profitable entity.

A Shareholder sought clarification as to why appointment of the new MD&CEO had taken close to 20 months, during this period of more than 1.5 years between August 1, 2018 to February 28, 2020, business volumes dwindled and Exchange suffered losses close to Rs.61 crores.

Mr. Kundan Zamvar was called to speak during the AGM; however, he declined to speak despite being given an opportunity.

Thereafter, the Chairman requested MD&CEO to reply to the shareholders' queries. Ms. Latika S. Kundu thanked the Chairman and thereafter responded to the questions as summarized below:

#### **RESPONSE TO THE QUERIES RAISED BY THE MEMBERS**

Ms. Kundu stated that the Exchange has been struggling with several challenges in last six years. The Exchange has been working on two strategies; one was rationalization of expenses; secondly, bringing back MSE in the market arena by gaining trust and trading volume. As a result of this for the last 7 months, the Exchange had seen an increase in volume. Whilst the average trading volumes was around Rs.100 crore per day in April 2020, the Exchange had increased to around Rs.650 crore per day on an average basis. On a few days the Exchange had achieved much higher volume.

Ms. Kundu then explained that the open interest had also increased but as of now it was at the levels which was three years back and therefore the Exchange was reasonably gaining certain amount of market share. Having said that, she further stated that it was very important for a loss making company to ensure that expenses are reduced. Therefore, the Exchange could achieve reduction in rent by around Rs.2 crore even though the Exchange had not yet shifted; due to challenging circumstances due to COVID19 pandemic. The Exchange has also restructured the organization by optimizing resources, job rotation etc. which would result in saving of INR 3 crores on an annual basis. The Exchange is continuously looking for avenues to reduce the gap between the cost and revenue.

On the Company's profitability, Ms. Kundu stated that when the Exchange started, it was at a dominant position with over 51% volume for the first few years. However, at that time MSE could not charge transaction fees since competitors were not charging, on account of which MSE filed competition commission case against NSE. Thereafter, the Exchange lost liquidity and volume.

After considerable efforts, number of application for surrender of membership had reduced and few members which were not trading have been activated. MSE needs to get back its position, as it is competing against two large stock exchanges having several stabilized over the past several years, one of which is a dominant Exchange. With regard to introduction of new products and segments, the Exchange will reach out to market and discuss with the market participants about the gaps in products and services. Currently, the Exchange is looking to revive currency segment. This alone will not get back profitability but

it will get back confidence of the market, Regulator, build brand image, which will better enable launching of new products and making it successful. Also, the immediate focus was to increase liquidity to enable generating revenue. It was also intended to revive listings on the Exchange, initiate SME segment for the medium term. In the long term, however the Exchange would like to look at the commodity segment as there was huge opportunity not just in market and products which are currently existing but in a country with 1.4 billion population, the Exchange could always have more products which are designed for MSE and that the Exchange will also request for exclusive right for launching it for a couple of years to help the Exchange to move back in the market. The Exchange continues to move ahead, however, initially it might take some time, therefore the Shareholders' were requested for their support and to grant some more time for the Exchange to stabilize.

Addressing the queries with respect to investment of MSE in MCCIL, it was clarified that the Exchange has been monitoring the investment in MCCIL and a strategic decisions would be made in after carrying out a comprehensive study.

Regarding the query pertaining to the NSE case, it was stated that owing to the lockdown due to COVID19 pandemic, only critical matters were being heard at the Hon'ble Supreme Court of India. It was acknowledged that considerable time had lapsed on the matter and that the Exchange will in consultation with Senior Counsel determine the best way to resolve it.

It was added that all pending matters are being acted upon and the Management will not leave them unattended until they are closed.

**Mr. Dinesh Kumar Mehrotra, Chairman and Public Interest Director**

I now put the resolutions no. 1, 2, 4, 5 & 6 as mentioned in the Notice of the AGM to vote. Since, the Chairman was interested in resolution no. 3 as mentioned in the Notice of the AGM, he recused himself. Upon request from the Company Secretary, Mr. S V D Nageswara Rao, Public Interest Director put the resolution no. 3 as mentioned in the Notice of the AGM to vote which was regarding the re-appointment of Mr. D. K. Mehrotra, as a Public Interest Director & Chairman.

**Ms. Manisha Thakur – Head Legal and Company Secretary**

The Company had provided facility for e-voting and Mr. Ramakant Kini, Partner, Sterling Associates had been appointed to act as the Scrutinizer. Additionally, the voting lines were open for 15 minutes after the conclusion of the meeting and that the combined result of remote e-voting and Instapoll along with the Scrutinizer's Report would be declared and uploaded on the Exchange's website within 48 hours after the conclusion of this Meeting.

The e-voting (Instapoll) concluded after fifteen minutes from the conclusion of the Meeting.

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