



Metropolitan Stock Exchange of India Limited

(CIN: U65999MH2008PLC185856)

Registered Office: 205(A), 2nd floor, Piramal Agastya Corporate Park, Kamani Junction,
LBS Road, Kurla (West), Mumbai- 400 070

Tel No: 02261129000

Email: secretarial@msei.in Website: <https://www.msei.in/>

NOTICE OF MEETING OF THE EQUITY SHAREHOLDERS OF METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED AS PER THE DIRECTIONS OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH, COURT - III ("NCLT" OR "TRIBUNAL")

Day	Thursday
Date	07 th December 2023
Time	11:00 a.m.
Mode of Meeting	As per the directions of the Hon'ble National Company Law Tribunal, Mumbai Bench, the meeting shall be conducted through Video conferencing (VC) with facility of remote e-Voting.
Cut-off date for e-Voting	Thursday, 30 th November, 2023

REMOTE E-VOTING

Commencing on	04 th December 2023 (Monday) at 09:00 a.m. (09:00 hours) (IST)
Ending on	06 th December 2023 (Wednesday) at 05:00 p.m. (17:00 hours) (IST)

Volume 1 – Notice and Explanatory Statement

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The Notice of the Meeting, Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the CAA Rules (page nos. 3 to 34) and Annexure A to Annexure G (page nos.35 to 194) constitute a single and complete set of documents and should be read together as they form an integral part of this document.

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

MUMBAI BENCH - III

FORM NO. CAA. 2

[PURSUANT TO SECTION 230 (3) AND RULE 6 AND 7)]

CA(CAA)/86/(MB)/2023

IN THE MATTER OF SECTION 230 TO 232 AND SECTION 66 OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF COMPOSITE SCHEME OF ARRANGEMENT

BETWEEN

METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED

(“MSE” OR “AMALGAMATED COMPANY”)

AND

MSE ENTERPRISES LIMITED

(“MEL” OR “AMALGAMATING COMPANY”)

AND

THEIR RESPECTIVE SHAREHOLDERS

Metropolitan Stock Exchange of India Limited)

Incorporated under the provisions of the Companies)

Act, 1956 having its registered office at)

205(A), 2nd floor, Piramal Agastya Corporate)

Park, Kamani Junction, LBS Road, Kurla (West),)

Mumbai- 400 070)

CIN - U65999MH2008PLC185856)

PAN - AAFCM6942F

) ... First Applicant Company/ Amalgamated
Company

**NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF METROPOLITAN
STOCK EXCHANGE OF INDIA LIMITED**

To,

The Equity Shareholders of Metropolitan Stock Exchange of India Limited

1. **NOTICE** is hereby given that, in accordance with the Order dated 18th October 2023, (the ‘Order’) in the above mentioned Company Scheme Application, passed by the Hon’ble National Company Law Tribunal, Mumbai Bench, a meeting of the Equity Shareholders of the First Applicant Company, will be held through video conferencing (“VC”) with facility of remote e-Voting and voting during the meeting through e-Voting system as per the details provided in this Notice for the purpose of considering, and if thought fit, approving, with or without modification(s), the Composite Scheme of Arrangement between Metropolitan Stock Exchange of India Limited (“MSE” or “Amalgamated

Company”) and MSE Enterprises Limited (“MEL” or “Amalgamating Company” and their respective Shareholders (“Scheme” or “the Scheme”) on Thursday, 07th December 2023 at 11:00 a.m. IST.

2. Pursuant to the said Order and as directed therein, the Meeting of the Equity Shareholders of the Company (“Meeting”) will be held through Video Conferencing (“VC”), in compliance with the applicable provisions of the Companies Act, 2013 (“Act”) and to consider, and if thought fit, to pass, with or without modification(s), the following resolution for approval of the Scheme by requisite majority as prescribed under Section 230(1) and (6) read with Section 232(1) of the Act:

“RESOLVED THAT pursuant to the provisions of Sections 230 and 232 and Section 66 of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of Hon’ble jurisdictional National Company Law Tribunal (“Tribunal”) and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be deemed appropriate by the parties to the Scheme, at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or as may be prescribed or imposed by the Tribunal or by any regulatory or other authorities, while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution, the Composite Scheme of Arrangement between Metropolitan Stock Exchange of India Limited and MSE Enterprises Limited and their respective shareholders (“Scheme”), be and is hereby approved;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this Resolution and effectively implement the Scheme and to make any modifications or amendments to the Scheme at any time and for any reason whatsoever, and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Tribunal while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and/or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper.”

3. TAKE FURTHER NOTICE that the Equity Shareholders shall have the facility and option of voting on the resolution for approval of the Scheme by casting their votes(a) through e-Voting system available at the Meeting to be held virtually (“e-Voting at the Meeting”); or (b) by remote electronic voting (“remote e-Voting”) during the period as stated below:

REMOTE E-VOTING PERIOD	
Commencement of voting	04 th December 2023 (Monday) at 09:00 a.m. (09:00 hours) (IST)
End of voting	06 th December 2023 (Wednesday) at 05:00 p.m. (17:00 hours) (IST)

4. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date, i.e., Thursday, 30th November, 2023, only shall be entitled to exercise his/ her/ its voting rights on the resolution proposed in the Notice and attend the Meeting. A person who is not an Equity Shareholder as on the cut-off date, should treat the Notice for information purpose only.
5. A copy of the said Scheme, statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 along with all annexures to such statement are appended. A copy of this Notice and the accompanying documents are also placed on the website of the Company and can be accessed at <https://www.msei.in/>; the website of National Securities Depository Limited (“NSDL”) viz. www.evoting.nsdl.com, being the agency appointed by the Company to provide the e-voting and other facilities for convening of the Meeting.
6. The Tribunal has appointed Shri Mukesh Kumar Siroya, Company Secretary, Membership No. FCS 5682, to be the Chairperson for the Meeting, Mr. Harsh Ruparelia as the Alternate Chairperson for the Meeting and Mr. Rajesh Kumar Mittal, Company Secretary, Membership No. FCS 4627 to be the Scrutinizer of the Meeting, including and adjournment or adjournments thereof.
7. The Scheme, if approved at the aforesaid Meeting, will be subject to the subsequent sanction of the Tribunal and such other approvals, permissions and sanctions of regulatory or other authorities, as may be necessary.

Dated this the 4th November, 2023

Place: Mumbai

Sd/-

Shri Mukesh Kumar Siroya

Chairperson Appointed by the Tribunal for the Meeting

Metropolitan Stock Exchange of India Limited

CIN: U65999MH2008PLC185856

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LBS Road, Kurla (West), Mumbai- 400 070

Website: <https://www.msei.in/>

E-mail: secretarial@msei.in

Tel.: 02261129000

Notes for Meeting of Equity Shareholders of the Company:

- 1 **General instructions for accessing and participating in the Meeting through VC Facility and voting through electronic means including remote e-Voting**
 - a. Pursuant to the Order passed by the NCLT, the Meeting of the Equity Shareholders of the Company will be held through VC.
 - b. The Explanatory Statement pursuant to Section 230(3) and 102 of the Companies Act, 2013 read

with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 setting out the material facts concerning the Special Business are annexed hereto.

- c. Since the meeting is being held pursuant to the Order passed by the NCLT and MCA Circulars through VC, physical attendance of the Equity Shareholders has been dispensed with. Accordingly, the facility for appointment of proxies by Equity Shareholders will not be available for the Meeting. However, in pursuance of Section 113 of the Act, authorized representatives of institutional/ corporate shareholders may be appointed for the purpose of voting through remote e-voting, for participation in the Meeting through VC facility and e-voting during the Meeting provided that such shareholder sends a scanned copy (PDF/JPG Format) of its board or governing body resolution/authorization etc., authorizing its representative to attend the Meeting through VC on its behalf, vote through e-voting during the Meeting and/or to vote through remote e-voting, on its behalf. The scanned image of the abovementioned documents should be in the name format 'MSE'. The said resolution/authorization shall be sent to the scrutinizer by email through his registered email id address to csrajeshmittal@gmail.com and to the Company at secretarial@msei.in, before the VC Meeting or before the remote e-voting, as the case may be. The corporate shareholders can also upload documents in NSDL e-voting system for verification by scrutinizer.
- d. The proceedings of this Meeting would be deemed to have been conducted at the registered office of the Company located at 205(A), 2nd floor, Piramal Agastya Corporate Park, Kamani Junction, LBS Road, Kurla (West), Mumbai- 400 070.
- e. The quorum of the Meeting of the Equity Shareholders of the Company shall be 2000 (Two thousand) Equity Shareholders of the Company. The Equity Shareholders attending the Meeting through VC shall be counted for the purpose of reckoning the quorum. It is also directed that if the quorum is not present within half an hour from the time appointed for the holding of the meeting, the members present shall be the quorum and the meeting shall be held.
- f. The aforesaid particulars are being sent (i) through electronic mode to those Equity Shareholders whose e-mail IDs are registered with the Company Registrar & Share Transfer Agent (RTA) i.e. KFin Technologies Private Limited or Depositories or the Company. The aforesaid particulars are being sent to all the Equity Shareholders whose names appear in the register of members/list of beneficial owners as on 13th October, 2023.
- g. National Securities Depository Limited, e-voting agency will provide the facility for voting by the Equity Shareholders through remote e-Voting, for participation in the Meeting through VC and e-Voting during the Meeting.
- h. All the documents referred to in the accompanying explanatory statement, shall be available for inspection through electronic mode during the proceedings of the Meeting. Equity Shareholders seeking / requesting to inspect copies of the said documents may send an email at secretarial@msei.in. Further, all the documents referred to in the accompanying explanatory statement shall also be open for inspection by the Equity Shareholders at the registered office of the Company during working hours on all working days up to 1 (One) day prior to the date of the Meeting.
- i. The Notice convening the Meeting will be published through advertisement in 'Business Standard' in English having nation-wide circulation, and 'Navshakti' in Marathi having circulation in Maharashtra.

- j. The Scheme shall be considered approved by the Equity Shareholders of the Company if the resolution mentioned in the Notice has been approved by majority of persons representing three-fourth in value of the Equity Shareholders voting at the Meeting through VC or by remote e-Voting, in terms of the provisions of Sections 230 to 232 of the Act.
- k. Since the Meeting will be held through VC in accordance with the Order passed by NCLT, the route map, proxy form and attendance slip are not attached to this Notice.
- l. The voting rights of the Equity Shareholders shall be in proportion to their shareholding of the paid up equity share capital of Metropolitan Stock Exchange of India Limited as on Cut-Off Date, i.e. Thursday, 30th November, 2023.
- m. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the Cut-Off Date only shall be entitled to avail the facility of remote e-Voting as well as e-Voting at the Meeting.
- n. It is clarified that casting of votes by remote e-Voting (prior to the Meeting) does not disentitle the Equity Shareholders from attending the Meeting. However, after exercising right to vote through remote e-Voting prior to the Meeting, an Equity Shareholder shall not vote again at the Meeting. In case the Equity Shareholders cast their vote via both the modes i.e. remote e-Voting prior to the Meeting as well as e-Voting during the Meeting, then voting done through remote e-Voting before the Meeting shall prevail. Once the vote on a resolution is cast by the Equity Shareholder, whether partially or otherwise, the Equity Shareholder shall not be allowed to change it subsequently.
- o. All grievances connected with the facility for voting by electronic means may be addressed to evoting@nsdl.co.in or call on toll free no.: 022 - 4886 7000 and 022 - 2499 7000.

2 Instructions for remote e-Voting, attending the meeting through Video Conferencing and voting during the meeting through e-Voting

The remote e-Voting period begins on Monday, 04th December 2023 at 09:00 A.M. and ends on 06th December 2023 at 05:00 P.M. The remote e-Voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Thursday, 30th November, 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Thursday, 30th November, 2023.





How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <div data-bbox="764 1549 1235 1829"> <p>NSDL Mobile App is available on</p> <div>  App Store  Google Play </div> <div>   </div> </div>

<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the

.pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
 - a) Click on “**Forgot User Details/Password?**”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join Meeting on NSDL e-Voting system.

How to cast your vote electronically and join Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested

specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csrajeshmittal@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Ms. Prajakta Pawle at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-Voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to secretarial@msei.in
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to secretarial@msei.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively, shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-Voting by providing above mentioned documents.
4. Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

Other Information

- a) Pursuant to Tribunal Order, Mr. Rajesh Kumar Mittal, FCS-4627, Company Secretary, shall act as Scrutinizer to scrutinize the process of remote e-Voting and e-Voting at the Meeting in a fair and transparent manner.
- b) The Scrutinizer will, after the conclusion of e-voting at the Meeting, scrutinize the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutinizer's Report and submit the same to the Chairperson of the Meeting. As per the Order of the Tribunal, the Chairperson shall report the result of the said NCLT convened Meeting to the Tribunal within 7 days from the date of conclusion of the Meeting with regard to the proposed Scheme.
- c) Subject to receipt of requisite majority of votes in favour of the Scheme i.e., majority in number

representing three-fourth in value (as per Sections 230 to 232 of the Act), the Resolution shall be deemed to have been passed on the date of the Meeting i.e. **Thursday, 07th December, 2023.**

- d) **Equity Shareholders are requested to carefully read all the Notes set out herein and in particular, instructions for joining the Meeting, manner of casting vote, through remote e-Voting or e-Voting at the Meeting.**

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE MEETING ARE AS UNDER:-

1. The procedure for e-Voting on the day of the Meeting is same as the instructions mentioned above for remote e-Voting.
2. Only those Members/ shareholders, who will be present in the Meeting through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the Meeting.
3. Members who have voted through remote e-Voting will be eligible to attend the Meeting. However, they will not be eligible to vote at the Meeting.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the NCLT convened meeting of the Equity Shareholders of MSE shall be the same person mentioned for Remote e-Voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE MEETING THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the NCLT convened meeting of the Equity Shareholders of MSE through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “VC/OAVM” placed under “**Join meeting**” menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at secretarial@msei.in. The same will be replied by the company suitably.

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

MUMBAI BENCH – III

FORM NO. CAA. 2

[PURSUANT TO SECTION 230 (3) AND RULE 6 AND 7)]

CA(CAA)/86/(MB)/2023

IN THE MATTER OF SECTION 230 TO 232 AND SECTION 66 OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF COMPOSITE SCHEME OF ARRANGEMENT

BETWEEN

METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED

(“MSE” OR “AMALGAMATED COMPANY”)

AND

MSE ENTERPRISES LIMITED

(“MEL” OR “AMALGAMATING COMPANY”)

AND

THEIR RESPECTIVE SHAREHOLDERS

Metropolitan Stock Exchange of India Limited) Incorporated under the provisions of the Companies) Act, 1956 having its registered office at) 205(A), 2nd floor, Piramal Agastya Corporate) Park, Kamani Junction, LBS Road, Kurla (West),) Mumbai- 400 070) CIN - U65999MH2008PLC185856) PAN - AAFCM6942F)) ... First Applicant Company/ Amalgamated Company
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**EXPLANATORY STATEMENT UNDER SECTION 230(3) OF THE COMPANIES ACT, 2013
 READ WITH SECTION 102 OF THE COMPANIES ACT 2013 READ WITH RULE 6 OF THE
 COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 TO
 THE NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE EQUITY SHAREHOLDERS
 OF METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED AS PER THE DIRECTIONS OF
 THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH**

- Pursuant to the Order dated 18th October 2023, passed by Hon'ble National Company Law Tribunal, Mumbai Bench in the Company Scheme Application No. CA(CAA)/86/(MB)/2023, a meeting of the Equity Shareholders of the First Applicant Company is scheduled to be held on Thursday, 07th December 2023 at 11:00 a.m to obtain their approval to the Composite Scheme of Arrangement between Metropolitan Stock Exchange of India Limited (“MSE” or “Amalgamated Company”) and MSE Enterprises Limited (“MEL” or “Amalgamating Company” and their respective Shareholders (“Scheme” or “the Scheme”).

2. The Hon'ble National Company Law Tribunal, Mumbai Bench, by an Order dated 18th October 2023 was pleased to issue directions for convening of the meeting of the Equity Shareholders of the First Applicant Company through "Video Conferencing ("VC") or "Other Audio-Visual Means" ("OAVM")" on Thursday, 07th December 2023 at 11:00 a.m. to be presided over by Shri Mukesh Kumar Siroya, Company Secretary as the Chairperson of the Meeting or Harsh Chandrakant Ruparelia, Chartered Accountant as Alternate Chairperson of the Meeting. The said Order will be available for inspection at the Registered Office of the First Applicant Company at 205(A), 2nd floor, Piramal Agastya Corporate Park, Kamani Junction , LBS Road, Kurla (West), Mumbai- 400 070 on any working day of the Company up to the date of meeting, after receipt from the Tribunal.
3. In addition to the meeting of the Equity Shareholders of the Metropolitan Stock Exchange of India Limited ("First Applicant Company") convened on the directions of the National Company Law Tribunal, to seek the approval of the said Shareholders pursuant to Section 230 read with Section 232 of the Companies Act, 2013 further read with other relevant provisions of the Companies Act, 2013, approval of the Equity Shareholders of the First Applicant Company is also sought by way of remote e-Voting as required under the Companies Act, 2013.
4. The Board of Directors of the First Applicant Company in their meeting held on 02nd March 2023 have approved the Scheme, while the Board of Directors of MSE Enterprises Limited ("Second Applicant Company") in their meeting held on 14th March 2023 have approved the Scheme involving Capital Reduction of the equity shares of Second Applicant Company and Amalgamation of Second Applicant Company with First Applicant Company. A copy of the Scheme, setting out the terms and conditions of the Scheme as approved by the Board of Directors of First Applicant Company and Second Applicant Company is enclosed herewith as **Annexure A**. The proposed Scheme is envisaged to be effective from the Appointed Date but shall be made operative from the Effective Date (as defined in the Scheme).

5. Particulars of the Companies

5.1. Metropolitan Stock Exchange of India Limited ("First Applicant Company"/ "Amalgamated Company")

5.1.1. Metropolitan Stock Exchange of India Limited, the Amalgamated Company, is a public limited company incorporated on 14th August 2008. The Corporate Identification Number is U65999MH2008PLC185856 and the PAN is AAFCM6942F. The e-mail address of the Company is secretarial@msei.in. The First Applicant Company is a recognized Stock Exchange with permission to operate in currency derivatives, equity and equity derivatives. The registered office of the Transferee Company is at 205(A), 2nd floor, Piramal Agastya Corporate Park, Kamani Junction, LBS Road, Kurla (West), Mumbai – 400 070.

5.1.2. The main objects of the First Applicant Company are as follows:

"To establish, operate, regulate, maintain and manage facilities in Mumbai and elsewhere in India enabling the Trading Members of the Exchange, their authorised agents and constituents and other participants to transact, clear and settle trades done on the Stock Exchange in different types of contracts in currencies including foreign currencies, foreign exchange rates, interest rates, securities and other instruments and derivatives thereof, in cash, spot, ready, swaps, futures and options markets and to provide accessibility to the markets to various

Trading Members of the Exchange and their authorised agents and constituents and other participants within India and for assisting, regulating or controlling the business of buying, selling or dealing in securities.”

- 5.1.3. The authorised, issued, subscribed and paid up capital of the First Applicant Company as on 31st March 2023 is as follows:

Particulars	Amount in Rs.
Authorised Share Capital:	
5,50,00,00,000 Equity Shares of Re.1/- each	5,50,00,00,000
Total	5,50,00,00,000
Issued, Subscribed and Paid-up Share Capital	
4,81,02,17,033 Equity Shares of Re.1/- each	4,81,02,17,033
Less: Amount recoverable from Metropolitan Stock Exchange ESOP Trust	49,77,671
Total	4,80,52,39,362

There has been no change in the authorized, issued, subscribed and paid up share capital of the First Applicant Company after 31st March 2023. The equity shares of the First Applicant Company are not listed on any of the stock exchanges.

- 5.1.4. The details of the directors and Promoters of the First Applicant Company along with their addresses are as follows:

S. No.	Name	Designation	Address
Promoter & Promoter Group			
1	Not Applicable	Promoter Group	Not Applicable
2	Not Applicable	Promoter	Not Applicable
Directors			
3	Ms. Latika S. Kundu	Managing Director & CEO	E-3, Ravi Darshan CHS, Shirley Rajan Road, Bandra West, Mumbai 400050
4	Mr. Dinesh C. Patwari	Chairman and Public Interest Director	A-1201, Salarpuria Sattva Luxuria, Malleswaram, Banglore – 560003
5	Mr. Ajai Kumar	Public Interest Director	2601, Tower C, Ashok Towers, Parel East, Mumbai 400012
6	Ms. Trishna Guha	Public Interest Director	AE 233 Salt Lake Kolkata 700064

5.2. MSE Enterprises Limited (“Second Applicant Company”/ “Amalgamating Company”)

- 5.2.1.MSE Enterprises Limited, the Amalgamating Company, is a public limited company incorporated on 7th November 2008. The Corporate Identification Number is

U72100MH2008PLC188032 and the PAN is AAFCM7981E. The e-mail address of the Company is secretarial@mclear.in. The Second Applicant Company was authorized to act as a central counterparty to provide novation and clearing & settlement services to various Exchanges. The registered office of Second Applicant Company is at Building A, Unit 205B, 2nd Floor, Agastya Corporate Park, Sunder Baug Lane, Kamani Junction, L.B.S Road, Kurla West, Mumbai – 400 070.

5.2.2. The main objects of the Second Applicant Company are as follows:

“To act as the technical and management consultants in relation to all aspects of data processing, data processing systems, computer systems, application and systems software, process control systems, computers and all the branches of computer science in India and abroad and further act as the agents for Indian and International entities providing the equipment and services in terms of the management science and computer science and to buy, sell, import, export, hire, lease install, maintain and use equipment and accessories , know-how and services, software and hardware related to all the aspects of management services and computer science. ”

5.2.3. The authorised, issued, subscribed and paid up capital of the Second Applicant Company as on 31st March 2023 is as follows:

Particulars	Amount in Rs.
Authorised Share Capital:	
30,00,00,000 Equity Shares of Rs. 10/- each	3,00,00,00,000
Total	3,00,00,00,000
Issued, Subscribed and Paid-up Share Capital	
12,53,70,991 Equity Shares of Rs. 10/- each	1,25,37,09,910
Total	1,25,37,09,910

There has been no change in the authorized, issued, subscribed and paid up share capital of the Second Applicant Company after 31st March 2023. The equity shares of the Second Applicant Company are not listed on any of the stock exchanges.

5.2.4. The details of the directors and Promoters of the Second Applicant Company along with their addresses are as follows:

S. No.	Name	Designation	Address
Promoter & Promoter Group			
1	Not Applicable	Promoter Group	Not Applicable
2	Not Applicable	Promoter	Not Applicable
Directors			
3	Mr. Ashok Kumar Dogra	Independent Director and Chairman	Flat No.32, Shiv Shakti Apartments CGHS, GH-15, Sector – 21C , Part 3, Faridabad, Haryana – 121001
4	Mr. Rakesh Kumar Srivastava	Independent Director	117/P/85, Kakadeo, Kanpur - 208025
5	Ms. Neha Gada	Independent	701, Krishna Kunj, Plot No.

		Director	49, Road No. 9, V.A. Oza Marg, Near Vasupujia Jain Temple, Bramhan Wada, Matunga, Mumbai - 400019
6	Mr. P. K. Ramesh	Non-Executive Director	Unit No – 1, Plot no – 41, Sector 28, Vashi, Navi Mumbai, Thane, Maharashtra 400703
7	Mr. Saket Bhansali	Non-Executive Director	G – 301, Bhoomi Classic, Link Road, Opposite Inorbit Mall, Malad West, Mumbai - 400064

6. Relationship subsisting between the Companies who are parties to the Composite Scheme of Arrangement

The First Applicant Company holds 95.85% of the share capital of the Second Applicant Company. Hence, Second Applicant Company is a subsidiary of the First Applicant Company.

7. Rationale and Benefits of the Composite Scheme of Arrangement

" The Amalgamating Company MEL was formerly engaged in the business of providing clearing and settlement services to the Amalgamated Company in respect of all the four segments namely, Currency Derivatives, Equity Derivatives, Equity Cash Market & Debt Segments, and also facilitates settlement of OTC deals on corporate bonds, certificate of deposits, commercial paper and structured debt instruments. Subsequently, in 2018 SEBI allowed interoperability amongst clearing corporations i.e. it allowed market participants to consolidate their clearing and settlement functions at a single clearing corporation, irrespective of the stock exchange on which the trade is executed.

Post introduction of interoperability, MEL had lost most of its business to other clearing corporations inspite of its effort to gain business share by entering into interoperability arrangements with the Indian Clearing Corporation Limited (ICCL) & NSE Clearing Limited (NCL) to extend its clearing and settlement services for trades executed at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in addition to MSE. Profit after Tax of MEL has reduced over the years from INR 6.83 crores in FY 19 to INR (6.72) crores in FY 22.

Apart from the services under interoperability, MEL was providing clearing and settlement services to Indian Commodity Exchange Limited (ICEX) in Commodity Derivative segment and Mutual Fund segment, which contributes major income for MEL. In May, 2022 SEBI has withdrawn recognition of ICEX as Stock exchange due to insufficient Net Owned Fund ("NOF"). Securities Appellate Tribunal (SAT) in June 2022 granted time to ICEX to build necessary NOF and directed that the business will remain suspended till NOF restored to statutory limit. Suspension of business of ICEX and agreement with ICEX for providing Clearing and Settlement services has also expired effective September 2, 2022. Hence, besides having no business of Clearing and Settlement from Interoperability and now no business from ICEX, MEL shall have no Clearing and Settlement Business, the core purpose for which it was Incorporated and capitalized by its main parent company and its other Shareholders. Considering the above, MEL is not able to operate profitably and gain market share, the Board of Directors of MEL have decided to discontinue the clearing corporation business and merge the company with its parent company i.e. MSE for continuance of other eligible business in MSE. SEBI registration for MEL for acting as clearing corporation agent has also been expired as of date.

The management of the respective Companies are of the view that the amalgamation proposed in this Scheme is, in particular, expected to have the following benefits:

- a) Reduction in management overlaps and elimination of legal and regulatory compliances and associated costs due to operation of multiple entities.*

- b) Optimization of the allocated capital and availability of funds which can be deployed more efficiently to pursue the operational growth opportunities.
- c) Amalgamation will result in pooling of financial, managerial, technical and human resources, thereby creating stronger base for future growth and value accretion for the stakeholders.
- d) The combined financial strength is expected to further accelerate the scaling up of the operations of the Amalgamated Company.
- e) The consolidation of funds and resources will lead to optimization of working capital utilization and stronger financial leverage given the simplified capital structure, improved balance sheet, optimized management structure and consolidation of cross location talent pool.

Further, Amalgamating entity is also undertaking Capital Reduction for reduction of 51,99,545 equity shares constituting 4.15% of its share capital owing to the following reasons/ rationale -

- a) To comply with SEBI direction wherein 63 Moons Technologies Limited was declared not a "fit and proper person" to hold shares in Amalgamating Company and shall cease to be entitled to voting rights in the Amalgamating Company in respect of shares held by them.
- b) To distribute cash to its shareholders in proportion to their shareholding, thereby, providing exit opportunities from an illiquid investment.
- c) Proposed capital reduction will result in 100% shareholding of MEL with MSE and resultant ease of compliances.

The management of the respective Companies is of the view that this Scheme is in the interest of the customers, employees, lenders, shareholders, and all other stakeholders of the respective Companies.
"

8. The salient features of the Scheme are as follows:

PART – A

DEFINITIONS, COMPLIANCE WITH TAX LAWS AND CAPITAL STRUCTURE

5. Definitions

- 5.5 “**Appointed Date**” means the opening of business hours on April 1, 2023 or such other date as may be approved by the NCLT, with effect from which Part C of the Scheme will be deemed to be effective in the manner described in the Scheme.
- 5.7 “**Capital Reduction**” means the selective reduction of 51,99,545 (Fifty-One Lakhs Ninety Nine Thousand Five Hundred and Forty-Five) fully paid-up equity shares of face value INR 10 (Indian Rupees Ten) each of the MEL presently held by Multi Commodity Exchange of India Limited and 63 moons Technologies Limited in the proportion of 2.20% (represented by 27,58,942 shares) and 1.95% (represented by 24,40,603 shares) of the paid up equity share capital of MEL, respectively, and shall include any other entity to which either Multi Commodity Exchange of India Limited and/or 63 moons Technologies Limited transfers these shares, if and as applicable, in any manner whatsoever (hereinafter referred to as Eligible Shareholder).
- 5.10 “**Effective Date**” means the date on which the order of the Court sanctioning the Scheme or any particular parts of the Scheme, is filed with the RoC. Any references in this Scheme to “upon this Scheme becoming effective” or “effectiveness of this Scheme” shall be construed accordingly.

PART – B

SELECTIVE REDUCTION OF SHARE CAPITAL OF MEL

RE-ORGANISATION OF PAID-UP SHARE CAPITAL AND ITS IMPACT ON THE COMPANY

- 9.1 Upon the Scheme becoming effective, 51,99,545 (Fifty-One Lakhs Ninety-Nine Thousand Five Hundred and Forty-Five) fully paid-up equity shares of the Company of INR 10 (Indian Rupees Ten) each of MEL held by Eligible Shareholders shall be cancelled and extinguished and consequently, the paid-up equity share capital of MEL as on the Effective Date shall become INR 1,20,17,14,460 (Indian Rupees One Hundred and Twenty Crores Seventeen Lakhs Fourteen Thousand Four Hundred and Sixty) divided into 12,01,71,446 (Twelve Crores One Lakh Seventy One Thousand Four Hundred and Forty Six) equity shares of INR 10 (Indian Rupees Ten) each.
- 9.2 The share capital of MEL before and after the Capital Reduction in terms of this Scheme shall be as under:

Particulars	As on date of approval of the Scheme		Post Capital reduction in terms of this Scheme	
	<i>Number of Equity shares</i>	<i>Amount (INR)</i>	<i>Number of Equity shares</i>	<i>Amount (INR)</i>
Authorized equity share capital	30,00,00,000	300,00,00,000	30,00,00,000	300,00,00,000
Issued, subscribed and fully paid-up equity share capital	12,53,70,991	1,25,37,09,910	12,01,71,446	1,20,17,14,460

- 9.3 The Capital Reduction and the consequent cancellation of the equity share capital as hereinabove, shall be effected as per the provisions of Section 66 of the Act and other applicable provisions of the Act, rules (including the Rules) and regulations made thereunder upon the Scheme becoming effective as on the Effective Date.
- 9.4 The Capital Reduction does not involve either a diminution of liability in respect of unpaid share capital.
- 9.5 The Capital Reduction will not cause any prejudice to the creditors of MEL since it has positive net worth, and therefore, the proposed Capital Reduction will not adversely affect the ordinary operations of MEL or the ability of MEL to honor its commitments or to pay its debts in the ordinary course of business. Further, the discharge of consideration pursuant to the Capital Reduction, does not alter, vary or affect the rights of the creditors in any manner whatsoever. The liabilities with respect to payments due to the creditors will be discharged by MEL in accordance with the terms of their agreements with MEL, if any, or in the ordinary course of business, as the case may be.
- 9.6 The Capital Reduction will not have any adverse impact on the employees and workers of MEL in any manner, and their service shall be continuous, and they will continue to enjoy the same benefits as they used to enjoy before the Capital Reduction.

- 9.7 *The Scheme does not in any manner alter, vary or affect the payment of any dues or outstanding amounts, including all or any of the statutory dues payable or outstanding.*
- 9.8 *The Scheme does not envisage transfer or vesting of any of the properties and / or liabilities of MEL to any person or entity.*
- 9.9 *The Scheme is merely a Capital Reduction and does not involve any conveyance or transfer of any property of MEL and does not involve any issuance of shares. Consequently, the order of NCLT approving the Scheme will not attract any stamp duty.*
- 9.10 *During the pendency of this Scheme, Multi Commodity Exchange of India Limited and 63 moons Technologies Limited will be eligible for all the rights in the capacity of shareholders of MEL, including but not limited to, receiving the dividend and bonus shares, participating in any rights issue and buy-back, voting in the shareholders' meeting and participate in any other corporate action taken by MEL, transfer of their shareholding in MEL, etc.*

PART – C

AMALGAMATION OF AMALGAMATING COMPANY INTO AND WITH THE AMALGAMATED COMPANY

15. AMALGAMATION OF AMALGAMATING COMPANY INTO AND WITH THE AMALGAMATED COMPANY

- 15.1 *With effect from the Appointed Date, the Amalgamating Company along with all its assets, liabilities, rights and obligations and its entire business and undertakings, including all its properties, rights, benefits and interests therein, shall by virtue of this Part C of the Scheme stand amalgamated with, transferred to and vested in the Amalgamated Company, and shall become the assets, liabilities, rights, obligations, business and undertakings of the Amalgamated Company, subject to the existing encumbrances thereon in favour of banks and financial institutions, if any (unless otherwise agreed to be released by such encumbrance holders in writing), without any further act, instrument or deed being required from the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party, in accordance with Sections 230 to 232 of the Act read with Section 2(1B) of the IT Act and all other applicable provisions of law if any, in accordance with the provisions contained herein.*
- 15.2 *Without prejudice to the generality of the above, in particular, the Amalgamating Company shall stand amalgamated with the Amalgamated Company in the manner described in the subparagraphs below, subject to the existing encumbrances in favour of banks and financial institutions, if any (unless otherwise agreed to be released by such encumbrance holders in writing):-*
- (i) *With effect from the Appointed Date, all the assets (including investments) of the Amalgamating Company, that are movable in nature or incorporeal or intangible in nature or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery or by transfer or by delivery instructions in relation to dematerialized shares or by vesting and recordal pursuant to the Scheme, including plant, machinery and equipment, shall stand transferred to and vested in and/or be deemed to be transferred to and vested in the Amalgamated Company and shall become the property and an integral part of the Amalgamated Company, without any further act, instrument or deed required by either of the Amalgamating Company or the Amalgamated Company and without any approval or acknowledgement of any third party. The transfer and vesting pursuant to this sub-clause shall be deemed to have*

occurred by physical or constructive delivery or by endorsement and delivery or by delivery instructions in relation to dematerialized shares or by vesting and recordal, pursuant to this Scheme, as appropriate to the property being transferred and vested and the title to such property shall be deemed to have been transferred and vested accordingly.

- (ii) With effect from the Appointed Date, any and all other movable properties of the Amalgamating Company (except those specified elsewhere in this Clause), including cash and cash equivalents, sundry debts and receivables, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, actionable claims, bank balances and deposits, if any, with any person or body including without limitation any government, semi-government, local and other authorities and bodies, customers and other persons shall, without any further act, instrument or deed required by either of the Amalgamating Company or the Amalgamated Company and without any approval or acknowledgement of any third party, become the property of the Amalgamated Company.*
- (iii) With effect from the Appointed Date, all immovable properties of the Amalgamating Company, including without limitation, all land together with all buildings and structures standing thereon and all rights and interests therein, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall stand transferred and be vested in and/or be deemed to have been transferred and vested in the Amalgamated Company and shall become the property and an integral part of the Amalgamated Company, without any further act, instrument or deed being required from the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party. Upon Part C of the Scheme becoming effective on the Effective Date, the Amalgamated Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay all rent, charges and taxes and fulfil all obligations in relation to or applicable to such immovable properties. The appropriate authorities shall grant all clearances/permissions, if any, required for enabling the Amalgamated Company to absolutely own and enjoy the rights/privileges attached to the immovable properties in accordance with Applicable Law. The Amalgamated Company shall be entitled to seek mutation/substitution of title in its name in such immovable properties, for the purposes of information and record and such mutation / substitution of the title to and interest in such immovable properties shall be made and duly recorded in the name of the Amalgamated Company, by the appropriate authorities pursuant to the sanction of the Scheme by the Court and Part C of the Scheme becoming effective on the Effective Date in accordance with the terms hereof. However, it is hereby clarified that the absence of any such mutation/substitution shall not adversely affect the rights, title or interest of the Amalgamated Company in such immovable properties which shall be deemed to have been transferred to the Amalgamated Company automatically upon the Part C of the Scheme becoming effective on the Effective Date.*
- (iv) With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations, whether present or future, secured or unsecured of every kind, nature and description whatsoever and howsoever arising, whether provided for or not in the books of accounts of the Amalgamating Company or disclosed in the balance sheets of the Amalgamating Company shall become and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Amalgamated Company without any further act, instrument or deed being required from the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party. The Amalgamated Company undertakes to meet, discharge and satisfy the same in terms of their respective terms and conditions, if any. All loans raised and used and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Amalgamating Companies after the Appointed Date and prior to the Effective Date, shall also be deemed to have been raised, used, incurred or undertaken for and on behalf of the Amalgamated Company and, to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, without any further act, instrument or*

deed being required from the Amalgamating Companies and/or the Amalgamated Company and without any approval or acknowledgement of any third party, shall stand transferred to and vested in or be deemed to have been transferred to and vested in the Amalgamated Company, and shall become and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Amalgamated Company. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person, who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. However, the Amalgamated Company shall, if required, file appropriate forms with the RoC accompanied by the sanction order of the Court or a certified copy thereof and execute necessary deeds or documents in relation to creation/satisfaction /modification of charges to the satisfaction of the lenders, pursuant to Part C of this Scheme becoming effective in accordance with the terms hereof. The Amalgamated Company shall be entitled to take the benefit of all duties and charges already paid by the Amalgamating Company for the creation/modification of any such security interest. Where any of the loans, liabilities and obligations have been discharged by the Amalgamating Company after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been done by the Amalgamating Company for and on behalf of the Amalgamated Company.

- (v) With effect from the Appointed Date, all loans, advances, trade receivables and other obligations or liabilities due from, or any guarantees or similar obligations undertaken on behalf of the Amalgamating Company to / by the Amalgamated Company or vice versa, if any, and all contracts between the Amalgamating Company and the Amalgamated Company shall stand automatically cancelled and terminated and shall be of no effect, without any further act, instrument or deed being required from either the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party. No further taxes, fees, duties or charges shall be required to be paid by the Amalgamated Company on account of such cancellation or termination.
- (vi) With effect from the Appointed Date, all incorporeal or intangible property of or in relation to the Amalgamating Company shall stand transferred to and vested in the Amalgamated Company, and shall become the property and an integral part of the Amalgamated Company without any further act, instrument or deed required by either the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party.
- (vii) With effect from the Appointed Date, the Amalgamated Company shall be entitled to operate all bank accounts, realise all monies and complete and enforce all pending contracts and transactions in the name of the Amalgamating Companies to the extent necessary until the transfer of the rights and obligations of the Amalgamating Companies to the Amalgamated Company under the Scheme is formally accepted and completed by the parties concerned. For avoidance of doubt, it is hereby clarified that all cheques and other negotiable instruments, payment orders received and presented for encashment which are in the name of the Amalgamating Companies after the Effective Date, shall be accepted by the bankers of the Amalgamated Company and credited to the accounts of the Amalgamated Company, if presented by the Amalgamated Company. Similarly, the banker of the Amalgamated Company shall honour all cheques issued by the Amalgamating Companies for payment after the Effective Date. All bank accounts operated or entitled to be operated by the Amalgamating Companies shall be deemed to have transferred and shall stand transferred to the Amalgamated Company and names of the Amalgamating Companies shall be substituted by the name of the Amalgamated Company in the bank's records.
- (viii) With effect from the Appointed Date, all letters of intent, memoranda of understanding, memoranda of agreements, tenders, bids, letters of award, expressions of interest, experience and/or performance statements, contracts, deeds, bonds, agreements, guarantees and indemnities, schemes, arrangements, undertakings and other instruments

of every nature and description including without limitation, those relating to tenancies, privileges, powers and facilities of every kind and description, to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible or under which the Amalgamating Company is an obligor (except to the extent provided in this Clause) and which are subsisting or having effect immediately prior to Part C of the Scheme coming into effect on the Effective Date, shall be and shall remain in full force and effect against or in favour of the Amalgamated Company and may be enforced by or against it as fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party or beneficiary or obligee or obligor thereto, without any further act, instrument or deed being required from the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party.

- (ix) *With effect from the Appointed Date, all statutory or regulatory licenses and permits including without limitation, all such licenses and permits as set out in, grants, allotments, recommendations, no-objection certificates, permissions, registrations, approvals, certificates, consents, quotas, exemptions, clearances, tenancies, privileges, powers, offices, facilities, entitlements or rights granted/available/renewed/applied for, to or by the Amalgamating Company shall stand transferred to and vested in the Amalgamated Company, without any further act, instrument or deed being required by the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party. Upon the Scheme coming into effect, the Amalgamated Company shall be entitled to all the benefits thereof and shall be liable for all the obligations thereunder. In relation to the same, any procedural requirements required to be fulfilled solely by Amalgamating Company (and not by any of their successors), shall be fulfilled by the Amalgamated Company as if it is the duly constituted attorney of the Amalgamating Company. It is hereby clarified that if the consent or approval (by whatever name called) of any third party or authority is required to give effect to the provisions of this Clause, the said third party or authority shall duly record provide such consent or approval and shall make the necessary substitution/endorsement in the name of the Amalgamated Company pursuant to the sanction of this Scheme by the Court, and upon Part C of this Scheme becoming effective in accordance with the terms hereof. For this purpose, the Amalgamated Company may file appropriate applications/documents with relevant authorities concerned for information and record purposes. However, it is hereby clarified that the absence of any such substitution/endorsement shall not adversely affect the rights, benefits or interest of the Amalgamated Company which shall be deemed to have been transferred to the Amalgamated Company automatically upon the Part C of the Scheme becoming effective on the Effective Date.*
- (x) *All workmen and employees of the Amalgamating Company, who are on its payrolls and all other personnel employed by the Amalgamating Company shall be employed by the Amalgamated Company with effect from the Effective Date, on such terms and conditions as are no less favourable than those on which they were engaged with the Amalgamating Company immediately prior to the Effective Date, without any interruption of service as a result of this amalgamation and transfer. With regard to provident fund, gratuity fund, superannuation fund and any contributions required to be made in relation to employees under any statute or regulation, leave encashment and any other special scheme or benefits created or existing for the benefit of the personnel employed by the Amalgamating Company immediately prior to Part C of the Scheme coming into effect on the Effective Date and transferred to the Amalgamated Company, the Amalgamated Company shall stand substituted for the Amalgamating Company for all intents and purposes whatsoever, upon Part C of this Scheme becoming effective on the Effective Date, including with regard to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents and/or in accordance with the provisions of Applicable Laws or otherwise. All existing contributions made to such schemes and funds and all benefits accrued thereto shall also stand transferred in the name of the Amalgamated Company*

and all such benefits and schemes shall be continued by the Amalgamated Company for the benefit of such personnel employed by the Amalgamating Company and transferred to the Amalgamated Company, on the same terms and conditions. Further, it is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Amalgamating Company in relation to such schemes or funds shall become those of the Amalgamated Company. It is clarified that the services of all personnel employed by the Amalgamating Company who are entitled to the benefits under such schemes and funds, will be treated as having been continuous and uninterrupted for the purpose of the aforesaid schemes or funds. Without prejudice to the aforesaid, the Board of Directors of the Amalgamated Company, if it deems fit and subject to Applicable Laws, shall be entitled to: (a) retain separate trusts or funds within the Amalgamated Company for the erstwhile fund(s) of the Amalgamating Company; or (b) merge the pre-existing funds of the Amalgamating Company with other similar funds of the Amalgamated Company.

- (xi) With effect from the Appointed Date, all rights, entitlements, licenses, applications and registrations relating to trademarks, service marks, copyrights, domain names, brand name, logos, patents and other intellectual property rights of every kind and description, including without limitations, whether registered, unregistered or pending registration, and the goodwill arising therefrom, if any, to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible or entitled, shall stand transferred to and vested in the Amalgamated Company, and shall become the rights, entitlement or property of the Amalgamated Company and shall be enforceable by or against the Amalgamated Company, as fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party or beneficiary or obligee thereto or the holder or owner thereof, without any further act, instrument or deed required by either of the Amalgamating Company or the Amalgamated Company and without any approval or acknowledgement of any third party.*
- (xii) With effect from the Appointed Date, the Amalgamated Company shall be entitled to the benefit of all insurance policies (if any) which have been issued in respect of Amalgamating Company and/or any of its assets or employees and the name of the Amalgamated Company shall stand substituted as the "Insured" in all such policies as if the Amalgamated Company was originally a party thereto without any further act, instrument or deed required by either of the Amalgamating Company or the Amalgamated Company and without any approval or acknowledgement of any third party. Further, the Amalgamated Company shall be entitled to the benefit of all claims filed, prosecuted, proposed to be filed, pending and/or adjudicated in relation to all insurance policies issued in respect of Amalgamating Company and/or any of its assets or employees.*
- (xiii) With effect from the Appointed Date, all taxes and duties of whatsoever description (including but not limited to all carry forward tax losses comprising of unabsorbed depreciation, advance tax payments, TDS, TCS, MAT, securities transaction tax, withholding tax, banking cash transaction tax, taxes withheld/paid in a foreign country, customs duty, entry tax, value added tax, GST, sales tax, service tax, CSR Credit available for set-off, etc.) including any interest, penalty, surcharge, and cess, if any, payable by or refundable to the Amalgamating Company, including all or any refunds or claims shall be treated as the tax liability or refunds/claims, as the case may be, of the Amalgamated Company, and any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions etc., as would have been available to the Amalgamating Company, shall pursuant to this Scheme becoming effective, be available to the Amalgamated Company without any further act, instrument or deed required by either of the Amalgamating Company or the Amalgamated Company and without any approval or acknowledgement of any third party but in the manner more particularly set out herein below. Upon Part C of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all existing and future incentives, un-availed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including MAT), excise (including Modvat/ Cenvat), customs,*

value added tax, sales tax, service tax to which the Amalgamating Company is entitled shall be available to and shall stand transferred and vested in the Amalgamated Company without any further act, instrument or deed required by either the Amalgamated Company or the Amalgamating Company and without any approval or acknowledgement of any third party. Upon Part C of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any tax deducted at source deducted by or on behalf of the Amalgamating Company until the Effective Date shall be deemed to have been deducted on behalf of the Amalgamated Company.

(xiv) With effect from the Appointed Date, the Amalgamated Company shall bear the burden and the benefits of any legal, tax, quasi-judicial, administrative, regulatory or other proceedings initiated by or against the Amalgamating Company. If any suit, appeal or other proceeding of whatsoever nature by or against the Amalgamating Company shall be pending as on the Effective Date, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of the merger of such Amalgamating Company and transfer and vesting of the same in the Amalgamated Company or of anything contained in Part C of this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Amalgamated Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Amalgamating Company as if Part C of this Scheme had not been made effective. Upon Part C of the Scheme becoming effective, the Amalgamated Company undertakes to have such legal or other proceedings initiated by or against the Amalgamating Company transferred in its name and to have the same continued, prosecuted and enforced by or against the Amalgamated Company to the exclusion of the Amalgamating Company. The Amalgamated Company also undertakes to handle all legal or other proceedings which may be initiated against the Amalgamating Company after the Effective Date in its own name and account and further undertakes to pay all amounts including interest, penalties, damages etc., pursuant to such legal/ other proceedings.

15.3 With effect from the Appointed Date, the Amalgamated Company shall be entitled to the benefit of the past experience, accreditation and/or performance of the Amalgamating Company for all purposes without any further act, instrument or deed required by either of the Amalgamating Company or the Amalgamated Company and without any approval or acknowledgement being required from any third party. If any instrument or deed or document is required or deemed necessary or expedient to give effect to the provisions of this Clause by the Amalgamated Company, the Amalgamated Company shall, under the provisions of Part C of the Scheme, be deemed to be duly authorized to execute all such writings on behalf of the Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on behalf of the Amalgamating Company.

15.4 Upon Part C of the Scheme coming into effect on the Effective Date with effect from the Appointed Date, the Amalgamated Company would be entitled to claim, Lower Tax Regime under Section 115BAA of the Income Tax Act, 1961, if the same is beneficial to the Amalgamated Company and the Amalgamated Company would be entitled to submit such documents either in online format and by Manual Application, if the effective date falls after the due date of filing a Revised Return of Income or Claim of Lower Tax Regime under Section 115BAA of the Income Tax Act, 1961.

20. CHANGE IN AUTHORISED SHARE CAPITAL OF THE AMALGAMATED COMPANY

20.1 Upon this Scheme becoming effective on the Effective Date, the authorised share capital of Amalgamating Company as on the Effective Date shall stand transferred to and be merged/amalgamated with the authorised share capital of the Amalgamated Company, and the fee, if any, paid by the Amalgamating Company on its authorised share capital shall be set off against any fee payable by the Amalgamated Company on such increase in its authorised share capital, consequent to the amalgamation. Accordingly, Clause V of the Memorandum of Association of the Amalgamated Company shall stand modified and shall read as under:-

“The Authorised Share Capital of the Company is INR 850,00,00,000 (Rupees Eight Hundred and Fifty Crore) consisting of 8,500,000,000 Equity Shares having face value of INR 1 (Rupees One)”

- 20.2 *It is hereby clarified that the consent of the shareholders of the Amalgamated Company and shareholders of the Amalgamating Companies to Part C of this Scheme shall be sufficient for the purposes of effecting the aforesaid additions in the Memorandum of Association of the Amalgamated Company and that no further resolutions, whether under the applicable provisions of the Act or under the Articles of Association, shall be required to be separately passed. All actions taken in accordance with this Clause shall be deemed to be in full compliance of Sections 61 and 64 and other applicable provisions of the Act and rules and regulations issued thereunder and no further resolutions or actions under any other provisions of the Act or the rules or regulations issued thereunder would be required to be separately passed or undertaken by the Amalgamated Company.*

21. DISCHARGE OF CONSIDERATION

- 21.1 *Since, the Amalgamating Company post effectiveness of Part B of the Scheme shall become wholly owned subsidiary company of the Amalgamated Company i.e. the entire paid up equity share capital of the Amalgamating Company shall be beneficially held by the Amalgamated Company, no new equity shares of the Amalgamated Company shall be issued and allotted in respect of shares held by the Amalgamated Company in the Amalgamating Company. Upon the Scheme becoming effective, the entire share capital of the Amalgamating Company shall be cancelled and extinguished without any further act, deed or instrument as an integral part of this Scheme.*

22. DISSOLUTION OF AMALGAMATING COMPANY

Upon Part C of this Scheme becoming effective on the Effective Date, Amalgamating Company shall stand automatically dissolved as an integral part of this Scheme, without being liquidated or wound-up and without requiring any further act, instrument or deed from the Amalgamating Company and/or the Amalgamated Company.

23. ACCOUNTING TREATMENT¹

Upon Part C of the Scheme becoming effective, with effect from the Appointed Date, the Amalgamated Company shall account for the amalgamation in its books of accounts, as per “Pooling of Interests method” in accordance with accounting principles as laid down in Appendix C of IND-AS 103 (Business Combinations) notified under Section 133 of the Act and under the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time, as under:

- (i) All the assets and liabilities in the books of the Amalgamating Company shall stand transferred to and vested in the Amalgamated Company pursuant to the Scheme and shall be recorded by the Amalgamated Company in its books of accounts at their carrying amount on Appointed Date.*
- (ii) The balance of the earnings in the books of Amalgamating Company as on the Appointed Date shall be aggregated with the corresponding balance of earnings of the Amalgamated Company. The identity of the reserves shall be preserved and shall appear*

¹ To be reviewed by Auditors of MSE and MEL

in the financial statements of the Amalgamated Company in the same form in which they appeared in the financial statements of the Amalgamating Company. As a result of preserving the identity, reserves which are available for distribution as dividend before the business combination would also be available for distribution as dividend after the business combination.

- (iii) Investment of Amalgamated Company in Amalgamating Company, if any, shall stand cancelled upon the Scheme becoming effective and there shall be no further obligation in that behalf.*
- (iv) Inter-Company holdings, loans and advances, if any, between the Amalgamating Company and Amalgamated Company will stand cancelled.*
- (v) As stated in Clause 21 above, no new shares will be issued or allotted by the Amalgamated Company pursuant to this Scheme and the investment in the Equity Shares of the Amalgamating Company appearing, inter-alia, in the books of account of the Amalgamated Company shall stand cancelled. The difference between the amount of investment in the Equity shares of the Amalgamating Company appearing in the books of account of the Amalgamated Company and the amount of issued, subscribed and paid-up share capital standing credited in the book of account of the Amalgamating Company shall, subject to provisions contained in applicable Accounting Standards prescribed under the 2013 Act, be transferred to capital reserve in the books of account of the Amalgamating Company and such capital reserve shall be presented separately from other capital reserves. In case of excess of difference between Investment in equity shares of the Amalgamating Company and paid-up share capital of all the Amalgamating Company, the difference shall be adjusted against Securities Premium account / Capital Reserves / General Reserves of the Amalgamated Company.*
- (vi) In case of any differences in accounting policies between the Amalgamated Company and the Amalgamating Company, the accounting policies followed by the Amalgamated Company will prevail, and impact of the same till the Appointed Date will be quantified, and the same shall be appropriately adjusted and reported in accordance with applicable accounting rules and principles, so as to ensure that the financial statements of Amalgamated Company reflect the financial position on the basis of consistent accounting policies.*

24. CONDITIONALITY OF PART C OF THE SCHEME

Part C of the Scheme is conditional upon and subject to the following:

- 24.1 Effectiveness of Part B of the Scheme unless Part B becomes non-operational and withdrawn in terms of Clause 14.1 of the Scheme. In avoidance of doubt, withdrawal of Part B of the Scheme in terms of Clause 14.1 of the Scheme shall not have any impact on effectiveness of Part C of the Scheme;*
- 24.2 the Scheme being approved by the requisite majorities of the various classes of members and/or creditors of the respective Companies as required under Applicable Laws and as may be directed by the NCLT or any other authority as may be prescribed or notified;*
- 24.3 the sanction of the Scheme by the NCLT;*
- 24.4 such other sanctions and approvals including sanctions of any Governmental Authority or regulatory authority as may be required by law or contract in respect of the Scheme being obtained;*

24.5 *the certified copies of the orders of the NCLT referred to in this Scheme being filed with the Registrar of Companies by the Companies; and*

The Salient features as set out above being only the salient features of the Composite Scheme of Arrangement as are statutorily required to be included in this explanatory statement, the members are requested to read the entire text of the Scheme (annexed herewith) to get fully acquainted with the provisions thereof and the rationale and objectives of the proposed Scheme.

9. The Salient features, as set out above, being only the salient features of the Scheme as are statutorily required to be included in this explanatory statement, the members are requested to read the entire text of the Scheme (annexed herewith) to get fully acquainted with the provisions thereof and the rationale and objectives of the proposed Scheme.

10. EXTENT OF SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

1. The directors of the First Applicant Company and Second Applicant Company, may be deemed to be concerned and/or interested in the Scheme to the extent of their shares that may be held by them, if any, or by the Companies, firms, institutions, trusts of which they are directors, partners, members or trustee in the First Applicant Company and Second Applicant Company. None of the directors, Key Managerial Personnel ('KMPs') or relatives of the directors and KMPs of the First Applicant Company and Second Applicant Company, have any material, financial or other interest, in the Scheme, except as shareholders to the extent appearing in the Register of Directors' shareholding and Register of Members maintained by the First Applicant Company and Second Applicant Company respectively. The directors holding the shares in the First Applicant Company do not have any other interest in the Scheme otherwise than that as shareholder in general. Further, none of the managers, key managerial personnel and relatives of the directors of First Applicant Company is concerned or interested, financial or otherwise in the proposed Scheme. Save as aforesaid, none of the Directors of the First Applicant Company have any material interest in the proposed Scheme.
2. The details of the present Directors, Key Managerial Personnel of the First Applicant Company and their shareholding either individually or jointly as a first holder or as a nominee in the First Applicant Company and Second Applicant Company, as on 13th October, 2023, is as under:

Name of the Director & Key Managerial Personnel	Position	Equity Share held in	
		Metropolitan Stock Exchange of India Limited	MSE Enterprises Limited
Mr. Dinesh C Patwari	Chairman and Public Interest Director	0	0
Ms. Trishna Guha	Public Interest Director	0	0
Mr. Ajai Kumar	Public Interest Director	0	0
Ms. Latika S Kundu	Managing Director & CEO	0	0
Mr. Saket Bhansali	Chief Financial Officer	8575	1
Mr. P K Ramesh	Chief Regulatory Officer & Compliance Officer, Chief Risk Officer	0	1

Mr. Isidorio Fernandes	Chief Technology Officer	0	0
Mr. Durgesh Kadam	Head- Legal and Company Secretary	0	1
Mr. Sachin Nayak	Head - Market Operations	5500	1

3. The details of the present Directors, Key Managerial Personnel of Second Applicant Company and their shareholding either individually or jointly as a first holder or as a nominee in the First Applicant Company and Second Applicant Company, as on 13th October, 2023, is as under:

Name of the Director & Key Managerial Personnel	Position	Equity Share held in	
		Metropolitan Stock Exchange of India Limited	MSE Enterprises Limited
Mr. Ashok Kumar Dogra	Independent Director and Chairman	0	0
Mr. Rakesh Kumar Srivastava	Independent Director	0	0
Ms. Neha Gada	Independent Director	0	0
Mr. P. K. Ramesh	Non-Executive Director	0	1
Mr. Saket Bhansali	Non-Executive Director	8575	1
Mr. A. Sebastin	Interim CEO	0	0
Mr. Kirit Dodiya	Chief Financial Officer	10890	0
Ms. Shifa Memon	Company Secretary	0	0

4. PRE AND POST SCHEME CAPITAL STRUCTURE

- 4.1. The Pre-Scheme capital structure of the First Applicant Company and Second Applicant Company has already been provided under Para 5 of this Statement.
- 4.2. The Post-Scheme capital structure of the First Applicant Company and Second Applicant Company is as follows:
- 4.2.1. Name of the Company: Metropolitan Stock Exchange of India Limited

Particulars	Amount in Rs.
Authorised Share Capital:	
8,50,00,00,000 Equity Shares of Re.1/- each	8,50,00,00,000
Total	8,50,00,00,000
Issued, Subscribed and Paid-up Share Capital	
4,81,02,17,033 Equity Shares of Re.1/- each	4,81,02,17,033
Less: Amount recoverable from Metropolitan Stock Exchange ESOP Trust	49,77,671
Total	4,80,52,39,362

- 4.2.2. Name of the Company: MSE Enterprises Limited

Upon the proposed Scheme becoming effective, the entire share capital of the MSE Enterprises Limited shall stand cancelled.

5. Valuation, Fairness Opinion and Approvals

- 5.1. Mr. Niranjana Kumar, Registered Valuer, based on their Valuation Report dated 02nd March 2023, recommended to the Board of Directors of Metropolitan Stock Exchange of India Limited and MSE Enterprises Limited, the consideration to be discharged to the shareholders of the Second Applicant Company as against the capital reduction. A copy of the Valuation Report Issued by the Valuer is enclosed herewith as **Annexure B**.
- 5.2. Fairness Opinion dated 02nd March 2023 on the Valuation Report of Mr. Niranjana Kumar was obtained from Kunvarji Finstock Private Limited; a SEBI registered Category I Merchant Banker as prescribed by SEBI. The copy of Fairness Opinion issued by Kunvarji Finstock Private Limited is enclosed herewith as **Annexure C**.
- 5.3. The Auditor of the First Applicant Company and Second Applicant Company, respectively, have confirmed that the accounting treatment in the said Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013.
6. At the Board Meeting held on 02nd March 2023 all the Directors of the First Applicant Company, approved the Scheme.
7. A copy of the audited financials of the First Applicant Company and Second Applicant Company as on 31st March, 2023 are enclosed herewith as **Annexure D1 and D2**.
8. A copy of the unaudited financials of the First Applicant Company and Second Applicant Company as on 30th June, 2023 are enclosed herewith as **Annexure E1 and E2**.
9. The First Applicant Company and Second Applicant Company will make a petition under Section 230-232 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 to the Hon'ble National Company Law Tribunal, Mumbai Bench, for sanctioning of the Scheme.
10. Under Section 230 of the Companies Act, 2013, the proposed Scheme will have to be approved by a majority in number representing three-fourths in value of the Equity Shareholders present and voting.
11. The rights and interests of the members and the creditors of the First Applicant Company and Second Applicant Company will not be prejudicially affected by this Scheme.
12. The First Applicant Company has received a letter dated 22nd June 2023 from the Registrar of Companies under Section 206(5) of the Companies Act, 2013 seeking inspection of its books of account. Accordingly, the First Applicant Company has filed its reply to the said letter on 07th July 2023. No further information has been sought by the Registrar of Companies in this regard. Notwithstanding the above, no investigation or proceedings are pending under the provisions of Chapter XIV of the Companies Act, 2013 or under the provisions of the Companies Act, 1956 against the First Applicant Company.
13. No ongoing adjudication & recovery proceedings, prosecution and all other enforcement action is pending against the First Applicant Company, its promoters and directors.
14. No winding up petition is pending against the First Applicant Company.
15. Further, no insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 have been filed or are pending against the First Applicant Company.

16. In compliance with the provisions of Section 232(2) of the Companies Act, 2013, the Board of Directors of the First Applicant Company and Second Applicant Company, vide a resolution dated March 2, 2023, have adopted a Report, inter-alia, explaining the effect of the Scheme on each class of shareholders (promoter and non-promoter shareholders) and key managerial personnel. A copy of the Report adopted by the Board of Directors of the First Applicant Company and Second Applicant Company is enclosed to this Explanatory Statement as **Annexure F1 & F2 respectively**.
17. The Scheme is not expected to have any adverse effect on the Key Managerial Personnel, directors, unsecured creditors, non-promoter members, and employees of the First Applicant Company wherever relevant, as no sacrifice or waiver is at all called from them nor their rights sought to be modified in any manner.
18. The Scheme is subject to approval from the Hon'ble NCLT, Mumbai Bench, Court-III. Further, notice under Section 230(5) of Companies Act, 2013 is being submitted with the concerned Income Tax Authority within whose jurisdiction the assessments of the First Applicant Company and Second Applicant Company are made, Nodal Officer, Central Government through the office of the Regional Director (Western Region), Registrar of Companies, the Securities and Exchange Board of India and the GST department in respect of the First Applicant Company and Second Applicant Company and for official liquidator in case of Second Applicant Company.
19. The amount due in favour of the unsecured creditors of the First Applicant Company as on September 30, 2023 is INR 31,97,99,316 (Rupees Thirty One Crore Ninety Seven Lakhs Ninety Nine Thousand Three Hundred Sixteen only)
20. In addition to the documents appended hereto, the following documents will be open for obtaining extracts from or for making or obtaining copies or inspection by shareholders of the First Applicant Company at the registered office of the Company between 10:00 AM to 12:00 Noon on all working days, except Saturdays, Sundays and Public Holidays:
- a) Certified copy of the Order of the Hon'ble National Company Law Tribunal, Mumbai Bench dated 18th October 2023 passed in Company Scheme Application No. **CA(CAA)/86/(MB)/2023** directing and convening, *inter-alia*, of the meeting of Equity Shareholders of the First Applicant Company. A copy of the Order of the Tribunal dated 18th October 2023 is enclosed herewith as Annexure G.
 - b) Composite Scheme of Arrangement.
 - c) Memorandum and Articles of Association of First Applicant Company and Second Applicant Company
 - d) Audited financial statements of First Applicant Company and Second Applicant Company for the last three financial years ending 31st March 2021, 31st March 2022 and 31st March 2023.
 - e) Unaudited financial statements of First Applicant Company and Second Applicant Company for the period ended 30th June 2023.
 - f) Copy of the Report dated 02nd March 2023 issued by Mr. Niranjana Kumar for:
 - Determination of fair value of equity shares of MSE Enterprises Limited for the purpose of proposed reduction of share capital by way of cancellation of equity shares held by certain shareholders; and
 - Recommendation of share exchange ratio for the Proposed Amalgamation of MSE Enterprises Limited ('MEL') into Metropolitan Stock Exchange of India Limited ('MSE')

- g) Copy of the Fairness opinion by Merchant Banker, Kunvarji Finstock Private Limited dated 02nd March 2023.
- h) Copies of the Resolutions passed by the respective Board of Directors of First Applicant Company dated 02nd March 2023 and Second Applicant Company dated 14th March 2023.
- i) Copies of the Statutory Auditor's certificate dated March 9, 2023 confirming that the accounting treatment provided in the Scheme is in compliance with Section 133 of the Companies Act, 2013.

21. This statement may be treated as an Explanatory Statement under Section 230 of the Companies Act, 2013 read with Sections 102 and 110 of the Companies Act, 2013. A copy of the Scheme and Explanatory statement may also be obtained free of cost from the registered office of the First Applicant Company.

Dated at Mumbai on this Saturday, November 04, 2023

Sd/-

Mr. Shri Mukesh Kumar Siroya,
Company Secretary, Membership No. FCS
5682

Chairperson Appointed for the Meeting

Metropolitan Stock Exchange of India Limited

205(A), 2nd floor, Piramal Agastya Corporate Park, Kamani Junction,
LBS Road, Kurla (West), Mumbai- 400 070

Website: www.msei.in

E-mail: secretarial@msei.in

Tel.: 02261129000

COMPOSITE SCHEME OF ARRANGEMENT
BETWEEN
METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED
(AMALGAMATED COMPANY)
AND
MSE ENTERPRISES LIMITED
(Formerly known as “Metropolitan Clearing Corporation of India Limited”)
(AMALGAMATING COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS

**(UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 AND OTHER APPLICABLE
SECTIONS AND RULES OF THE COMPANIES ACT, 2013)**

INTRODUCTION

1 PREAMBLE

This Scheme of Arrangement (“**Scheme**”) is presented pursuant to the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013, and the rules and regulations issued thereunder and also read with Sections 2(1B) and the other applicable provisions of the Income-tax Act, 1961, in each case, as amended from time to time and as may be applicable, for:

- (i) Capital Reduction of MSE Enterprises Limited
- (ii) Amalgamation of MSE Enterprises Limited (the “**Amalgamating Company**”) into and with Metropolitan Stock Exchange of India Limited (the “**Amalgamated Company**”); and
- (iii) Other matters consequential or otherwise integrally connected herewith.

2 BACKGROUND AND DESCRIPTION OF THE PARTIES TO THIS SCHEME

- a) **Metropolitan Stock Exchange of India Limited (“MSE”/ “Amalgamated Company”)** is a public limited company, incorporated under the Companies Act, 1956 having its registered office at 205(A), 2nd floor, Piramal Agastya Corporate Park, Kamani Junction, LBS Road, Kurla (West), Mumbai – 400 070, Maharashtra.

MSE is a recognized Stock Exchange with permission to operate in currency derivatives, equity and equity derivatives. The Corporate Identity Number (“**CIN**”) of the Amalgamated Company is U65999MH2008PLC185856 and the Permanent Account Number (“**PAN**”) of the Amalgamated Company is AAFCM6942F.

- b) **MSE Enterprises Limited (“MEL” / “Amalgamating Company”)** is a public limited company, incorporated under the Companies Act, 1956 having its registered office at Building A, Unit 205B, 2nd Floor, Agastya Corporate Park, Sunder Baug Lane, Kamani Junction, L.B.S Road, Kurla West, Mumbai – 400 070, Maharashtra originally in the name of MCX-SX Clearing Corporation Limited. Subsequently, the name of the Company was changed to Metropolitan Clearing Corporation of India Limited vide Registrar of Companies approval dated 18th August 2015. Further, the name of the Company was changed to MSE Enterprises Limited vide Registrar of Companies letter dated 05.01.2023.

The main object of MEL was to act as central counterparty to provide novation and clearing & settlement services to various Exchanges. However, recognition of MEL as Clearing Corporation was not renewed by Securities and Exchange Board of India (SEBI) and hence effective October 3, 2022, MEL has ceased to be SEBI recognized entity. Consequent to such de-recognition, object clause of the Amalgamating Company was amended to act as the technical and management consultants in relation to all aspects of data processing, data processing systems, computer systems, application and systems software, process control systems, computers and all the branches of computer science in India and abroad. The CIN of the Amalgamating Company is U72100MH2008PLC188032 and the PAN of Amalgamating Company is AAFCM7981E.

95.85% of the paid-up share capital of the Amalgamating Company is currently held by the Amalgamated Company while remaining 4.15% share capital of the Amalgamating Company is being held by Multi Commodity Exchange of India Limited and 63 moons Technologies Limited in the proportion of 2.20% and 1.95% respectively.

63 Moons Technologies Limited has been declared as ‘not fit and proper person’ by Securities Exchange Board of India (SEBI) vide its order dated 17.12.2013 to hold shares in Multi Commodity Exchange of India Limited (**MCX**). The said order is under challenge before the Bombay High Court in Writ Petition No.337 of 2014 and no stay has been granted. Further SEBI vide its order dated 19.03.2014, has declared 63 Moons Technologies Limited “not fit and proper person” to acquire, hold and be entitled to equity shares or rights over equity shares at any future date, in a recognized stock exchange or clearing corporation, either directly or indirectly and shall cease to be entitled to voting rights in the Petitioner Company in respect of shares or instruments held by them, with immediate effect.

3 NEED AND RATIONALE FOR THIS SCHEME

3.1 Rationale for the Scheme

- 3.1.1 The Amalgamating Company MEL was formerly engaged in the business of providing clearing and settlement services to the Amalgamated Company in respect of all the four segments namely, Currency Derivatives, Equity Derivatives, Equity Cash Market & Debt Segments, and also facilitates settlement of OTC deals on corporate bonds, certificate of deposits, commercial paper and structured debt instruments. Subsequently, in 2018 SEBI allowed interoperability amongst clearing corporations

- i.e. it allowed market participants to consolidate their clearing and settlement functions at a single clearing corporation, irrespective of the stock exchange on which the trade is executed.
- 3.1.2 Post introduction of interoperability, MEL had lost most of its business to other clearing corporations inspite of its effort to gain business share by entering into interoperability arrangements with the Indian Clearing Corporation Limited (ICCL) & NSE Clearing Limited (NCL) to extend its clearing and settlement services for trades executed at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in addition to MSE. Profit after Tax of MEL has reduced over the years from INR 6.83 crores in FY 19 to INR (6.72) crores in FY 22.
- 3.1.3 Apart from the services under interoperability, MEL was providing clearing and settlement services to Indian Commodity Exchange Limited (ICEX) in Commodity Derivative segment and Mutual Fund segment, which contributes major income for MEL. In May, 2022 SEBI has withdrawn recognition of ICEX as Stock exchange due to insufficient Net Owned Fund (“NOF”). Securities Appellate Tribunal (SAT) in June 2022 granted time to ICEX to build necessary NOF and directed that the business will remain suspended till NOF restored to statutory limit. Suspension of business of ICEX and agreement with ICEX for providing Clearing and Settlement services has also expired effective September 2, 2022. Hence, besides having no business of Clearing and Settlement from Interoperability and now no business from ICEX, MEL shall have no Clearing and Settlement Business, the core purpose for which it was Incorporated and capitalized by its main parent company and its other Shareholders. Considering the above, MEL is not able to operate profitably and gain market share, the Board of Directors of MEL have decided to discontinue the clearing corporation business and merge the company with its parent company i.e. MSE for continuance of other eligible business in MSE. SEBI registration for MEL for acting as clearing corporation agent has also been expired as of date.
- 3.1.4 The management of the respective Companies are of the view that the amalgamation proposed in this Scheme is, in particular, expected to have the following benefits:
- Reduction in management overlaps and elimination of legal and regulatory compliances and associated costs due to operation of multiple entities.
 - Optimization of the allocated capital and availability of funds which can be deployed more efficiently to pursue the operational growth opportunities.
 - Amalgamation will result in pooling of financial, managerial, technical and human resources, thereby creating stronger base for future growth and value accretion for the stakeholders
 - The combined financial strength is expected to further accelerate the scaling up of the operations of the Amalgamated Company.
 - The consolidation of funds and resources will lead to optimization of working capital utilization and stronger financial leverage given the simplified capital structure, improved balance sheet, optimized management structure and consolidation of cross location talent pool.
- 3.1.5 Further, Amalgamating entity is also undertaking Capital Reduction for reduction of 51,99,545 equity shares constituting 4.15% of its share capital owing to the following reasons/ rationale –
- To comply with SEBI direction wherein 63 Moons Technologies Limited was declared not a “fit and proper person” to hold shares in Amalgamating Company and shall cease to be entitled to voting rights in the Amalgamating Company in respect of shares held by them.
 - To distribute cash to its shareholders in proportion to their shareholding, thereby, providing exit opportunities from an illiquid investment.
 - Proposed capital reduction will result in 100% shareholding of MEL with MSE and resultant ease of compliances.
- 3.1.6 The management of the respective Companies is of the view that this Scheme is in the interest of the customers, employees, lenders, shareholders, and all other stakeholders of the respective Companies.

4 OVERVIEW OF THIS SCHEME

- 4.1 This Scheme is divided into the following parts:

PART A	-	Definitions, Compliance with Tax Laws and Capital Structure
PART B	-	Capital Reduction of the MEL
PART C	-	Amalgamation of Amalgamating Company into and with Amalgamated Company, Change in Authorized Share Capital of the Amalgamated Company, Amendment to objects of Amalgamated Company, Dissolution of Amalgamating Company, and other related matters

Part C of the Scheme as set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT, shall be effective from the Appointed Date, but shall be operative from the Effective Date.

PART D - General Terms and Conditions applicable to the Scheme

PART A DEFINITIONS, COMPLIANCE WITH TAX LAWS AND CAPITAL STRUCTURE

5 DEFINITIONS

In this Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

- 5.1 **“Act”** means, as the context may admit, the Companies Act, 2013 (as may be notified from time to time) and the rules made thereunder, and shall include any statutory modifications, re-enactments, or amendments thereof for the time being in force.
- 5.2 **“Amalgamated Company”** means Metropolitan Stock Exchange of India Limited, as mentioned in the Para 2(a) of this Scheme.
- 5.3 **“Amalgamating Company”** means MSE Enterprises Limited (Formerly known as “Metropolitan Clearing Corporation of India Limited”) as mentioned in the Para 2(b) of the scheme and shall, subject to the relevant provisions of the Scheme, include the whole of the business and undertakings of such Amalgamating Company, including for such Amalgamating Company:
- a) all of its movable assets, whether present or future, whether tangible or intangible and all rights, title, interests, covenants, undertakings and continuing rights in relation thereto;
 - b) all of its immovable properties and all its rights, title, interests, covenants, undertakings and continuing rights in relation thereto including all its land (together with all the buildings and structures standing thereon), whether freehold or leasehold;
 - c) all of its present and future liabilities, including contingent liabilities, charges and debts, any other obligations, secured / unsecured appertaining thereto;
 - d) all of its investments including shares and other securities, loans and advances, including interest and dividend accrued thereon;
 - e) all of its permits, rights, entitlements and licences granted by any governmental, statutory or regulatory bodies, environmental clearances, permissions, approvals, consents, exemptions, subsidies, registrations, no-objection certificates, quotas, privileges, powers, offices, facilities whether granted/available/renewed/applied for;
 - f) all of its intellectual property rights, websites, emails, trade names, trademarks, service marks, copyrights, domain names, brand names, logos and applications therefor;
 - g) all of its indirect and direct tax credits, including but not limited to, service tax credit, CENVAT credit, GST credit, VAT credit, income-tax refunds, carry forward losses, unabsorbed depreciation, TDS, TCS, MAT credit entitlement, CSR credit available for set-off in the succeeding financial years, etc.;
 - h) all of its privileges and benefits under all contracts, agreements, memoranda of understanding and all other rights, powers and facilities of every kind and description whatsoever;
 - i) all of its debts, borrowings, obligations and liabilities, present or future or contingent, whether secured or unsecured;
 - j) all of its workmen and employees including those employed at its offices, branches, and all other personnel employed by it and their respective provident fund, gratuity and insurance dues and all their allied / accrued benefits for such workmen and employees;
 - k) all of the advance monies, earnest monies as may be lying with it and any and all of its security deposits, bank and contractual guarantees and other entitlements; and
 - l) all of its other properties, assets, liabilities, rights, obligations and employees, etc. of any nature whatsoever not covered under (a) to (k) above.
- 5.4 **“Applicable Law(s)”** means all statutes, notifications, bye-laws, rules, regulations, guidelines, rules or common law, policies, codes, directives, ordinances, schemes or orders enacted or issued or sanctioned by any governmental authority, including any modification or re-enactment thereof for the time being in force.
- 5.5 **“Appointed Date”** means the opening of business hours on April 1, 2023 or such other date as may be approved by the NCLT, with effect from which Part C of the Scheme will be deemed to be effective in the manner described in the Scheme.
- 5.6 **“Board of Directors”** means the respective board of directors of the Companies and shall, unless repugnant to the context or otherwise, include any duly authorized committee of directors or any person duly authorized by the Board of Directors or such committee of directors.
- 5.7 **“Capital Reduction”** means the selective reduction of 51,99,545 (Fifty-One Lakhs Ninety Nine

Thousand Five Hundred and Forty-Five) fully paid-up equity shares of face value INR 10 (Indian Rupees Ten) each of the MEL presently held by Multi Commodity Exchange of India Limited and 63 moons Technologies Limited in the proportion of 2.20% (represented by 27,58,942 shares) and 1.95% (represented by 24,40,603 shares) of the paid up equity share capital of MEL, respectively, and shall include any other entity to which either Multi Commodity Exchange of India Limited and/or 63 moons Technologies Limited transfers these shares, if and as applicable, in any manner whatsoever (hereinafter referred to as Eligible Shareholder).

- 5.8 **“Companies”** means collectively, Amalgamated Company and the Amalgamating Company.
- 5.9 **“Court”** means the Mumbai Bench of the Hon’ble National Company Law Tribunal (**“NCLT”**), or such other court, forum or authority as may be vested with any of the powers of the NCLT under the Act and/or as may be having jurisdiction for sanctioning this Scheme.
- 5.10 **“Effective Date”** means the date on which the order of the Court sanctioning the Scheme or any particular parts of the Scheme, is filed with the RoC. Any references in this Scheme to **“upon this Scheme becoming effective”** or **“effectiveness of this Scheme”** shall be construed accordingly.
- 5.11 **“Eligible Shareholder”** means Multi Commodity Exchange of India Limited and/or 63 moons Technologies Limited and/or any other entity to which either Multi Commodity Exchange of India Limited and/or 63 moons Technologies Limited transfers their shareholding in MEL, if and as applicable, in any manner whatsoever.
- 5.12 **“Government”** or **“Governmental Authority”** means any government authority, statutory authority, government department, agency, commission, board, tribunal or court or other law, rule or regulation making entity having or purporting to have jurisdiction on behalf of the Republic of India or any state or other subdivision thereof or any municipality, district or other subdivision thereof.
- 5.13 **“GST”** means goods and services tax.
- 5.14 **“IT Act”** means the Indian Income-tax Act, 1961 and the rules, regulations, circulars, notifications and orders issued thereunder including any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 5.15 **“MAT”** means minimum alternate tax.
- 5.16 **“RBI”** means the Reserve Bank of India or any successor thereof.
- 5.17 **“Registrar of Companies”** or **“RoC”** means the Registrar of Companies, Mumbai and/or such other Registrar of Companies having jurisdiction over any of the Companies.
- 5.18 **“Rs.”** means Indian Rupees being the lawful currency of the Republic of India.
- 5.19 **“Scheme of Arrangement”** or **“Scheme”** means this composite scheme of arrangement in its present form, or with or without any modification(s), as may be approved or imposed or directed by the Court and any other Governmental Authority.
- 5.20 **“SEBI”** means Securities and Exchange Board of India Limited.
- 5.21 **“TCS”** means Tax Collected at Source.
- 5.22 **“TDS”** means Tax Deducted at Source.

The expressions, which are used but are not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the IT Act and other Applicable Laws (including the Rules and Regulations made thereunder).

6 COMPLIANCE WITH TAX LAWS

- 6.1 This Scheme, in so far as it relates to the amalgamation of Amalgamating Company into the Amalgamated Company, has been drawn up to comply with the conditions relating to “Amalgamation” as specified under the tax laws, including Section 2(1B) of the IT Act, which include the following:
 - a) all the properties of the Amalgamating Company immediately after the amalgamation shall become the property of the Amalgamated Company by virtue of the amalgamation from the appointed date;
 - b) all the liabilities of the Amalgamating Company immediately after the amalgamation shall become the liabilities of the Amalgamated Company by virtue of the amalgamation;
 - c) shareholders holding not less than three-fourths in value of the shares in the Amalgamating Company (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the Amalgamated Company or its subsidiary) become shareholders of the Amalgamated Company by virtue of the amalgamation;

otherwise than as a result of the acquisition of the property of one company by another company pursuant to the purchase of such property by the other company or as a result of the distribution of

- such property to the other company after the winding up of the first-mentioned company; and shall also comply with the other relevant sections (including Sections 47 and 72A) of the IT Act.
- 6.2 If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date whether as a result of a new enactment or any amendment to any existing enactment or the coming into force of any provision of the IT Act or any other law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail and this Scheme (including any parts hereof) may be modified to comply with such laws or may be withdrawn at the discretion of the Board of Directors of the affected Companies provided however that no modification to the Scheme will be made which adversely affects the rights or interest of the secured creditors without seeking their approval. Further, such modification/withdrawal will not affect other Parts of the Scheme which have not been so modified or withdrawn.

7 CAPITAL STRUCTURE

7.1 Amalgamated Company

- 7.1.1 The authorised, issued, subscribed and paid-up share capital of the Amalgamated Company as on March 31, 2022 is as under:

Authorised Share Capital	Amount in Rs.
5,50,00,00,000 Equity Shares of Re.1/- each	5,50,00,00,000
Total	5,50,00,00,000
Issued Share Capital	Amount in Rs.
4,81,02,17,033 Equity Shares of Re.1/- each	4,81,02,17,033
Total	4,81,02,17,033
Subscribed and Paid-up Share Capital	Amount in Rs.
4,81,02,17,033 Equity Shares of Re.1/- each	4,81,02,17,033
Less : Amount recoverable from Metropolitan Stock Exchange ESOP Trust	49,77,671
Total	4,80,52,39,362

Subsequent to March 31, 2022 and until the date of the Scheme being approved by the Board of Directors of the Amalgamated Company, there has been no change in the authorised, issued, subscribed and paid-up share capital of the Amalgamated Company.

7.2 Amalgamating Company

- 7.2.1 The authorised, issued, subscribed and paid-up share capital of the Amalgamating Company, as on March 31, 2022 is as under:

Authorised Share Capital	Amount in Rs.
30,00,00,00,000 Equity Shares of ₹ 10/- each	3,00,00,00,000
Total	3,00,00,00,000
Issued, Subscribed and Paid Up Share Capital	Amount in Rs.
12,53,70,991 Equity Shares of ₹ 10/- each	1,25,37,09,910
Total	1,25,37,09,910

Subsequent to March 31, 2022 and until the date of the Scheme being approved by the Board of Directors of the Amalgamating Company, there has been no change in the authorised, issued, subscribed and paid-up equity share capital of the Amalgamating Company.

<p style="text-align: center;">PART B</p> <p style="text-align: center;">SELECTIVE REDUCTION OF SHARE CAPITAL OF MEL</p>
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8 BACKGROUND AND REDUCTION OF SHARE CAPITAL OF THE COMPANY

8.1 The objective of the Scheme is to undertake the Capital Reduction or otherwise alter the issued, subscribed and paid-up share capital of MEL. As an integral part of the Scheme, upon the Scheme becoming effective after securing necessary approvals and permissions, without any further act, instrument or deed, the issued, subscribed and paid-up equity share capital of MEL shall be reduced by INR 5,19,95,450 (Indian Rupees Five Crores Nineteen Lakhs Ninety-Five Thousand Four Hundred Fifty) comprising of 51,99,545 (Fifty-One Lakhs Ninety-Nine Thousand Five Hundred and Forty-Five) equity shares of INR 10 (Indian Rupees Ten) each.

8.2 Consideration for Capital Reduction

In consideration for such cancellation of the share capital, MEL shall pay INR 10/- per share to the Eligible Shareholders of MEL as on the Effective Date against cancellation of their respective shareholding in MEL upon effectiveness of the Scheme. Consideration price of INR 10 per share has been determined basis the valuation report issued by Registered Valuer Niranjn Kumar (IBBI Registration No. –IBBI/RV/06/2018/10137) and fairness opinion issued by Kunvarji Finstock Private Limited, SEBI Registered Category I Merchant Banker (Registration Number - INM000012564).

9 RE-ORGANISATION OF PAID-UP SHARE CAPITAL AND ITS IMPACT ON THE COMPANY

9.1 Upon the Scheme becoming effective, 51,99,545 (Fifty-One Lakhs Ninety-Nine Thousand Five Hundred and Forty-Five) fully paid-up equity shares of the Company of INR 10 (Indian Rupees Ten) each of MEL held by Eligible Shareholders shall be cancelled and extinguished and consequently, the paid-up equity share capital of MEL as on the Effective Date shall become INR 1,20,17,14,460 (Indian Rupees One Hundred and Twenty Crores Seventeen Lakhs Fourteen Thousand Four Hundred and Sixty) divided into 12,01,71,446 (Twelve Crores One Lakh Seventy One Thousand Four Hundred and Forty Six) equity shares of INR 10 (Indian Rupees Ten) each.

9.2 The share capital of MEL before and after the Capital Reduction in terms of this Scheme shall be as under:

Particulars	As on date of approval of the Scheme		Post Capital reduction in terms of this Scheme	
	Number of Equity shares	Amount (INR)	Number of Equity shares	Amount (INR)
Authorized equity share capital	30,00,00,000	300,00,00,000	30,00,00,000	300,00,00,000
Issued, subscribed and fully paid-up equity share capital	12,53,70,991	1,25,37,09,910	12,01,71,446	1,20,17,14,460

9.3 The Capital Reduction and the consequent cancellation of the equity share capital as hereinabove, shall be effected as per the provisions of Section 66 of the Act and other applicable provisions of the Act, rules (including the Rules) and regulations made thereunder upon the Scheme becoming effective as on the Effective Date.

9.4 The Capital Reduction does not involve either a diminution of liability in respect of unpaid share capital.

9.5 The Capital Reduction will not cause any prejudice to the creditors of MEL since it has positive net worth, and therefore, the proposed Capital Reduction will not adversely affect the ordinary operations of MEL or the ability of MEL to honor its commitments or to pay its debts in the ordinary course of business. Further, the discharge of consideration pursuant to the Capital Reduction, does not alter, vary or affect the rights of the creditors in any manner whatsoever. The liabilities with respect to payments due to the creditors will be discharged by MEL in accordance with the terms of

their agreements with MEL, if any, or in the ordinary course of business, as the case may be.

- 9.6 The Capital Reduction will not have any adverse impact on the employees and workers of MEL in any manner, and their service shall be continuous, and they will continue to enjoy the same benefits as they used to enjoy before the Capital Reduction.
- 9.7 The Scheme does not in any manner alter, vary or affect the payment of any dues or outstanding amounts, including all or any of the statutory dues payable or outstanding.
- 9.8 The Scheme does not envisage transfer or vesting of any of the properties and / or liabilities of MEL to any person or entity.
- 9.9 The Scheme is merely a Capital Reduction and does not involve any conveyance or transfer of any property of MEL and does not involve any issuance of shares. Consequently, the order of NCLT approving the Scheme will not attract any stamp duty.
- 9.10 During the pendency of this Scheme, Multi Commodity Exchange of India Limited and 63 moons Technologies Limited will be eligible for all the rights in the capacity of shareholders of MEL, including but not limited to, receiving the dividend and bonus shares, participating in any rights issue and buy-back, voting in the shareholders' meeting and participate in any other corporate action taken by MEL, transfer of their shareholding in MEL, etc.

10 COMPLIANCE

- 10.1 The consent of the members of MEL for the Capital Reduction and this Scheme shall be obtained through a special resolution under the provisions of Section 66 of the Act and any other applicable provision.
- 10.2 The cancellation and reduction in paid up share capital of MEL, shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 230 to 232 read with Section 66 of the Act and any other applicable provisions of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also the Order under Section 66 of the Act for the purpose of confirming the reduction.

11 ACCOUNTING TREATMENT IN THE BOOKS OF THE MEL

MEL will comply with all the relevant Accounting Policies and Indian Accounting Standards applicable to MEL in relation to the accounting for the reduction of capital, which shall be undertaken in the following manner -

Upon the Scheme becoming effective, the issued, subscribed and paid-up equity share capital of MEL, shall be reduced to the extent of the Equity Shares cancelled [for up to a maximum of INR 5,19,95,450 (Indian Rupees Five Crores Nineteen Lakhs Ninety-Five Thousand Four Hundred Fifty)], pursuant to Clause 8.1 of the Scheme. Corresponding adjustment shall be made in the cash and bank balance of MEL by debiting upto INR 5,19,95,450/- upon effectiveness of the Scheme

12 MISCELLANEOUS

Notwithstanding the reduction of the capital of MEL in pursuance of this Scheme, MEL shall not be required to add the words “And Reduced” to its name as the last words thereof.

13 MINUTE

The Form of Minute proposed to be registered under Section 66(5) of the Act and Rule 6(2) of the Rules is as follows:

“The issued, subscribed and paid-up capital of MSE Enterprises Limited is henceforth 1,20,17,14,460 (Indian Rupees One Hundred and Twenty Crores Seventeen Lakhs Fourteen Thousand Four Hundred and Sixty) divided into 12,01,71,446 (Twelve Crores One Lakh Seventy One Thousand Four Hundred and Forty Six) equity shares of INR 10 (Indian Rupees Ten) each reduced from INR 1,25,37,09,910 (Indian Rupees One Hundred Twenty Five Crores Thirty Seven Lakhs Nine Thousand Nine Hundred and Ten) comprising of 12,53,70,991 (Twelve Crores Fifty Three Lakhs Seventy Thousand Nine Hundred Ninety One) equity shares of INR 10 (Indian Rupees Ten) each.”

14 CONDITIONALITY OF PART B OF THE SCHEME

Part B of the Scheme is conditional upon and subject to the following:

- 14.1 MSE doesn't own and control 100% shares of MEL on or before the Effective Date. In case the entire share capital of MEL is held by MSE on the Effective Date, then Part B of the Scheme shall not be made operational / effective as on the Effective Date and Part B of scheme shall stand withdrawn.
- 14.2 the Scheme being approved by the requisite majorities of the shareholders as required under Applicable Laws and as may be directed by the NCLT or any other authority as may be prescribed or notified;
- 14.3 the sanction of the Scheme by the NCLT; and
- 14.4 the certified copies of the orders of the NCLT referred to in this Scheme being filed with the Registrar of Companies by the Companies;

PART C

AMALGAMATION OF AMALGAMATING COMPANY INTO AND WITH THE AMALGAMATED COMPANY

15 AMALGAMATION OF AMALGAMATING COMPANY INTO AND WITH THE AMALGAMATED COMPANY

- 15.1 With effect from the Appointed Date, the Amalgamating Company along with all its assets, liabilities, rights and obligations and its entire business and undertakings, including all its properties, rights, benefits and interests therein, shall by virtue of this Part C of the Scheme stand amalgamated with, transferred to and vested in the Amalgamated Company, and shall become the assets, liabilities, rights, obligations, business and undertakings of the Amalgamated Company, subject to the existing encumbrances thereon in favour of banks and financial institutions, if any (unless otherwise agreed to be released by such encumbrance holders in writing), without any further act, instrument or deed being required from the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party, in accordance with Sections 230 to 232 of the Act read with Section 2(1B) of the IT Act and all other applicable provisions of law if any, in accordance with the provisions contained herein.
- 15.2 Without prejudice to the generality of the above, in particular, the Amalgamating Company shall stand amalgamated with the Amalgamated Company in the manner described in the sub-paragraphs below, subject to the existing encumbrances in favour of banks and financial institutions, if any (unless otherwise agreed to be released by such encumbrance holders in writing):-
 - (i) With effect from the Appointed Date, all the assets (including investments) of the Amalgamating Company, that are movable in nature or incorporeal or intangible in nature or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery or by transfer or by delivery instructions in relation to dematerialized shares or by vesting and recordal pursuant to the Scheme, including plant, machinery and equipment, shall stand transferred to and vested in and/or be deemed to be transferred to and vested in the Amalgamated Company and shall become the property and an integral part of the Amalgamated Company, without any further act, instrument or deed required by either of the Amalgamating Company or the Amalgamated Company and without any approval or acknowledgement of any third party. The transfer and vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by delivery instructions in relation to dematerialized shares or by vesting and

recordal, pursuant to this Scheme, as appropriate to the property being transferred and vested and the title to such property shall be deemed to have been transferred and vested accordingly.

- (ii) With effect from the Appointed Date, any and all other movable properties of the Amalgamating Company (except those specified elsewhere in this Clause), including cash and cash equivalents, sundry debts and receivables, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, actionable claims, bank balances and deposits, if any, with any person or body including without limitation any government, semi-government, local and other authorities and bodies, customers and other persons shall, without any further act, instrument or deed required by either of the Amalgamating Company or the Amalgamated Company and without any approval or acknowledgement of any third party, become the property of the Amalgamated Company.
- (iii) With effect from the Appointed Date, all immovable properties of the Amalgamating Company, including without limitation, all land together with all buildings and structures standing thereon and all rights and interests therein, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall stand transferred and be vested in and/or be deemed to have been transferred and vested in the Amalgamated Company and shall become the property and an integral part of the Amalgamated Company, without any further act, instrument or deed being required from the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party. Upon Part C of the Scheme becoming effective on the Effective Date, the Amalgamated Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay all rent, charges and taxes and fulfil all obligations in relation to or applicable to such immovable properties. The appropriate authorities shall grant all clearances/permissions, if any, required for enabling the Amalgamated Company to absolutely own and enjoy the rights/privileges attached to the immovable properties in accordance with Applicable Law. The Amalgamated Company shall be entitled to seek mutation/substitution of title in its name in such immovable properties, for the purposes of information and record and such mutation / substitution of the title to and interest in such immovable properties shall be made and duly recorded in the name of the Amalgamated Company, by the appropriate authorities pursuant to the sanction of the Scheme by the Court and Part C of the Scheme becoming effective on the Effective Date in accordance with the terms hereof. However, it is hereby clarified that the absence of any such mutation/substitution shall not adversely affect the rights, title or interest of the Amalgamated Company in such immovable properties which shall be deemed to have been transferred to the Amalgamated Company automatically upon the Part C of the Scheme becoming effective on the Effective Date.
- (iv) With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations, whether present or future, secured or unsecured of every kind, nature and description whatsoever and howsoever arising, whether provided for or not in the books of accounts of the Amalgamating Company or disclosed in the balance sheets of the Amalgamating Company shall become and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Amalgamated Company without any further act, instrument or deed being required from the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party. The Amalgamated Company undertakes to meet, discharge and satisfy the same in terms of their respective terms and conditions, if any. All loans raised and used and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Amalgamating Companies after the Appointed Date and prior to the Effective Date, shall also be deemed to have been raised, used, incurred or undertaken for and on behalf of the Amalgamated Company and, to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, without any further act, instrument or deed being required from the Amalgamating Companies and/or the Amalgamated Company and without any approval or acknowledgement of any third party, shall stand transferred to and vested in or be deemed to have been transferred to and vested in the Amalgamated Company, and shall become and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Amalgamated Company. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person, who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. However, the Amalgamated Company shall, if required, file appropriate forms with the RoC accompanied by the sanction order of the Court or a certified copy thereof and execute necessary deeds or documents in relation to creation/satisfaction /modification of charges to the satisfaction of the lenders, pursuant to Part C of this Scheme becoming effective in accordance with the terms hereof. The Amalgamated Company shall be entitled to take the benefit of all duties and charges already paid by the Amalgamating Company for the creation/modification of any such

security interest. Where any of the loans, liabilities and obligations have been discharged by the Amalgamating Company after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been done by the Amalgamating Company for and on behalf of the Amalgamated Company.

- (v) With effect from the Appointed Date, all loans, advances, trade receivables and other obligations or liabilities due from, or any guarantees or similar obligations undertaken on behalf of the Amalgamating Company to / by the Amalgamated Company or *vice versa*, if any, and all contracts between the Amalgamating Company and the Amalgamated Company shall stand automatically cancelled and terminated and shall be of no effect, without any further act, instrument or deed being required from either the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party. No further taxes, fees, duties or charges shall be required to be paid by the Amalgamated Company on account of such cancellation or termination.
- (vi) With effect from the Appointed Date, all incorporeal or intangible property of or in relation to the Amalgamating Company shall stand transferred to and vested in the Amalgamated Company, and shall become the property and an integral part of the Amalgamated Company without any further act, instrument or deed required by either the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party.
- (vii) With effect from the Appointed Date, the Amalgamated Company shall be entitled to operate all bank accounts, realise all monies and complete and enforce all pending contracts and transactions in the name of the Amalgamating Companies to the extent necessary until the transfer of the rights and obligations of the Amalgamating Companies to the Amalgamated Company under the Scheme is formally accepted and completed by the parties concerned. For avoidance of doubt, it is hereby clarified that all cheques and other negotiable instruments, payment orders received and presented for encashment which are in the name of the Amalgamating Companies after the Effective Date, shall be accepted by the bankers of the Amalgamated Company and credited to the accounts of the Amalgamated Company, if presented by the Amalgamated Company. Similarly, the banker of the Amalgamated Company shall honour all cheques issued by the Amalgamating Companies for payment after the Effective Date. All bank accounts operated or entitled to be operated by the Amalgamating Companies shall be deemed to have transferred and shall stand transferred to the Amalgamated Company and names of the Amalgamating Companies shall be substituted by the name of the Amalgamated Company in the bank's records.
- (viii) With effect from the Appointed Date, all letters of intent, memoranda of understanding, memoranda of agreements, tenders, bids, letters of award, expressions of interest, experience and/or performance statements, contracts, deeds, bonds, agreements, guarantees and indemnities, schemes, arrangements, undertakings and other instruments of every nature and description including without limitation, those relating to tenancies, privileges, powers and facilities of every kind and description, to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible or under which the Amalgamating Company is an obligor (except to the extent provided in this Clause) and which are subsisting or having effect immediately prior to Part C of the Scheme coming into effect on the Effective Date, shall be and shall remain in full force and effect against or in favour of the Amalgamated Company and may be enforced by or against it as fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party or beneficiary or obligee or obligor thereto, without any further act, instrument or deed being required from the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party.
- (ix) With effect from the Appointed Date, all statutory or regulatory licenses and permits including without limitation, all such licenses and permits as set out in, grants, allotments, recommendations, no-objection certificates, permissions, registrations, approvals, certificates, consents, quotas, exemptions, clearances, tenancies, privileges, powers, offices, facilities, entitlements or rights granted/available/renewed/applied for, to or by the Amalgamating Company shall stand transferred to and vested in the Amalgamated Company, without any further act, instrument or deed being required by the Amalgamating Company and/or the Amalgamated Company and without any approval or acknowledgement of any third party. Upon the Scheme coming into effect, the Amalgamated Company shall be entitled to all the benefits thereof and shall be liable for all the obligations thereunder. In relation to the same, any procedural requirements required to be fulfilled solely by Amalgamating Company (and not by any of their successors), shall be fulfilled by the Amalgamated Company as if it is the duly constituted attorney of the Amalgamating Company. It is hereby clarified that if the consent or approval (by whatever name called) of any third party or authority is required to give effect to the provisions of this Clause, the said third party or authority shall duly record provide such consent or approval and shall make the

necessary substitution/endorsement in the name of the Amalgamated Company pursuant to the sanction of this Scheme by the Court, and upon Part C of this Scheme becoming effective in accordance with the terms hereof. For this purpose, the Amalgamated Company may file appropriate applications/documents with relevant authorities concerned for information and record purposes. However, it is hereby clarified that the absence of any such substitution/endorsement shall not adversely affect the rights, benefits or interest of the Amalgamated Company which shall be deemed to have been transferred to the Amalgamated Company automatically upon the Part C of the Scheme becoming effective on the Effective Date.

- (x) All workmen and employees of the Amalgamating Company, who are on its payrolls and all other personnel employed by the Amalgamating Company shall be employed by the Amalgamated Company with effect from the Effective Date, on such terms and conditions as are no less favourable than those on which they were engaged with the Amalgamating Company immediately prior to the Effective Date, without any interruption of service as a result of this amalgamation and transfer. With regard to provident fund, gratuity fund, superannuation fund and any contributions required to be made in relation to employees under any statute or regulation, leave encashment and any other special scheme or benefits created or existing for the benefit of the personnel employed by the Amalgamating Company immediately prior to Part C of the Scheme coming into effect on the Effective Date and transferred to the Amalgamated Company, the Amalgamated Company shall stand substituted for the Amalgamating Company for all intents and purposes whatsoever, upon Part C of this Scheme becoming effective on the Effective Date, including with regard to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents and/or in accordance with the provisions of Applicable Laws or otherwise. All existing contributions made to such schemes and funds and all benefits accrued thereto shall also stand transferred in the name of the Amalgamated Company and all such benefits and schemes shall be continued by the Amalgamated Company for the benefit of such personnel employed by the Amalgamating Company and transferred to the Amalgamated Company, on the same terms and conditions. Further, it is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Amalgamating Company in relation to such schemes or funds shall become those of the Amalgamated Company. It is clarified that the services of all personnel employed by the Amalgamating Company who are entitled to the benefits under such schemes and funds, will be treated as having been continuous and uninterrupted for the purpose of the aforesaid schemes or funds. Without prejudice to the aforesaid, the Board of Directors of the Amalgamated Company, if it deems fit and subject to Applicable Laws, shall be entitled to: (a) retain separate trusts or funds within the Amalgamated Company for the erstwhile fund(s) of the Amalgamating Company; or (b) merge the pre-existing funds of the Amalgamating Company with other similar funds of the Amalgamated Company.
- (xi) With effect from the Appointed Date, all rights, entitlements, licenses, applications and registrations relating to trademarks, service marks, copyrights, domain names, brand name, logos, patents and other intellectual property rights of every kind and description, including without limitations, whether registered, unregistered or pending registration, and the goodwill arising therefrom, if any, to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible or entitled, shall stand transferred to and vested in the Amalgamated Company, and shall become the rights, entitlement or property of the Amalgamated Company and shall be enforceable by or against the Amalgamated Company, as fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party or beneficiary or obligee thereto or the holder or owner thereof, without any further act, instrument or deed required by either of the Amalgamating Company or the Amalgamated Company and without any approval or acknowledgement of any third party.
- (xii) With effect from the Appointed Date, the Amalgamated Company shall be entitled to the benefit of all insurance policies (if any) which have been issued in respect of Amalgamating Company and/or any of its assets or employees and the name of the Amalgamated Company shall stand substituted as the "Insured" in all such policies as if the Amalgamated Company was originally a party thereto without any further act, instrument or deed required by either of the Amalgamating Company or the Amalgamated Company and without any approval or acknowledgement of any third party. Further, the Amalgamated Company shall be entitled to the benefit of all claims filed, prosecuted, proposed to be filed, pending and/or adjudicated in relation to all insurance policies issued in respect of Amalgamating Company and/or any of its assets or employees.
- (xiii) With effect from the Appointed Date, all taxes and duties of whatsoever description (including but not limited to all carry forward tax losses comprising of unabsorbed depreciation, advance tax payments, TDS, TCS, MAT, securities transaction tax, withholding tax, banking cash transaction tax, taxes withheld/paid in a foreign country,

customs duty, entry tax, value added tax, GST, sales tax, service tax, CSR Credit available for set-off, etc.) including any interest, penalty, surcharge, and cess, if any, payable by or refundable to the Amalgamating Company, including all or any refunds or claims shall be treated as the tax liability or refunds/claims, as the case may be, of the Amalgamated Company, and any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions etc., as would have been available to the Amalgamating Company, shall pursuant to this Scheme becoming effective, be available to the Amalgamated Company without any further act, instrument or deed required by either of the Amalgamating Company or the Amalgamated Company and without any approval or acknowledgement of any third party but in the manner more particularly set out herein below. Upon Part C of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all existing and future incentives, un-availed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including MAT), excise (including Modvat/ Cenvat), customs, value added tax, sales tax, service tax to which the Amalgamating Company is entitled shall be available to and shall stand transferred and vested in the Amalgamated Company without any further act, instrument or deed required by either the Amalgamated Company or the Amalgamating Company and without any approval or acknowledgement of any third party. Upon Part C of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any tax deducted at source deducted by or on behalf of the Amalgamating Company until the Effective Date shall be deemed to have been deducted on behalf of the Amalgamated Company.

- (xiv) With effect from the Appointed Date, the Amalgamated Company shall bear the burden and the benefits of any legal, tax, quasi-judicial, administrative, regulatory or other proceedings initiated by or against the Amalgamating Company. If any suit, appeal or other proceeding of whatsoever nature by or against the Amalgamating Company shall be pending as on the Effective Date, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of the merger of such Amalgamating Company and transfer and vesting of the same in the Amalgamated Company or of anything contained in Part C of this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Amalgamated Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Amalgamating Company as if Part C of this Scheme had not been made effective. Upon Part C of the Scheme becoming effective, the Amalgamated Company undertakes to have such legal or other proceedings initiated by or against the Amalgamating Company transferred in its name and to have the same continued, prosecuted and enforced by or against the Amalgamated Company to the exclusion of the Amalgamating Company. The Amalgamated Company also undertakes to handle all legal or other proceedings which may be initiated against the Amalgamating Company after the Effective Date in its own name and account and further undertakes to pay all amounts including interest, penalties, damages etc., pursuant to such legal/ other proceedings.
- 15.3 With effect from the Appointed Date, the Amalgamated Company shall be entitled to the benefit of the past experience, accreditation and/or performance of the Amalgamating Company for all purposes without any further act, instrument or deed required by either of the Amalgamating Company or the Amalgamated Company and without any approval or acknowledgement being required from any third party. If any instrument or deed or document is required or deemed necessary or expedient to give effect to the provisions of this Clause by the Amalgamated Company, the Amalgamated Company shall, under the provisions of Part C of the Scheme, be deemed to be duly authorized to execute all such writings on behalf of the Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on behalf of the Amalgamating Company.
- 15.4 Upon Part C of the Scheme coming into effect on the Effective Date with effect from the Appointed Date, the Amalgamated Company would be entitled to claim, Lower Tax Regime under Section 115BAA of the Income Tax Act, 1961, if the same is beneficial to the Amalgamated Company and the Amalgamated Company would be entitled to submit such documents either in online format and by Manual Application, if the effective date falls after the due date of filing a Revised Return of Income or Claim of Lower Tax Regime under Section 115BAA of the Income Tax Act, 1961.

16 CONDUCT OF AFFAIRS UNTIL THE EFFECTIVE DATE

- 16.1 In the event, Part C of this Scheme becomes effective and with effect from the Appointed Date and up to and including the Effective Date:
- (i) the Amalgamating Company shall be deemed to have carried on the business activities of the Amalgamating Company and stand possessed of the properties and assets of the Amalgamating Company, for, on behalf of and in trust for, the Amalgamated Company; and

- (ii) all profits or income accruing to or received by the Amalgamating Company and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, tax collected at source, minimum alternate tax, fringe benefit tax, securities transaction tax, taxes withheld/paid in a foreign country, customs duty, entry tax, value added tax, goods and services tax, sales tax, service tax etc.) or losses arising in or incurred by the Amalgamating Company shall, for all purposes, be treated as and deemed to be the profits, income, taxes or losses, as the case may be, of the Amalgamated Company.
- 16.2 For the purpose of giving effect to the order passed under Sections 230 – 232 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Amalgamated Company shall, at any time, pursuant to the order on this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the transfer of the Amalgamating Company, in accordance with the provisions of Sections 230 – 232 of the Act. The Amalgamated Company is and shall always be deemed to have been authorised to execute any pleadings, applications, forms etc. as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme, pursuant to the sanction of this Scheme by the Tribunal.
- 16.3 The Amalgamated Company shall also be entitled, pending the sanction of this Scheme, to apply to the central government, state government, and all other agencies, departments, statutory authorities and Governmental Authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Amalgamated Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required/granted under any Applicable Law for the time being in force for carrying on the business of the Amalgamating Company.

17 TREATMENT OF TAXES

- 17.1 With effect from the Appointed Date, any surplus in the provision for taxation/ duties/ levies account including but not limited to the advance tax, TDS or TCS and MAT credit, CENVAT credit or, GST Credit, as on the date immediately preceding the Appointed Date will also be transferred from the Amalgamating Company to the Amalgamated Company. Any refund under the IT Act or other Applicable Laws dealing with taxes/ duties/ levies, including GST, allocable or related to the business of Amalgamating Company or due to the Amalgamating Company, consequent to the assessment made in respect of the Amalgamating Company, for which no credit is taken in the book of accounts of the Amalgamating Company as on the date immediately preceding the Appointed Date, shall also belong to and be received by the Amalgamated Company and shall be deemed to have been on account of or paid by the Amalgamated Company and the relevant Governmental Authorities shall be bound to transfer to the account of and give credit for the same to the Amalgamated Company upon the approval of this Scheme by the Court and upon relevant proof and documents being provided to the said authorities.
- 17.2 Without prejudice to the generality of the above, deductions, benefits, right to carry forward and set off accumulated losses and unabsorbed depreciation, and credits (including but not limited to MAT/CENVAT credits etc.). under the IT Act, Goods and Services Tax or Service Tax, any other central government / state government incentive schemes etc., to which the Amalgamating Company are/ would be entitled to in terms of the Applicable Laws of the central and state government or of any foreign jurisdictions, shall be available to and vest in the Amalgamated Company.
- 17.3 With effect from the Appointed Date, the tax payments (including without limitation income tax, GST, tax on distribution of dividends, excise duty, central sales tax, custom duty, applicable state value added tax and entry tax or any other taxes as may be applicable from time to time) whether by way of tax deducted at source or collected at source by the parties, advance tax or otherwise howsoever, by the Amalgamating Company on or after the Appointed Date, shall be deemed to be paid by the Amalgamated Company and the Amalgamated Company shall be entitled to claim credit for such taxes/duties paid against its tax/ duty liabilities, notwithstanding that the certificates/ challans or other documents for payment of such taxes/duties are in the name of Amalgamating Company.
- 17.4 With effect from the Appointed Date, the Amalgamating Company and the Amalgamated Company are expressly permitted to prepare and/or revise, as the case may be, their financial statements and statutory / tax returns along with the prescribed forms, filings and annexures under the IT Act and/or in relation to central sales tax, custom duty, entry tax, applicable state value added tax, GST and other tax laws, if required, to give effect to the provisions of the Scheme.
- 17.5 With effect from the Appointed Date, all inter-party transactions between Amalgamating Company and the Amalgamated Company shall be considered as intra-party transactions for all purposes (including for tax compliances, credits, refunds, etc.).
- 17.6 With effect from the Appointed Date, obligation for deduction of tax at source on any payment made by or to be made by the Amalgamating Company or for collection of tax at source on any supplies made by or to be made by Amalgamating Company shall be made or deemed to have been made and duly complied with by the Amalgamated Company. Further, any tax deducted at source or collected

at source by the Amalgamating Company and Amalgamated Company on transactions with each other, if any (from the Appointed Date until Effective Date) and deposited with Governmental Authorities shall be deemed to be advance tax paid by the Amalgamated Company and shall, in all proceedings be dealt with accordingly.

- 17.7 Upon Part C the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all tax compliances under any tax laws by the Amalgamating Company on or after the Appointed Date shall be deemed to be made by the Amalgamated Company.
- 17.8 Upon Part C of this Scheme becoming effective and with effect from the Appointed Date, all tax assessment proceedings and appeals of whatsoever nature by or against the Amalgamating Company, pending or arising as at the Effective Date, shall be continued and/enforced by or against the Amalgamated Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Amalgamating Company. Further, the aforementioned proceedings shall neither abate or be discontinued nor be in any way prejudicially affected by the reason of the amalgamation of the Amalgamating Company with the Amalgamated Company or anything contained in Part C of this Scheme.
- 17.9 Upon Part C of this Scheme becoming effective and with effect from the Appointed Date, all the expenses incurred by the Amalgamating Company and the Amalgamated Company in relation to the amalgamation of the Amalgamating Company with the Amalgamated Company as per this Scheme, including stamp duty expenses and / or transfer charges, if any, shall be allowed as deduction to Amalgamated Company in accordance with Section 35DD of the IT Act over a period of 5 (five) years beginning with the previous year in which Part C of the Scheme becomes effective.
- 17.10 Upon Part C of this Scheme becoming effective and with effect from the Appointed Date, all the deductions otherwise admissible to the Amalgamating Company, including payment admissible on actual payment or on deduction of appropriate taxes or on payment of TDS (like Section 43B, Section 40, Section 40A etc. of the IT Act) will be eligible for deduction to the Amalgamated Company upon fulfilment of required conditions under the IT Act.
- 17.11 The amalgamation under this Scheme is in compliance with the IT Act, specifically Section 2(1B) and other relevant provisions. If any of the terms of this Scheme are inconsistent with the provisions of Sections 2(1B) of the IT Act, the provisions of Sections 2(1B) of the IT Act shall to the extent of such inconsistency, prevail and this the Scheme shall, stand and be deemed to be modified to that extent to comply with the said provisions.

18 CONDUCT OF AFFAIRS AFTER THE EFFECTIVE DATE

- 18.1 The Amalgamated Company, shall, at any time after this Scheme becomes effective on the Effective Date, in accordance with the provisions hereof, if so required under any law, contract or otherwise, be entitled to do and take all such actions as may be required to give full effect to the provisions of this Part C and for this purpose the Amalgamated Company shall, under the provisions hereof, be deemed to be authorised on behalf of the Amalgamating Company. Without prejudice to the generality of the above, the Amalgamated Company shall be entitled and deemed to be authorised to:-
- (i) execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement (including without limitation any bank guarantee, performance guarantee, fixed deposit, letters of credit, bill of entry etc.) in relation to which the Amalgamating Company have been a party or to the benefit of which the Amalgamating Company may have been entitled, and to make any filings with the Governmental Authorities, in order to give formal effect to the provisions of Part C of the Scheme; and
 - (ii) do all such acts or things as may be necessary to effectually transfer/obtain in favour of the Amalgamated Company the approvals, consents, bids, awards, tenders, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates etc. which were held or enjoyed by the Amalgamating Company including without limitation, execute all necessary or desirable writings and confirmations on behalf of the Amalgamating Company and to carry out and perform all such acts, formalities and compliances as may be required in this regard.
- 18.2 The provisions of this Clause shall operate notwithstanding anything to the contrary contained in any deed or writing or certificate or license or the terms of sanction or issue or any security, all of which instruments and documents shall stand modified and/or superseded by the foregoing provisions.

19 SAVING OF CONCLUDED TRANSACTIONS

Except as expressly provided hereunder including in Clause 14.4 and Clause 14.5, the transfer of properties and liabilities to, and the continuance of proceedings by or against, the Amalgamated

Company as envisaged in this Part C shall not affect any transaction or proceedings already concluded by the Amalgamating Company on or before the Appointed Date and after the Appointed Date and until the Effective Date, and to such end and intent the Amalgamated Company accepts and adopts all acts, deeds and things done and executed by the Amalgamating Company in respect thereto as done and executed on behalf of itself.

20 CHANGE IN AUTHORISED SHARE CAPITAL OF THE AMALGAMATED COMPANY

- 20.1 Upon this Scheme becoming effective on the Effective Date, the authorised share capital of Amalgamating Company as on the Effective Date shall stand transferred to and be merged/amalgamated with the authorised share capital of the Amalgamated Company, and the fee, if any, paid by the Amalgamating Company on its authorised share capital shall be set off against any fee payable by the Amalgamated Company on such increase in its authorised share capital, consequent to the amalgamation. Accordingly, Clause V of the Memorandum of Association of the Amalgamated Company shall stand modified and shall read as under:-

“The Authorised Share Capital of the Company is INR 850,00,00,000 (Rupees Eight Hundred and Fifty Crore) consisting of 8,500,000,000 Equity Shares having face value of INR 1 (Rupees One)”

- 20.2 It is hereby clarified that the consent of the shareholders of the Amalgamated Company and shareholders of the Amalgamating Companies to Part C of this Scheme shall be sufficient for the purposes of effecting the aforesaid additions in the Memorandum of Association of the Amalgamated Company and that no further resolutions, whether under the applicable provisions of the Act or under the Articles of Association, shall be required to be separately passed. All actions taken in accordance with this Clause shall be deemed to be in full compliance of Sections 61 and 64 and other applicable provisions of the Act and rules and regulations issued thereunder and no further resolutions or actions under any other provisions of the Act or the rules or regulations issued thereunder would be required to be separately passed or undertaken by the Amalgamated Company.

21 DISCHARGE OF CONSIDERATION

- 21.1 Since, the Amalgamating Company post effectiveness of Part B of the Scheme shall become wholly owned subsidiary company of the Amalgamated Company i.e. the entire paid up equity share capital of the Amalgamating Company shall be beneficially held by the Amalgamated Company, no new equity shares of the Amalgamated Company shall be issued and allotted in respect of shares held by the Amalgamated Company in the Amalgamating Company. Upon the Scheme becoming effective, the entire share capital of the Amalgamating Company shall be cancelled and extinguished without any further act, deed or instrument as an integral part of this Scheme.

22 DISSOLUTION OF AMALGAMATING COMPANY

Upon Part C of this Scheme becoming effective on the Effective Date, Amalgamating Company shall stand automatically dissolved as an integral part of this Scheme, without being liquidated or wound-up and without requiring any further act, instrument or deed from the Amalgamating Company and/or the Amalgamated Company.

23 ACCOUNTING TREATMENT¹

Upon Part C of the Scheme becoming effective, with effect from the Appointed Date, the Amalgamated Company shall account for the amalgamation in its books of accounts, as per “Pooling of Interests method” in accordance with accounting principles as laid down in Appendix C of IND-AS 103 (Business Combinations) notified under Section 133 of the Act and under the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time, as under:

- (i) All the assets and liabilities in the books of the Amalgamating Company shall stand transferred to and vested in the Amalgamated Company pursuant to the Scheme and shall be recorded by the Amalgamated Company in its books of accounts at their carrying amount on Appointed Date.
- (ii) The balance of the earnings in the books of Amalgamating Company as on the Appointed Date shall be aggregated with the corresponding balance of earnings of the Amalgamated Company. The identity of the reserves shall be preserved and shall appear in the financial statements of the Amalgamated Company in the same form in which they appeared in the financial

¹ To be reviewed by Auditors of MSE and MEL

statements of the Amalgamating Company. As a result of preserving the identity, reserves which are available for distribution as dividend before the business combination would also be available for distribution as dividend after the business combination.

- (iii) Investment of Amalgamated Company in Amalgamating Company, if any, shall stand cancelled upon the Scheme becoming effective and there shall be no further obligation in that behalf.
- (iv) Inter-Company holdings, loans and advances, if any, between the Amalgamating Company and Amalgamated Company will stand cancelled.
- (v) As stated in Clause 21 above, no new shares will be issued or allotted by the Amalgamated Company pursuant to this Scheme and the investment in the Equity Shares of the Amalgamating Company appearing, inter-alia, in the books of account of the Amalgamated Company shall stand cancelled. The difference between the amount of investment in the Equity shares of the Amalgamating Company appearing in the books of account of the Amalgamated Company and the amount of issued, subscribed and paid-up share capital standing credited in the book of account of the Amalgamating Company shall, subject to provisions contained in applicable Accounting Standards prescribed under the 2013 Act, be transferred to capital reserve in the books of account of the Amalgamating Company and such capital reserve shall be presented separately from other capital reserves. In case of excess of difference between Investment in equity shares of the Amalgamating Company and paid-up share capital of all the Amalgamating Company, the difference shall be adjusted against Securities Premium account / Capital Reserves / General Reserves of the Amalgamated Company.
- (vi) In case of any differences in accounting policies between the Amalgamated Company and the Amalgamating Company, the accounting policies followed by the Amalgamated Company will prevail, and impact of the same till the Appointed Date will be quantified, and the same shall be appropriately adjusted and reported in accordance with applicable accounting rules and principles, so as to ensure that the financial statements of Amalgamated Company reflect the financial position on the basis of consistent accounting policies.

24 CONDITIONALITY OF PART C OF THE SCHEME

Part C of the Scheme is conditional upon and subject to the following:

- 24.1 Effectiveness of Part B of the Scheme unless Part B becomes non-operational and withdrawn in terms of Clause 14.1 of the Scheme. In avoidance of doubt, withdrawal of Part B of the Scheme in terms of Clause 14.1 of the Scheme shall not have any impact on effectiveness of Part C of the Scheme;
- 24.2 the Scheme being approved by the requisite majorities of the various classes of members and/or creditors of the respective Companies as required under Applicable Laws and as may be directed by the NCLT or any other authority as may be prescribed or notified;
- 24.3 the sanction of the Scheme by the NCLT;
- 24.4 such other sanctions and approvals including sanctions of any Governmental Authority or regulatory authority as may be required by law or contract in respect of the Scheme being obtained;
- 24.5 the certified copies of the orders of the NCLT referred to in this Scheme being filed with the Registrar of Companies by the Companies; and

<p style="text-align: center;">PART D</p> <p style="text-align: center;">GENERAL TERMS AND CONDITIONS</p>

25 EFFECTIVENESS OF THE SCHEME

Upon the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred and become effective and operative only in the sequence and in the order mentioned hereunder:

- (i) Selective Capital Reduction as per Part B of the Scheme unless Part B of the Scheme is withdrawn in terms of Clause 14.1 of the Scheme;
- (ii) Amalgamation of MEL with MSE in accordance with Part C of this Scheme, notwithstanding of withdrawal of Part B of the Scheme in terms of Clause 14.1 of the Scheme, if applicable;

26 APPLICATIONS TO THE COURT

- 26.1 The Companies shall, with all reasonable dispatch, make a joint application to the Court, under Sections 230 to 232 and other applicable provisions of the Act, seeking orders for dispensing with or convening of the meetings of the different classes of their respective shareholders and/or creditors and for sanctioning this Scheme with such modifications, as may be approved/required by the Court or any other Governmental Authority.
- 26.2 Upon this Scheme being approved by the requisite majority of the shareholders and creditors of the Companies (wherever required), the Companies shall, file a joint petition before the Court for sanction of this Scheme under Sections 230 to 232 and other applicable provisions of the Act, and for such other order or orders, as the Court may deem fit for bringing this Scheme into effect. Upon this Scheme becoming effective, the shareholders and the creditors of the Companies shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the specific provisions contained in this Scheme and shall be binding upon shareholders and creditors of respective companies.

27 MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 27.1 The Companies, acting through their respective Boards of Directors, may assent to any modifications or amendments to this Scheme, which the Court and/or any other Governmental Authorities may deem fit to direct or impose, or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise in implementing and/or carrying out this Scheme provided however that no modification to the Scheme will be made which adversely affects the rights or interest of the secured creditors without seeking their approval. The Companies, acting through their respective Boards of Directors, be and are hereby authorised to take all such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions, whether by reason of any orders of the Court or of any directive or any other Governmental Authorities or otherwise howsoever, arising, out of, under, or by virtue of this Scheme and/or any matters related to or connected therewith, provided however that no modification to the Scheme will be made which adversely affects the rights or interest of the secured creditors without seeking their approval.
- 27.2 If, at any time, before or after the Effective Date, any provisions or Parts of this Scheme are found to be, or interpreted to be, invalid or illegal or inconsistent with any Applicable Laws, or rejected, or unreasonably delayed, or not sanctioned by the Court, or is or becomes unenforceable, under present or future Applicable Laws, or due to any change in any Applicable Laws, then it is the intention of the Companies that such part shall be severable from the remainder of this Scheme and other Parts / provisions of this Scheme shall not be affected thereby, unless the deletion of such Part shall cause this Scheme to become materially adverse to any of the Companies in the sole opinion of the Board of Directors of the relevant Companies. In such a case, the Companies, acting through their respective Boards of Directors, may at their discretion, either bring about such modification in this Scheme, as is likely to best preserve for the relevant Companies, the benefits and obligations of this Scheme and/or withdraw the Scheme or any Part thereof, wholly or partially.
- 27.3 The Companies, acting through their respective Boards of Directors, shall each be at liberty to

withdraw this Scheme, wholly or partially, in case any condition or alteration imposed by the Court, or any other Governmental Authority is unacceptable to any of them or otherwise if so decided by their respective Board of Directors. In the event any Parts or provisions of this Scheme are withdrawn and the Companies decide to implement the remaining Parts or provisions of this Scheme, to the extent of such withdrawn provisions, this Scheme shall become null and void and no rights or liabilities whatsoever shall accrue to, or be incurred by, the relevant Companies, their respective shareholders and/or creditors and/or any other persons with respect to such provisions or Parts of the Scheme.

- 27.4 Upon coming into effect of the Scheme, the Amalgamated Company and/or the Amalgamating Company shall, with reasonable dispatch / timelines apply for transition of all licenses and statutory registrations of the Amalgamating Company including but not limited to product registrations (including applications and authorizations for product registrations), manufacturing licenses, insurance policies, product permissions, certificates, market authorizations, filings, industrial licences, municipal permissions, approvals, consent, permits, quotas, incentives, subsidies and recognitions. The period between the Effective Date and the last date on which the transfer of all such aforementioned licenses and statutory registrations have occurred is hereinafter referred to as "Transitory Period". During the Transition Period the Amalgamating Company, may procure or use or manufacture or sale, all materials and products under the respective country registrations including the packing material, art work, label goods, cartons, stickers, wrappers, labels, containers, point of sale material, sign board, samples, closures, publicity materials in the name and form/format of the Amalgamated Company under any license and/or statutory registration, if any, while conducting the business with a view to avoid any disruption of business, to ensure continuity of operations and uninterrupted supply of the products.
- 27.5 Even after the Scheme becomes operative, the Amalgamated Company shall be entitled to operate all Bank Accounts and use all bank guarantees and letter of credit of the Amalgamating Company, and release all monies and complete and enforce all subsisting contracts and transactions in respect of the Amalgamating Company in the name of Amalgamating Company in so far as may be necessary, till the transfer of rights and obligations of the Amalgamating Company to the Amalgamated Company until this Scheme is formally accepted by all the parties concerned.

28 EFFECT OF NON-RECEIPT OF APPROVALS/SEVERABILITY

- 28.1 In the event that the scheme is not sanctioned by the NCLT or in the event any of the other requisite consents, approvals, permissions, sanctions or conditions are not obtained or complied with or for any other reason, the scheme cannot be implemented, the scheme shall not take effect and shall be withdrawn and in that event no rights or liabilities, whatsoever, shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person.
- 28.2 In the event any of the sanctions, consents or approvals referred to in Clause 24 above are not obtained or received and/or the Scheme, or any Part thereof, has not been sanctioned by the Court, the Board of Directors of each of the Companies, shall, by mutual agreement, determine whether:
- (a) this Scheme shall stand revoked and cancelled in entirety and shall be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or under Applicable Law and in such event, each Company shall bear and pay its respective costs, charges and expenses for and in connection with the Scheme; or
 - (b) such Part shall be severable from the remainder of the Scheme and the remainder of the Scheme shall not be affected thereby, unless the deletion of such Part shall cause the Scheme to become materially adverse to any Company, in which case each of the Companies, (acting through their respective Boards of Directors) shall attempt to bring about a modification in the Scheme, as will best preserve for the Companies, the benefits and obligations of this Scheme, including but not limited to such Part. Provided, however, that no modification to the Scheme shall be made which adversely affects the rights or interests of the secured creditors, without seeking their approvals.

29 COMPLIANCE WITH LAWS

- 29.1 This Scheme is presented and drawn up to comply with the provisions/requirements of Sections 230 to 232 and other applicable provisions of the Act, for the purpose of amalgamation of the Amalgamating Company into and with the Amalgamated Company.
- 29.2 This Scheme has been drawn up to comply with the conditions relating to (a) "amalgamation" with respect to Part C of the Scheme as defined under Section 2(1B) of the IT Act, respectively.
- 29.3 The Companies undertake to comply with all Applicable Laws, including making the requisite intimations and disclosures to any statutory or regulatory authority and obtaining the requisite consent, approval or permission of the Central Government, RBI (if required) or any other statutory or

regulatory authority, which by Applicable Law may be required for the implementation of this Scheme.

30 CANCELLATION OF INTER-SE TRANSACTIONS

- 30.1 Upon this Scheme becoming effective on the Effective Date and with effect from the Appointed Date, all loans, advances, trade receivables and other obligations or liabilities due, from or by or any guarantees given on behalf of the Amalgamating Company to / by the Amalgamated Company or vice versa, if any, and all contracts, arrangements and transactions, of any nature whatsoever, between any of the Amalgamating Company and the Amalgamated Company (other than this Scheme) shall stand automatically cancelled and terminated and shall be of no effect, without any further act, instrument or deed being required from any of the Companies and without any approval or acknowledgement of any third party. No further taxes, fees, duties or charges shall be required to be paid by the Amalgamated Company on account of such cancellation or termination.

31 CAPITAL AND DIVIDENDS

- 31.1 Nothing in this Scheme shall be interpreted to restrict the ability of any of the Companies to declare and/or pay dividends, whether interim and/or final or issue bonus shares, to their respective shareholders prior to the Effective Date.
- 31.2 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Companies to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Companies, and if applicable as per the provisions of the Act, shall also be subject to the approval of the shareholders of the relevant Company or Companies.
- 31.3 Nothing in this Scheme shall be interpreted to restrict the ability of any of the Companies to raise capital or funds whether by way of equity or debt, in any manner whatsoever, at any time prior to the Effective Date.

32 COSTS

- 32.1 All costs, charges, taxes including stamp duty, levies and all other expenses, if any (save as expressly otherwise agreed) of the Amalgamating Company arising out of or incurred in connection with implementing Part C of this Scheme and matters incidental thereto shall be borne by the Amalgamated Company.

Date: 02 March 2023

To
 The Board of Directors,
 MSE Enterprises Limited,
 Building A, Unit 205B, Second Floor
 Agastya Corporate Park,
 Sunder Baug lane, Kamani Junction,
 L.B.S Road, Kurla West,
 Mumbai, Maharashtra – 400070

To
 The Board of Directors,
 Metropolitan Stock Exchange of India Limited,
 205(A), Second Floor,
 Piramal Agastya Corporate Park,
 Kamani Junction,
 L.B.S Road, Kurla West,
 Mumbai, Maharashtra – 400070

Subject:

- a) **Determination of fair value of equity shares of MSE Enterprises Limited for the purpose of proposed reduction of share capital by way of cancelation of equity shares held by certain shareholders.; and**
- b) **Recommendation of share exchange ratio for the Proposed Amalgamation of MSE Enterprises Limited ('MEL') into Metropolitan Stock Exchange of India Limited ('MSE').**

Dear Sir/ Madam,

We refer to the engagement letter dated 17 February 2023 and discussion undertaken with the Management of Metropolitan Stock Exchange of India Limited ('MSE' or the 'Amalgamated Company') and MSE Enterprises Limited ('MEL' or the 'Amalgamating Company') (hereinafter together referred to as 'the Management'), wherein the Management has requested Niranjan Kumar, Registered Valuer – Securities or Financial Assets ('NK', 'we' or 'us') to undertake a valuation exercise and:

1. Determine the fair value of the equity shares of MEL for the purpose of proposed reduction of share capital by way of cancellation of equity shares held by certain shareholders i.e. shareholders other than MSE in step 1; and
2. Recommend share exchange ratio for the Proposed Amalgamation of MEL ('Amalgamating Company') into MSE ('Amalgamated Company') in step 2.

Hereinafter the aforesaid proposed transaction in Step 1 above shall be referred to as the 'Proposed Capital Reduction' and proposed transaction in Step 2 above shall be referred to as the 'Proposed Amalgamation'; the Management including the Board of Directors of MSE and MEL shall together be referred to as 'the Management'; and the Amalgamating Company, Amalgamated Company shall together be referred to as 'Transacting Companies'.

Please find enclosed the report (comprising 15 pages) detailing our recommendation of fair value towards the equity shares of the Amalgamating Company and share exchange ratio for the Proposed Amalgamation, the methodologies employed, and the assumptions used in our analysis.

This report sets out our scope of work, background, source of information, procedures performed by us and our opinion on the value analysis of the equity shares of MSE and the recommendation of share exchange ratio.

BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

MSE Enterprises Limited ('MEL' or 'Amalgamating Company') (formerly known as Metropolitan Clearing Corporation of India Limited) was incorporated on 07 November 2008 and had been engaged in the business of clearing and settlement of trades in multi-assets classes carried out at different exchanges under interoperability. Currently, MEL does not undertake any business operations. MEL has three shareholders of which MSE holds 95.85% and other two shareholders holds the balance 4.15%.

Metropolitan Stock Exchange of India Limited ('MSE' or 'Amalgamated Company') was incorporated on 14 August 2008 and is a recognized stock exchange which offers an electronic platform for trading in equity, equity derivatives and currency derivatives.

We understand that the Management of Transacting Companies are contemplating a Composite Scheme of Arrangement ('Scheme') wherein they intend to:

- a) Undertake capital reduction of MEL by way of cancellation of equity shares held by certain shareholders i.e., shareholders other than MSE in step 1; and
- b) amalgamate MEL into its holding company MSE in step 2;

in accordance with the provisions of Sections 230 to 232 including Section 66 of the Companies Act, 2013 or any statutory modifications, re-enactment or amendments thereof for the time being in force ("the Act") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 as amended from time to time ("the Rules") and all other applicable provisions, if any, of the Act and any other applicable law for the time being in force and in a manner provided in the draft composite scheme of arrangement in which under:

- a) Part B of the Scheme, the share capital of MEL held by shareholders other than MSE is proposed to be reduced by way of cancellation of equity shares against a consideration; and
- b) Part C of the Scheme, MEL is proposed to be amalgamated with MSE post effectiveness of Part B of the Scheme i.e. MEL becomes wholly owned subsidiary of MSE.

The consideration to be paid for the aforesaid Proposed Capital Reduction of MEL under Part B of the Scheme, will be determined by the Board of Directors on the basis of fair valuation report prepared by a Registered Valuer.

Upon Part B of the Scheme becoming effective MEL shall become wholly owned subsidiary of the MSE i.e. the entire paid-up equity share capital of the MEL shall be beneficially held by the MSE. Hence the entire shareholding of Amalgamated Company in Amalgamating Company shall stand cancelled on Part C of the Scheme becoming effective and no new equity shares of the MSE shall be issued and allotted in respect of Proposed Amalgamation of MEL with MSE.

In connection with the above-mentioned Proposed Capital Reduction and Proposed Amalgamation, the Management has requested Niranjn Kumar, Registered Valuer – Securities or Financials Assets ('NK or 'we' or 'us') to submit a valuation report recommending the fair value of equity shares of the Amalgamating Company and share exchange ratio for the Proposed Amalgamation.

We would like to emphasize that certain terms of the Proposed Capital Reduction and Proposed Amalgamation are stated in our report, however the detailed terms of the Proposed Capital Reduction and Proposed Amalgamation including the rationale for the capital reduction shall be more fully described and explained in the Scheme to be submitted with



relevant authorities in relation to the Proposed Capital Reduction and Proposed Amalgamation. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the underlying Scheme.

We understand that the appointed date for the Proposed Amalgamation shall be 01 April 2023 as defined in the scheme or such other date as the competent authority may direct or approve. We have determined the fair value of equity shares of MEL for the Proposed Capital Reduction and share exchange ratio for the Proposed Amalgamation as at the report date ('Valuation Date').

The scope of our services is to conduct a valuation exercise to determine the fair value of equity shares of MEL as at the report date using internationally accepted valuation methodologies as may be applicable to the subject case and recommend the share exchange ratio as at report date after considering the facts of the case and report on the same in accordance with generally accepted professional standards including ICAI Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India (ICAI).

This report is our deliverable for the said engagement and is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality and in conjunction with the relevant documents referred to therein.

Rationale of the Scheme

The Amalgamating Company MEL was formerly engaged in the business of providing clearing and settlement services to the Amalgamated Company. Subsequently, in 2018 SEBI allowed interoperability amongst clearing corporations i.e. it allowed market participants to consolidate their clearing and settlement functions at a single clearing corporation, irrespective of the stock exchange on which the trade is executed.

Post introduction of interoperability, MEL had lost most of its business to other clearing corporations. Given that MEL was not able to operate profitably and gain market share, the Board of Directors of MEL have decided to discontinue the clearing corporation business and merge the company with its parent company i.e. MSE for continuance of other eligible business in MSE. SEBI registration of MEL for acting as clearing corporation agent expired on 02 October 2022 and they have not applied for renewal of the same.

Equity shares of MEL are currently held by MSE, Multi Commodity Exchange of India Limited ('MCEIL') and 63 Moon Technologies Limited in the proportion of 95.85%, 2.20% and 1.95% respectively. Based on our discussion with the Management and review of the Scheme, we understand that 63 Moon Technologies Limited has been declared as 'not fit and proper person' by SEBI to hold shares in a recognized stock exchange and clearing corporation.

Given that one of the shareholder has been declared ineligible to hold shares, the Management is proposing to undertake capital reduction of equity shares held by 63 Moon Technologies Limited under Part B of the Scheme. Further the Management is also proposing to undertake capital reduction of equity shares held by MCEIL under Part B of the Scheme, so that post capital reduction MSE will hold the entire 100% shareholding of MEL.



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SOURCES OF INFORMATION

In connection with preparation of this report, we have used and relied on the following sources of information:

- Unaudited provisional financial statements of MEL for the eight months period ended 30 November 2022;
- Audited financial statements (restated) of the MEL for the financial year ended 31 March 2022 ('FY22');
- Discussion with the Management to understand the rationale and objective for the Proposed Capital Reduction and Proposed Amalgamation;
- Shareholding pattern of the MEL as at report date;
- Draft composite scheme of arrangement pursuant to which Proposed Capital Reduction and Proposed Amalgamation is to be undertaken;
- Details with respect to the investments such as name of mutual funds along with the number of units held by MEL as at 30 November 2022;
- Discussions and correspondence with the Management in connection with the business operations of the MEL, past trends, proposed future business plans and prospects, realizability of assets, crystallization of liabilities, etc.; and
- Such other information and documents as provided by the Management of MEL for the purpose of this engagement.

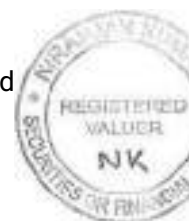
Besides the above listing, there may be other information provided by the Management which may not have been perused by us in detail, if not considered relevant for our defined scope.

We have also obtained such other explanations and information considered reasonably necessary for our exercise, from the Management.

PROCEDURES ADOPTED

Procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the following:

- Discussion with the Management to:
 - Understand the nature of business operations for MEL and the fundamental factors that affect its earning generating capability including strength, weakness, opportunity and threat analysis;
 - Enquire about the historical financial performance, current state of business operations and business plans of MEL;
- Analysis of information shared by the Management of MEL;
- Reviewed the unaudited provisional financial statements for the eight months period ended 30 November 2022 and audited financial statements (restated) for the financial year ended 31 March 2022 ('FY22') of MEL;
- Reviewed the draft composite scheme of arrangement pursuant to which Proposed Capital Reduction and Proposed Amalgamation is to be undertaken;
- Reviewed the shareholding pattern of MEL as at report date;



- Discussed with the Management on the objective of the Proposed Capital Reduction and Proposed Amalgamation;
- Discussions with the Management with respect to realizability of the assets of the MEL and adjustments if any, required to their current carrying values as at the report date;
- Discussion with the Management in relation to existence of any liabilities including contingent liabilities of which an outflow has been perceived in addition to the liabilities appearing in the financial statements of MEL as at 30 November 2022;
- Discussions with the Management to obtain requisite explanation and clarification of data provided;
- Confirmed that there was no significant change in net asset position between 30 November 2022 and the report date for MEL;
- Selection of appropriate internationally accepted valuation methodology/ (ies) after deliberations and consideration to the sector in which MEL operates and analysis of its business operations; and
- Arrived at fair valuation of equity shares of MEL using the method considered appropriate.



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COMPANY AND FINANCIAL OVERVIEW

a) MSE Enterprises Limited ('MEL' or 'Amalgamating Company')

MSE Enterprises Limited (formerly known as Metropolitan Clearing Corporation of India Limited) had been engaged in the business of clearing and settlement of trades in multi-assets classes carried out at different exchanges under interoperability.

The license to operate as a clearing corporation held by MEL expired on 02 October 2022 and the Management of MEL does not intend to carry out the business of clearing and settlement. Hence, they have not applied for renewal of the license to operate as a clearing corporation and currently do not undertake any business operations.

The equity shareholding pattern of MEL as at the report date is set out below:

Name of shareholder	Number of shares (Face value of INR 10 each)	Percentage %
Metropolitan Stock Exchange of India Limited	12,01,71,446	95.85%
Multi Commodity Exchange of India Limited	27,58,942	2.20%
63 Moons Technologies Limited	24,40,603	1.95%
Total	12,53,70,991	100.00%

Financial Overview

Snapshot of unaudited provisional financial statements for the eight months period ended 30 November 2022 and audited financial statements (restated) for the financial year ended 31 March 2022 of MEL is set out below:

Balance sheet as at			Profit and loss statement for the period/year ended		
INR in Million			INR in Million		
Particulars	30-Nov-22 Unaudited	31-Mar-22 Audited (Restated)	Particulars	30-Nov-22 Unaudited	31-Mar-22 Audited (Restated)
Equity and liabilities			Revenue from operations	182.3	71.1
Shareholder's funds			Expenses		
Share capital	1,253.7	1,253.7	Employee benefit expense	(29.8)	(53.5)
Reserves and surplus	(2.3)	4.2	Other operating expenses	(120.5)	(98.5)
Non-current liabilities			EBITDA	32.0	(80.8)
Lease liabilities	-	24.8	Depreciation and amortisation	(34.9)	(32.9)
Other non-current liabilities	3.4	1,085.0	EBIT	(2.9)	(113.7)
Current liabilities			Finance cost	(1.1)	(2.5)
Lease liabilities	8.4	11.6	Other income	38.0	51.8
Financial liabilities	231.2	252.8	Exceptional items	(52.1)	-
Other current liabilities	71.6	55.6	PBT (including exceptional items)	(18.1)	(64.5)
Total equity and liabilities	1,566.0	2,687.8	Tax expense	12.4	(2.7)
Assets			PAT	(5.7)	(67.2)
Non-current assets					
Property, plant and equipment	53.6	72.4			
Intangible assets	3.4	59.4			
Right of use asset	7.3	34.3			
Other non current assets	97.5	166.2			
Current assets					
Investments in mutual funds	72.8	94.4			
Cash and cash equivalents	19.3	1.1			
Bank balances (Fixed Deposit)	1,171.7	2,116.4			
Current tax assets (Net)	132.9	119.3			
Other current assets	7.3	24.2			
Total assets	1,566.0	2,687.8			



b) Metropolitan Stock Exchange of India Limited ('MSE' or 'Amalgamated Company') is a recognized stock exchange which offers an electronic platform for trading in equity, equity derivatives and currency derivatives.

VALUATION APPROACHES

Basis and Premise of Valuation

Valuation of the equity shares of MEL as at the Valuation date is carried out in accordance with ICAI Valuation Standards ("ICAI VS"), considering 'Fair Value' base and 'going concern value' premise. Any change in the valuation base, or the valuation premise could have a significant impact on the valuation outcome of the Company.

Basis of Valuation

It means the indication of the type of value being used in an engagement. Fair Value as per ICAI VS is defined as under: "Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date."

Premise of Value

Premise of Value refers to the conditions and circumstances how an asset is deployed. Valuation of the Company is carried out on a going concern value premise which is defined under ICAI VS as under:

a) Going Concern Value premise which is defined under ICAI VS as under:

"Going concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained work force, an operational plant, the necessary licenses, systems, and procedures in place, etc."

b) 'As-is-where-is Basis' premise which is defined under ICAI VS as under:

"As-is-where-is basis will consider the existing use of the asset which may or may not be its highest and best use."

It is pertinent to note that the valuation of any business/company or its assets is inherently imprecise and is subject to various uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions considering inter-alia dependency and financial assistance from existing shareholders and general business and economic conditions, many of which are beyond the control of the company. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the business, and other factors which generally influence the valuation of the company, its business and assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purpose, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.



The following are commonly used and accepted methods for determining the value of equity shares of a company:

1. Asset Approach – Net Asset Value method
2. Market Approach:
 - a) Market Price method
 - b) Comparable Companies Market Multiple method
3. Income Approach – Discounted Cash Flow method

As discussed, and agreed with the Management, we have carried out the value analysis of equity shares of MEL using Net Asset Value ('NAV') Method which is commonly used method for valuing such companies.

1. Asset Approach - Net Asset Value Method ('NAV')

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis, realizable value basis or replacement cost basis. This value analysis approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

MEL had been engaged in the business of clearing and settlement of trades in multi-assets classes carried out at different exchanges under interoperability, however, the license to operate as a clearing corporation held by MEL expired on 02 October 2022. Further, the Management has represented to us that given the change in business dynamics the Company does not intend to renew the license to operate as clearing corporation. Considering this background and the fact that the Company does not undertake any significant business operations and there is no clear future business outlook, we have therefore used the NAV method to arrive at the equity value of MEL.

2. Market Approach

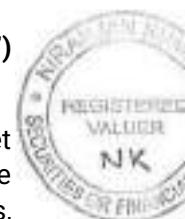
a. Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market.

The equity shares of MEL are not listed on any stock exchange, we have therefore not used this method to arrive at the equity value of MEL.

b. Comparable Companies' Multiple ('CCM')/ Comparable Transactions' Multiple ('CTM') Method

Under **CCM**, the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. CCM applies multiples derived from similar or 'comparable' publicly traded companies to a company's operating metrics. Although no two



companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the MEL. The appropriate multiple is generally based on the performance of listed companies with similar business models and size.

MEL does not undertake any significant business operations and also the license to operate as clearing corporation expired recently and without the license the Company cannot operate, therefore one cannot apply comparable companies' multiples, moreover there are no comparable listed companies which operate in a similar line of business and have similar operating/ financial metrics as that of MEL, we have therefore not used CCM Method.

Under **CTM**, the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

MEL does not undertake any significant business operations and also the license to operate as clearing corporation expired recently and without the license the Company cannot operate, therefore one cannot apply comparable transaction multiples, moreover, there are no recent comparable transactions involving companies of similar nature and having similar operating/ financial metrics as that of MEL, we have therefore not used CTM Method.

3. Income Approach- Discounted Cash Flows ('DCF') Method

DCF method values a business based upon the available cash flow a prudent investor would expect the subject business to generate over a given period of time. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the terminal value at an appropriate discount factor. Free cash flows are the cash flows expected to be generated by the company that are available to equity shareholders of the company. The terminal value represents the total value of the available cash flow for all periods subsequent to the forecast period. The terminal value of the business at the end of the forecast period is estimated and discounted to its equivalent present value and added to the present value of the explicit forecast period cash flow to estimate the value of the business.

Estimating future cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to equity shareholders of the company.

Appropriate discount rate to be applied to cash flows i.e., Cost of Equity:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to equity capital providers (namely equity shareholders) of a company/ business. The opportunity cost to the capital providers equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value attributable to the equity shareholders of the business, value arrived through DCF method for the company is adjusted for the value of loans, excess cash, inflow on exercise of options, non-operating assets/ liabilities (e.g. fair value of investments, any contingent liabilities, etc.). The total value for equity shareholders is then divided by the total number of equity shares (on fully diluted basis) to arrive at the value per share of the company.



For the purpose of undertaking the DCF value analysis, the free cashflows are based on projections and other information that are provided by the Management.

MEL had been engaged in the business of clearing and settlement of trades in multi-assets classes carried out at different exchanges under interoperability, however, the license to operate as a clearing corporation held by MEL expired on 02 October 2022. Further, the Management has represented us that given the change in business dynamics the Company does not intend to renew the license to operate as clearing corporation. [Same language as NAV]

Given this background and the fact that the MEL does not undertake any business operations and there is no clear future business outlook, the Management has expressed its inability to provide future projections. We have therefore not used the Discounted Cash Flow Method to arrive at the equity value of MEL.



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A] DETERMINATION OF FAIR VALUE OF EQUITY SHARES FOR THE PURPOSE OF PROPOSED CAPITAL REDUCTION.

We have carried out the value analysis of equity shares of MEL using Net Asset Value ('NAV') Method.

Key Valuation Considerations

We have carried out value analysis of equity shares of MEL as at the report date on 'going concern value' and 'As-is-where-is Basis' premise, based on the unaudited provisional financial statements for eight months period ended 30 November 2022 of MEL.

We must emphasize that the latest financials of MEL as at the report date were not provided by the Management for our value analysis, however the Management has represented that they do not expect significant change in net asset position between 30 November 2022 and report date. We have therefore considered all assets and liabilities appearing in the unaudited balance sheet as at 30 November 2022 of MEL for the purpose of our analysis.

Based on our discussion with the Management, we have assumed that carrying value of all assets (except for investments in mutual funds) of MEL as at 30 November 2022 would be representative of their fair value and all the known liabilities have been duly recorded and there would be no additional outgoings. Accordingly, we have reduced the value of all liabilities from the value of asset to calculate the net asset value of MEL.

The Net Asset Value (NAV) of the MEL based on unaudited balance sheet as at 30 November 2022 is set out below:

INR in Million

Particulars	Note	Book Value	Fair Value
A Value of assets			
Non current assets			
Property, plant and equipment		53.6	53.6
Intangible assets		3.4	3.4
Right of use asset		7.3	7.3
Other non-current assets		97.5	97.5
Current assets			
Investments in mutual funds	1	72.8	74.0
Cash and cash equivalents		19.3	19.3
Bank balances (Fixed Deposit)		1,171.7	1,171.7
Current tax assets (Net)		132.9	132.9
Other current assets		7.3	7.3
Total assets (A)		1,566.0	1,567.2
B Value of liabilities			
Non-current liabilities			
Other non-current liabilities		3.4	3.4
Current liabilities			
Lease liabilities		8.4	8.4
Financial liabilities		231.2	231.2
Other current liabilities		71.6	71.6
Total liabilities (B)		314.6	314.6
C NAV attributable to equity shareholders as at the report date [(C)=(A)-(B)]			1,252.6
D Number of equity shares outstanding as at the report date			12,53,70,991
E Equity value per share as at the report date (INR per share) [(E)=(C)/ (D)]			9.99

Notes:

1. MEL holds investment in quoted mutual funds as at 30 November 2022. We have arrived at the fair value of investments considering the NAV of such mutual funds as at report date.



2. Based on our discussion with the Management, carrying value of all assets and liabilities other than investments mentioned above have been considered as representative of its fair value.

Based on the considerations, information and explanations given to us and subject to scope, limitations, assumptions specified, we estimate the equity value of MEL as at the report date to be ~ **INR 1,252.6 Million** and per equity share value to be ~ **INR 9.99 each** .

B] RECOMMENDATION OF SHARE EXCHANGE RATIO FOR THE PROPOSED AMALGAMATION

As mentioned under Part C of the Scheme, MEL (Amalgamating Company) is proposed to be amalgamated with MSE (Amalgamated Company) post effectiveness of Part B of the Scheme.

Upon the Part B of the Scheme becoming effective, 51,99,545 fully paid-up equity shares of the Company of INR 10 each of MEL held by certain shareholders i.e. shareholders other than MSE shall be cancelled and extinguished and consequently, the paid-up equity share capital of MEL as on the effective Date shall become INR 1,20,17,14,460 divided into 12,01,71,446 equity shares of INR 10 each which will be completely held by its holding company i.e. MSE.

Given that MEL shall become wholly owned subsidiary of the MSE i.e. the entire paid-up equity share capital of the MEL shall be beneficially held by the MSE, hence the entire shareholding of Amalgamated Company in Amalgamating Company shall stand cancelled on Part C of the Scheme becoming effective and no new equity shares of the MSE shall be issued and allotted in respect of Proposed Amalgamation of MEL with MSE.

Taking into account the above facts and circumstances we have not carried out independent valuation of MSE for the purpose of arriving at share exchange ratio for Part C of the Scheme.

To the equity shareholders of MEL

"No equity shares of MSE would be required to be issued to the equity shareholders of MEL for the Proposed Amalgamation as defined under Part C of the Scheme."

Respectfully submitted,



A handwritten signature in black ink, appearing to read "Niranjn", written over a light blue grid background.

Niranjn Kumar
Registered Valuer- Securities and Financial Assets
IBBI Registration Number: IBBI/RV/06/2018/10137
ICAIRVO/06/RV-P000021/2018-19
UDIN: 23121635BGUW002495

Date: 02 March 2023
Place: Pune

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us.

This report, its contents and the results herein are specific and subject to:

- i. the purpose of valuation agreed as per the terms of this engagement;
- ii. the date of this report;
- iii. shareholding pattern of MEL as at the report date;
- iv. unaudited provisional financial statements for eight months period ended 30 November 2022 of MEL;
- v. draft composite scheme of arrangement pursuant to which Proposed Capital Reduction and Proposed Amalgamation is to be undertaken;
- vi. realizability of the assets (except investments in mutual funds) at the values carried in the books of accounts of MEL;
- vii. no additional outflow towards liabilities including contingent liabilities other than those recorded in the books of accounts of MEL;
- viii. data detailed in the section – Sources of Information

A value analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular. It is based on information made available to us as of the date of this report, events occurring after that date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

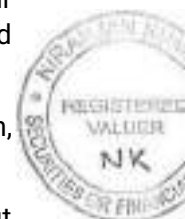
The ultimate analysis will have to be tempered by the exercise of judicious discretion by the valuer and judgement taking into account the relevant factors. There will always be several factors e.g., Management capability, market sentiment etc., which are not evident on the face of the financial statements, but which will strongly influence the fair value of equity share of MEL.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Management till the report date, and other sources, and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation(s) should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of fair value is not a precise science and the conclusions arrived at in many cases, will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single fair value. While we have provided our recommendation(s) of fair value of equity shares based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion.

In the course of our analysis, we were provided with both written and verbal information, including market, technical, financial and operating data by the Management.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification of,



- i. the accuracy of information made available to us by the Management; which formed a substantial basis for this report; and
- ii. the accuracy of the information that was publicly available;

We have not carried out a due diligence or audit or review of Transacting Companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided.

We are not legal or regulatory advisors with respect to legal and regulatory matters for the valuation exercise. We do not express any form of assurance that the financial information or other information as prepared and provided by the Company is accurate. Also, with respect to explanations and information sought from the Management, we have been given to understand that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and information given by/on behalf of the Management.

The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Management and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Management. However, nothing has come to our attention to indicate that the information provided was materially misstated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply, and it should not be construed that we have verified any of the information provided to us, or that my inquiries could have verified any matter, which a more extensive examination might disclose.

The report assumes that the Transacting Companies complies fully with relevant laws and regulations applicable in all its areas of operations and that the Transacting Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary; this report has given no consideration on to matters of a legal nature, including issues of legal title and compliance with local laws and litigation and other contingent liabilities that are not represented to us by the Management.

This report does not look into the business/ commercial reasons behind the valuation exercise nor the likely benefits arising out of the same. Similarly, the report does not address the relative merits of the current valuation exercise as compared with any other alternative, or whether or not such alternatives could be achieved or are available. This report is restricted to the recommendation of fair value of the equity shares of the MEL and share exchange ratio for the Proposed Amalgamation only.

No investigation of the MEL claim of assets has been made for the purpose of this report and the MEL claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets. Therefore, no responsibility is assumed for matters of legal nature.

MEL had been engaged in the business of clearing and settlement of trades in multi-assets classes carried out at different exchanges under interoperability, however, the license to operate as a clearing corporation held by MEL expired on 02 October 2022. Further, the Management has represented us that the MEL does not intend to renew the license to operate as clearing corporation. Considering this background and the fact that the MEL does not



undertake any significant business operations, we have therefore used the NAV method to arrive at the equity value of MEL.

We would like to emphasize that the latest financials of MEL as at the report date were not provided by the Management for our value analysis, however the Management has represented that they do not expect significant changes in the net asset position of the Company between 30 November 2022 and the report date. We have therefore considered the unaudited provisional financial statements as at 30 November 2022 for the purpose of our value analysis.

Under Part C of the Scheme, MEL (Amalgamating Company) is proposed to be amalgamated with MSE (Amalgamated Company) post effectiveness of Part B of the Scheme. Upon Part B of the Scheme becoming effective, MEL shall become wholly owned subsidiary of the MSE i.e. the entire paid-up equity share capital of the MEL shall be beneficially held by the MSE. Hence the entire shareholding of Amalgamated Company in Amalgamating Company shall stand cancelled on Part C of the Scheme becoming effective and no new equity shares of the MSE shall be issued and allotted in respect of Proposed Amalgamation of MEL with MSE.

Given this background we have not carried out the independent valuation of MSE for the purpose of arriving at the share exchange ratio for the Proposed Amalgamation.

We would like to emphasize that the realizability of the assets at the values considered in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the realizability of these assets at values considered for our value analysis.

The fee for the Engagement is not contingent upon the results reported.

We owe responsibility to only the Management of Transacting Companies, who have appointed us, and nobody else.

We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion. In no circumstance shall the liability of NK exceed the amount as agreed in our Engagement Letter.

This value analysis report is subject to the laws of India.

Neither the value analysis report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of ascertaining the fair value of equity shares of MEL for the purpose of Proposed Capital Reduction and share exchange ratio for Proposed Amalgamation and relevant filing with regulatory authorities in this regard, without our prior written consent.

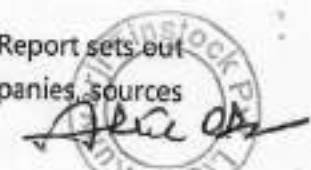


Date: March 02, 2023**To,****The Board of Directors,
MSE Enterprises Limited,**Building A, Unit 205B, Second Floor
Agastya Corporate Park,
Sunder Baug lane, Kamani Junction,
L.B.S Road, Kurla West,
Mumbai, Maharashtra – 400070**To,****The Board of Directors,
Metropolitan Stock Exchange of India Limited,**205(A), Second Floor,
Piramal Agastya Corporate Park,
Kamani Junction,
L.B.S Road, Kurla West,
Mumbai, Maharashtra – 400070**Subject:**

- a) Fairness opinion on fair value of equity shares of MSE Enterprises Limited determined by Niranjan Kumar – Registered Valuer – Securities or Financial Assets for the purpose of proposed reduction of share capital by way of cancellation of equity shares held by certain shareholders; and
- b) Fairness opinion on share exchange ratio recommended by Niranjan Kumar, Registered Valuer- Securities or Financial Assets for the proposed amalgamation of MSE Enterprises Limited with Metropolitan Stock Exchange of India Limited.

We refer to the engagement letter dated March 02, 2023 and discussions undertaken with the Management of Metropolitan Stock Exchange of India Limited ("MSE" or "Amalgamated Company") and MSE Enterprises Limited ("MEL" or "Amalgamating Company") (hereinafter both of them together referred to as "the Management"), wherein the Management has requested Kunvarji Finstock Private Limited ("Kunvarji" or "We" or "us") to provide a fairness opinion on fair value of equity shares of MSE Enterprises Limited for the purpose of proposed reduction of share capital by way of cancellation of equity shares held by certain shareholders i.e. shareholders other than MSE ("Proposed Capital Reduction") and on share exchange ratio for the proposed amalgamation of MSE Enterprises Limited with Metropolitan Stock Exchange of India Limited ("Proposed Amalgamation") recommended by Niranjan Kumar, Registered Valuer - Securities or Financial Assets ("Independent Valuer") vide report dated March 02, 2023 ("Report Date") (together MSE and MEL are referred to as "Transacting Companies") (hereinafter referred to as "Proposed Transaction").

Please find enclosed our deliverables in the form of report ("the Report"). This Report sets out the transaction overview, scope of work, background of the Transacting Companies, sources


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Opp PVR Cinema, Near Western Express Highway-Metro Station,

Andheri (E), Mumbai - 400093.

CIN - U65910GJ1986PTC008979

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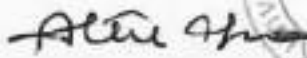


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of information and our opinion on fair value of equity shares of Amalgamating Company and on the share exchange ratio recommended by the Independent Valuer for the aforesaid Proposed Amalgamation. This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

This Report has been issued only for the purpose of facilitating the Proposed Transaction and should not be used for any other purpose.

For, Kunvarji Finstock Private Limited



Mr. Atul Chokshi
Director (DIN: 00929553)



Date: March 02, 2023
Place: Ahmedabad



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FAIRNESS OPINION

**IN THE MATTER OF FAIR VALUE OF EQUITY SHARES OF MSE
ENTERPRISES LIMITED FOR PROPOSED REDUCTION OF SHARE
CAPITAL**

AND

**IN THE MATTER PROPOSED AMALGAMATION OF
MSE ENTERPRISES LIMITED (AMALGAMATING COMPANY)**

WITH

**METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED
(AMALGAMATED COMPANY)**

STRICTLY PRIVATE AND CONFIDENTIAL

Prepared By:

KUNVARJI
SINCE 1966
Driven By Knowledge

**Kunvarji Finstock Private Limited
SEBI Registered Category I Merchant Banker
(Registration Number – INM000012564)**

Kunvarji, B-Wing, Siddhivinayak Towers,
Nr. D.A.V. School, Off. S. G. Road,
Makarba, Ahmedabad-380051



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1. BACKGROUND OF THE COMPANIES**MSE ENTERPRISES LIMITED (AMALGAMATING COMPANY)**

MSE Enterprises Limited (formerly known as Metropolitan Clearing Corporation of India Limited) had been engaged in the business of clearing and settlement of trades in multi-assets classes carried out at different exchanges under interoperability.

The license to operate as a clearing corporation held by MEL expired on 02 October 2022 and the Management of MEL does not intend to carry out the business of clearing and settlement. Hence, they have not applied for renewal of the license to operate as a clearing corporation and currently do not undertake any business operations.

MEL has three shareholders of which MSE holds 95.85% and other two shareholders holds the balance 4.15%.

The equity shareholding pattern of MEL as at the report date is set out below:

Name of Shareholders	Number of shares (Face Value of INR 10 each)	% of holding
Metropolitan Stock Exchange of India Limited	12,01,71,446	95.85%
Multi Commodity Exchange of India Limited	27,58,942	2.20%
63 Moons Technologies Limited	24,40,603	1.95%
Total	12,53,70,991	100.00%

METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED (AMALGAMATED COMPANY)

Metropolitan Stock Exchange of India Limited ('MSE' or 'Amalgamated Company') was incorporated on 14 August 2008 and is a recognized stock exchange which offers an electronic platform for trading in equity, equity derivatives and currency derivatives.

2. TRANSACTION OVERVIEW AND SCOPE OF SERVICES**Transaction Overview**

We understand that the Management of the Transacting Companies are contemplating a Composite Scheme of Arrangement ("Scheme"), wherein they intend to undertake capital

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reduction of MEL by way of cancellation of equity shares held by certain shareholders i.e. shareholders other than MSE and amalgamate MEL with MSE in accordance with the provisions of Sections 230 to 232 including Section 66 and other applicable provisions of the Companies Act, 2013 and in a manner provided in the draft composite scheme of arrangement in which under

1. Part B of the Scheme, the share capital of MEL held by shareholders other than MSE is proposed to be reduced by way of cancellation of equity shares against a consideration and
2. Part C of the Scheme, MEL is proposed to be amalgamated with MSE post effectiveness of Part B of the Scheme i.e. MEL becomes wholly owned subsidiary of MSE.

The consideration to be paid for the aforesaid Proposed Capital Reduction of MEL under Part B of the Scheme, will be determined by the Board of Directors on the basis of fair valuation report prepared by a Registered Valuer.

Upon the Part B of the Scheme becoming effective MEL shall become wholly owned subsidiary of the MSE i.e. the entire paid-up equity share capital of the MEL shall be beneficially held by the MSE. Hence the entire shareholding of Amalgamated Company in Amalgamating Company shall stand cancelled on Part C of the Scheme becoming effective and no new equity shares of the MSE shall be issued and allotted in respect of proposed amalgamation of MEL with MSE.

Scheme Rationale

Given that MEL was not able to operate profitably and gain market share, the Board of Directors of MEL have decided to discontinue the clearing corporation business and merge the company with its parent company i.e. MSE for continuance of other eligible business in MSE. SEBI registration of MEL for acting as clearing corporation agent expired on 02 October 2022 and they have not applied for renewal of the same.

Equity shares of MEL are currently held by MSE, Multi Commodity Exchange of India Limited ('MCEIL') and 63 Moon Technologies Limited in the proportion of 95.85%, 2.20% and 1.95% respectively. We understand that 63 Moon Technologies Limited has been declared as 'not fit and proper person' by SEBI to hold shares in a recognized stock exchange and clearing corporation.



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Given that one of the shareholders has been declared ineligible to hold shares, the Management is proposing to undertake capital reduction of equity shares held by 63 Moon Technologies Limited under Part B of the Scheme. Further the Management is also proposing to undertake capital reduction of equity shares held by MCEIL under Part B of the Scheme, so that post capital reduction MSE will hold the entire 100% shareholding of MEL.

Scope of Services

The Management has appointed Kunvarji Finstock Private Limited ("Kunvarji" or "We" or "us"), SEBI Registered (Category I) Merchant Banker to provide a fairness opinion on fair value of equity shares of MEL determined by the Independent Valuer as at the report date for the purpose of Proposed Capital Reduction and on share exchange ratio recommended by Independent Valuer as at report Date for the proposed amalgamation of MEL with MSE.

Our scope of work only includes forming an opinion on the fairness of the recommendation of the Independent Valuer on fair value of equity shares of MEL and on the share exchange ratio for the purpose of the Scheme and does not involve evaluating or opining on the fairness or economic rationale of the Scheme per se. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

3. SOURCES OF INFORMATION

We have relied on the following information made available to us by the Management of the Transacting Companies/ obtained from the public domain for the purpose of this report:

- Signed report issued and prepared by Niranjana Kumar, Registered Valuer- Securities or Financial Assets dated March 02, 2023;
- Audited financial statements (restated) of MEL for the financial year ended March 31, 2022;
- Unaudited provisional financial statements of MEL for the eight months period ended November 30, 2022;
- Shareholding pattern of MEL as at Report Date;



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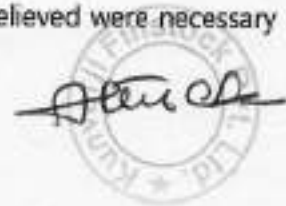
- Draft composite scheme of arrangement pursuant to which proposed capital reduction and proposed amalgamation is to be undertaken;

The Management has been provided with the opportunity to review the draft fairness opinion report (excluding our fairness opinion) as part of our standard practice to make sure that factual inaccuracy/ omissions are avoided.

4. PROCEDURES ADOPTED

In connection with this exercise, we have adopted the following procedures to carry out the opinion:

- Requested and received financial and qualitative information.
- Obtained data available of Companies in the public domain.
- Reviewed signed report issued and prepared by Niranjana Kumar, Registered Valuer-Securities or Financial Assets dated March 02, 2023;
- Reviewed the unaudited provisional financial statements for the eight months period ended November 30, 2022 and audited financial statements (restated) for the financial year ended March 31, 2022 of MEL;
- Reviewed the draft composite scheme of arrangement pursuant to which proposed capital reduction and proposed amalgamation is to be undertaken;
- Reviewed Shareholding pattern of MEL as at Report Date;
- Discussed with the Management on the objective of the Proposed Capital Reduction and Proposed Amalgamation;
- Discussion with Independent Valuer on such matters which we believed were necessary or appropriate for the purpose of issuing this opinion.



Kunvarji Finstock Pvt. Ltd.

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Opp PVR Cinema, Near Western Express Highway-Metro Station,

Andheri (E), Mumbai - 400093.

CIN - U65910GJ19B6PTC006979

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5. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

The fairness opinion contained herein is not intended to represent a fairness opinion at any time other than the report date. We have no obligation to update this report.

This Report, its contents and the results herein are specific to (i) the purpose of fairness opinion agreed as per the terms of our engagement; (ii) the Report Date; (iii) the shareholding pattern of MEL as at report date (iv) audited financial statements for the year ended March 31, 2022 of MEL; (v) unaudited provisional financial statements for the eight months period ended November 30, 2022 of MEL and (vi) draft composite scheme of amalgamation.

A fairness opinion of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The fairness opinion rendered in this Report only represents our opinion based upon information furnished by the Companies and gathered from the public domain (and analysis thereon) and the said opinion shall be considered to be in the nature of non-binding advice. Our fairness opinion should not be used for advising anybody to take a buy or sell decision, for which specific opinion needs to be taken from expert advisors.

We have not independently audited or otherwise verified the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Transacting Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the information given by/on behalf of the Transacting Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our fairness opinion.

It is understood that this opinion is solely for the benefit of confidential use by the Board of Directors of the Transacting Companies for the purpose of facilitating companies in

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ascertainment of the fair value of equity shares of MEL for the purpose of Proposed Capital Reduction and share exchange ratio for Proposed Amalgamation and relevant filing with regulatory authorities in this regard. This opinion is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

The Report assumes that the Transacting Companies comply fully with relevant laws and regulations applicable in all its areas of operations, and that the Companies will be managed in a competent and responsible manner. Further, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not represented to us by the Management. Our fairness opinion assumes that the assets and liabilities of the companies, reflected in their respective balance sheet remain intact as of the Report date.

The Report does not address the relative merits of the Proposed Capital Reduction and Proposed Amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The fee for the engagement is not contingent upon the results reported.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Transacting Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed draft composite scheme of arrangement, without our prior written consent.

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6. OUR RECOMMENDATION

As stated in the Valuation Report dated March 02, 2023 prepared by Niranjana Kumar, Registered Valuer- Securities or Financial Assets, he has recommended the following:

The equity value of MEL as at the report date to be ~ **INR 1,252.6 Million** and per equity share value to be ~ **INR 9.99 each**.

"As mentioned under Part C of the Scheme, MEL (Amalgamating Company) is proposed to be amalgamated with MSE (Amalgamated Company) post effectiveness of Part B of the Scheme.

Upon the Part B of the Scheme becoming effective, 51,99,545 fully paid-up equity shares of the Company of INR 10 each of MEL held by certain shareholders i.e. shareholders other than MSE shall be cancelled and extinguished and consequently, the paid-up equity share capital of MEL as on the effective Date shall become INR 1,20,17,14,460 divided into 12,01,71,446 equity shares of INR 10 each which will be completely held by its holding company i.e. MSE.

Given that MEL shall become wholly owned subsidiary of the MSE i.e. the entire paid-up equity share capital of the MEL shall be beneficially held by the MSE, hence the entire shareholding of Amalgamated Company in Amalgamating Company shall stand cancelled on Part C of the Scheme becoming effective and no new equity shares of the MSE shall be issued and allotted in respect of proposed amalgamation of MEL with MSE."

To the equity shareholders of MEL

"No equity shares of MSE would be required to be issued to the equity shareholders of MEL for the proposed amalgamation as defined under Part C of the Scheme."

The proposed transaction shall be pursuant to the draft composite scheme of arrangement and shall be subject to receipt of approval from the Hon'ble National Company Law Tribunal, Mumbai Bench or such other competent authority as may be applicable and other statutory approvals as may be required. The detailed terms and conditions of the proposed transaction are more fully set forth in the draft composite scheme of arrangement. Kunvarji has issued the fairness opinion with the understanding that the draft composite scheme of arrangement shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final scheme of arrangement alters the Proposed Transaction.

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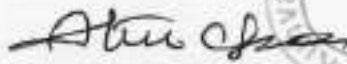


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Upon the Part B of the Scheme becoming effective, MEL shall become wholly owned subsidiary of the MSE i.e. the entire paid-up equity share capital of the MEL shall be beneficially held by the MSE, hence the entire shareholding of Amalgamated Company in Amalgamating Company shall stand cancelled on Part C of the Scheme becoming effective and no new equity shares of the MSE shall be issued and allotted in respect of proposed amalgamation of MEL with MSE.

Based on the information, data made available to us, to the best of our knowledge and belief, the value of equity shares of MEL as at the report date and Share exchange ratio as recommended by Niranjana Kumar, Registered Valuer- Securities or Financial Assets in relation to the proposed draft composite scheme of arrangement is fair to the equity shareholders of MSE and MEL in our opinion.

For, Kunvarji Finstock Private Limited



Mr. Atul Chokshi
Director (DIN: 00929553)

Date: March 02, 2023
Place: Ahmedabad



Kunvarji Finstock Pvt. Ltd.

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Independent Auditor's Report

To the Members of Metropolitan Stock Exchange of India Limited Report on the Audit of the Standalone Financial Statements

1. Opinion

We have audited the accompanying Standalone Financial Statements of **Metropolitan Stock Exchange of India Limited** ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2023, and the Standalone Statement of Profit and Loss (including other comprehensive income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and loss (including other comprehensive income), cash flows and its changes in equity for the year ended on that date.

2. Basis for Opinion

We conducted our audit of Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

3. Emphasis of Matter

- a. We draw attention to Note 36 of the Standalone Financial Statements, with regard to proposed Merger of MSE Enterprises Limited (MEL) (formerly known as Metropolitan Clearing Corporation of India Limited), with Company wherein it states that Board of Company and MEL accorded their in-principle approval for the Merger. Pursuant to the application made by MEL to SEBI to surrender the license/recognition, MEL has been derecognized to operate as Clearing Corporation w.e.f. October 3, 2022.
- b. We draw attention to Note 38 of the Standalone Financial Statements with regard to preparation of standalone financial on Going Concern Basis which states that "The Exchange has prepared its Financial Statements on Going Concern Basis, the Exchange has incurred losses of Rs. 1,978 Lakh during the year ended March 31, 2023 (March 31, 2022: Rs. 2,329 Lakh) and the net worth of the Exchange as per Stock Exchange and Clearing Corporation Regulation 2018 (SECC) norms amounts to Rs. 12,351 Lakh as on March 31, 2023 (March 31, 2022: Rs. 14,117 Lakh). The Exchange has already filed application with NCLT during current year for merger of MSE Enterprises Limited (MEL), subsidiary (formerly known as Metropolitan Clearing Corporation of India Limited) with the Exchange which shall further augment the net worth significantly as per SECC norms. The Exchange is in compliance of all regulatory requirements including interoperability, T+1 settlement cycle, etc. The Exchange has not defaulted in payment of any of its creditors, statutory/regulatory liability and to employees and has sufficient funds to discharge all its liabilities. The Exchange has been able to increase its business volumes in the Currency Derivatives segment regularly and achieved its highest daily volume of last eight years during current year. The Exchange is also in the process of enabling various initiatives, rationalization measures, brand building and technological upgradation which shall help in Business and Product Expansion along with focus on bringing down overall cost of operations. This shall ensure further significant reduction in losses and the Exchange is confident of making profits shortly. The Exchange is also expecting the resolution of pending legal matters in its favour considering the current status which shall result in significant benefits to the Exchange. The Exchange accordingly continues to prepare its Standalone Financial Statements on going concern basis.

Our opinion is not modified in respect of these matters.

4. Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Identification of Onerous Contract

As per Ind AS 37 "Provision, contingent liabilities and contingent assets", an onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Company has an unavoidable long-term contract with one of the service providers which constitutes approx. 46% of the Operating Expenses (refer note 29) for the year ended March 31, 2023.

Auditor's Response: Our procedure in relation to identification of onerous contract included, review of material contract with service providers, assessing the related cost and economic benefits expected to be received/are received and critically assessing the management's estimates with regard to plan for utilization of such costs. Based on above audit procedures the said contract has not been treated as onerous contract as on March 31, 2023.

5. Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. The other information is expected to be made available to us after the date of this auditor's report.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate that matter to those charged with governance.

6. Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with, accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

7. Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 (SEBI) has been completed and the report has been submitted to SEBI. The matter is pending.

Our opinion is not modified in respect of these matters.

9. Report on Other Legal and Regulatory Requirements

- a. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- b. As required by Section 143(3) of the Act, we report that:
 - i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company in electronic modes so far as it appears from our examination of those books.
 - iii. The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - iv. In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Ind As) Rules, 2015, as amended.
 - v. On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164 (2) of the Act.
 - vi. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - vii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, (as amended) in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations as on March 31, 2023 on its financial position in its Standalone Financial Statements – Refer Note 34 to the Standalone Financial Statements.
 - b. The Company has entered into various contracts including long term contracts with a Company towards software license and maintenance agreements etc. The continuance of these contracts shall depend on the future running of the business including raising required resources for the same. Hence, the chances of termination of these contracts and the impact of the same on the Standalone Financial Statements including penalty and charges if any cannot be commented upon.
 - c. There were no amounts which were required to be transferred to the investor's education and protection fund by the Company during the year ended March 31, 2023.
 - d. (i) Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 53 to the Standalone Financial Statements);
 - (ii) Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 53 to the Standalone Financial Statements); and

- (iii) Based on audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- e. During the year the Company has neither declared nor paid any dividend, as such compliance of section 123 of the Act is not applicable.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. 1st April, 2023, reporting in respect of mandatory use of accounting software with requisite audit trail facility is not applicable.
- c. With respect to the matter to be included in the Auditor's Report under section 197 (16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations give to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. 076650
UDIN: 23076650BGUWKQ4551

Place of Signature: Mumbai

Date: May 30, 2023

Annexure A to the Independent Auditors' Report of even date to the members of the Metropolitan Stock Exchange of India Limited ("the Company") on the Standalone Financial Statements for the year ended March 31, 2023

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that;

(i) Property, Plant and Equipment

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-of use assets.
- b. The Company has maintained proper records showing full particulars of intangible assets.
- b) The Company has a regular programme of physical verification to cover Property, Plant and Equipment except the routers equipment which are at member's location. Management is of the view that it is not possible to verify these assets due to their nature and location. In our opinion, the periodicity of the physical verification is reasonable having regard to the size of the Company and the nature of its assets. For the assets where physical verification exercise was completed in the current year, no material discrepancies were noticed on such verification for material items.
- c) There are no immovable assets held by the Company. Accordingly, reporting under paragraph 3(i)(c) of the Order is not applicable to the Company.
- d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- e) As disclosed by the management in note no. 54, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023, for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988), as amended, and rules made thereunder.

(ii) Inventories

- a) The nature of business of the Company does not require to have any physical inventory. Accordingly, reporting under paragraph 3(ii)(a) of the Order is not applicable to the Company.
- b) The Company has not been sanctioned working capital limits in excess of rupees five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, reporting under paragraph 3(ii)(b) of the Order is not applicable to the Company.

(iii) Loans, Investments, Guarantees, Securities and Advances in nature of Loan

During the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, reporting under paragraph 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

(iv) Compliance of Sec. 185 & 186

In our opinion, and according to the information and explanations given to us, the Company has not given loans or guarantees to directors or other persons in which a director is interested or provide security in connection with a loan and as such section 185 of the Companies Act is not applicable.

The Company has made investments in securities of its subsidiaries, which is in compliance with the provisions of Section 186 of the Companies Act, 2013.

(v) Public Deposits

The Company has not accepted any deposits or amounts which are deemed to be deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the Rules framed there under apply. Accordingly, reporting under paragraph 3(v) of the Order is not applicable to the Company.

(vi) Cost Records

The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act. Accordingly, reporting under paragraph 3(vi) of the Order is not applicable to the Company.

(vii) Statutory Dues

- a) Undisputed statutory dues including employees' state insurance, income-tax, goods and service tax, cess have been regularly deposited by the Company with the appropriate authorities in all cases during the year, except Provident Fund. In respect of Provident Fund, during the year, the Company is irregular in depositing the sum, due for 6 to 10 months and the amount involved is Rs. 1.72 lakhs.

- b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023, on account of disputes are given below:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Demand under section 156	921.38 (excl. interest)	AY 2012 – 13	CIT Appeal

(Refer Note 34 of the Standalone Financial Statements)

- (viii) As disclosed by management in note 54 of the Standalone Financial Statements, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) Application & Repayment of Loans & Borrowings

- The Company has not availed any loan or other borrowings from any lender, during the year. Accordingly, reporting under paragraph 3(ix)(a) of the Order is not applicable to the Company.
- as disclosed by management in note 54 of the Standalone Financial Statements, the Company has not been declared as wilful defaulter by any bank or financial institution or other lender;
- no term loan has been availed by the Company during the year, accordingly, reporting under paragraph 3(ix) (c) of the Order is not applicable to the Company.
- The Company has not borrowed funds as on March 31, 2023, Accordingly, reporting under paragraph 3(ix) (d) of the Order is not applicable to the Company.
- on an overall examination of the financial statements, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. Accordingly, reporting under paragraph 3(ix)(e) of the Order is not applicable to the Company.
- on an overall examination of the financial statements, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Accordingly, reporting under paragraph 3(ix)(f) of the Order is not applicable to the Company.

(x) Application of funds raised through Public Offer

- The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year, accordingly, reporting under paragraph 3(x)(a) of the Order is not applicable to the Company.
- The Company has not made any preferential allotment or private placement of shares / fully or partially or optionally convertible debentures during the year and accordingly, reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) Fraud

- No fraud by the Company or any fraud on the Company has been noticed or reported during the course of our audit nor have we been informed of any such case by the management.
- No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- As represented to us by the Management, there were no whistle blower complaints received by the Company during the year;

- (xii) The Company is not a Nidhi Company and accordingly, reporting under paragraph 3(xii) of the Order is not applicable to the Company.

- (xiii) In our opinion, the Company is in compliance with section 177 and 188 of the Companies Act, 2013 with respect to all applicable transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

(xiv) Internal Audit

- In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- We have considered the reports of the internal auditors issued to the Company for the period under audit.

- (xv) During the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors. Accordingly, reporting under paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) Registration u/s 45-IA of RBI Act

- The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, reporting under paragraph 3(xvi)(a) of the Order is not applicable to the Company.
- The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, reporting under paragraph 3(xvi) (b) of the Order is not applicable to the Company.
- The Company is not a core investment Company and accordingly, reporting under paragraph 3(xvi)(c) of the Order is not applicable to

the Company.

- d) As represented to us, the Group does not have any core investment Company as part of the Group and accordingly, reporting under paragraph 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has incurred cash losses during the current financial year and the immediately preceding financial year, amounting to Rs. 965 lakhs and Rs. 1,595 lakhs respectively.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year and accordingly, reporting under paragraph 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us, and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) As disclosed by management in note 52 of the Standalone Financial Statements and as verified by us, The Company was not required to spend any amount towards CSR as per Section 135 of the Companies Act, 2013, accordingly, reporting under paragraph 3(xx) of the Order is not applicable to the Company.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No. 006711N/N500028

Pramod Tilwani
Partner
Membership No. 076650
UDIN: 23076650BGUWKQ4551

Place of Signature: Mumbai

Date: May 30, 2023

Annexure B to the Independent Auditor's Report of even date to the members of the Metropolitan Stock Exchange of India Limited ('the Company') on the Standalone Financial Statements for the year ended March 31, 2023

Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

1. We have audited the internal financial controls with reference to Standalone Financial Statements of Metropolitan Stock Exchange of India Limited ("the Company") as of March 31, 2023, in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2023, based on, the internal control with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI')

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on, the internal control with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit.

We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

4. A Company's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Standalone Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

5. Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No. 006711N/N500028

Place of Signature: Mumbai
Date: May 30, 2023

Pramod Tilwani
Partner
Membership No. 076650
UDIN: 23076650BGUWKQ4551

Standalone Balance Sheet



AS AT MARCH 31, 2023

(₹ in Lakh)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
I ASSETS			
1 Non-Current Assets			
(a) Property, plant and equipment	3	150	232
(b) Intangible assets	4	752	939
(c) Intangible assets under development	4	38	110
(d) Right of use assets	3	256	402
(e) Financial assets			
i. Investments			
a. Investment in subsidiaries	5	11,808	12,019
b. Other Investments	5	437	2,823
ii. Other financial assets	6	144	77
(f) Income tax assets (net)	7	342	418
(g) Deferred tax assets (net)	8	-	186
(h) Other non-current assets	9	4,641	4,481
		18,569	21,687
2 Current Assets			
(a) Financial assets			
i. Investments	10	6,719	4,325
ii. Trade receivables	11	91	346
iii. Cash and cash equivalents	12	715	1,468
iv. Bank balance other than (iii) above	13	830	438
v. Other financial assets	14	1,326	1,815
(b) Income tax assets (net)	15	-	2
(c) Other current assets	16	418	360
		10,099	8,754
Total Assets		28,668	30,441
II EQUITY AND LIABILITIES			
3 Equity			
(a) Equity Share capital	17	48,052	48,052
(b) Other equity	18	(23,893)	(21,916)
Total Equity		24,159	26,136
Liabilities			
4 Non-Current Liabilities			
(a) Financial liabilities			
i. Lease rental liability	19	142	321
ii. Other financial liabilities	20	2,059	2,044
(b) Provisions	21	8	10
		2,209	2,375
5 Current Liabilities			
(a) Financial liabilities			
i. Lease rental liability	22	179	148
ii. Trade payables			
a. Total outstanding dues of micro, small and medium enterprises	23	2	0
b. Total outstanding dues to creditors other than micro, small and medium enterprises		90	58
iii. Other financial liabilities	24	1,614	1,411
(b) Other current liabilities	25	396	311
(c) Provisions	26	19	2
		2,300	1,930
Total Equity and Liabilities		28,668	30,441

Significant Accounting Policies and Explanatory Information forming part of the financial statements

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As per our report of even date

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

Pramod Tilwani
Partner
Membership No.076650

Mumbai
Dated : May 30, 2023

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

Ajai Kumar
Public Interest Director
DIN : 02446976

Saket Bhansali
Chief Financial Officer

Latika S. Kundu
Managing Director & CEO
DIN :0008561873

Durgesh Kadam
Head Legal & Company Secretary
FCS 8496

Standalone Statement of Profit and Loss



FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

Particular	Note	For the Year 2022-23	For the Year 2021-22
I Income			
(a) Revenue from operations	27	755	550
(b) Other income	28	2,229	865
Total Income		2,984	1,415
II Expenses			
(a) Operating expenses	29	1,430	934
(b) Employee benefits expense	30	1,499	1,450
(c) Finance costs	31	26	35
(d) Advertisement and business promotion expenses	32	379	58
(e) Depreciation and amortisation expense	3 & 4	455	573
(f) Depreciation On Right to Use Assets		146	146
(g) Other expenses	33	835	568
Total Expenses		4,770	3,764
III Loss before Exceptional items and tax (I - II)		(1,786)	(2,349)
IV Exceptional items			
Provision for impairment of investment in Subsidiary Company (Refer note 37)		211	-
V Loss before tax (III - IV)		(1,997)	(2,349)
VI Tax expense			
Less : Current tax		-	-
Less : Deferred tax		-	-
VII Loss for the year (V - VI)		(1,997)	(2,349)
VIII Other comprehensive income			
1) Items that will not reclassified to profit or (loss) (net of tax)		19	20
2) Income tax relating to item will not reclassified to profit or (loss)		-	-
Total other Comprehensive Income for the year, net of tax		19	20
IX Total Comprehensive Income for the year (VII- VIII)		(1,978)	(2,329)
Earnings per equity share of face value of Re.1 each			
Basic (in Rs.)	40	(0.04)	(0.05)
Diluted (in Rs.)		(0.04)	(0.05)

Significant Accounting Policies and Explanatory Information
forming part of the financial statements

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As per our report of even date

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

Pramod Tilwani
Partner
Membership No.076650

Mumbai
Dated : May 30, 2023

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

Ajai Kumar
Public Interest Director
DIN : 02446976

Saket Bhansali
Chief Financial Officer

Latika S. Kundu
Managing Director & CEO
DIN :0008561873

Durgesh Kadam
Head Legal & Company Secretary
FCS 8496

Standalone Statement of Cash Flow

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Cash flow from Operating Activities		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	(1,997)	(2,348)
Adjustments for		
Depreciation/Amortisation	455	573
Depreciation On Right to Use Assets	146	146
Net fair value gain/loss on financial assets measured at fair value through profit and loss	1	(2)
Exchange Rate fluctuation	(1)	1
Interest income from financial assets at amortised cost	(561)	(591)
Discount income on bonds	(4)	-
Interest on IT Refund	(7)	(8)
Refund of Core SGF Contribution	(1,546)	-
Provision for impairment of investment in subsidiary	211	-
Finance Costs - ROU Asset (net) & Write off Income	26	35
Profit on sale of Property, plant and equipment (net)	(2)	(1)
Provision for doubtful debts	10	55
Profit on sale of investments (net)	(32)	(41)
Property, plant and equipment / CWIP written off / provided for	53	-
MAT Credit written off	186	-
Sundry balances written back	(20)	(79)
Remeasurement of Employee Benefit	19	20
Operating profit/ (loss) before working capital changes	(3,063)	(2,240)
Adjustments for		
Decrease/ (increase) in Trade receivable	266	(89)
Decrease/ (increase) in financial & other assets	(216)	(56)
Total Increase / (decrease) in Current and non current assets	50	(145)
Increase / (decrease) in trade payables	34	(75)
Increase / (decrease) in financial & other liabilities	302	(262)
Increase / (decrease) in provision	10	(5)
Total Increase / (decrease) in Current and non current Liabilities	346	(342)
Cash generated from/(used in) operations	(2,667)	(2,727)
Less: (Taxes paid) / refund received	85	35
Net cash generated from/(used in) operating activities	(2,582)	(2,692)
B. Cash flow from Investing Activities		
Purchase of Property, plant and equipment (including Capital Work In Progress)	(166)	(116)
Proceeds from Property, plant and equipment (net)	2	3
Purchase of current investments	(3,785)	(3,391)
Proceeds from sale of current investments	3,921	3,611
Fixed deposit placed with banks	(2,841)	(2,556)
Corporate Deposits (net)	1,395	(1,568)
Refund of Core SGF Contribution	1,546	-
Fixed deposit matured	2,978	7,613
Investment in Corporate Bonds (Including premium)	(1,539)	-
Profit on sale of investments (net)	31	44
Interest received (net of accrued interest)	462	511
Net cash generated from/(used in) Investing Activities	2,004	4,151

Standalone Statement of Cash Flow



FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
C. Cash flow from Financing Activities		
Lease Liability Payment	(174)	(168)
Net cash generated from/(used in) Financing Activities	(174)	(168)
Net Increase in Cash and Cash Equivalents	(752)	1,291
Cash and Cash Equivalents at Beginning of the Year	1,468	177
Cash and Cash Equivalents at End of the Year	716	1,468
(Refer note 12)		
Add : Fixed Deposits held for more than three months (refer note 13)	830	438
Closing Cash and Bank Balance	1,546	1,906
Component of cash & bank balance (refer note 12)		
In current account		
Owned	236	713
Earmarked	480	755
Cash on hand	0	0
Stamps in hand	0	0
Balances as per statement of cash flows	716	1,468

Significant Accounting Policies and Explanatory Information forming part of the financial statements

1. The Cash Flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7 (Ind AS 7) "Statement of Cash Flows" prescribed under Companies Act, 2013.
2. Figures in brackets represent cash outflows.
3. Rupees "0" represent amount less than Rs. 50,000.

As per our report of even date

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

Pramod Tilwani
Partner
Membership No.076650

Mumbai
Dated : May 30, 2023

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

Ajai Kumar
Public Interest Director
DIN : 02446976

Saket Bhansali
Chief Financial Officer

Latika S. Kundu
Managing Director & CEO
DIN :0008561873

Durgesh Kadam
Head Legal & Company Secretary
FCS 8496

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2023

A. Equity Share Capital

(₹ in Lakh)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
Equity shares at the beginning of the year	4,81,02,17,033	48,102	4,81,02,17,033	48,102
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the reporting period	4,81,02,17,033	48,102	4,81,02,17,033	48,102
Add:- Shares issued during the year	-	-	-	-
Equity shares at the end of the year *	4,81,02,17,033	48,102	4,81,02,17,033	48,102

* Refer note 18.4 for amount of Rs. 49.78 lakhs deducted from the share capital account and the remaining amount shown as Equity Share Capital.

B. Other Equity

(₹ in Lakh)

Particulars	Reserves & surplus			Other comprehensive Income	Total
	Securities premium	Retained earnings	Capital Reserve	Remeasurement of employees benefit	
As at March 31, 2021	39,531	(59,121)	0	2	(19,587)
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated as at March 31, 2021	39,531	(59,121)	0	2	(19,587)
Tax (remeasurement of employee defined benefit liability /asset)	-	-	-	20	20
Profit / (loss) for the year	-	(2,349)	-	-	(2,349)
As at March 31, 2022	39,531	(61,469)	0	22	(21,916)
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated as at March 31, 2022	39,531	(61,469)	0	22	(21,916)
Tax (remeasurement of employee defined benefit liability /asset)	-	-	-	19	19
Profit / (loss) for the year	-	(1,997)	-	-	(1,997)
As at March 31, 2023	39,531	(63,466)	0	42	(23,893)

* Rs. "0" represent amount less than Rs. 50,000.

Significant Accounting Policies and Explanatory Information forming part of the financial statements

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As per our report of even date

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

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

Pramod Tilwani
Partner
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Ajai Kumar
Public Interest Director
DIN : 02446976

Latika S. Kundu
Managing Director & CEO
DIN :0008561873

Mumbai
Dated : May 30, 2023

Saket Bhansali
Chief Financial Officer

Durgesh Kadam
Head Legal & Company Secretary
FCS 8496

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

1 Corporate Information

The Company was incorporated on August 14, 2008 and recognized as a stock exchange by Securities and Exchange Board of India (SEBI) under section 4 of the Securities Contracts (Regulation) Act, 1956 with effect from September 16, 2008. The Exchange was notified a "Recognised Stock Exchange" under Section 2(39) of the Companies Act, 1956 by Ministry of Corporate Affairs, Govt. of India, on December 21, 2012. The Company provides platform for trading in Currency Derivatives, Debt Segment, Interest Rate Futures, Equity Cash and F&O segment.

SEBI letter No. SEBI/LAD-NRO/GN/2022/96 dated September 14, 2022 renewed the recognition granted to the Stock Exchange for a period of one year commencing on the 16th day of September 2022 and ending on 15th day of September 2023.

The Standalone Financial Statements were authorized for issue by the Company's Board of Directors on May 30, 2023.

2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements ("financial statements"). These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation of financial statements

The standalone financial statements have been prepared and presented under the historical-cost convention on accrual basis, except as disclosed in the accounting policies below. The company has prepared these financials to comply in all material respect with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, as amended, relevant provisions of the Companies Act 2013, various regulatory guidelines to the extent relevant and applicable to the Company and in accordance with the generally accepted accounting principles in India. The accounting policies adopted in the preparation of the financial statements are consistent.

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that is measured at fair value, and
- defined benefit plans - plan assets measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Operating Cycle

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- § Expected to be realised or intended to be sold or consumed in normal operating cycle
- § Expected to be realised within twelve months after the reporting period, or
- § Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- § It is expected to be settled in normal operating cycle
- § It is due to be settled within twelve months after the reporting period, or
- § There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.

2.3 Foreign currency translation and transactions

i) Functional and presentation currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial Statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency. All financial information presented in Indian rupees has been rounded to the nearest lakh except share and per share data in terms of schedule III unless otherwise stated.

ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction.

Monetary items denominated in foreign currencies at the year-end are restated at year end rates. Non-monetary foreign currency items are carried at cost.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit & Loss of the year.

2.4 Revenue recognition

Revenue is recognised in the Statement of Profit and Loss through following steps:

- i) identification of the contract or contracts with the customers
- ii) identification of the performance obligations in the contracts,
- iii) determination of the transaction price
- iv) allocation of the transaction price to the performance obligations in the contract
- v) recognition of revenue when company satisfy a performance obligation.

Revenue mainly comprises :

Transaction fees are charged to members at the applicable rates based on the volume of transactions entered into by the members through the exchange. These are accrued when orders placed by members on the exchange are matched and confirmed.

Membership Admission fees collected from new members for joining the exchange are recognized when received and membership approved by SEBI.

Processing and other fees collected from members are recognized for which services are performed.

Connectivity Income are apportioned over the period of connectivity on a pro rata basis from the date of activation of connectivity.

Income from Annual Listing Fees is recognized on time proportion basis.

Revenue from Shared Service recognised based on the time proportion basis.

Income from operating lease for asset usage recognised based on the time proportion basis.

Revenue from data feed charges based on the time proportion basis.

Interest income is recognized on time proportion basis into account the amount outstanding and the rates applicable. For all other financial assets measured at amortised cost interest income is recorded using the Effective Interest Rate (EIR).

Dividend income is recognized when the company's right to receive dividend is established.

The disclosure of significant accounting reporting requirements relating to revenue from contracts with customers are provided in Note 51.

2.5 Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any. Income tax expense is recognised in the Statement of Profit or Loss except to the extent it relates to items directly recognised in equity or in other comprehensive income.

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities and assets are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are to be apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised only to the extent that there is a probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax credits and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

2.6 Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.7 Property, plant and equipment

Property, plant and equipment are measured at cost of acquisition net of recoverable taxes less accumulated depreciation and impairment loss, if any. Cost includes expenses that is directly attributable to acquisition of the assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred.

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for their intended use before such date are shown as Capital Work in Progress.

Depreciation on property, plant and equipment is provided on straight line method over the useful lives as specified in Part 'C' of Schedule III to the Companies Act, 2013, which is also estimated as useful lives by the management. The same is as given below:-

Sr. No	Classification of an asset	Useful life
1	Furniture and fixtures	10
2	Office Equipment's	5
3	Vehicles	5-8
4	Computer Hardware	
	(i) Computer Servers	6
	(ii) Networking Equipment's	6
	(iii) Desktop/Laptop etc.	3

Leasehold improvements are depreciated over the period of lease or at their estimated useful life, whichever is lower.

The Company provides pro-rata depreciation from the day the asset is ready to use and for any asset sold, till the date of sale.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. With the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets and Amortization

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible asset that meets the recognition criteria. Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization and impairment loss, if any.

Intangible assets comprising of software purchased and licensing cost are amortized on straight line basis over the useful life of the software up to a maximum period of 10 years.

Intangible assets under development

Intangible Assets under development comprises outstanding advances paid to acquire intangible assets and the cost of intangible assets that are not yet ready for its intended use.

2.8 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are

largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the lower of the present value of expected net cost of fulfilling the contract and the present value of expected cost of terminating the contract.

Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably, is not recognised in the books of accounts but its existence is disclosed in the Financial Statements. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognized but disclosed in the financial statements when economic inflow is probable.

2.10 Fair Value Measurement

The Company measures financial instruments at fair value in accordance with accounting policies at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.11 Financial instrument

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial Assets:

Initial recognition and measurement:

The Company measures its financial assets at fair value. In this context, quoted investments are fair valued adopting the techniques defined in Level 1 of fair value hierarchy of Ind-AS 113 “Fair Value Measurement” and unquoted investments, where the observable input is not readily available, are fair valued adopting the techniques defined in Level 3 of fair value hierarchy of Ind-AS 113 and securing the valuation report from the certified valuer. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i. The Company’s business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- i. Financial assets measured at amortized cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

- (a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. **Financial assets measured at FVTOCI:**

A financial asset is measured at FVTOCI if both of the following conditions are met:

- (a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to Investments in Equity and Convertible Warrants. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI.

However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

On De-recognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss.

However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

iii. **Financial assets measured at FVTPL:**

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

Equity Investments (in subsidiaries, associates and joint venture)

Investments in subsidiaries, associates and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

De-recognition

Financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;
 - (a) The Company has transferred substantially all the risks and rewards of the asset, or
 - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On De-recognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measure at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

(b) Financial Liabilities:

Initial recognition and measurement

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. Financial liabilities are initially measured at Fair value.

Subsequent measurement

All non-current financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.12 Employee benefits

Short Term Obligation

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period at the undiscounted in the Statement of Profit & Loss and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other Long-Term employees benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss. The liability for earned leave is also classified as current where it is expected to be availed/ encashed during the next 12 months. The remaining portion is classified as non-current. The amounts of current and non-current liability are based on actuarial estimates.

Post-employment obligations

Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognised as expense during the period when the employee provides service. Under a defined benefit

plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company.

The Company operates following post-employment schemes:

- (a) defined benefit plans such as gratuity
- (b) defined contribution plans such as provident fund

Defined Benefit Plans - Gratuity Obligation

The Company has maintained a Gratuity Scheme with the MSEI Employees Group Gratuity Assurance Scheme ("Trust"). Trustees administer contributions made to the Trusts and contribution are invested in insurance company in the form of qualifying insurance policy. Company is contributing a sum determined by insurance company annually. The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Defined Contribution Plans - Provident Fund

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.13 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

2.14 Cash & Cash Equivalents

Cash and cash equivalent in the balance sheet comprises cash on hand and at bank and demand deposits with banks with an original maturity of three months or less from the date of acquisition, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

2.15 Key Accounting Estimates and Judgment

As per Ind AS the accounting policy should also disclose the significant estimates and critical judgment used in preparation of financial statement. The same can be done based on following lines:

The preparation of the Company's financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Income taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

Minimum Alternate Tax

Minimum Alternate Tax ("MAT") paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment

to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an deferred tax asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company. The management estimate the Company to pay normal tax and benefit associated with MAT will flow to the Company within permissible time limit under Income Tax Act, 1961 to the extent MAT asset recognised.

Property, Plant and Equipment

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgments and assumptions.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of Non-financial assets

The impairment provisions for Non-financial assets are based on assumptions about recoverability. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Going Concern Assumption

Going concern assumption has been applied on the basis that the company will be able to continue its operation in the foreseeable future, and without there being any intention or necessity for it to either liquidate or curtail materially its scale of business operations.

2.16 Leases

The Company's lease asset primarily consists of leases for buildings. The Company assesses whether a contract contains a lease, at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low-value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense.

The right-of-use assets initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets is evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it exercises an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet, and lease payments have been classified as financing cash flows.

2.17 Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) on March 31, 2023 through Companies (Indian Accounting Standards) Amendment Rules,

2023 has notified the following amendments to IND AS which are applicable for the annual periods beginning on or after April 01, 2023.

a) IND AS 1 – Presentation of Financial Statements –

This amendment requires the Company to disclose its material accounting policies rather than their significant accounting policies. The Company will carry out a detailed review of accounting policies to determine material accounting policy information to be disclosed going forward.

The Company does not expect this amendment to have any material impact in its financial statements.

b) IND AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors -

This amendment has changed the definition of a “change in accounting estimates” to a definition of “accounting estimates”. The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.

The Company does not expect this amendment to have any material impact in its financial statements.

c) IND AS 12 – Income Taxes -

This amendment has done away with the recognition exemption on initial recognition of assets and liabilities that give rise to equal and offsetting temporary differences.

The Company does not expect this amendment to have any material impact in its financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023.
(RUPEES IN LAKHS, EXCEPT SHARE AND PER SHARE DATA, UNLESS OTHERWISE STATED)

3 Property, Plant and Equipment

Particulars	Office Equipment's	Computer Hardware	Furniture & Fixtures	Vehicles	Leasehold Improvements	Subtotal (A)	Right of use assets (B)	Total C= A+B
Gross Carrying amount as at March 31, 2021	93	3,027	43	11	0	3,174	695	3,869
Addition	4	5	3	-	141	152	-	152
Disposals/Write off	11	313	-	-	-	324	-	324
Gross Carrying amount as at March 31, 2022	85	2,718	45	11	141	3,002	695	3,697
Addition	5	14	1	-	16	36	-	36
Disposals/Write off	40	322	20	-	-	383	-	383
Gross Carrying amount as at March 31, 2023	49	2,410	26	11	158	2,655	695	3,351
Accumulated Depreciation as at March 31, 2021	83	2,861	32	11	0	2,989	147	3,136
Depreciation charges during the year	6	59	4	-	36	105	146	251
Disposals/Write off	11	313	-	-	-	324	-	324
Accumulated Depreciation as at March 31, 2022	79	2,607	37	11	36	2,770	293	3,063
Depreciation charges during the year	4	62	4	-	46	116	146	263
Disposals/Write off	40	322	19	-	-	381	-	381
Accumulated Depreciation as at March 31, 2023	43	2,347	22	11	83	2,505	439	2,945
Net Carrying amount as at March 31, 2023	7	64	5	(0)	75	150	256	406
Net Carrying amount as at March 31, 2022	7	112	9	(0)	105	232	402	634

* Rs. "0" represent amount less than Rs. 50,000.

Note:- The Company has not revalued its property, plant and equipment (including right-of-use assets) during the current or previous year.

4 Intangible Assets and Intangible Assets under development

Particulars	Computer Software*	Intangible asset under development	Total
Gross Carrying amount as at March 31, 2021	10,183	203	10,386
Addition	54	138	193
Disposals/write off	-	151	151
Provision for diminution of assets	-	80	80
Gross Carrying amount as at March 31, 2022	10,237	110	10,348
Addition	151	52	202
Disposals/write off	49	71	120
Provision for diminution of assets	-	53	53
Gross Carrying amount as at March 31, 2023	10,339	38	10,378
Accumulated Depreciation as at March 31, 2021	8,830	-	8,830
Depreciation charges during the year	468	-	468
Disposals/write off	-	-	-
Accumulated Depreciation as at March 31, 2022	9,298	-	9,298
Depreciation charges during the year	338	-	338
Disposals/write off	49	-	49
Accumulated Depreciation as at March 31, 2023	9,587	-	9,588
Net Carrying amount as at March 31, 2023	752	38	790
Net Carrying amount as at March 31, 2022	939	110	1,050

(Other than internally generated)

* In certain cases the Company has only usage right and not the title or ownership, net carrying amount of Rs. 445 Lakhs (PY 602 lakh).

Notes:-

- The Company has made provision of Rs.53 lakhs during the financial year ended March 31, 2023 and Rs. 80 lakh during the financial year ended March 31, 2022.
- The Company has not revalued its intangible assets during the current or previous year.

Intangible Assets under development ageing as on March 31, 2023

Particulars	Outstanding for following periods from date of transaction				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	20	-	3	148	171
Projects temporary suspended	-	-	-	-	-

List of projects whose completion is overdue as on March 31, 2023

Particulars	To be completed in				Total
	Less than 1 year	1 - 2 years*	2 - 3 years	More than 3 years	
Development of Exchange matching engine	-	80	-	-	80
Development of CTCL platform	-	53	-	-	53
Development of changes to Order to Buy (OTB) platform for order collection system	-	15	-	-	15
Development of SFTP module in OFS	-	3	-	-	3
Total	-	151	-	-	151

* The Company has revised its estimation of completion of the above mentioned projects, hence the above table is updated to that extent.

Intangible Assets under development ageing as on March 31, 2022

Particulars	Outstanding for following periods from date of transaction				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	40	3	103	45	191
Projects temporary suspended	-	-	-	-	-

List of projects whose completion is overdue as on March 31, 2022

Particulars	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Development of Exchange matching engine	-	80	-	-	80
Development of CTCL platform	-	53	-	-	53
Development of changes to Order to Buy (OTB) platform for order collection system.	15	-	-	-	15
Development of SFTP module in OFS	3	-	-	-	3
Total	19	133	-	-	151

5 Non Current Investment

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Investment in Equity Instrument				
Unquoted (at cost)				
Subsidiary Companies				
12,01,71,400 Equity Shares (PY 12,01,71,400) of MSE Enterprises Limited (formerly known as Metropolitan Clearing Corporation India Limited) of Rs.10 each fully paid-up.	12,017		12,017	
50,000 Equity Shares (PY 50,000) of MSE Fintech Limited of Rs.10 each fully paid-up.	5		5	
	12,022		12,022	
Less :- Provision for diminution in the value of Investments (A)	214	11,808	3	12,019
Other Investments				
(i) Corporate Fixed Deposits *				
HDFC Ltd	397		718	
LIC Housing Finance Limited	-		1,465	
Bajaj Finance Ltd	-	397	640	2,823
(ii) Corporate Bonds				
8.50% State Bank of India Perpetual Bonds(Series II) (INE062A08223) 4 (PY: Nil) Units face value of Re.10,00,000/- each	40		-	
Premium on Corporate Bonds	0	40	-	-
(B)		437		2,823
Total [C = A + B]		12,245		14,842
Aggregate book value of quoted investments		40		-
Aggregate market value of quoted investments		41		-
Aggregate carrying value of un-quoted investments		12,205		14,842
Aggregate amount of impairment in value of investments		214		3

* Rs. 84 Lakh (PY Rs. 330 Lakh/-) are towards making payments of the deposits of members.

* Rs. "0" represent amount less than Rs. 50,000.

6 Other Financial Assets

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Non Current Bank Balance				
Deposit with banks (with Original Maturity more than 12 months)		-		-
Earmarked				
Towards investor service fund		21		-
Towards arbitration		11		-
Towards defaulter committee fund		31		-
Others (unsecured, considered good)				
Security Deposits		82		77
Total		144		77

7 Income Tax Assets (Net)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Advance income tax (net)		342		418
Total		342		418

8 Deferred tax assets (Net)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
MAT credit entitlements		-		186
Total		-		186

9 Other Non-Current Assets

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good)				
Tax recoverable, statutory deposits and dues from government		4,631		4,473
Prepaid expenses		9		9
Total		4,641		4,481

10 Current Investments

Particulars	As at March 31, 2023		As at March 31, 2022	
	Units	Rupees	Units	Rupees
In Mutual Funds (Quoted) *				
Investments in mutual funds at FVTPL				
ICICI Prudential Money Market Fund - Direct Growth		-	16454.329	50
ABSL MMF - G-D		-	10002.764	30
ABSL SF G-R Plan		-	14633.345	64
Axis Treasury Advantage Fund Growth		-	1372.007	34
ICICI Prudential Savings Fund – R- G		-	7286.135	32
Axis Money Market Fund – Regular Growth		-	5282.179	61
HDFC Floating Rate Debt Fund – RG		-	125616.136	50
ICICI Prudential Liquid Fund D-G	16013.810	53		-
Tata Liquid Fund- Growth	1295.923	46		-
Nippon India Ultra Short Duration Fund – Direct Growth	781.667	29		-
ABSL Liquid Fund - G-D	15365.653	56		-
Total		184		321
Other Investments				
(i) Corporate Fixed Deposits **				
HDFC Ltd	1,444		1,750	
LIC Housing Finance Limited	1,495		-	
Mahindra & Mahindra Finance Limited	100		1,499	
Bajaj Finance Ltd	1,996	5,035	755	4,004
(ii) Corporate Bonds				
9.05% Housing Development Finance Corporation Limited NCD (Series U-004) (INE001A07RJ2) 50 (PY: Nil) Units face value of Re.10,00,000/- each	500		-	
7.28% Housing Development Finance Corporation Limited NCD (Series AA-007) (INE001A07TM2) 50 (PY: Nil) Units face value of Re.10,00,000/- each	499		-	
5.75% Bajaj Finance Limited NCD (NE296A07RX9) 50 (PY: Nil) Units face value of Re.10,00,000/- each	489		-	
Premium on Corporate Bonds	7		-	
Discount receivable on Corporate Bonds	4	1,499	-	-
		6,719		4,325
Aggregate book value of quoted investments		1,672		321
Aggregate market value of quoted investments		1,682		321
Aggregate carrying value of un-quoted investments		5,047		4,004
Aggregate amount of impairment in value of investments		-		-
* Rs. 55.79 Lakh (PY Rs. 29.90 Lakh/-) are towards making payments of the deposits of members.				
** Rs. 1,428 Lakh (PY Rs. 1,051 Lakh) are towards making payments of the deposits of members.				

11 Trade receivables

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Current				
Secured, considered good		-		-
Unsecured, considered good		91		346
Receivables which have significant increase in credit risk		-		-
Credit impaired	140		132	
Less :- Allowance for credit impaired debts (including expected credit loss allowance)	140	-	132	-
Total		91		346

Note 1 Trade receivables are dues in respect of services rendered in the normal course of business.

Note 2 The Normal credit period allowed by the Company ranges from 0 to 60 days.

Note 3 The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a detailed analysis of trade receivables by individual departments.

Note 4 There are no dues by directors or other officers or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

Movement in expected credit loss allowance

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Balance at the beginning of the year		132		77
Impairment loss allowance on trade receivables		8		55
Balance at the end of the year		140		132

Trade receivable ageing as on March 31, 2023

Particulars	Outstanding for following periods from date of transaction					Total
	Less than 6 months	6 Months - 1 Year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed Trade Receivables – Considered Good	75	15	0	-	1	91
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	35	40	33	33	140
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

* Rs. "0" represent amount less than Rs. 50,000.

Trade receivable ageing as on March 31, 2022

Particulars	Outstanding for following periods from date of transaction					Total
	Less than 6 months	6 Months - 1 Year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed Trade Receivables – Considered Good	108	164	74	0	1	346
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	0	28	66	18	20	132
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

* Rs. "0" represent amount less than Rs. 50,000.

12 Cash and cash equivalent

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Balance with banks				
- In current accounts				
Owned	26		58	
Earmarked				
Towards investor service fund	2		10	
Towards arbitration	5		5	
Towards defaulter committee fund	0		0	
(A)		33		73
- Fixed Deposit with banks having maturity less than 3 months				
Owned	210		655	
Earmarked				
Towards members deposit	392		661	
Towards investor service fund	10		10	
Towards defaulter committee fund	70		68	
Stamps in hand	0		0	
Cash on hand	0		0	
(B)		682		1,394
Total (C=A+B)		715		1,468

* Rs. "0" represent amount less than Rs. 50,000.

13 Other Bank balance

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Other Bank Balances in Fixed Deposits		-		275
Earmarked				
Towards Arbitration Deposits		-		11
Towards Investor Service Fund		100		-
Towards Defaulter Committee fund		118		18
Towards Members Deposit fund		612		135
Total		830		438

14 Other Financial Assets

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Loan to Metropolitan Stock Exchange ESOP Trust	11		11	
Less :- Provision for Doubtful Loan	11	-	11	-
Current Bank Balance				
Deposit with banks (with Original Maturity more than 12 months)		427		380
Earmarked				
Towards members deposit		206		708
Towards investor service fund		139		209
Towards defaulter committee fund		118		185
Interest accrued on Fixed Deposits		90		78
Owned	23		33	
Earmarked	67		45	
Interest Accrual on Corporate FD		323		254
Owned	247		202	
Earmarked	76		52	
Interest accrued on Corporate Bonds		23		-
Owned	23		-	
Unbilled receivable		0		0
Total		1,326		1,815

* Rs. "0" represent amount less than Rs. 50,000.

15 Income Tax Assets (Net) - Current

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Advance Income Tax (Net of Provision)		-		2
Total		-		2

16 Other Current Assets

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
(Unsecured, considered good, unless otherwise stated)				
Advances to vendors		353		294
Advances to employees		0		0
Gratuity receivable		-		4
Prepaid expenses		65		62
Total		418		360

* Rs. "0" represent amount less than Rs. 50,000.

17 Equity Share capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Authorised : 5,50,00,00,000 (PY 5,50,00,00,000) Equity Shares face value of Re.1/- each		55,000		55,000
Issued : 4,81,02,17,033 (PY 4,81,02,17,033) Equity Shares face value of Re.1/- each #		48,102		48,102
Subscribed and Paid-up 4,81,02,17,033 (PY 4,81,02,17,033) Equity Shares face value of Re.1/- each	48,102		48,102	
Less :- Amount recoverable from Metropolitan Stock Exchange ESOP Trust (Refer Note 18.4) 49,77,671 [(PY 49,77,671) equity shares of Re 1/- each fully paid allotted to the Metropolitan Stock Exchange ESOP Trust]	50		50	
		48,052		48,052
Total		48,052		48,052

17.1 Rights of equity share holders

The Company has only one class of equity shares having a par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

17.2 Reconciliation of the shares outstanding at the beginning and at the end of year.

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	Rupees	No. of Shares	Rupees
Equity shares				
At the beginning of the Year	4,81,02,17,033	48,102	4,81,02,17,033	48,102
Issued during the Year	-	-	-	-
Outstanding at the end of the Year	4,81,02,17,033	48,102	4,81,02,17,033	48,102

17.3 Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of Re.1/- each fully paid-up Multi Commodity Exchange Of India Ltd	33,17,77,008	6.90%	33,17,77,008	6.90%

17.4 List of shares held by Promoter

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% holding	No. of Shares	% holding
N.A.	-	-	-	-

17.5 There are no shares in the preceding 5 years allotted as fully paid up without payment being received in cash / bonus shares / bought back.

17.6 There are no shares reserved for issue under Options and contract/commitments for the sale of shares or disinvestment.

18 Other Equity

Particulars	Reserves & surplus			Other Comprehensive Income	Total
	Securities premium	Retained earnings	Capital Reserve	Remeasurement of employees benefit	
As at 31 March 2021	39,531	(59,121)	0	2	(19,587)
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated as at March 31, 2021	39,531	(59,121)	0	2	(19,587)
Tax (remeasurement of employee defined benefit liability /asset)	-	-	-	20	20
Profit / (loss) for the year	-	(2,349)	-	-	(2,349)
As at March 31, 2022	39,531	(61,469)	0	22	(21,916)
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated as at March 31, 2022	39,531	(61,469)	0	22	(21,916)
Tax (remeasurement of employee defined benefit liability /asset)	-	-	-	19	19
Profit / (loss) for the year	-	(1,997)	-	-	(1,997)
As at March 31, 2023	39,531	(63,466)	0	42	(23,893)

* Rs. "0" represent amount less than Rs. 50,000.

18.1 Securities premium

Securities premium reflects issuance of the shares by the Company at a premium i.e. a sum equal to the aggregate amount of the premium received on shares is transferred to a securities premium as per the provisions of the Companies Act, 2013. The premium is utilised in accordance with the provisions of the Companies Act, 2013.

18.2 Retained earnings

The same reflects surplus/deficit after taxes in the statement of profit and loss. The amount that can be distributed by the Company as dividends to its equity share holders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

18.3 Capital Reserve

Capital Reserve represents the amount forfeited on 25,445 warrants against which Rs. 0.12 lakh has been collected.

18.4 Loan to ESOP Trust

The Company's ESOP is administered through an ESOP Trust, which subscribes to shares of the Company and holds them until issuance thereof based on vesting and exercise of options by employees. At the time of formation of the trust, the Company has provided an interest free loan amounting to Rs. 60.00 Lakhs to the Trust to subscribe to 54,33,000 shares issued at Re. 1 per share and were allotted on November 20, 2009. The amount of loan equivalent to the face value of securities subscribed and not allotted to employees 49.78 Lakhs (Previous Year Rs. 49.78 Lakhs) has been deducted from share capital account and the balance part of the loan representing the amount of Rs. 10.08 Lakhs (Previous Year Rs. 10.08 Lakhs) has been added to short term loans and advances in note no.14. The balance of such loan

as at March 31, 2023 is Rs. 60.00 Lakhs. The repayment of the loan is primarily dependent upon the exercise of options by the employees, the price at which fresh or reissued options are granted and dividend income earned thereon till exercise of options.

19 Lease rental liability - Non Current

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Lease rental liability		142		321
Total		142		321

20 Other financial liabilities - Non Current

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Amount received from members and applicants towards :				
- Deposits		2,005		2,009
- Other Liabilities		54		35
Total		2,059		2,044

21 Provisions - Non Current

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Employee benefits				
Provision for leave encashment		8		10
Total		8		10

22 Lease rental liability - Current

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Lease rental liability		179		148
Total		179		148

23 Trade Payables

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Total outstanding dues of micro, small and medium enterprises (Refer Note 44)		2		0
Total outstanding dues to creditors other than micro, small and medium enterprises		90		58
Total		92		58

* Rs. "0" represent amount less than Rs. 50,000.

Trade payable ageing as on March 31, 2023

Particulars	Outstanding for following periods from date of transaction				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	2	-	-	-	2
(ii) Others	90	-	-	-	90
(iii) Disputed-MSME	-	-	-	-	-
(iv) Disputed-Others	-	-	-	-	-

Trade payable ageing as on March 31, 2022

Particulars	Outstanding for following periods from date of transaction				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	0	-	-	-	0
(ii) Others	8	39	1	10	58
(iii) Disputed-MSME	-	-	-	-	-
(iv) Disputed-Others	-	-	-	-	-

* Rs. "0" represent amount less than Rs. 50,000.

24 Other current financial liabilities

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Deposits from members		1,095		1,165
Share application money refundable		0		0
Provision for expenses		463		234
Sebi Regulatory Fees		56		12
Total		1,614		1,411

* Rs. "0" represent amount less than Rs. 50,000.

25 Other Current Liabilities

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Unearned income (Refer note 51)		25		27
Investor Service fund # (Including interest earned of Rs. 14.49 lakh (PY 9 lakh))		288		244
Investor Protection Fund		10		6
TDS Payable		49		18
Other Liabilities including Statutory Liabilities		24		17
# Investor Service Fund was established by the Company in accordance with SEBI approval letter dated September 18, 2008. The fund is maintained to provide services to investors which include maintenance of investor grievance cell, education and awareness about securities market, price dissemination and other services that are in the interest of the investor. The balance amounting to Rs. 288 lakh (PY 244 lakh) as at March, 31, 2023 represents the Listing Fees Contribution, net of expenses and interest earned thereon.				
Total		396		311

26 Provisions - Current

Particulars	As at March 31, 2023		As at March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Employee benefits				
Provision for gratuity		13		-
Provision for leave encashment		6		2
Total		19		2

27 Revenue from operations

Particular	Year ended March 31, 2023		Year ended March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Revenue from operations (refer note 51)				
Sale of services -				
Transaction Fees		350		146
Other operating revenue -				
Membership Admission Fees		11		8
Processing Fees		55		56
Listing Fees		171		172
Other connectivity charges		82		61
Data Feed Charges		44		44
Membership Surrender Fee		36		56
Other revenue from Operations		6		6
Total		755		550

28 Other income

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Interest Income				
- on Bank Deposits		148		200
- on Corporate Deposits		328		391
- on Corporate Bonds		85		-
- Other Interest		12		12
Profit on sale of Current Investments (Net)		32		41
Fair valuation of Mutual fund		(1)		2
Core SGF Refund		1,546		-
Sundry balance written back		20		79
Exchange Rate Fluctuation (net)		1		-
Profit on sale of assets		2		1
Operating Lease Income for Asset Usage		52		132
Miscellaneous Income		5		6
Total		2,229		865

29 Operating expenses

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Clearing and Settlement Charges		114		48
Technology Cost		747		613
Sebi Regulatory Charges		66		25
Internet Connectivity Charges		2		1
Direct Communication Expenses		51		45
POP / NPN Charges		41		46
Co-Location Charges		105		90
Electricity Expenses- Direct		105		66
Contribution to core settlement guarantee fund		181		-
Rent on equipment		18		-
Total		1,430		934

30 Employee benefits expense

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Salaries, Allowances and Bonus		1,369		1,361
Contribution to Provident Fund and other funds (refer note 41)		112		80
Staff Welfare and Other Amenities		18		9
Total		1,499		1,450

31 Finance costs

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Finance cost - Right of use Asset-Ind AS		26		35
Total		26		35

32 Advertisement and Business Promotion Expenses

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Advertisement		82		3
Business Promotion Expenses		277		54
Sponsorships and Seminar		20		-
Total		379		58

33 Other expenses

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Rupees	Rupees	Rupees	Rupees
Rent		23		20
Repairs and Maintenance				
- Computers		31		42
- Others		99		64
Insurance		34		33
Travelling and Conveyance		21		6
Communication Expenses		8		7
Legal and Professional Charges		115		130
Electricity Expenses		33		33
Premium Amortisation on Bonds		12		-
Office Expenses		42		42
Security service charges		13		11
Directors Sitting Fees		60		49
Payment to Auditors :				
- Audit Fees (Incl. tax audit, ICFR report)	16		16	
- Other matters (Certification)	1		3	
- Reimbursement	0	17	-	19
Provision towards CWIP		54		-
Exchange Rate Fluctuation (net)		-		1
Expected credit loss on trade receivables		10		57
Bad debts	1		2	
Less:- Allowance for credit loss made earlier	(1)	-	(2)	-
Rates & Taxes		209		18
Contribution to ISF		32		30
Miscellaneous Expenses		19		4
Total		835		568

* Rs. "0" represent amount less than Rs. 50,000.

34 Contingent Liability
(i) Claim against the Company not acknowledged as debts :

- IL&FS Financial Service Limited (IFIN) a 100% subsidiary of Infrastructure Leasing and Financial Services Limited (IL&FS) has filed a suit before the Bombay High Court against MSE (Suit No. 295 of 2014), along with a Notice of motion for interim relief for breach of the Share Purchase Agreement dated August 20, 2009 entered into between IFIN (Plaintiff), MSE (Defendant No.1) and MCX (Defendant No.2) for purchase of shares of MSE by IFIN from MCX. Various reliefs have been sought by IFIN from MCX and MSE (on a joint and several basis), including monetary claim of INR 84.21 crore along with interest.

In Notice of Motion no. 530/2014 the Hon'ble Bombay High Court through its order dated June 12, 2019 disposed off the Notice of Motion and ordered that MSE and MCX, shall be restrained either directly or indirectly from issuing any further shares of MSE in any manner whatsoever without seeking the plaintiff's prior written consent in accordance with and/or in terms of Clause 5.5(a) of the SPA dated August 20, 2009.

However, it was clarified by the Court that if IFIN unreasonably withholds its consent then MSE shall be at liberty to approach the court for appropriate orders.

MSE has filed an Appeal along with Delay Condonation Application and Interim Application for Stay to the said order dated June 12, 2019. The delay condonation application was allowed. The Appeal along with the Interim Application for stay was last scheduled on 05/12/2022 for admission, but was not taken up for hearing. The next date is not yet listed by Registry of Bombay High Court.

- The Income Tax Department has raised tax demand of Rs. 921.38 lakhs for the assessment year 2012-13. The Company has filed an appeal and rectification request against the same. Further, the Company has received refund of Rs. 683.05 lakhs on May 04, 2019 on account of rectification order passed by the assessing officer. The Company have been advised that the demand raised by the department is likely to be deleted accordingly the Company has not made provision for the same in books of accounts.
- Claims not acknowledged as debt Rs.35 Lakh (PY Rs.70 Lakh)

- d. Cogencis Information Services Limited has filed a Commercial Suit No: COMS/202/2021 before High Court of Bombay claiming a sum of approx Rs.1.30 cr along with interest on principal amount of Rs.69.9 Lakh at 18% p.a. towards the alleged services for the remaining term of one year under the subscription form executed between the parties for data feed services. It is pertinent to note here that MSE as per the terms of subscription form had duly terminated the services before the end of the first year itself by providing 3 (three) months' notice and all due payments were made till the expiry date of termination notice period and hence MSE is not liable to make any further payments to Cogencis.

The Exchange has filed Written Statement to the Suit filed by Cogencis on 13 June 2022. The commercial suit is at Pre-Admission stage and next date will be provided as per CMIS of the Bombay High Court. However no new date has been Listed as of now

35 Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs 48.49 Lakhs as on 31st March, 2023. (PY Rs. 14 Lakhs).

- 36 The Exchange and MSE Enterprises Limited (MEL) (formerly known as Metropolitan Clearing Corporation of India Limited) Boards respectively accorded their in-principle approval for the merger of MEL with MSE. Pursuant to the application made by MEL to SEBI to surrender the license / recognition, MEL has been derecognized to operate as Clearing Corporation with effect from October 3, 2022. The Exchange has filed merger application with NCLT on March 23, 2023 with the appointed date of April 01, 2023.
- 37 The Exchange has carried out the Impairment testing of Investment made into MEL during the year ended March 31, 2023, accordingly the Exchange has made a provision for Impairment of Investment into MEL of Rs. 211 lakhs since carrying value of investment made in MEL is higher than the networth of the MEL as on March 31, 2023
- 38 The Exchange has prepared it's Financial Statements on Going Concern Basis, the Exchange has incurred losses of Rs. 1,978 Lakh during the year ended March 31, 2023 (March 31, 2022: Rs. 2,329 Lakh) and the net worth of the Exchange as per Stock Exchange and Clearing Corporation Regulation 2018 (SECC) norms amounts to Rs. 12,351 Lakh as on March 31, 2023 (March 31, 2022: Rs. 14,117 Lakh). The Exchange has already filed application with NCLT during current year for merger of MSE Enterprises Limited (MEL), subsidiary (formerly known as Metropolitan Clearing Corporation of India Limited) with the Exchange which shall further augment the net worth significantly as per SECC norms. The Exchange is in compliance of all regulatory requirements including interoperability, T+1 settlement cycle, etc. The Exchange has not defaulted in payment of any of its creditors, statutory/regulatory liability and to employees and has sufficient funds to discharge all its liabilities. The Exchange has been able to increase its business volumes in the Currency Derivatives segment regularly and achieved its highest daily volume of last eight years during current year. The Exchange is also in the process of enabling various initiatives, rationalization measures, brand building and technological upgradation which shall help in Business and Product Expansion along with focus on bringing down overall cost of operations. This shall ensure further significant reduction in losses and the Exchange is confident of making profits shortly. The Exchange is also expecting the resolution of pending legal matters in its favour considering the current status which shall result in significant benefits to the Exchange. The Exchange accordingly continues to prepare its Financial Statements on going concern basis.
- 39 In some earlier years, MSE could not charge transaction fee in its Currency Derivatives Segment as its dominant competitor, National Stock Exchange of India Ltd. (NSE), was not charging the same. On the complaint of the Company, the Competition Commission of India (CCI) passed an order dated June 23, 2011 directing NSE to cease and desist from carrying on its unfair pricing policy and further levied a penalty of Rs. 5550 Lakhs on NSE. NSE had appealed against the said order before the Hon'ble Competition Appellate Tribunal (COMPAT), which vide its order dated August 5, 2014 upheld the order passed by the Hon'ble CCI and found NSE guilty of indulging in anti-competitive practices.

An appeal has been filed by NSE before the Hon'ble Supreme Court of India challenging the order passed by the COMPAT (Now NLCAT) on August 05, 2014. The Hon'ble Supreme Court granted NSE interim stay on the recovery of the penalty amount of Rs. 5550 Lakhs (@ 5% of the average turnover). On February 12, 2018, an interim stay was granted to the proceedings of damages before NCLAT during the pendency of the present appeal filed by NSE in Supreme Court. The appeal was last listed on April 13, 2018.

While the aforesaid Appeal filed by NSE is pending before the Supreme Court of India, the Exchange has filed an Application for award of compensation for Rs. 85699 Lakhs. under Section 53N (1) of the Competition Act, 2002 before the COMPAT (now NCLAT). Vide order dated 12.02.18 passed by Hon'ble Supreme Court in Civil Appeal No.8974 of 2014 an interim stay of proceeding of damages as pending before had been passed. In the circumstances, the Hon'ble Tribunal adjourned the case sine die with liberty to the parties to mention the matter after the decision of the Hon'ble Supreme Court. The appeal filed by NSE before Supreme Court i.e Civil Appeal No.8974 of 2014 is admitted vide order dated 20th February 2023. Now the matter will be mentioned on the regular board of the supreme court. The matter was last scheduled twice on 26/04/2023 and 27/04/2023 on the board of the Court Room no. 5, before Hon'ble Mr. Justice Dinesh Maheshwari and Hon'ble Mr. Justice Sanjay Kumar of the Supreme Court. however the matter could not reach till the end of the day due to urgent hearing of other connected matters. Now the matter is scheduled to be listed on 26/07/2023

40 Earnings per share ('EPS')

Particulars	Apr-22 to Mar-23	Apr-21 to Mar-22
Profit/(Loss) after tax as per statement of profit and loss attributable to equity share holders	(1,997)	(2,349)
Weighted average number of equity shares outstanding during the year for basic EPS	4,81,02,17,033	4,81,02,17,033
Add-Shares Issued to ESOP Trust	49,77,671	49,77,671
Weighted average number of equity shares outstanding during the year for diluted EPS	4,81,51,94,704	4,81,51,94,704
Basic earnings per share of face value Re. 1 each	(0.04)	(0.05)
Diluted earnings per share of face value Re. 1 each	(0.04)	(0.05)

41 Disclosure under Indian Accounting Standard 19 (Ind As 19) on Employee Benefit

Defined Contribution Plan:

Provident Fund - The Company makes contribution towards provident fund as a specified percentage of the payroll cost to Regional Provident Fund Commissioner managed by the Employees' Provident Fund Organization, India. There are no other obligations other than the contribution payable to said fund.

Contribution to Defined Contribution Plan, recognised as expenses in the Statement of Profit & Loss for the year is as under:

Particulars	FY 2022-23	FY 2021-22
Employer's Contribution to Provident Fund	53	55

Defined benefit plan:

Gratuity: The gratuity is payable to all members at the rate of 15 days salary for each year of service.

The scheme is funded with an insurance company in the form of qualifying insurance policy. The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at March 31, 2023 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2023.

- I Changes in the present value of Projected Benefit Obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity	
	FY 2022-23 (Funded)	FY 2021-22 (Funded)
Projected Value of Benefit Obligation at the beginning of the year	110	135
Current Service cost	16	20
Interest Cost	8	9
Actuarial (gain) / loss	17	(21)
Benefits paid	(34)	(34)
Defined Benefit obligation at the end of the year	116	110

- II Reconciliation of opening and closing balance of the Fair value of Plan Assets-

Particulars	Gratuity	
	FY 2022-23	FY 2021-22
Fair Value of Plan Assets at the beginning of the year	114	119
Expected Return On Plan Assets	8	8
Contribution during the year	18	21
Benefit Paid From The Fund	(34)	(34)
Actuarial Gains/(Losses) On Plan Assets	(2)	(1)
Fair Value of Plan Assets at the end of the year	103	114

III The amount recognized in the Balance Sheet as follows:-

Particulars	Gratuity	
	FY 2022-23	FY 2021-22
Present value of Benefit Obligation at the end of the Project	(116)	(110)
Fair Value of Plan Asset at the end of the Period	103	114
Funded Status (Surplus / (Deficit))	(13)	4
Asset/(Net Liability) recognized in Balance Sheet (Current)	(13)	4

IV The amount recognized in the statement of Profit & Loss is as follows:-

Particulars	Gratuity	
	FY 2022-23 (Funded)	FY 2021-22 (Funded)
Current service cost	16	20
Interest Cost	(0)	1
Net expenses	15	21

* Rs. "0" represent amount less than Rs. 50,000.

V The amount recognized in the Balance Sheet as follows:-

Particulars	Gratuity	
	FY 2022-23	FY 2021-22
Actuarial (Gains) / Losses on obligation for the period	17	(21)
Return on plan assets, excluding interest income	2	1
Net (income) / expense for the period recognized in OCI	19	(20)

VI Expected payout from the fund / employer

Particulars	Fund		Employer	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Projected benefits payable in Future Years from Date of reporting				
1st Following year	50	7	-	-
2nd Following year	25	8	-	-
3rd Following year	20	12	-	-
4th Following year	13	12	-	-
5th Following year	8	12	-	-
6th - 10th Following years	13	45	-	-
11th year and above	1	110	-	-

VII Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

Particulars	Gratuity	
	FY 2022-23	FY 2021-22
Projected benefit obligation on Current Assumption	116	110
Effect of +1% change in Rate of discounting	(2)	(8)
Effect of -1% change in Rate of discounting	2	9
Effect of +1% change in Rate of Salary Increase	2	9
Effect of -1% change in Rate of Salary Increase	(2)	(8)
Effect of +1% change in Rate of Employee Turnover	(0)	(0)
Effect of -1% change in Rate of Employee Turnover	0	0

* Rs. "0" represent amount less than Rs. 50,000.

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, asset liability matching risk, mortality risk, concentration risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Interest Risk	A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.
Asset Liability Matching Risk	The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.
Mortality risk	Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk
Concentration Risk	Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very low as insurance companies have to follow stringent regulatory guidelines which mitigate risk.
Salary Risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

VIII Principal actuarial assumptions at the Balance sheet date:

Particulars	Gratuity As at	
	March 31, 2023	March 31, 2022
Mortality Table(LIC)	Indian Assured Lives Mortality (2012-14)Urban	Indian Assured Lives Mortality (2006-08)Ult
Rate of employee turnover	38%	For service 4 yrs & below 19% pa & 7% pa thereafter
Discount rate (per annum)	7.20%	6.90%
Expected Return on Plan Asset	7.20%	6.90%
Rate of escalation in salary (per annum)	6.00%	6.50%

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held, assessed risks, historical results of return on Plan Assets and the Company's policy for Plan Assets Management.

The company has taken a Gratuity Policy with Life Insurance Corporation of India, the funds of which are managed by Life Insurance Corporation of India. Therefore the composition of investments is not ascertainable

42 Segment Reporting

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 allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company operates only in one Business Segment i.e. facilitating trading in securities and the activities incidental thereto within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments". The Company while presenting the consolidated financial statements has disclosed the segment information to the extent applicable as required under Indian Accounting Standard 108 "Operating Segments".

43 Ind AS 24 - Related party Disclosures

a) Names of related parties and nature of relationship:

(i) Subsidiary

- MSE Enterprises Limited (formerly known as Metropolitan Clearing Corporation Of India Limited)
- MSE Fintech Limited

(ii) Key Management Personnel (KMP)

- Ms. Latika S. Kundu (MD & CEO)
- Mr. Saket Bhansali (CFO)
- Ms. Manisha Thakur (Company Secretary) upto February 11, 2022
- Mr. Durgesh Kadam (Company Secretary) w.e.f. April 13, 2022
- Mr. P. K. Ramesh (Chief Regulatory officer)
- Mr. Neeraj Gupta (Chief Technology Officer) upto July 02, 2022

- Mr. Manish Gupta (Chief Technology Officer) w.e.f. June 27, 2022
- Mr. Anish Kumar (Chief Risk Officer) upto April 22, 2022
- Mr. Sachin Nayak (Head – Market Operations) w.e.f. February 14, 2022
- Mr. Jagdish Asodekar (Chief Information Security Officer) upto June 01, 2022
- Mr. Jibananda Bain (Chief Information Security Officer) w.e.f. June 01, 2022 and upto March 29, 2023
- Mr. Utkarsh Sharma (Head - Business Development) w.e.f. April 11, 2022

(iii) Others

- Metropolitan Stock Exchange ESOP Trust
- Metropolitan Stock Exchange Investor Protection Fund Trust

b) Details of transactions with related parties

Nature of Transaction	MSE Fintech Limited	MSE Enterprises Limited	Metropolitan Stock Exchange Investor Protection Fund#	Metropolitan Stock Exchange ESOP Trust (Others)
Expenses				
Clearing and settlement charges	-	0	-	-
	-	0	-	-
Other services	-	57	-	-
	-	5	-	-
Income				
Rent income	-	6	-	-
	-	6	-	-
Refund of Core SGF	-	1,546	-	-
	-	-	-	-
Shared service cost recovered	-	52	-	-
	-	146	-	-
Reimbursement of Expenses	0	11	-	-
	0	-	-	-

* Rs. "0" represent amount less than Rs. 50,000.

c) Closing Balance of related parties

Nature of Transaction	MSE Fintech Limited	MSE Enterprises Limited	Metropolitan Stock Exchange Investor Protection Fund#	Metropolitan Stock Exchange ESOP Trust (Others)
Amount Receivable	0	6	-	1
	0	319	-	0
Closing Balance of Investments in equity shares	5	12,017	-	-
	5	12,017	-	-
Closing Balance of Loan to ESOP Trust	-	-	-	60
	-	-	-	60

* Rs. "0" represent amount less than Rs. 50,000.

The company acts as an intermediary for collection of penalties and share of listing fees to be transferred to Metropolitan Stock Exchange Investor Protection Fund accordingly those transactions have not been considered above.

d) Transactions with KMP:

Nature of transactions	Amount (Rs.)
Salary & allowances*:	
Ms. Latika S. Kundu	75
	75
Mr. Saket Bhansali	65
	65
Ms. Manisha Thakur	-
	30
Mr. P.K. Ramesh	46
	46
Mr. Neeraj Gupta	13
	45
Mr. Anish Kumar	3
	6
Mr. Sachin Nayak	35
	5
Mr. Jagdish Asodekar	4
	3
Mr. Durgesh M Kadam	27
	-
Mr. Utkarsh Sharma	45
	-
Mr. Manish Gupta	37
	-
Mr. Jibananda Bain	17
	-
Nature of transactions	Amount (Rs.)
Director Sitting Fees	
Mr. Dinesh K Mehrotra	-
	8
Mr. S V D Nageswara Rao	19
	11
Ms. Trishna Guha	17
	11
Mr. Vijay Sardana	1
	9
Mr. Ajai Kumar	17
	10
Mr. S. Raghunathan	7
	1

*Excludes gratuity and long term compensated absences which are actuarially valued and where separate amounts are not identifiable.

- (i) Related party relationship is as identified by the Company and relied upon by the auditors.
- (ii) There are no amounts written off or written back in the year in respect of debts due from or to related parties.
- (iii) Figures in italic represent previous year's amounts.
- (iv) The transactions with the related parties are disclosed only till the relation exists.

44 Details of dues to micro, small and medium enterprises

Under Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2nd October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. Accordingly, Company on periodic basis collects the required information from the vendors as to whether they are covered under Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006). Based on the vendors identified as above the outstanding amounts payable to vendors covered under Micro, Small and Medium Enterprises Development Act 2006 are given below;

Particulars	FY 2022-23	FY 2021-22
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year;	Principal - Rs. 2,29,112 Interest-Rs.Nil	Principal - Rs. 2,315 Interest- Rs.Nil
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	N.A.	N.A.
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);	N.A.	N.A.
The amount of interest accrued and remaining unpaid at the end of accounting year; and	N.A.	N.A.
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	N.A.	N.A.

45 Operating lease

The Company's lease asset primarily consist of leases for office space having various lease terms. The Company also has certain leases of with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

- a) Carrying value of right of use assets and the movements thereof :

Particulars	For the year ended	
	FY 2022-23	FY 2021-22
Opening Gross Block	695	695
Addition	-	-
Deletion	-	-
Closing Gross Block	695	695
Opening Accumulated Depreciation	293	147
Addition	146	146
Deletion	-	-
Closing Accumulated Depreciation	439	293
Net Block	256	402

- b) Carrying value of Lease Liability and the movements thereof :

Particulars	For the year ended	
	FY 2022-23	FY 2021-22
Opening Balance	469	602
Addition	-	-
Interest Cost accrued during the year	26	35
Lease liability payment	175	168
Deletion	-	-
Closing Balance	321	469
Current Lease Liability	179	148
Non Current Lease Liability	142	321

- c) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due. Rental expense recorded for short-term leases or cancellable in nature was Rs. 23 Lakhs (Previous Year Rs. 20 Lakhs).

- d) i The minimum lease rentals on operating leases recognized in the Statement of Profit & Loss and the future minimum lease payments under operating leases are as follows:

Particulars	As at	
	March 31, 2023	March 31, 2022
Future minimum lease payments		
Not later than one year	222	192
Later than one year and not later than five years	174	318
Later than five years	-	-

- d) ii Lease payments recognised in the statement of Profit & Loss is Rs. 203.24 Lakhs (Previous year Rs. 194.66 Lakhs).
d) iii Sub-lease payment received and recognised in the statement of Profit & Loss is Rs. 6 Lakhs (Previous Year Rs. 6 Lakhs).

46 Fair value Measurement

Financial Instruments by category

Particulars	March 31, 2023			March 31, 2022		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Investments						
Equity Instruments	-	-	11,808	-	-	12,019
Other Instruments	-	-	6,971	-	-	6,827
Mutual Funds	184	-	-	321	-	-
Trade receivables	-	-	91	-	-	346
Cash and cash equivalents	-	-	715	-	-	1,468
Bank balances other than cash and cash equivalents	-	-	830	-	-	438
Deposits	-	-	144	-	-	77
Other financial assets	-	-	1,326	-	-	1,815
Total financial assets	184	-	21,886	321	-	22,990
Financial liabilities						
Trade payables	-	-	92	-	-	58
Other financial liabilities	-	-	3,673	-	-	3,456
Total financial liabilities	-	-	3,765	-	-	3,513

The carrying amounts of trade receivables, trade payables, deposits, other receivables, cash and cash equivalent including other current bank balances and other liabilities including creditors, etc. are considered to be the same as their fair values, due to current and short term nature of such balances.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Fair Value Hierarchy

(a) Fair value hierarchy - Recurring fair value measurements

Particulars	As at March 31, 2023	As at March 31, 2022
Financial assets		
At Fair value through profit & loss		
Level 1		
Mutual fund Investments	184	321
	184	321

Recognised fair value measurements

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices of instruments

47 Capital management

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Compliance with externally imposed capital requirements:

In accordance with regulation 14 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, the Company shall have a minimum net worth of Rs. 10,000 Lakhs at all times.

48 Financials Risk Management

The Company's principal financial liabilities comprise of trade and other payables. The Company's principal financial assets include trade and other receivables, cash and short-term deposits that derive directly from its operations.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

The Company has an active Risk Management Committee which enables the Senior Management to establish a strong risk management framework and oversee the related risks from time to time. The business activities of the Company exposes it to certain financial risks which can be broadly categorized into : credit risk, liquidity risk, market risk and regulatory risk. The activities of the Risk Management Committee rotates around identifying, analyzing and categorizing potential risks, set appropriate metrics and controls to timely monitor them and ensure that they adhere to limits. The frameworks, policies and systems related to risk are reviewed on regular intervals by the Committee and proposed changes are reflected depending on factors like market conditions, industry developments, regulatory updates etc.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry in which the customer operates, also has an influence on credit risk assessment.

The Company has a large and diverse customer base and also collects members deposits as collateral which can be utilized in the case of Members default. The Company provides the stock exchange services to its listed companies and registered members and their clients. The revenue of the Exchange is not concentrated on small number of customers. All trade receivables are reviewed and assessed for default on a periodic basis. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Our historical experience of collecting receivables indicate that the credit risk is low.

Other Financial Assets

The Company also maintains cash exposure with banks, term deposits with banks/financial institutions and invests in marketable debt instruments (including mutual funds). For risk diversification, the Company invests into varied instruments across various organizations with secured credit ratings as per the approved Investment Policy. Individual limits are set on concentration and exposures, credit ratings, financial position of each segment and counter-party and it is ensured that regular monitoring of the mentioned criteria are being done by the Company. Due to diversification, secure ratings and proper monitoring on a timely basis, risk factor is very limited.

Liquidity risk

Liquidity risk is the risk that the Company faces in terms of obligations related to financial liabilities. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. The management monitors the Company's net liquidity position through forecasts on the basis of expected cash flows. The Company's treasury department ensures that the day-to-day forecasts are being made in terms of cashflow requirements based on operational needs and any surplus cash generated is either retained as cash and cash equivalents or invested in allowed investible instruments as per the Investment Policy of the Company.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023 and March 31, 2022.

Particulars	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2023				
Liabilities				
Trade payables	92	92	-	92
Other financial liabilities	3,673	1,614	2,059	3,673
Assets				
Trade Receivables	91	91	-	91
Investment	18,964	6,719	12,246	18,964
Cash and Cash equivalents	715	715	-	715
Bank balances other than cash and cash equivalents	830	830	-	830
Deposits	144	-	144	144
Other financial assets	1,388	1,326	63	1,388
As at March 31, 2022				
Liabilities				
Trade payables	58	58	-	58
Other financial liabilities	3,456	1,411	2,044	3,456
Assets				
Trade Receivables	346	346	-	346
Investment	16,344	4,325	12,019	16,344
Other Investments	2,823	-	2,823	2,823
Cash and Cash equivalents	1,468	1,468	-	1,468
Bank balances other than cash and cash equivalents	438	438	-	438
Deposits	77	-	77	77
Other financial assets	1,815	1,815	-	1,815

Market risk

The Company's business, financial condition and operations are dependent upon the levels of activity on the Exchange and in particular upon the traded volume, number of listed companies / securities, the number of new listings and subsequent issuances, number of members added etc. All these contribute to our revenue.

The Company is exposed to interest rate risk due to its investments in debt-related instruments. The interest rate risk is directly linked to the future movements of yield in the market depending on RBI's decision and take on various factors.

The Company is mainly exposed to the price risk due to its investment in mutual funds and investments in equity shares. The price risk arises due to uncertainties about the future market values of these investments.

Regulatory risk

The Company is a Stock Exchange recognized by Securities and Exchange Board of India (SEBI). The Company's operations are subject to continuous review as per the governing regulations as laid down by SEBI. The Company's regulatory team constantly monitors the compliance all applicable SEBI rules and regulations.

Post implementation of interoperability requirements, all Exchanges are required to contribute such amounts to the Core SGF of the Clearing Corporations as may be determined in accordance with the methodology specified by SEBI. The contribution to the Settlement Guarantee Fund of each Clearing Corporation is based on the ratio of Turnover of each Exchange to the relevant Clearing Corporation. The Exchange has made already met necessary contribution to SGF and is in compliance with the requirement laid down.

SEBI letter No. SEBI/LAD-NRO/GN/2022/96 dated September 14, 2022 renewed the recognition granted to the Stock Exchange for a period of one year commencing on the 16th day of September 2022 and ending on 15th day of September 2023.

As per Securities contracts regulations (stock exchange and clearing corporations) regulations 2018, a recognised stock exchange shall have a minimum net worth of Rs. 10,000 Lakhs at all times. The Exchange is in compliance of net-worth requirement as laid down under the regulation. The net-worth of the Exchange as on March 31, 2023 stands at INR 12,351 Lakhs.

49 Taxes

a) Income Tax Expenses

The major components of income tax expenses for the year ended March 31, 2023

Profit or loss section

Particulars	FY 2022-23	FY 2021-22
Current tax expense	-	-
Tax expense of earlier years	-	-
Deferred tax	-	-
Total income tax expense recognised in profit or loss	-	-

Other comprehensive income section

Particulars	FY 2022-23	FY 2021-22
Re-measurements of the defined benefit plans;	-	-
Total income tax expense recognised in Other comprehensive income	-	-

b) Reconciliation of effective tax rate

Particulars	FY 2022-23	FY 2021-22
a) Income before income tax	(1,997)	(2,349)
b) Enacted tax rate in India	26%	26%
c) Expected tax expenses (a*b)	-	-
d) Other than temporary differences	-	-
Investment income	-	-
Expenses disallowed / (allowed)	-	-
Total	-	-
e) Temporary difference	8,325	8,889
Temporary difference on which deferred tax assets not recognised	(8,325)	(8,889)
Total	-	-
f) Net adjustments (d+e)	-	-
g) Current tax expense of earlier years	-	-
h) Tax expenses recognised in Profit or Loss (c+f+g)	-	-

In the absence of reasonable certainty, deferred tax assets on account of unabsorbed depreciation and brought forward losses has not been recognized.

50 Expenditure in foreign currency

Particulars	FY 2022-23	FY 2021-22
Repair, Maintenance & Sponsorship	20	33

51 Revenue from contract with customer

a) The revenue from contracts with customers to the amounts disclosed as total revenue is as under

Particulars	FY 2022-23	FY 2021-22
Revenue from contract with customer	749	544
Revenue from other sources	6	6
Total	755	550

b) The disaggregation of revenue from contracts with customers is as under :

i) Geographical Location

Particulars	FY 2022-23		FY 2021-22	
	India	Foreign	India	Foreign
Total Revenue	732	22	527	23

ii) At point in time / Over time

Particulars	FY 2022 - 23			FY 2021 - 22		
	At point in time	Over Time	Total	At point in time	Over Time	Total
Total Revenue	457	298	755	272	278	550

c The contract assets & liability from contract with customers are as under :

i Contract Assets

Particulars	FY 2022-23	FY 2021-22
Opening Balance of Contract Asset	20	71
Previous year - Contract Asset - reclassified to trade receivable on invoicing	20	69
Current year – Contract asset	60	18
Closing Balance of Contract Assets	60	20

ii Contract Liability

Particulars	FY 2022-23	FY 2021-22
Opening Balance of Contract Liability	27	36
Previous year - Contract Liability - Revenue recognized during the year	6	17
Current year – Contract Liability Carried forward	5	8
Closing Balance of Contract Liability	25	27

52 Corporate Social Responsibility

The Company was not required to spend any amount towards CSR as per Section 135 of the Companies Act, 2013 as the networth of the Company is below Rs. 500 crore, turnover for current financial year is below Rs. 1,000 crore and the Company has made net loss during immediately preceding financial year.

53 Utilisation of Borrowed funds and share premium

The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or other kind of funds) to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

The Company has not received any funds (which are material either individually or in the aggregate) from any person or entity, including foreign entity ("Funding Parties"), with the understanding whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

54 Other disclosure required under Schedule III as amended:

- The Company has not traded or invested in crypto currency or virtual currency during the financial year
- No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereon.
- The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- The company has filed application for merger and amalgamation u/s 230-232 of Companies Act CAA/ 86/MB/2023 before NCLT, Mumbai for merger with its subsidiary MSE Enterprises Ltd. The application is ongoing
- There are no charges or satisfaction required to be registered with ROC by the Company
- There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961.
- The Company does not possess any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee, whose title deeds are not held in the name of the Company during the financial year ended March 31, 2023 and March 31, 2022.
- There are no core investment company (CIC) in the group

55 Compliance with number of layers of Companies

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial year ended March 31, 2023 and March 31, 2022.

56 Loans or advances to specified persons

The Company has not granted any loans or advances to promoters, directors, KMPs and related parties either severally or jointly with any other person, that are:

- repayable on demand or,
- without specifying any terms or period for repayment.

57 Details of transactions with Companies struck off under section 248 of the Companies Act, 2013:

The Company have not undertaken any transactions with any company whose name is struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 in the financial years ended March 31, 2023 and March 31, 2022.

58 Ratios

Particulars	Year ended	Numerator	Denominator	Final Ratio	Variance
Current Ratio	March 31, 2023	10,099	2,300	4	(3%)
	March 31, 2022	8,754	1,930	5	
		Current Assets:- Value of all assets it can reasonably expect to convert into cash within one year	Current Liability:- Obligations that are due within one year		
Return on equity ratio	March 31, 2023	(1,997)	24,159	(8%)	(8%)
	March 31, 2022	(2,349)	26,136	(9%)	
		Net income:- Net profit before dividend	Shareholder equity:- Assets minus liabilities		
Trade receivable turnover ratio	March 31, 2023	755	219	3	82%
	March 31, 2022	550	290	2	
		Net credit sales:- sales where the amount is realised at a later date.	Average accounts receivable:- sum of starting and ending accounts receivable over a time period (such as monthly or quarterly), divided by 2.	Increase due to increase in net credit sales in current year as compared to previous year and decrease in average accounts receivable in CY.	
Trade payable turnover ratio	March 31, 2023	2,357	37	63	99%
	March 31, 2022	1,503	47	32	
		Net credit purchase:- purchase where the amount is paid at a later date.	Average accounts payable:- sum of starting and ending accounts payable over a time period (such as monthly or quarterly), divided by 2.	Increase due to increase in net credit purchase in current year as compared to previous year and decrease in average accounts payable in CY.	
Net capital turnover ratio	March 31, 2023	755	24,159	3%	48%
	March 31, 2022	550	26,136	2%	
		Total Sales:- Total annual turnover of the Company for the financial year	Shareholder equity:- Assets minus liabilities	Increase due to increase in Total Sales.	
Net profit ratio	March 31, 2023	(1,978)	755	(262%)	(38%)
	March 31, 2022	(2,329)	550	(423%)	
		Net profit:- net profit / (loss) for the year	Net sales:-Total annual turnover of the Company for the financial year	Decrease due to decrease in loss for the year and increase in net sales in CY as compared to PY.	
Return on capital employed	March 31, 2023	(1,997)	24,159	(8%)	(8%)
	March 31, 2022	(2,349)	26,136	(9%)	
		Earnings and before interest and tax	Shareholder equity:- Assets minus liabilities		

- 59 Office of Regional Director, (WR), Ministry of Corporate Affairs vide letter dated March 25, 2021 intimated commencement of inspection u/s 206(5) of the Companies Act, 2013. The Exchange has submitted the information and documentation sought and the inspection is under process.
- 60 Balances grouped under Non-Current and Current Liabilities and Non-Current and Current Assets in certain cases are subject to confirmation and reconciliation from respective parties. Impact of the same, if any, shall be accounted as and when determined.
- 61 In the opinion of the management the loans and advances are approximately of the value stated, if realized, paid in ordinary course of business. The provision for all known liabilities are adequate and are not in excess of amount considered reasonably necessary.

62 The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report of even date

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

Pramod Tilwani
Partner
Membership No.076650

Mumbai
Dated : May 30, 2023

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

Ajai Kumar
Public Interest Director
DIN : 02446976

Saket Bhansali
Chief Financial Officer

Latika S. Kundu
Managing Director & CEO
DIN :0008561873

Durgesh Kadam
Head Legal & Company Secretary
FCS 8496

KIRTANE & PANDIT^{LLP}

Chartered Accountants

Pune | Mumbai | New Delhi | Bangalore | Hyderabad | New Delhi | Chennai

INDEPENDENT AUDITOR'S REPORT

To the Members of
MSE Enterprises Limited
(Formerly known as Metropolitan Clearing Corporation of India Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **MSE Enterprises Limited** (formerly known as Metropolitan Clearing Corporation of India Limited) ("the Company"), which comprise the balance sheet as at March 31, 2023, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and loss, statement of changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to Going Concern

We draw attention to the Note No. 38 of the Financial Statements, which is related to the Board's approval for the merger with the Holding Company, Metropolitan Stock Exchange of India ("MSE") in the meeting held dated 21st September, 2022. This event indicates significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.



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(formerly known as Metropolitan Clearing Corporation of India Limited)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no significant reportable Key Audit Matters to be communicated in the Report.

Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the Other Information. The other information comprises the Director's Report, but does not include Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to date of this Auditor's Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Kirtani & Pandit LLP
Chartered Accountants



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(formerly known as Metropolitan Clearing Corporation of India Limited)

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As a part of an audit in accordance with SA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.



Audit Report: FY 2022-23
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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

As per Section 203 of the Companies Act, 2013, appointment of full time Company Secretary is mandatory for Company whose paid up share capital is more than threshold limit. We draw attention to the fact that office of the company secretary is vacant on the date of this report. The said company secretary has resigned from her post from March 28, 2023. However, Company is in process of appointing full time Company Secretary.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of these books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) The requirement of reporting under section 143(3)(i) of the Act is not applicable to the Company vide General Circular No 08/2017 dated July 25, 2017 issued by the Ministry of Corporate Affairs.
- (g) With the respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of the Section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company regularly transfers sums to the Investor Education and Protection Fund.

Kirtane & Pandit LLP
Chartered Accountants

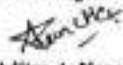
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- iv.
- (a) The Management has represented that, to the best of its knowledge and belief, other than disclosed in the notes, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, other than disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has not declared any dividend during the year ended March 31, 2023.
- vi. Proviso to rule 3(1) of the companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the company with effect from 1st April 2023, and accordingly, reporting under rule 11(g) of companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For Kirtane & Pandit LLP,
Chartered Accountants
Firm's Registration No.105215W/W100057


Aditya A. Kanetkar
Partner
M. No. 149037



UDIN: 23149037BGUGIV5582

Place: Mumbai
Date: May 08, 2023

Kirtane & Pandit LLP
Chartered Accountants

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Annexure A to the Auditor's Report – March 31, 2023

Annexure A referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the members of MSE Enterprises Limited (formerly known as Metropolitan Clearing Corporation of India Limited) ("the Company") on the accounts of the company for the year ended March 31, 2023.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i)
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipments;
 - (B) The company is maintaining proper records showing full particulars of intangible assets; The Company has written off softwares which are under development in view of the non-continuance of business license and proposed merger with Holding Company;
 - (b) As explained to us, Property, Plant & Equipments have been physically verified by the management at regular intervals; as informed to us, no material discrepancies were noticed on such verification;
 - (c) According to the information and explanation given to us and on the basis of examination of the records, Company does not possess any immovable property;
 - (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets), intangible assets during the year;
 - (e) According to the information and explanation given to us and on the basis of examination of the records of the Company, there are no Proceedings are initiated or no pending cases against the company for holding Benami Property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder;
- (ii)
- (a) The nature of the business of the Company does not require it to have any inventory. Hence, the requirement of clause (ii)(a) of the Order is not applicable.
 - (b) During the year, the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets;
- (iii) During the year, the Company has made investments in units of Mutual Funds, during the year, in respect of which:
- (a) The Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) (a) of the Order is not applicable.
 - (b) In our opinion, the investments made are not prejudicial to the company's interest;
 - (c) There are no loan granted during the year, hence, reporting under clause (iii) (c) & (d) of the Order is not applicable.
 - (e) There are no loans or advances in the nature of loan granted which has fallen due during the year.



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MSE Enterprises Limited
 (formerly known as Metropolitan Clearing Corporation of India Limited)

- (f) The company has not granted any loan or advances in the nature of loans which are repayable on demand or without specifying any terms or period of repayment.
- (iv) In respect of investments, provisions of Section 185 & Section 186 of the Companies Act, 2013 have been complied with.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) As informed to us, the maintenance of cost records has not been specified by the Central Government under subsection (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable.
- (vii) In respect of Statutory Dues,
 - (a) The Company has generally been regular in depositing undisputed statutory dues including Income tax, Goods and Service Tax, Provident Fund, cess and any other statutory dues to the appropriate authorities and there are no arrears of outstanding statutory dues as on the last day of the FY concerned for a period of more than 6 months from the date they became payable.
 - (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Goods & Service Tax which have not been deposited on account of any disputes.
- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix)
 - (a) The company has not takes any loan or borrowed any funds from any lender, hence reporting under clause (ix)(a) of the Order is not applicable.
 - (b) According to the information and explanations gives to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
 - (c) According to the information and explanations gives to us and on the basis of our audit procedures, no term loans were taken by the Company, hence, reporting under clause (ix)(c) and (d) of the Order is not applicable.
 - (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on Short Term or Long Term basis, hence reporting under clause (ix) (d) of the Order is not applicable.
 - (e) The Company does not have any subsidiary, associate or joint venture. Hence, reporting under clause (ix) (e) & (f) of the Order is not applicable.
- (x)
 - (a) According to the information and explanations given to us, and the procedures performed by us, money's are not raised by way of initial public offer or further public offer (including debt instruments) during the year were applied for the purposes for which these are raised.



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MSE Enterprises Limited
 (formerly known as Metropolitan Clearing Corporation of India Limited)

- (b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year;
- (xi)
 - (a) No fraud by the company or on the company has been noticed or reported during the year.
 - (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
 - (c) According to the information and explanations given to us, and the procedures performed by us, there are no whistle-blower complaints received by the Company during the year (and upto the date of this Report).
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv)
 - (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
 - (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion during the year, the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors, and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi)
 - (a) In our opinion, the Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
 - (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has incurred cash losses of INR 7.34 Crs & INR 10 Crs during the financial year covered by our audit and the immediately preceding financial year respectively.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

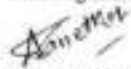


Audit Report: FY 2021-23
MSE Enterprises Limited
(formerly known as Metropolitan Clearing Corporation of India Limited)

We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has not crossed threshold limits of provisions of Corporate Social Responsibility under section 135 of the Act. Hence reporting under clause (xx) (a) & (b) of the Order is not applicable for the year.

For Kirtane & Pandit LLP,
Chartered Accountants
Firm Registration No. 105215W/ W100057


Aditya A. Kanetkar
Partner
M. No. 149037



UDIN: 23149037BGUGIV5582

Place: Mumbai.
Date: May 08, 2023

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)			
CIN : U72100MH2008PLC188032			
Balance Sheet as at March 31, 2023			
Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current Assets			
Property, Plant and Equipment	3	484.35	658.83
Other Intangible Assets	3	28.86	594.41
Intangible Assets under development	3	-	65.21
Right to Use	4	31.42	342.64
Other Non - Current Financial Assets	5	757.82	1,246.88
Other Non - Current Assets	6	263.34	414.67
		1,565.79	3,322.65
Current assets			
Financial Assets			
Investments	7	190.17	944.37
Trade Receivables	8	-	133.89
Cash and Cash Equivalents	9	3.60	11.48
Bank balances other than above	10	9,808.73	21,164.05
Other Current Financial Assets	11	39.62	3.31
Current Tax Assets (Net)	12	1,441.05	1,193.35
Other Current Assets	13	35.17	104.99
		11,518.34	23,555.44
TOTAL ASSETS		13,084.13	26,878.09
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	14	12,537.10	12,537.10
Other Equity	15	(219.61)	42.32
		12,317.49	12,579.42
Non-current liabilities			
Financial Liabilities			
Lease Liability	4	-	248.28
Other Financial Liabilities	16	0.30	10,704.82
Provisions	17	15.56	18.38
Deferred Tax Liability	18	-	126.67
		15.86	11,098.15
Current liabilities			
Financial Liabilities			
Trade Payables:			
(a) Total outstanding dues of micro enterprises and small enterprises		-	-
(b) Total outstanding dues of creditors other		-	-
Lease Liability	4	37.08	116.28
Other Financial Liabilities	19	35.23	2,527.84
Other Current Liabilities	20	476.96	534.36
Provisions	21	201.51	22.04
		750.78	3,200.52
		766.64	14,298.67
TOTAL EQUITY AND LIABILITIES		13,084.13	26,878.09
The accompanying notes are an integral part of the financial statements			
As per our report of even date			
For Kirtane & Pandit LLP, Chartered Accountants Firm's Registration No: 105215W/W100057		For and on behalf of the Board of Directors	
Aditya A. Kanetkar Partner M. No: 149037		Ashok Kumar Dogra Independent Director DIN: 07074297	
		Rakesh Kumar Srivastava Independent Director DIN: 08896124	
		Kirit N. Dodiya Chief Financial Officer	
		A Sebastin Interim CEO	
Place: Mumbai Date: May 8, 2023		Place: Mumbai Date: May 8, 2023	

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)				
CIN : U72100MH2008PLC188032				
Statement of Profit & Loss for the Period Ended March 31,2023				
			(INR in Lakhs)	
Particulars	Note No.	Year Ended March 31,2023	Year Ended March 31, 2022	
I Revenue From Operations	22	1,823.77	711.11	
II Other Income	23	757.43	517.57	
III Total Income		2,581.20	1,228.68	
IV Expenses				
Employee Benefit Expenses	24	397.67	534.72	
Finance Cost	4	12.59	25.31	
Depreciation and Amortization Expenses	3	464.25	328.79	
Other Expenses	25	1,582.09	984.70	
Total expenses		2,456.60	1,873.52	
V Profit before exceptional items and tax		124.60	(644.84)	
VI Exceptional items		(520.97)	-	
Profit before tax		(396.37)	(644.84)	
VII Tax Expense				
Current Tax		-	-	
Income Tax For Earlier years		(0.08)	-	
Deferred Tax		(126.67)	27.16	
VIII Profit/ (Loss) for the period		(269.62)	(672.00)	
IX Other Comprehensive Income (OCI)				
A. (i) Items that will not be reclassified to profit or loss:				
Remeasurement of gains and losses on defined benefit obligations		7.69	15.64	
(ii) Income tax on items not reclassified to Profit or Loss		-	(3.94)	
X Total comprehensive income for the period		7.69	11.70	
Total Income for the period		(261.93)	(660.30)	
(a) Basic	26	(0.22)	(0.54)	
(b) Diluted		(0.22)	(0.54)	

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Kirtane & Pandit LLP,

Chartered Accountants

Firm's Registration No: 105215W/W100057

For and on behalf of the Board of Directors

Aditya A. Kanetkar

Partner

M. No: 149037

Ashok Kumar Dogra

Independent Director

DIN:07074297

Rakesh Kumar Srivastava

Independent Director

DIN: 08896124

Kirit N. Dodiya

Chief Financial Officer

A Sebastin

Interim CEO

Place: Mumbai

Date: May 8, 2023

Place: Mumbai

Date: May 8, 2023

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)

CIN : U72100MH2008PLC188032

Statement of Changes in Equity

(INR in Lakhs)

A. Equity Share Capital

Particulars	Year Ended March 31,2023	Year Ended March 31, 2022
At the beginning of the Period	12,537.10	12,537.10
Changes in equity share capital during the year	-	-
Outstanding at the end of the Period	12,537.10	12,537.10

B. Other Equity for the F.Y. 2022-23

Profit for the year	Retained Earnings
Balance as at beginning of the Period	42.33
Profit for the year	(269.62)
Other Comprehensive Income for the year	7.69
Dividend Distribution Tax	-
Balance as at end of the Period	(219.62)

Other Equity for the F.Y. 2021-22

Particulars	Retained Earnings
Balance as at beginning of the Period	702.63
Profit for the year	(672.00)
Other Comprehensive Income for the year	11.70
Dividend Distribution Tax	-
Balance as at end of the Period	42.33

As per our report of even date

For Kirtane & Pandit LLP,

Chartered Accountants

Firm's Registration No: 105215W/W100057

For and on behalf of the Board of Directors

Aditya A. Kanetkar

Partner

M. No: 149037

Ashok Kumar Dogra

Independent Director

DIN:07074297

Rakesh Kumar Srivastava

Independent Director

DIN: 08896124

Kirit N. Dodiya

Chief Financial Officer

A Sebastin

Interim CEO

Place: Mumbai

Date: May 8, 2023

Place: Mumbai

Date: May 8, 2023

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)		
CIN : U72100MH2008PLC188032		
Cash Flow Statement for the Period Ended March 31, 2023		
Particulars	Year Ended March 31, 2023	Period Ended March 31, 2022
A. Cash Flow from Operating Activities		
Net Profit Before Tax	(396.37)	(644.85)
Adjustments for:		
Depreciation and Amortization Expense	464.25	328.79
Finance cost	12.59	25.31
Interest Income	(2,253.92)	(722.95)
Remeasurement of Post-Employment Benefit Obligations	7.69	15.64
Adjustment for MTM Investment measured at FVTPL	(30.06)	(33.68)
	(1,799.45)	(386.90)
Operating Loss Before Working Capital Changes	(2,195.82)	(1,031.74)
Adjustments for:		
(Increase)/Decrease in Trade Receivables	133.89	(133.89)
(Increase)/Decrease in Other Current Financial Assets	12,103.27	2,289.10
(Increase)/Decrease in Other Current Assets	(177.88)	(127.64)
Increase/(Decrease) in Trade Payables	-	(1.51)
Increase/(Decrease) in Other Current Financial Liabilities	(2,629.21)	(886.49)
Increase/(Decrease) in Short Term Provisions	179.47	(2.07)
	9,609.55	1,137.49
Cash (used in) / generated from Operating Activities	7,413.73	105.75
Taxes Paid (Net)	126.75	(31.10)
Net Cash (used in) / generated from Operating Activities	7,540.48	74.65
B. Cash Flow from Investing Activities		
Sale / (Purchase) of Current Investments (Net)	-	-
Purchase of Property, Plant & Equipment	652.22	(259.25)
Investment in Deposits	489.06	(777.49)
Maturity of Deposits	-	(5.53)
Changes in Other advances	151.33	(157.07)
Changes in other financial liabilities	(10,834.01)	545.16
Interest Income	2,253.92	722.95
Net Cash generated from / (used in) Investing Activities	(7,287.49)	68.78
C. Cash Flow from Financing Activities		
Lease Liability Payment	(260.87)	(141.60)
Net Cash used in Financing Activities	(260.87)	(141.60)
Net (Decrease) / Increase in Cash and Cash Equivalents	(7.88)	1.83
Cash and Cash Equivalents at the beginning of the year	11.48	9.65
Cash and Cash Equivalents at the end of the year	3.60	11.48
	(7.88)	1.83
Note to Cash Flow Statement:		
The cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash Flows".		
As per our report of even date		
For Kirtane & Pandit LLP,	For and on behalf of the Board of Directors	
Chartered Accountants		
Firm's Registration No: 105215W/W100057		
Aditya A. Kanetkar	Ashok Kumar Dogra	Rakesh Kumar Srivastava
Partner	Independent Director	Independent Director
M. No: 149037	DIN:07074297	DIN: 08896124
	Kirit N. Dodiya	A Sebastin
	Chief Financial Officer	Interim CEO
Place: Mumbai	Place: Mumbai	
Date: May 8, 2023	Date: May 8, 2023	

Notes to Accounts

1 GENERAL INFORMATION

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited) CIN : U72100MH2008PLC188032 is a unlisted limited company incorporated and domiciled in India. The address of the registered office and principal office is at Building A, Unit 205B, 2nd Floor, Agastya Corporate Park, Sunder Baug Lane, Kamani Junction, L.B.S Road, Kurla West, Mumbai - 400 070. The Company is in the business of Clearing and Settlement of trades in multi-assets classes carried out at different exchanges under Interoperability and in Commodity Derivative Segment and Mutual Fund Segment carried out at Indian Commodity Exchange Limited (ICEX) till the expiry of recognition on 02.10.2022. post de recognition the Company is in the business of technical and management consultancy.

2 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation of Financial Statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

B. Revenue Recognition

Effective from April 01, 2018, the Company has adopted IND AS 115 "Revenue from Contracts with Customers" using the cumulative effect method. IND AS 115 establishes a comprehensive framework for determining whether, how much and when Revenue is to be recognized. This standard replaces IND AS 18 Revenue and IND 11 Construction Contracts. The Company has adopted IND AS 115 using cumulative effect method.

Revenue Income is recognized in the Statement of Profit and Loss when:

- a) The income generating activities have been carried out on the basis of a binding agreement
- b) The income can be measured reliably
- c) It is probable that the economic benefits associated with the transaction will flow to the Company
- d) Costs relating to the transaction can be measured reliably

Company usually recognizes revenue on clearing of Trades. Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services. The Company recognizes revenue when the amount of revenue can be reliably measured and whether performance obligations are satisfied at a point of time for each of the Company's activities as described below.

- a) Revenue is measured on the Transaction Price, which is consideration received or receivable, adjusted for discounts, price concessions and incentives, if any.
- b) Clearing and Settlement charges and processing charges are recognized on accrual basis as and when the services are rendered
- c) Penal Charges, in the year of declaration of default, in respect of shortages due from the respective member, are booked to the extent such charges are recoverable.
- d) Revenue is reported excluding taxes.

Revenue is recognized in the period when the service is provided as per arrangements/agreements with the customers. The sources of revenue were:

- (i) Clearing and Settlement of trades on MSE /NSE/BSE
- (ii) Clearing and Settlement of trades on ICEX.

C. Other income

Interest Income is recognized on time proportionate basis. Interest Income is recognized when it is probable that the economic benefits will flow to the company and amount can be measured reliably.

Dividend income is recognized when the right to receive payment is established.

D. Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax provision is made based on the estimated tax liability as computed after taking credit for allowances and exemptions in accordance with the Income Tax Laws prevalent at the time of the relevant assessment year.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. In absence of probability of future profits till last year, deferred tax was not calculated.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

E. Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

F. Leases

The Company has adopted Ind AS 116 'Leases' with effect from April 01, 2019. Ind AS 116 replaces Ind AS 17 - Leases and Implementation and related Guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of Leases for both parties i.e. for Lessor and for Lessee. Ind AS 116 introduces single lessee accounting entry approach and requires lessee to account asset and liabilities for all leases for more than 12 months and underlying assets are not defined as 'Low Value' by the Management of the Company. The Company treated the leases with remaining lease term for less than 12 months as if they were "short term lease". The Company has decided that Rent for of INR 50,000 per month is defined as 'Low Value'.

The Company has adopted IND AS 116 and elected to apply standard prospectively, recognized on the initial date of application i.e. April 01, 2019.

With the effect from April 01, 2019, the Company recognized new asset & new liabilities for its operating lease of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to:

- a) Amortization charge for the right to use;
- b) Interest accrued on lease liability.

G. Impairment of Assets

(i) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on company's policy. The company's policy takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the company's policy. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

H. Financial Instruments

(i) Classification of Financial Assets

The Company classifies its financial assets in the following measurement categories:

- a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b) those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(iii) Equity Instruments

The Company subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gain / (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) De-recognition of financial assets

A financial asset is de-recognized only when:

- a) The Company has transferred the rights to receive cash flows from the financial asset or;
- b) Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

I. Financial Liabilities

(i) Initial recognition and measurement

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized cost unless at initial recognition, they are classified as fair value through profit and loss.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities carried at fair value through profit or losses are measured at fair value with all changes in fair value recognized in the statement of profit and loss.

(iii) De-recognition

A financial liability is de-recognized when the obligation specified in the contract is discharged, cancelled or expires.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

J. Fair Value Measurement**Fair Value Hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of following three levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are unobservable inputs for the asset or liability.

K. Property, plant and equipment

Property, Plant and Equipment are stated at carrying value as per Ind AS which is the deemed cost less depreciation. Deemed cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value are as follows:

<u>Asset Category</u>	<u>No. of Years</u>
Computer Hardware	6
Office Equipment	5
Furniture & Fixtures	10
Leasehold Improvement	5
Vehicle	8

Depreciation for the year ended March 31, 2023 has been provided on the basis of useful lives as prescribed in the Schedule II of the Companies Act, 2013.

Depreciation on Property, Plant and Equipment purchased / sold during the year is provided for pro-rata basis, for period during which the assets are put to use. Where there is a revision of the estimated useful life of an asset, the unamortized depreciable amount is charged over the revised remaining useful life of the said asset. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses).

L. Intangible assets

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use
- there is an ability to use the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software cost includes employee costs and an appropriate portion of relevant overheads. Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any. Computer Software is amortized over a period of ten years, as per revised useful lives prescribed in the Schedule II.

M. Provisions

Provisions for legal claims and discounts / incentives are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

N. Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

O. Employee Benefits

(i) Gratuity Obligations

The Company has maintained a Group Gratuity cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Defined benefit costs are categorized as follows:

- a) Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b) Net interest expense or income; and
- c) Re-measurement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

(ii) Defined Contribution Plans

a) Provident fund and Family Pension Fund

The Company contributes towards Provident Fund and Family Pension Fund. Liability in respect thereof is determined on the basis of contribution as required under the Statute/ Rules.

b) Compensated Absences

The provision is based on an independent external actuarial valuation at the balance sheet date, which includes assumptions about demographics, early retirement, salary increases and interest rates.

P. Core Settlement Guarantee Funds

Post derecognition of Clearing corporation, the requirement of Core SGF is not applicable to the company. Hence the said fund has been dissolved as mentioned in Note No 35.

Q. Earnings per share

Earnings per share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

There is no dilution to basic EPS as there are no outstanding dilutive potential equity shares.

R. Use of Estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)
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Notes to Financial Statements for the Period Ended March 31, 2023

Note 3 Property, Plant and Equipment

Tangible Assets:

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	NET BLOCK
	As at	Additions	Deletions	As at	Upto	For the period	Deletions	Upto	As at	As at
	April 1, 2022			March 31, 2023	April 1, 2022			March 31, 2023	March 31, 2023	March 31, 2022
Office Equipment's	53.73	0.20	-	53.92	13.98	9.67	-	23.66	30.27	39.74
Computer Hardware	679.58	81.77	-	761.35	232.33	109.85	-	342.17	419.18	447.26
Furniture & Fixtures	0.26	-	-	0.26	0.14	0.02	-	0.17	0.09	0.11
Leasehold Improvements	196.51	-	-	196.51	41.99	134.71	-	176.70	19.82	154.53
Vehicle	18.47	-	-	18.47	1.28	2.19	-	3.47	15.00	17.19
TOTAL	948.55	81.97	-	1,030.52	289.72	256.45	-	546.17	484.35	658.83
Previous Year	832.07	116.49	-	948.55	151.48	138.24	-	289.72	658.83	404.88

Intangible Assets (Acquired):

Particulars	GROSS BLOCK				AMORTISATION				NET BLOCK	NET BLOCK
	As at	Additions	Deletions	As at	Upto	For the period	Deletions	Upto	As at	As at
	April 1, 2022			March 31, 2023	April 1, 2022			March 31, 2023	March 31, 2023	March 31, 2022
Computer Software	772.12	38.09	718.76	91.45	177.71	82.67	197.79	62.59	28.86	594.41
TOTAL	772.12	38.09	718.76	91.45	177.71	82.67	197.79	62.59	28.86	594.41
Intangible Assets under development	65.21	49.86	31.14	-	-	-	-	-	-	65.21
	837.33	87.95	749.90	91.45	177.71	82.67	197.79	62.59	28.86	659.62
Previous Year	694.57	235.64	92.88	837.33	111.76	65.95	-	177.71	659.62	582.81

In view of the derecognition of the company as a clearing corporation, Company has written off softwares which are not required and provision has been made for the same, disclosed as Exceptional Item. Similarly a provision for intangibles assets under development has been created since there is no further requirement for this assets.

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)

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Notes to Financial Statements for the Period Ended March 31, 2023

Note 4 Lease

Following are the changes in the carrying value of right of use assets for the Year Ended March 31, 2023:

Particulars	As at March 31, 2023	As at March 31, 2022
Classified on account of adoption of IND AS 116 as on April 1, 2022	342.64	467.24
Add: Original Cost Right to Use	-	-
Less: Depreciation for the year	125.12	124.60
Reversal of Right to use	186.10	-
Balance as on March 31, 2023	31.42	342.64

The following is the movement in lease liabilities during the Year Ended March 31, 2023

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as on April 1, 2022	364.56	469.45
Add: Lease liability	-	-
Add: Finance cost accrued during the year	12.59	25.31
Less: Payment of lease liabilities	135.10	130.20
Reversal of lease liability	204.97	-
Balance as on March 31, 2023	37.08	364.56

The following is the break Up of current and Non current lease liabilities as at March 31, 2023

Particulars	As at March 31, 2023	As at March 31, 2022
Current lease liabilities	37.08	116.28
Non current lease liabilities	-	248.28
Total	37.08	364.56

The company has terminated the lease agreement for the office premises vide letter dtd 19th December, 2022. Accordingly the contract will expire on 30th June, 2023. Hence the company has given reversal impact to the original treatment.

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)

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Notes to Financial Statements for the Period Ended March 31,2023

Note 5 Other Non - Current Financial Assets

Particulars	As at March 31,2023	As at March 31, 2022
Fixed Deposit with original maturity for more than 12 months	676.25	1,173.20
Deposits	81.57	73.68
Total	757.82	1,246.88

Note 6 Other Non - Current Assets

Particulars	As at March 31,2023	As at March 31, 2022
Advances other than capital advances		
Taxes Recoverable, Statutory Deposits and Dues from Government	263.34	414.67
Total	263.34	414.67

Note 7 Investments

Particulars	As at March 31,2023	As at March 31, 2022
Investments in Mutual Funds (Quoted, Non Traded)		
Aditya Birla Sun Life Liquid Fund - Dir - Growth	-	13.16
BOI AXA Liquid Fund - Direct Plan - Growth	127.21	185.50
BOI AXA Liquid Fund- Dir- Overnight	-	96.30
SBI Premier Liquid Fund- Dir- Overnight	-	102.43
Sundaram Liquid Fund Direct Plan Growth	62.96	156.07
Sundaram Money Fund- Direct- Overnight	-	272.89
Mirae Asset Cash Management Fund - Direct Plan - Growth	-	59.53
Mirae Liquid Fund- Dir- Overnight	-	58.49
Total	190.17	944.37
Aggregate amount of quoted investments and market value thereof	190.17	944.37

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)
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Notes to Financial Statements for the Period Ended March 31, 2023

Note 8 Trade Receivables

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables		
(a) Trade Receivables considered good - Secured		-
(b) Trade Receivables considered good - Unsecured	-	133.89
(c) Trade Receivables which have significant increase in Credit Risk	111.45	-
(d) Trade Receivables - credit impaired		-
Provision for doubtful debts**	(111.45)	-
Debts due by Related Parties (Net)	-	-
Total	-	133.89

** amount collectable from various Clearing Members towards annual SEBI fees.

Particulars	Outstanding for following periods from due date of payments					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good			-	-	-	-
(ii) Undisputed Trade receivables - which have significant increase in credit risk			-	-	-	-
(iii) Undisputed Trade receivables - credit impaired			-	-	-	-
(iv) Disputed Trade receivables - considered good			-	-	-	-
(v) Disputed Trade receivables - which have significant increase in credit risk	111.45		-	-	-	111.45
(vi) Disputed Trade receivables - credit impaired			-	-	-	-

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)
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Notes to Financial Statements for the Period Ended March 31,2023

Note 9 Cash and Cash Equivalents

Particulars	As at March 31,2023	As at March 31, 2022
Balances with Banks	3.60	11.48
Cash on hand	-	-
Total	3.60	11.48

Note 10 Bank balances other than above

Particulars	As at March 31,2023	As at March 31, 2022
Fixed Deposit with original maturity for less than 12 months	9,808.73	21,164.05
Total	9,808.73	21,164.05

Note 11 Other Current Financial Assets

Particulars	As at March 31,2023	As at March 31, 2022
Others Receivables	39.62	3.30
Total	39.62	3.30

Note 12 Current Tax Assets (Net)

Particulars	As at March 31,2023	As at March 31, 2022
Taxes Recoverable, Statutory Deposits and Dues from Government	1,441.05	1,193.35
Total	1,441.05	1,193.35

Note 13 Other Current Assets

Particulars	As at March 31,2023	As at March 31, 2022
Capital Advance	-	6.79
Advances other than Capital Advances		
Other Advances: Advance to Creditors	-	0.04
Others		
Prepaid Expenses	35.17	98.15
Total	35.17	104.99

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)

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Notes to Financial Statements for the Period Ended March 31,2023

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Note 14 Equity Share Capital

Particulars	As at March 31,2023		As at March 31,2022	
	No. of shares	Amount	No. of shares	Amount
(a) Authorized				
Equity Shares of the par value of Rs.10/- each	30,00,00,000	30,000.00	30,00,00,000.00	30,000.00
(b) Issued				
Equity Shares of the par value of Rs.10/- each	12,53,70,991	12,537.10	12,53,70,991.00	12,537.10
(c) Subscribed and Fully Paid Up				
Equity Shares of the par value of Rs.10/- each	12,53,70,991	12,537.10	12,53,70,991.00	12,537.10

14.1 Reconciliation of the number of Shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31,2023		As at March 31,2022	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	12,53,70,991	12,537.10	12,53,70,991	12,537.10
Add: Shares issued during the year	-	-	-	-
Less: Reduction of Share Capital	-	-	-	-
Outstanding at the end of the year	12,53,70,991	12,537.10	12,53,70,991	12,537.10

14.2 Shares held by Holding Company:

Particulars	As at March 31,2023		As at March 31,2022	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Metropolitan Stock Exchange of India Limited	12,01,71,446	95.85%	12,01,71,446	95.85%

14.3 Details of Equity Shareholders holding more than 5% shares in the Company:

Name of the Shareholder	As at March 31,2023		As at March 31,2022	
	No. of shares	% Shareholding	No. of shares	% Shareholding
Metropolitan Stock Exchange of India Limited	12,01,71,446	95.85%	12,01,71,446	95.85%
	12,01,71,446	95.85%	12,01,71,446	95.85%

14.4 The Company has only one class of shares referred to as Equity Shares having a par value of INR 10/- each. Each Holder of Equity Shares is entitled to one vote per share.

14.5 The Company declares and pays dividend in Indian Rupees. No dividend has been declared by the Company during the Period Ended March 31, 2023

14.6 Details of shareholding of Promoters*

Shares held by promoters at the end of the year			% Change during the year
Promoter Name	No. of shares	% of total shares	
Metropolitan Stock Exchange of India Limited	12,01,71,446	95.85%	NIL
Total	12,01,71,446	95.85%	NIL

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited) CIN : U72100MH2008PLC188032 Notes to Financial Statements for the Period Ended March 31,2023			-
Note 15 Other Equity			
Particulars	As at March 31,2023	As at March 31, 2022	
Retained Earnings			
Balance at the beginning of the year	46.43	718.43	
Additions/ (Deletions) during the year	(269.62)	(672.00)	
Deletions: Dividend Distribution Tax		-	
Balance at the end of the year	(223.19)	46.43	
Other Comprehensive Income (OCI)			
Balance at the beginning of the year	(4.11)	(15.81)	
Remeasurement of post-employment benefit obligations	7.69	11.70	
Balance at the end of the year	3.58	(4.11)	
Total	(219.61)	42.32	
Note 16 Other Financial Liabilities			
Particulars	As at March 31,2023	As at March 31, 2022	
Settlement Banks Deposits	-	2,000.00	
Other Deposits	0.30	40.30	
Core Settlement Guarantee Fund (Refer Note 37):			
For Segments other than Commodity Derivatives	-	3,589.25	
For Commodity Segment	-	5,075.27	
Total	0.30	10,704.82	
Note 17 Provisions			
Particulars	As at March 31,2023	As at March 31, 2022	
Provision for Employee Benefits			
Provision for Leave Encashment	10.55	18.38	
Provision for Gratuity	5.01	-	
Total	15.56	18.38	
Note 18 Deferred Tax Liability			
Particulars	As at March 31,2023	As at March 31, 2022	
Opening Balance	126.67	95.57	
Charge / (Credit) for the year	(126.67)	31.10	
Total	-	126.67	

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)

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Notes to Financial Statements for the Period Ended March 31,2023

CURRENT LIABILITIES:

Note 19 Other Financial Liabilities

Particulars	As at March 31,2023	As at March 31, 2022
Secured Considered Good:		
Members Margin and Deposits - For Segments other than Commodity Derivatives	35.23	2,186.81
Members Margin and Deposits - Commodity Segment	-	341.03
Total	35.23	2,527.84

Note 20 Other Current Liabilities

Particulars	As at March 31,2023	As at March 31, 2022
Others:		
For Expenses	131.35	167.17
For Statutory Dues	14.67	11.25
Others Liabilities	-	25.00
Other Payable as per the Scheme Of Capital Reduction#	330.94	330.94
Total	476.96	534.36

pertains to amount to be paid to M/s. 63 moons technologies ltd, vide order dated August 19, 2019 by The Hon'ble NCLT. The amount will be paid after further directions received from SEBI.

Note 21 Provisions

Particulars	As at March 31,2023	As at March 31, 2022
Provision for Employee Benefits:		
Provision for Gratuity	-	14.04
Provision for Leave Encashment	3.38	4.72
Provision for Bonus	-	3.27
Provision for Other	198.13	-
Total	201.51	22.04

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)

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Notes to Financial Statements for the Period Ended March 31, 2023

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Note 22 Revenue From Operations

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Sale of Services	129.42	448.11
<u>Other Operating Revenue</u>		
Interest on Deposits with Banks	1,656.60	255.15
Dividend from Investments	-	-
Processing & Annual Subscription Fees	31.66	2.13
Clearing support charges for Commodity Segment	6.08	5.72
		-
Total	1,823.77	711.11

Note 23 Other Income

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Interest Income		
- On Deposits with Banks - Own Funds	597.33	467.81
- On Income Tax Refund	16.24	-
MTM - Investments measured at FVTPL	30.06	33.68
Other Non-Operating Income	84.15	10.00
Profit on sale of Investments	26.04	6.08
Other Income	3.61	-
Total	757.43	517.57

Note 24 Employee Benefit Expenses

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Salaries, wages and bonus	377.76	511.21
Contributions to Provident Fund & other funds	16.56	22.11
Staff welfare expenses	3.35	1.39
Total	397.67	534.72

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)

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Notes to Financial Statements for the Period Ended March 31, 2023

Note 25 Other Expenses

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Payment to Auditors (exclusive of taxes)	11.80	9.18
Operating Expenses - Commodity Segment	2.54	5.47
Bank Charges	0.51	0.66
Director Sitting Fees	39.50	33.30
Insurance	21.81	17.91
Legal and Professional Charges	21.05	18.71
Office Expenses	55.88	57.25
Lease Expenses	6.00	6.00
ROC Fees Expenses	0.02	0.04
Stamp Duty Expenses	0.07	0.07
Technology Cost	1,169.66	801.65
Miscellaneous Expenses	253.26	34.48
Total	1,582.09	984.70

Payment to Auditors:

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Audit Fees	2.00	2.00
Tax Audit Fees	1.75	1.75
Fees for Limited Review	3.05	3.00
Fees for Taxation matters	2.00	0.70
Fees for Company Law Matters	-	0.25
Fees for Other Services	3.00	1.45
Reimbursement of expenses	-	0.03
Total	11.80	9.18

Note 26 Earnings per share (for continuing operations)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Profit for the year attributable to Equity Shareholders	(277.31)	(672.01)
Weighted Average Number of Equity Shares Outstanding During The Year (Nos.)	1,253.71	1,253.71
Basic/Diluted Earnings Per Share (INR)	(0.22)	(0.54)
Nominal Value of Equity Share (INR)	(0.22)	(0.54)

Note: There is no dilution to basic EPS as there are no outstanding dilutive potential equity shares.

MSE Enterprises Limited (Formerly known as Metropolitan Clearing Corporation of India Limited)**CIN : U72100MH2008PLC188032****Notes to Financial Statements for the Year Ended March 31, 2023****(INR in Lakhs)****Note 27 Related party disclosures:**

As per Ind AS 24, the disclosures of transactions with related parties are given below:

27.1 Details of Related Parties:

Sr. No.	Names of related parties where control exists and description of relationships	Country of Incorporation	Proportion of ownership interest for the year ended	
			March 31, 2023	March 31, 2022
A	Holding Company:			
(i)	Metropolitan Stock Exchange of India Ltd. (MSE)	India	95.85%	95.85%
B	Key Managerial Personnel:			
(i)	Mrs. Avni Patel - Company Secretary (till 18.04.2022)			
(ii)	Mr Kirit Dodiya - CFO			
(iii)	Mr Vishnu Sah - Company Secretary (till 04.11.2022)			
(iv)	Ms. Lehar Arora - Company Secretary (till 29.03.2022)			
(v)	Mr. Vijay Ranjan - Public Interest Director (Independent Director till 16.08.2022)			
(vi)	Mrs. Rita Menon - Public Interest Director (Independent Director till 05.09.2022)			
(vii)	Mr. Alok Mittal - Public Interest Director (Independent Director till 05.09.2022)			
(viii)	Mr. Ashok Kumar Dogra (w.e.f 16.09.2022)			
(ix)	Mr. Rakesh Kumar Srivastava (w.e.f 16.09.2022)			
(x)	Ms. Neha Gada (w.e.f 02.12.2022)			

(Note: Related parties have been identified by the management)

27.2 Details of transactions with related parties

Sr. No.	Nature of Transactions	Holding Company	Key Managerial Person/ Relative of KMP	Total
1	Services rendered	45.69	-	45.69
		5.49	-	5.49
2	Recovery of expenses/Amount collected on behalf	11.50		11.50
		8.30		8.30
3	Security Deposit Paid	-		-
		2.00		2.00
4	Expenses Paid			
(a)	IT Support Charges	229.32	-	229.32
		-	-	-
(b)	Rent paid	6.00	-	6.00
		6.00	-	6.00
(c)	Office Expenses	4.13	-	4.13
		15.67	-	15.67
5	Employee Cost:			
(a)	Mrs. Avni Patel	-	3.68	3.68
		-	20.25	20.25
(b)	Kirit Dodiya		23.89	23.89
			16.32	16.32
(c)	Vishnu Sah		5.41	5.41
			-	-
(d)	Lehar Arora		3.74	3.74
			-	-
7	Director Sitting Fees			

(a)	Mr. Vijay Ranjan	-	7.30	7.30
		-	<i>12.10</i>	<i>12.10</i>
(b)	Mrs. Rita Menon	-	6.70	6.70
		-	<i>10.60</i>	<i>10.60</i>
(c)	Mr. Alok Mittal	-	7.90	7.90
		-	<i>10.60</i>	<i>10.60</i>
(d)	Mr Ashok Kumar Dogra	-	7.80	7.80
		-	-	-
(e)	Mr Rakesh Kumar Srivastava	-	7.80	7.80
		-	-	-
(f)	Ms. Neha Gada	-	2.00	2.00
		-	-	-

Figures in *Italic* represent Previous Year's amounts.

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)

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Notes to Financial Statements for the Period Ended March 31, 2023

Note 28 Contingent Liabilities:

63 Moons Technologies Ltd vide letter dated 03rd May, 2023 has claimed interest on the amount payable towards capital reduction approved by NCLT by order dated 19.08.2019.

Note 29 Disclosure of Loans given/ Investment made/ Guarantee / Securities given as per Section 186(4) as per Companies Act 2013:

There is no Loans given/ Investment made/ Guarantee / Securities given as per Section 186(4) as per Companies Act 2013

Note 30 Capital Commitment:

There is no Capital Commitment at the end of the financial year.

Note 31 Capital Management:

(a) The Company's objectives when managing capital are to safeguard its liability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and maintain an optimum capital structure to reduce the cost of capital. For the purpose of the Company's Capital Management, capital includes issued Equity Capital and all other equity attributable to the Equity Holders.

(b) No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023.

(c) Compliance with externally imposed capital requirements:

Capital requirement of Company is regulated by Securities and Exchange Board of India (SEBI). As per Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) Regulations, 2018, Clearing Corporation shall on an on-going basis, maintain capital including retained earnings and reserves, as may be specified by SEBI from time to time, to adequately cover counterparty credit risk, business risk, legal and operational risk. Further, every recognized Clearing Corporation shall maintain, at all times, a minimum net worth of INR 100 Crores or capital as determined under regulation 14(3)(a) and 14(3)(b), whichever is higher. Net worth of a Clearing Corporation means the aggregate value of its liquid assets. However, this provision is not applicable from 2nd October, 2022 i.e. the date of derecognition of company as a clearing corporation.

Note 32 Disclosure as per Revised Ind AS 19 'Employee Benefits':		
A. Gratuity:		
Particulars	As at March 31, 2023	As at March 31, 2022
1) Changes in present value of obligations		
Present Value of Obligations at beginning of the year	43.09	72.86
Service Cost	5.96	9.74
Interest Cost	2.33	3.44
Liability Transferred in/ Acquisition	-	-
Actuarial Loss/ (Gain)	(7.54)	(16.31)
Benefits Paid	(19.40)	(26.65)
Defined benefit obligations at end of the year (a)	24.44	43.09
2) Changes in fair value of plan assets		
Fair Value of Plan Assets as at beginning of the year	29.04	53.91
Assets Transferred in /Acquisition	-	-
Interest	1.43	2.15
Contributions by Employer	8.21	0.30
Return on Plan Assets, excluding interest income	0.15	(0.67)
Actuarial Loss/ (Gain)	-	-
Benefits Paid	-	-
Fair value of Plan Assets at end of the year (b)	19.43	29.04
3) Present Value of Funded Obligations (a-b)	5.01	14.04
4) Expenses recognized in the statement of Profit and Loss for the year ended March 31, 2023 is as follows:		
Current Service Cost	5.96	9.74
Net Interest Cost	0.90	1.29
Past Service cost	-	-
(Expected Contribution by the employer)	-	-
(Gain)/Losses on Curtailment and settlements	-	-
Net Effect of changes in Foreign Exchange Rates	-	-
Expenses Recognized	6.87	11.03
5) Expenses Recognized in the Other Comprehensive Income (OCI) for year ended March 31, 2023 is as follows		
Actuarial (Gain)/Losses on Obligation For the Period	(7.54)	(16.31)
Return on Plan Assets, Excluding Interest Income	(0.15)	0.67
Change in Asset Ceiling	-	-
Net (Income)/Expenses For the Period Recognized in OCI	(7.69)	(15.64)
6) Amount Recognized in Balance sheet		
Present Value of Benefit obligation at the end of the period	(24.44)	(43.09)
Fair Value of Plan Assets at the end of the period	19.43	29.04
Funded Status (Surplus/(Deficit))	(5.01)	(14.04)
Net (Liability) Recognized in Balance Sheet	(5.01)	(14.04)

7) Actual Return on Plan Assets		
The principal actuarial assumptions used as at March 31, 2023 are as follows:		
Discount Rate	7.31	6.41
Expected Rate of Return on Plan Assets	7.31	6.41
Withdrawal Rate:		
For service 3 years and below	15.90	15.90
and thereafter	15.90	15.90
Rate of increase in Compensation Levels	7.00	7.00
Expected Payout From The Fund		
Particulars	As at March 31,2023	As at March 31, 2022
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	3.52	11.41
2nd Following Year	3.48	4.47
3rd Following Year	4.36	4.45
4th Following Year	2.80	5.04
5th Following Year	2.55	3.93
Sum of Years 6 To 10	9.66	14.37
Sum of Years 11 and above	9.23	16.28
Expected Payout From The Employer		
Particulars	As at March 31,2023	As at March 31, 2022
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	-	-
2nd Following Year	-	-
3rd Following Year	-	-
4th Following Year	-	-
5th Following Year	-	-
Sum of Years 6 To 10	-	-
Sum of Years 11 and above	-	-

Sensitivity Analysis

The sensitivity Analysis have been determined based on reasonably possible change of the respective assumptions accruing at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented below may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore in presenting the below sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in balance sheet.

There was no change in method and assumptions used in preparing the sensitivity analysis from prior years.

Particulars	As at March 31,2023	As at March 31, 2022
Projected Benefit obligation on Current Assumptions	43.09	72.86
Delta Effect of +1% change in rate of discounting	(1.72)	(5.69)
Delta Effect of -1% change in rate of discounting	1.90	6.76
Delta Effect of +1% change in rate of salary Increase	1.87	6.61
Delta Effect of -1% change in rate of salary Increase	(1.73)	(5.68)
Delta Effect of +1% change in rate of Employer Turnover	(0.24)	(0.83)
Delta Effect of -1% change in rate of Employer Turnover	0.25	0.92

B. Provident Fund:

The company makes contribution towards provident fund as a specified percentage of the payroll cost to Regional Provident Fund Commissioner managed by the Employee's Provident Fund Organization, India.

Contribution to Provident Fund, recognized as expenses in the statement of Profit & Loss for the year is as under:

Particulars	As at March 31,2023	As at March 31, 2022
Employer's Contribution to Provident Fund	16.55	22.09

Contribution to Provident Fund, recognized in the Balance sheet is as under:

Particulars	As at March 31,2023	As at March 31, 2022
Employer's and Employee's Contribution to Provident Fund	1.70	3.03

Note 33 Leases:

As required under the Indian Accounting Standard 116 on 'Leases', the details of lease payments on an undiscounted basis are as follows:

Particulars	As at March 31,2023	As at March 31, 2022
Not later than one year #	37.45	135.10
Later than one year and not later than five years	-	262.16
Later than five years	-	-

(Refer Note 4)

Note 34 Segment Reporting:

As per the Indian Accounting Standard – 108 (IndAS-108) “Operating Segments”, the Management is of the opinion that the company’s operations comprise only one reportable segment.

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)

CIN : U72100MH2008PLC188032

Notes to Financial Statements for the Period Ended March 31, 2023

(INR in Lakhs)

Note 35 Core Settlement Guarantee Fund (Core SGF):

- (a) Interest earned on own contribution to Core Settlement Guarantee Fund since inception amounting to 15.46 crores has been shown as Operating Income during the FY 2022-23 on account of derecognition as a clearing corporation by SEBI with effect from 02-Oct-2022.
- (b) Pursuant to derecognition of the company as a clearing corporation w.e.f. 02-Oct-2022, the contribution made by MSE towards Core SGF with interest thereon, totalling to INR 15.46 Crores has been refunded to MSE. Also, the contribution made by ICEX towards Core SGF with interest thereon, totalling to INR 44.37 Crores has been refunded to ICEX.

Note 36 Financial instruments – Fair values and risk management:

Accounting classification and fair values:

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

March 31, 2023	Carrying amount				Fair value			
	Mandatorily at FVTPL	FVTOCI - designated as such	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investment in Equity instruments	-	-	-	-	-	-	-	-
Investment in Holding Company	-	-	-	-	-	-	-	-
Investments in Mutual Funds	190.17	-	-	190.17	190.17	-	-	190.17
Other Non - Current Financial Assets	-	-	757.82	757.82	-	-	-	-
Other Financial Assets	-	-	39.62	39.62	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	3.60	3.60	-	-	-	-
Bank Balances other than Cash and cash equivalents	-	-	9,808.73	9,808.73	-	-	-	-
	190.17	-	10,609.77	10,799.94	190.17	-	-	190.17
Financial liabilities								
Borrowings	-	-	-	-	-	-	-	-
Trade Payables	-	-	-	-	-	-	-	-
Other Financial Liabilities	-	-	35.53	35.53	-	-	-	-
	-	-	35.53	35.53	-	-	-	-

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)

CIN : U72100MH2008PLC188032

Notes to Financial Statements for the Period Ended March 31, 2023

(INR in Lakhs)

March 31, 2022	Carrying amount				Fair value			
	Mandatorily at FVTPL	FVTOCI - designated as such	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investment in Equity Instruments	-	-	-	-	-	-	-	-
Investment in Holding Company	-	-	-	-	-	-	-	-
Investments in Mutual Funds	944.37	-	-	944.37	944.37	-	-	944.37
Other Non - Current Financial Assets	-	-	1,246.88	1,246.88	-	-	-	-
Other Financial Assets	-	-	3.31	3.31	-	-	-	-
Trade receivables	-	-	133.89	133.89	-	-	-	-
Cash and cash equivalents	-	-	11.48	11.48	-	-	-	-
Bank Balances other than Cash and cash equivalents	-	-	21,164.05	21,164.05	-	-	-	-
	944.37	-	22,559.61	23,503.98	944.37	-	-	944.37
Financial liabilities								
Borrowings	-	-	-	-	-	-	-	-
Trade Payables	-	-	-	-	-	-	-	-
Other Financial Liabilities	-	-	13,232.66	13,232.66	-	-	-	-
	-	-	13,232.66	13,232.66	-	-	-	-

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as under:

(I) Level 1 includes methods and input that used active quoted prices depending upon type of instrument. Management has used closing prices and values of closing NAV's as applicable in financial instruments covered under this level.

(II) Level 2 includes fair value of the financial instruments that are not traded in active market are determined any appropriate valuation techniques with the use of observable any market data without relying much of the estimates that are entity specific. The inputs under this level are always observable.

(III) In case of the Level 3 if one or more of the significant inputs are not derived on the basis of observable market data then fair value estimations derived with such inputs are included in the Level 3.

The Company follows a policy to recognize transfers between the levels only at the end of the reporting period and accordingly there are no transfers between levels during the year.

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)

CIN : U72100MH2008PLC188032

Notes to Financial Statements for the Period Ended March 31,2023

Note 37 Financial Risk Management:

The Company's activity exposes it to Market Risk, Liquidity Risk, Interest Risk and Credit Risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(A) Market Risk:

Market Risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits.

(B) Interest Risk:

Interest Rate Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has no borrowings, exposure to risk of change in market interest rate is Nil.

(C) Liquidity Risk:

Liquidity Risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity Risk may result from an inability to sell a financial asset quickly at close to its fair value.

Prudent Liquidity Risk Management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying business, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

(D) Credit risk

Credit Risk refers to a risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities primarily trade receivables, deposits held with banks, loans and other receivables.

The Company measures the expected credit loss of trade receivables from clearing members based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no provision considered.

(i) Trade receivables

Credit Risk arises from the possibility that Clearing Members will not be able to settle their obligations as and when agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information.

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)
CIN : U72100MH2008PLC188032
Notes to Financial Statements for the Period Ended March 31, 2023

- Note 38** MCCIL board has approved the merger of MCCIL with its parent entity MSEI in their board meeting held on 21-Sep-2022 and merger application has been filed to NCLT on 16.03.2023
- Note 39** The Board of Directors has taken decision in the meeting held on 11.10.2022 for reversal of disputed C&S fees and recovery of expenses for the years ended March 31, 2021, March 31, 2022 and the quarter ended June 30, 2022 Management has prepared Restated Financial Statements as on March 31, 2021, March 31, 2022 and June 30, 2022 giving effect to the adjustments related to C&S Fees and recovery of expenses.
- Note 40** 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 which 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.

MSE Enterprises Limited (Formerly Known As Metropolitan Clearing Corporation of India Limited)
CIN : U72100MH2008PLC188032
Notes to Financial Statements for the Period Ended March 31, 2023

(INR in Lakhs)

Note 41 Disclosures of Ratios

Particulars	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	Variance
Current Ratio	Current assets	Current liabilities	15.342	7.360	108.45
Return on Equity Ratio	Net Profits after taxes	Shareholder's Equity	(0.021)	(0.053)	-60.33
Trade Receivables turnover ratio	Revenue	Average Trade Receivable	27.243	7.264	275.04
Net capital turnover ratio	Revenue	Working Capital	0.240	0.060	297.13
Net profit ratio	Net Profit	Revenue	(0.101)	(0.537)	-81.12
Return on Capital employed	Earning before interest and taxes	Capital Employed	0.010	(0.052)	-118.29
Return on investment	Net Profits after taxes	Shareholder's Equity	(0.021)	(0.053)	-60.33

Note 42 Other Disclosures:

- (a) Based on the information available with the Company and as informed to us by the management, there are suppliers which are registered under the "Micro, Small and Medium Enterprises Development Act, 2006". However, there are no dues outstanding as on the date of balance sheet.
- (b) Prior year comparatives have been regrouped and reclassified wherever necessary to confirm to the current year's presentation. Amounts and other disclosures for the prior year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other
- (c) Figures represented in zero are amounts less than Thousand.

For Kirtane & Pandit LLP,
Chartered Accountants
Firm's Registration No: 105215W/W100057

For and on behalf of the Board of Directors

Aditya A. Kanetkar
Partner
M. No: 149037

Ashok Kumar Dogra
Independent Director
DIN:07074297

Rakesh Kumar Srivastava
Independent Director
DIN: 08896124

Kirit N. Dodiya
Chief Financial Officer

A Sebastin
Interim CEO

Place: Mumbai
Date: May 8, 2023

Place: Mumbai
Date: May 8, 2023

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 • CIN No: U65999MH2008PLC185856

Annexure E1 & E2



STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2023

(Rs in Lakh except per share data)

Sr. No.	Particulars	For the Quarter ended			For the year ended
		June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023
		Unaudited	Audited	Unaudited	Audited
1	Revenue from operations	169	223	142	755
2	Other Income	149	187	166	2,229
3	Total Income	318	410	308	2,984
4	Expenses				
	(a) Operating expenses	590	541	259	1,430
	(b) Employee benefits expense	383	394	360	1,499
	(c) Depreciation and amortisation expense	106	122	145	601
	(d) Advertisement and business promotion expenses	108	267	26	379
	(e) Administration and Other expenses	218	360	158	835
	(f) Finance Costs	5	6	7	26
	Total Expense	1,410	1,690	955	4,770
5	Profit/ (Loss) from before Exceptional items and tax	(1,092)	(1,280)	(647)	(1,786)
6	Exceptional items (refer note 7)	-	132	-	211
7	Profit/ (Loss) from before tax	(1,092)	(1,412)	(647)	(1,997)
8	Tax expense				
	1) Current Tax	-	-	-	-
	2) Earlier Year Tax	-	-	-	-
	2) Deferred Tax	-	-	-	-
	Total Tax Expense	-	-	-	-
9	Profit/ (Loss) for the period/Year	(1,092)	(1,412)	(647)	(1,997)
10	Other Comprehensive Income				
	1) Items that will not reclassified to profit or loss (net of tax)	5	5	5	19
	2) Income tax relating to item will not reclassified to profit or (loss)	-	-	-	-
	Total other Comprehensive Income for the period/year, net of tax	5	5	5	19
11	Total Comprehensive Income for the period/Year	(1,087)	(1,407)	(642)	(1,978)
12	Paid-up Equity Share Capital (Equity Shares of Rs. 1/- each.)	48,052	48,052	48,052	48,052
13	Other equity				(23,893)
14	Earnings Per Share of Rs 1/- each (In Rs) (Not Annualised)				
	(a) Basic	(0.02)	(0.03)	(0.01)	(0.04)
	(b) Diluted	(0.02)	(0.03)	(0.01)	(0.04)

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 • CIN No: U65999MH2008PLC185856



Notes :

- 1 The above Unaudited Standalone Financial Results, of the Company, for the quarter ended June 30, 2023, 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 Unaudited Standalone Financial Results of the Company for the quarter ended June 30, 2023, have been reviewed by the Audit Committee at their meeting held on August 10, 2023 and approved by the Board of Directors at their meeting held on August 10, 2023 and T R Chadha & Co. LLP, the statutory auditors of the Company have carried out limited review of the said Statement of Unaudited Standalone Financial Results for the quarter ended June 30, 2023.
- 3 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 allocating resources and assessing performance of the operating segments, has been identified as the MD & CEO of the Company. The Company is engaged in one Business Segment i.e. the Business of Stock Exchange and activities incidental thereto within India, hence does not have any reportable segments as per Indian Accounting Standard (Ind AS-108) - Operating Segments.
- 4 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.
- 5 The Exchange and MSE Enterprises Limited ("MEL") (formerly known as Metropolitan Clearing Corporation of India Limited) Boards respectively accorded their in-principle approval for the merger of MEL with MSE. Pursuant to the application made by MEL to SEBI to surrender the license / recognition, MEL has been derecognized to operate as Clearing Corporation with effect from October 3, 2022. The Exchange has filed merger application with NCLT on March 23, 2023 with the appointed date of April 01, 2023 which is currently pending.
- 6 Pursuant to de-recognition of MEL as a clearing corporation w.e.f. October 03, 2022, the contribution made by the Exchange towards Core SGF with interest thereon, totalling to INR 15.46 Crores has been received back by the Exchange from MEL during the FY 2022-23. The same have been disclosed as other income during the FY 2022-23.
- 7 The Exchange has carried out the Impairment testing of Investment made into MEL during the quarter and half year ended September 30, 2022, accordingly the Exchange has made a provision for Impairment of Investment into MEL of Rs. 712.46 Lakh since carrying value of investment made in MEL is higher than the net-worth of the MEL as on September 30, 2022. Further, during the quarter ended December 31, 2022, the Exchange has again carried out the impairment testing and identified that the impairment indicators existing during the quarter ended September 30, 2022 have decreased and the exchange has reversed the impairment provision to the extent of Rs. 6.34 crore. The Exchange has again carried out impairment testing of Investment made into MEL during the quarter ended March 31, 2023 and identified that the net-worth of MEL as on March 31, 2023 has further decreased by Rs. 1.37 crore, accordingly the Exchange has made further provision for Impairment of Investment into MEL of Rs. 1.32 crore.
- 8 The Exchange has incurred losses of Rs. 1,087 Lakh during the quarter ended June 30, 2023 (quarter ended March 31, 2023: Rs. 1,407 Lakh) and the net-worth of the Exchange as per Stock Exchange and Clearing Corporation Regulation 2018 (SECC) norms amounts to Rs. 11,264 Lakh as on June 30, 2023 (March 31, 2023: Rs. 12,351 Lakh). The Exchange has already filed application with NCLT during the financial year 2022-23 for merger of MSE Enterprises Limited (MEL), subsidiary (formerly known as Metropolitan Clearing Corporation of India Limited) with the Exchange which shall further augment the net-worth significantly as per SECC norms. The Exchange is in compliance of all regulatory requirements including interoperability, T+1 settlement cycle, etc. The Exchange has not defaulted in payment of any of its creditors, statutory/regulatory liability and to employees and has sufficient funds to discharge all its liabilities. The Business Volumes in the Currency Derivatives Segment has improved year on year during the last three years and also the Exchange has achieved its highest daily volume of last eight years on March 14, 2023. The Exchange is also in the process of enabling various initiatives, rationalization measures, brand building and technological upgradation which shall help in Business and Product Expansion along with focus on bringing down overall cost of operations. This shall ensure further significant reduction in losses and the Exchange is confident of making profits shortly. The Exchange is also expecting the resolution of pending legal matters in its favour considering the current status which shall result in significant benefits to the Exchange. The Exchange accordingly continues to prepare its Financial Statements on going concern basis.
- 9 The comparatives for previous periods have been regrouped/reclassified wherever necessary to correspond with the current period presentation.

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

Sd/-
Latika S. Kundu
MD & CEO

Place : Mumbai
Dated : August 10, 2023

MSE ENTERPRISES LIMITED (FORMRLY METROPOLITAN CLEARING CORPORATION OF INDIA LIMITED)

CIN-U72100MH2008PLC188032

Office at: Building A, Unit 205B, 2nd Floor, Agastya Corporate Park,
Sunder Baug Lane, Kamani Junction, L.B.S Road,
Kurla West, Mumbai - 400 070

Unaudited Standalone Financial Results for the Quarter and Year Ended June 30, 2023

(INR in Lakhs)

Sr. No	Particulars	For the Quarter Ended			For the year Ended
		30.06.2023	31.03.2023	30.06.2022	31.03.2023
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	a) Revenue from Operations	-	0.88	175.93	1,823.77
	b) Other Income	209.54	294.95	120.31	757.43
	Total Revenue	209.54	295.82	296.24	2,581.20
2	Expenses				
	a) Employees benefit expenses	68.10	72.74	143.89	397.67
	b) Finance Cost	0.37	0.92	5.33	12.59
	c) Depreciation and amortisation expense	87.69	87.21	88.71	464.25
	d) Other expenses	50.11	290.48	256.81	1,582.08
	Total Expenses	206.27	451.35	494.74	2,456.60
3	Profit before exceptional items and tax	3.26	(155.53)	(198.50)	124.60
	Exceptional items	-	-	-	(520.97)
	Profit before tax	3.26	(155.53)	(198.50)	(396.37)
4	Tax Expenses				
	a) Current Tax	0.19	-	-	-
	b) Income Tax For Earlier years	-	(0.08)	-	(0.08)
	c) Deferred Tax	-	(2.62)	(2.67)	(126.67)
	Total Tax Expenses	0.19	(2.70)	(2.67)	(126.75)
5	Net Profit after tax (3-4)	3.08	(152.82)	(195.83)	(269.62)
6	Other comprehensive income, net of income tax				
	a) Items that will not be reclassified to profit or loss	-	18.12	3.91	7.69
	b) Income tax on items not reclassified to Profit or Loss	-	(2.62)	(0.98)	-
7	Total Comprehensive Income for the Period	3.08	(137.33)	(192.90)	(261.93)
8	Paid-up Equity Share Capital (Face value Rs. 10/- each)	12,537	12,537	12,537	12,537.00
9	Earning per share (EPS) in Rs. (Not annualised)				
	a. Basic EPS (Rs.)	0.00	(0.11)	0.02	(0.21)
	b. Diluted EPS (Rs.)	0.00	(0.11)	0.02	(0.21)

- 1 The above financial results for the quarter and period ended June 30,2023 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on Aug 05,2023.
- 2 MCCIL board has approved the change of the company's name to ' MSE Enterprises Limited' on 28.09.2022 and subsequently the shareholder in the Extra Ordinary General Meeting on 15.12.2022 has approved the change in name. Accordingly, the new name has been approved by ROC, Mumbai w.e.f 05.01.2023
- 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. Post De- recognition of the company as a clearing Corporation, the above metioned is no longer applicable.
- 4 Pursuant to derecognition of MCCIL as Clearing Corporation, following steps has been carried out:
 - a. MCCIL board has approved the merger of MCCIL with its parent entity MSEI in their board meeting held on 21-Sep-2022 and merger application has been filed to NCLT on 16.03.2023
 - b. In view of the derecongition of MCCIL as a clearing corporation, Company has written off softwares which will are not required and provision has been made for the same, disclosed as Exceptional Item during 2022-23.
 - c. Interest earned on own contribution to Core Settlement Guarantee Fund since inception amounting to INR 16.97 Crores has been shown as Operating Income during the FY 2022-23, since MCCIL has been derecognised as a clearing corporation by SEBI from 02-Oct-2022.
 - d. Pursuant to derecognition of MCCIL as a clearing corporation w.e.f. 02- Oct-2022, the contribution made by MSE towards Core SGF with interest thereon, totalling to INR 15.46 Crores has been refunded to MSE during 2022-23. Also, the contribution made by ICEX towards Core SGF with interest thereon, totalling to INR 44.37 Crores has been refunded to ICEX during 2022-23.
- 5 As per SEBI letter dated 23 September, 2022, the recognition granted to MCCIL as a Clearing Corporation has expired wef October 02, 2022. To amicably resolve the matter, Board of Directors has taken decision of reversal of disputed C&S fees and recovery of expenses for the year March 31, 2021, March 31, 2022, for the quarter ended June 30, 2022. Management has prepared Restated Financial Statements as on March 31, 2021 and March 31, 2022 and for the quarter ended June 30, 2022 with giving effects of the adjustments related to C&S Fees and recovery of expenses.
- 6 As stated in the Note No. 5, Financial Statements for the year ended March 31, 2021 and March 31, 2022 have been restated and adopted in the AGM held on December 22,2022 and December 26, 2022 respectively Therefore, quarterly restated financial results for June 30, 2022 is considered for the comparative purpose.
- 7 The Company has surrendered leased premises on 30.06.2023 and the Leasehold improvement is fully provided for during the quarter ended June 30, 2023.
- 8 For previous year figures have been re-grouped, re-arranged and re-classified wherever necessary, to make them comparable.

Sd/-
Ashok Kumar Dogra
Public Interest Director
DIN:07074297

Sd/-
Rakesh Kumar Srivastava
Public Interest Director
DIN: 08896124

Sd/-
Kirit Narendra Dodiya
Chief Financial Officer

Sd/-
A Sebastin
Interim CEO

Place: Mumbai
Date: Aug 05,2023

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED ('COMPANY') IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON MARCH 2, 2023 AT REGISTERED OFFICE OF THE COMPANY

1. The Composite Scheme of Arrangement between Metropolitan Stock Exchange of India Limited ("MSE" / "Amalgamated Company") and MSE Enterprises Limited ("MEL" / "Amalgamating Company") (together referred to as the "Applicant Companies") and their respective shareholders under sections 230 to 232, read with Section 66 and other applicable provisions of the Companies Act, 2013 ('Act') and also read with Section 2(1B) and other applicable provisions of the Income Tax Act, 1961 ("Scheme") provides for:
 - (i) Capital Reduction of the MEL / Amalgamating Company
 - (ii) Amalgamation of MEL / Amalgamating Company into and with MSE / Amalgamated Company
2. The Board of Directors of the Amalgamated Company at its meeting held on March 2, 2023 approved the Scheme.
3. The Scheme is subject to the approval of:
 - a. Approval of Board of Directors of the Applicant Companies.
 - b. Approval of the shareholders / members and secured and unsecured creditors of the Applicant Companies as directed by the National Company Law Tribunal ("NCLT");
 - c. Order of the Mumbai bench of NCLT approving the Scheme.
4. As per Section 232(2)(c) of the Act, a report is required to be adopted by the Directors of the Applicant Companies, explaining effect of the Scheme on each class of shareholders, promoter and non-promoter shareholders and Key Managerial Personnel ("KMP") laying out in particular the Share Exchange Ratios, specifying any special valuation difficulties.
5. Following documents were placed before the Board:
 - a. Draft copy of Scheme.
 - b. Valuation report for the purpose of Part B of the Scheme dated March 2, 2023, issued by Mr. Niranjana Kumar, Registered Valuer (IBBI Registration No. IBBI/RV/06/2018/10137) ("Valuation Report").
 - c. Fairness opinion for the purpose of Part B of the Scheme dated March 2, 2023, from Kuvvarji Finstock Private Limited, a SEBI registered Category-I Merchant Banker (Registration Number – INM000012564) ("Fairness Opinion").
 - d. Certificate dated March 9, 2023 from T. R. Chodha & Co LLP, Chartered Accountant, the statutory auditor of the Company, certifying that the accounting treatment proposed in the Scheme is in compliance with the accounting standards prescribed under the Act. ("Auditor's Certificate")





Metropolitan Stock Exchange of India Limited

6. The Need & Rationale for the Scheme

- (i) The management of the respective Companies are of the view that the amalgamation proposed in this Scheme is, in particular, expected to have the following benefits:
 - a) Reduction in management overlaps and elimination of legal and regulatory compliances and associated costs due to operation of multiple entities.
 - b) Optimization of the allocated capital and availability of funds which can be deployed more efficiently to pursue the operational growth opportunities.
 - c) Amalgamation will result in pooling of financial, managerial, technical and human resources, thereby creating stronger base for future growth and value accretion for the stakeholders.
 - d) The combined financial strength is expected to further accelerate the scaling up of the operations of the Amalgamated Company.
 - e) The consolidation of funds and resources will lead to optimization of working capital utilization and stronger financial leverage given the simplified capital structure, improved balance sheet, optimized management structure and consolidation of cross location talent pool.
- (ii) Further, amalgamating entity is also undertaking Capital Reduction for reduction of 51,99,545 equity shares constituting 4.15% of its share capital owing to the following reasons/ rationale:
 - a) To comply with SEBI direction wherein 63 Moons Technologies Limited was declared not a "fit and proper person" to hold shares in Amalgamating Company and shall cease to be entitled to voting rights in the Amalgamating Company in respect of shares held by them.
 - b) To distribute cash to its shareholders in proportion to their shareholding, thereby providing exit opportunities from an illiquid investment.
 - c) The proposed capital reduction will result in 100% shareholding of MEL with MSE and resultant ease of compliance.

7. Share Entitlement Ratio Report:

Since, the Amalgamating Company post effectiveness of Part B of the Scheme shall become wholly owned subsidiary company of the Amalgamated Company i.e. the entire paid up equity share capital of the Amalgamating Company shall be beneficially held by the Amalgamated Company, no new equity shares of the Amalgamated Company shall be issued and allotted in respect of shares held by the Amalgamated Company in the Amalgamating Company. Upon the Scheme becoming effective, the entire share capital of the Amalgamating Company shall be cancelled and extinguished without any further act deed or instrument as an integral part of this Scheme.

8. Effect of the Scheme on the equity shareholders (promoter and non-promoter) of the Amalgamated Company:

There is no impact of the Scheme on any of the KMPs of the Company. Further, none of the KMPs have any interest in the Scheme except to the extent of shares held by them, if any, in the Company.



[Signature]

[Signature]

Adoption of the Report by the Directors:

The Directors of the Company have adopted this Report after noting and considering the information set forth in this Report and documents placed before the Directors.

For and Behalf of the Board

For Metropolitan Stock Exchange of India Limited



Latika S. Kundu



Managing Director & CEO

DIN: 08561873




SANTOSH MISHRA
ADVOCATE & NOTARY
Govt. Of India
Tale Wadi Pipe Lane, J. B. Nagar
Ghorli (F) MGR 999 994066



000473

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF MSE ENTERPRISES LIMITED ("COMPANY") IN ACCORDANCE WITH SECTION 232(2C) OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON MARCH 14, 2023 AT REGISTERED OFFICE OF THE COMPANY

1. The Composite Scheme of Arrangement between Metropolitan Stock Exchange of India Limited ("MSE" / "Amalgamated Company") and MSE Enterprises Limited ("MEL" / "Amalgamating Company") (together referred to as the "Applicant Companies") and their respective shareholders and creditors under sections 230 to 232, read with Sections 60 and other applicable provisions of the Companies Act, 2013 ("Act") and also read with Section 2(18) and other applicable provisions of the Income Tax Act, 1961 ("Scheme") provides for:
 - (i) Capital Reduction of the MEL / Amalgamating Company;
 - (ii) Amalgamation of MEL / Amalgamating Company into and with MSE / Amalgamated Company.
2. The Board of Directors of the Amalgamating Company at its meeting held on March 14, 2023 approved the Scheme.
3. The Scheme is subject to the approval of:
 - a. Approval of Board of Directors of the Applicant Companies;
 - b. Approval of the shareholders' members and secured and unsecured creditors of the Applicant Companies as directed by the National Company Law Tribunal ("NCLT"); and
 - c. Order of the Mumbai bench of NCLT approving the Scheme.
4. As per Section 232(2)(c) of the Act, a report is required to be adopted by the Directors of the Applicant Companies, explaining effect of the Scheme on each class of shareholders, promoter and non-promoter shareholders and Key Managerial Personnel ("KMP") laying out in particular the Share Exchange Ratios, specifying any special valuation difficulties.
5. Following documents were placed before the Board:
 - a) Draft copy of Scheme.



Regd. Office: Building A, Unit X-02, 1st Floor, Agastya Corporate Park,
Sunder Bag Lane, Khar, Mumbai - 400 055, India. Tel: 022-26100000

Office: 607-608, 609, 610, 611, 612
Wing: 607-608

On: 17/03/2023 (17/03/2023)

SANJEEV KUMAR
ADVOCATE & S.O.
GOVT. OF INDIA
1st Floor, Agastya Corporate Park,
Sunder Bag Lane, Khar, Mumbai - 400 055, India.



000478

Annexure to Memorandum of Understanding

- b) Valuation report for the purpose of Part B of the Scheme dated March 2, 2023, issued by Mr. Nirangan Kumar, Registered Valuer (IRBI Registration No. IRBI/RV/06/2018/10137) ("Valuation Report");
- c) Fairness opinion for the purpose of Part B of the Scheme dated March 2, 2023, from Kurvarji Finzuck Private Limited, a SEBI registered Category-I Merchant Banker (Registration Number – INM000012564) ("Fairness Opinion");
- d) Certificate dated March 17, 2023, from Kirtane & Pandit LLP, Chartered Accountant, the statutory auditor of the Company, certifying that the accounting treatment proposed in the Scheme is in compliance with the accounting standards prescribed under the Act ("Auditor's Certificate").

6. The Need & Rationale for the Scheme

- (i) The management of the respective Companies are of the view that the amalgamation proposed in this Scheme is, in particular, expected to have the following benefits:
 - a) Reduction in management overlaps and elimination of legal and regulatory compliances and associated costs due to operation of multiple entities.
 - b) Optimization of the allocated capital and availability of funds which can be deployed more efficiently to pursue the operational growth opportunities.
 - c) Amalgamation will result in pooling of financial, managerial, technical and human resources, thereby creating stronger base for future growth and value accretion for the stakeholders.
 - d) The combined financial strength is expected to further accelerate the scaling up of the operations of the Amalgamated Company.
 - e) The consolidation of funds and resources will lead to optimization of working capital utilization and stronger financial leverage given the simplified capital structure, improved balance sheet, optimized management structure and consolidation of cross location talent pool.
- (ii) Further, amalgamating entity is also undertaking Capital Reduction for reduction of 51,99,545 equity shares constituting 4.15% of its share capital, owing to the following reasons/rationality:
 - a) To comply with SEBI direction wherein, G3 Meens Technologies Limited was declared not a "fit and proper person" to hold shares in Amalgamating Company and shall cease

Appt. Office, Working on the 30th and 31st Floor, 100/105 Corporate Park,
Sector 44, Gurgaon, Haryana - 122002 (Gurgaon) India. Tel: 0120-401 0000

+91 22 62962000 / 6001 0000
info@meens.com



- b) To distribute cash to its shareholders in proportion to their shareholding, thereby providing exit opportunities from an illiquid investment
- c) The proposed capital reduction will result in 100% shareholding of MEL with MSE and resultant ease of compliance.

Since, the Amalgamating Company post effectiveness of Part B of the Scheme shall become wholly owned subsidiary company of the Amalgamated Company i.e. the entire paid up equity share capital of the Amalgamating Company shall be beneficially held by the Amalgamated Company, no new equity shares of the Amalgamated Company shall be issued and allotted in respect of shares held by the Amalgamated Company in the Amalgamating Company. Upon the Scheme becoming effective, the entire share capital of the Amalgamating Company shall be cancelled and extinguished without any further act, deed or instrument as an integral part of this Scheme.

There is no impact of the Scheme on any of the KMPs of the Company. Further, none of the KMPs have any interest in the Scheme except to the extent of shares held by them, if any, in the Company.

The Directors of the Company have adopted this Report after noting and considering the information set forth in this Report and documents placed before the Directors.

Kirti Dadasa
Chief Financial Officer

— **Legal Office:** Eschling & Lim, 2055 2nd Ave., Suite 2000, Park
Saville Bldg., New York, N.Y. 10028-1000. Tel. 212/693-1000.

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DOI: 10.1002/9781118471996.ch10



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH, COURT III**

C.A.(CAA)/86/MB/2023

In the matter of The Companies Act, 2013 (18
of 2013)

AND

In the matter of Sections 230 to 232 and
Section 66 and other applicable provisions of
the Companies Act, 2013 read with
Companies (Compromises, Arrangements and
Amalgamation) Rules, 2016;

AND

In the matter of Composite Scheme of
Arrangement between Metropolitan Stock
Exchange of India Limited ("MSE" or
"Transferee Company") and MSE Enterprises
Limited ("MEL" or "Transferor Company")

Metropolitan Stock Exchange of India Ltd.)

(CIN: U65999MH2008PLC185856),)

having its registered office at 205(A), 2nd Floor)

Piramal Agastya Corporate Park, Kamani)

Junction, LBS Road, Kurla West,) ... *First Applicant Company/*

Mumbai- 400070, Maharashtra, India) *Transferee Company*

MSE Enterprises Limited)

(CIN: U72100MH2008PLC188032),)

having its registered office at Building A,)

Unit 205B, 2nd Floor, Agastya Corporate Park,))

Sunder Baug Lane, Kamani Junction,)

LBS Road, Kurla West, Mumbai- 400070) ... *Second Applicant Company/*

Maharashtra, India) *Transferor Company*

(Together referred to as ‘Applicant Companies’)

Order reserved on **07 September 2023**

Order delivered on **18th October 2023**

Coram:

Hon’ble Ms. Lakshmi Gurung, Member (Judicial)

Hon’ble Sh. Charanjeet Singh Gulati, Member (Technical)

Appearances:

For the Applicants: Mr. Hemant Sethi, Ms. Tanaya Sethi i/b Hemant Sethi & Co., Advocates

Per: Ms. Lakshmi Gurung, Member (Judicial)

ORDER

1. The Learned Counsel for the Applicant Companies states that the present Scheme is a Composite Scheme of Arrangement between Metropolitan Stock Exchange of India Limited (“**First Applicant Company**” or “**Transferee Company**”) and MSE Enterprises Limited (“**Second Applicant Company**” or “**Transferor Company**”) and their respective Shareholders (“**the Scheme**”) under the provisions of Sections 230 to 232 and Section 66 and other applicable provisions of the Companies Act, 2013 and Rules framed thereunder.
2. It is stated that the Board of Directors of the First Applicant Company at its meeting held on **02.03.2023** approved the Scheme. The Board of Directors of the Second Applicant Company approved the Scheme at its meeting held on **14.03.2023**. The respective resolutions are annexed in the Company Scheme Application as **Annexure D1 & D2** respectively.

3. The Appointed Date of the Scheme is **1st day of April 2023**.

The Applicant Companies

4. The First Applicant Company is a recognized Stock Exchange with permission to operate in currency derivatives, equity and equity derivatives.
5. The Second Applicant Company acted as a central counterparty to provide novation and clearing & settlement services to various Exchanges. However, recognition of the Second Applicant Company as Clearing Corporation was not renewed by the Securities and Exchange Board of India (SEBI) and the Second Applicant Company has ceased to be a SEBI recognized entity since October 3, 2022. Consequent to such de-recognition, the object clause of the Second Applicant Company was amended to act as the technical and management consultants in relation to all aspects of data processing, data processing systems, computer systems, application and systems software, process control systems, computers and all the branches of computer science in India and abroad.
6. The **Authorised, Issued, Subscribed and Paid-up Share Capital of the Applicant Companies** are as under:
- 6.1 The share capital of the First Applicant Company “Metropolitan Stock Exchange of India Limited”, as on 31st March 2022 is as follows:

Particulars	Amount (Rs.)
Authorized Share Capital	
5,50,00,00,000 Equity Shares of Re. 1/- each	5,50,00,00,000
Total	5,50,00,00,000
Issued, Subscribed and Paid-up Share Capital	
4,81,02,17,033 Equity Shares of Re. 1/- each	4,81,02,17,033
Less: Amount recoverable from Metropolitan Stock Exchange ESOP Trust	49,77,671
Total	4,80,52,39,362

6.2 The share capital of the Second Applicant Company “MSE Enterprises Limited” as on 31st March 2022 is as follows:

Particulars	Amount (Rs.)
Authorized Share Capital	
30,00,00,000 Equity Shares of Rs. 10/- each	3,00,00,00,000
Total	3,30,00,00,000
Issued, Subscribed and Paid-up Share Capital	
12,53,70,991 Equity Shares of Rs. 10/- each	1,25,37,09,910
Total	1,25,37,09,910

7. Rationale of the Scheme:

The Rationale submitted for the Scheme are as follows:

The Amalgamating Company MEL was formerly engaged in the business of providing clearing and settlement services to the Amalgamated Company in respect of all the four segments namely, Currency Derivatives, Equity Derivatives, Equity Cash Market & Debt Segments, and also facilitates settlement of OTC deals on corporate bonds, certificate of deposits, commercial paper and structured debt instruments. Subsequently, in 2018 SEBI allowed interoperability amongst clearing corporations i.e. it allowed market participants to consolidate their clearing and settlement functions at a single clearing corporation, irrespective of the stock exchange on which the trade is executed.

Post introduction of interoperability, MEL had lost most of its business to other clearing corporations inspite of its effort to gain business share by entering into interoperability arrangements with the Indian Clearing Corporation Limited (ICCL) & NSE Clearing Limited (NCL) to extend its clearing and settlement services for trades executed at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in addition to MSE.

Profit after Tax of MEL has reduced over the years from INR 6.83 crores in FY 19 to INR (6.72) crores in FY 22.

Apart from the services under interoperability, MEL was providing clearing and settlement services to Indian Commodity Exchange Limited (ICEX) in Commodity Derivative segment and Mutual Fund segment, which contributes major income for MEL. In May 2022 SEBI has withdrawn recognition of ICEX as Stock exchange due to insufficient Net Owned Fund ("NOF"). Securities Appellate Tribunal (SAT) in June 2022 granted time to ICEX to build necessary NOF and directed that the business will remain suspended till NOF restored to statutory limit. Suspension of business of ICEX and agreement with ICEX for providing Clearing and Settlement services has also expired effective September 2, 2022. Hence, besides having no business of Clearing and Settlement from Interoperability and now no business from ICEX, MEL shall have no Clearing and Settlement Business, the core purpose for which it was Incorporated and capitalized by its main parent company and its other Shareholders. Considering the above, MEL is not able to operate profitably and gain market share, the Board of Directors of MEL have decided to discontinue the clearing corporation business and merge the company with its parent company i.e. MSE for continuance of other eligible business in MSE. SEBI registration for MEL for acting as clearing corporation agent has also been expired as of date.

The management of the respective Companies are of the view that the amalgamation proposed in this Scheme is, in particular, expected to have the following benefits:

- *Reduction in management overlaps and elimination of legal and regulatory compliances and associated costs due to operation of multiple entities.*

- *Optimization of the allocated capital and availability of funds which can be deployed more efficiently to pursue the operational growth opportunities.*
- *Amalgamation will result in pooling of financial, managerial, technical and human resources, thereby creating stronger base for future growth and value accretion for the stakeholders.*
- *The combined financial strength is expected to further accelerate the scaling up of the operations of the Amalgamated Company.*
- *The consolidation of funds and resources will lead to optimization of working capital utilization and stronger financial leverage given the simplified capital structure, improved balance sheet, optimized management structure and consolidation of cross location talent pool.*

Further, Amalgamating entity is also undertaking Capital Reduction for reduction of 51,99,545 equity shares constituting 4.15% of its share capital owing to the following reasons/ rationale –

- *To comply with SEBI direction wherein 63 Moons Technologies Limited was declared not a “fit and proper person” to hold shares in Amalgamating Company and shall cease to be entitled to voting rights in the Amalgamating Company in respect of shares held by them.*
 - *To distribute cash to its shareholders in proportion to their shareholding, thereby, providing exit opportunities from an illiquid investment.*
 - *Proposed capital reduction will result in 100% shareholding of MEL with MSE and resultant ease of compliances.*
 - *The management of the respective Companies is of the view that this Scheme is in the interest of the customers, employees, lenders, shareholders, and all other stakeholders of the respective Companies.*
8. It has been submitted that since the Transferor Company post effectiveness of Part B of the Scheme shall become wholly-owned subsidiary company of the Transferee Company i.e. the entire paid up

equity share capital of the Transferor Company shall be beneficially held by the Transferee Company, no new equity shares of the Transferee Company shall be issued and allotted in respect of shares held by the Transferee Company in the Transferor Company. Upon the Scheme becoming effective, the entire share capital of the Transferor Company shall be cancelled and extinguished without any further act, deed or instrument as an integral part of this Scheme.

9. It is submitted that no proceedings or investigations are pending against the Applicant Companies under Sections 210 to 217, 219, 220, 223 to 227 of the Companies Act, 2013 and that no winding up petition or insolvency proceeding is pending under the Companies Act, 2013 and/or Insolvency and Bankruptcy Code, 2016.

10. **Meeting of Equity Shareholders**

- 9.1 The Learned Counsel submits that there are **54,207** (Fifty-four thousand two hundred and seven) Equity Shareholders in the First Applicant Company/Transferee Company. The list of equity shareholders certified by the management is annexed as **Annexure F1** to the Company Scheme Application.

- 9.2 It has also been submitted that there are **09** (Nine) Equity Shareholders in the Second Applicant Company/Transferor Company. The list of equity shareholders certified by the management is annexed as **Annexure F2** to the Company Scheme Application.

11. The Tribunal directs the meeting of the Equity Shareholders of the First Applicant Company to be convened and held on 7th December 2023 at 11:00 am and the meeting of the Equity Shareholders of the Second Applicant Company be convened and held on 7th December 2023 at 2:00 pm for approving the proposed Scheme, through video conferencing and/or other audio visual means in accordance with the Ministry of Corporate

Affairs Circulars issued from time to time, subject to giving 30 days' notice as per the provisions of the Companies Act, 2013 and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

12. The e-voting facility for the Equity Shareholders of the Applicant Companies shall be provided in compliance with the conditions specified under the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting issued by the Institute of Company Secretaries of India, as applicable and in accordance with SEBI Master Circular No. SEBI/HO/CED/DIL1/CIR/P/2021 dated 23.11.2021 and SEBI Circular dated 03.01.2022 and 01.02.2022 (as amended from time to time) read with the applicable circulars issued by Ministry of Corporate Affairs from time to time as permissible under the law.
13. **Shri. Mukesh Kumar Siroya**, Company Secretary, Membership No. FCS 5682 (siroyam@gmail.com) is hereby appointed as the Chairman of the Applicant Companies and **Mr. Harsh Ruparelia** (harsh.ruparelia@yahoo.com) is appointed as Alternate Chairperson of the meetings of the Equity Shareholders of the Applicant Companies to be held as aforesaid. The Applicant Companies shall pay an amount of Rs. 1,00,000/- to the Chairperson and Rs. 75,000/- to the Alternate Chairperson as remuneration.
14. The Scrutinizer for the aforesaid meetings of Equity shareholders of Applicant Companies shall be **Mr. Rajesh Kumar Mittal**, Company Secretary (csrajeshmittal@gmail.com) with a remuneration of Rs. 75,000 to be paid by the Applicant Companies for their meetings.

15. The notice of the aforesaid meeting of the Equity Shareholders of the First and Second Applicant Company shall be advertised in Form No. CAA.2 as per Rule 7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in two newspapers viz. **“Business Standard”** in English circulated in India and translation thereof in **“Navshakti”** in Marathi circulated in the State in which registered office of the Companies are situated, not less than 30 days before the date fixed for the meeting.
16. The Chairman appointed for the aforesaid meeting to issue the advertisement and send out the notices of the meeting referred to above. The said Chairman of the meeting shall have all powers as per Articles of Association and also under the Companies Act, 2013 in relation to the conduct of the meeting, including for deciding procedural questions that may arise at the aforesaid meeting or at any adjournment thereof or any other matter including an amendment to the Scheme or resolution, if any, proposed at the meeting by any person(s).
17. The quorum for the aforesaid meeting of the Equity Shareholders of the First Applicant Company shall be 2000 in number present through video conferencing and/or other audio-visual means, and the quorum for the aforesaid meeting of the Equity Shareholders of the Second Applicant Company shall be as prescribed under Section 103 of the Companies Act, 2013. If the quorum is not present within half an hour from the time appointed for the holding of the meeting, the members present shall be the quorum and the meeting shall be held.
18. The value and number of the shares of each shareholder of the Applicant Companies shall be in accordance with the books/register of the Applicant Companies or depository records and where the entries in the books/register/ depository records are disputed, the Chairman of the meeting shall determine the value for the aforesaid meeting and his decision in that behalf would be final.

19. The Chairman appointed for the meetings shall file an Affidavit not less than 7 (seven) days before the date fixed for the holding of meetings of Equity Shareholders of the First and Second Applicant Company and do report to this Tribunal that the direction regarding the issue of notices and the advertisement have been duly complied with as per Rule 12 of the Companies (Com-promises, Arrangements and Amalgamation) Rules, 2016.
20. The voting by authorized representative in case of body corporate be permitted, provided that authorization duly signed by the person entitled to attend and vote at the meeting is filed with the respective Applicant Companies at their Registered Offices not later than 48 hours before the aforesaid meeting.
21. The Chairman of the meetings of the First and Second Applicant Company to report to this Tribunal, the results of the aforesaid meeting within 7 (Seven) days of the conclusion of the meeting of the Equity Shareholders and the said report shall be verified by his Affidavit.

Meeting of Secured Creditors

22. The Learned Counsel submits that the **Applicant Companies** have no Secured Creditors as on 28th February 2023. The Lists of Secured Creditors of the **First Applicant Company** and **Second Applicant Company** certified by the Statutory Auditor are annexed to the Company Scheme Application as **Annexure G1** and **Annexure G2** respectively. In view of the above fact, the question of convening and holding the meetings of Secured Creditors of the Applicant Companies do not arise.

Meeting of Unsecured Creditors

23. As regards the Unsecured Creditors of the **Applicant Companies**, there are 630 (six hundred and thirty) Unsecured Creditors in the **Fisrt Applicant Company** as on 28th February 2023 amounting to total value

of Rs. 32,09,58,835. The **Second Applicant Company** has 25 (twenty-five) Unsecured Creditors amounting to total value of Rs. 4,10,47,339. The Lists of Unsecured Creditors of the First Applicant Company and the Second Applicant Company certified by the Statutory Auditor are annexed to the Company Scheme Application as **Annexure G1 and Annexure G2 respectively**.

24. The Learned Counsel for the Applicant Companies submits that the present Scheme is an arrangement between the Applicant Companies and its shareholders as contemplated in Section 230(1)(b) and not in accordance with the provisions of Section 230(1)(a) of the Companies Act, 2013 as there is no compromise or arrangement with creditors. It is also submitted that the Scheme does not affect the rights and interests of the Unsecured Creditors of the Applicant Companies as no sacrifice is called for. It is further stated that there is no diminution of liability of any of the Unsecured Creditors of the Applicant Companies who will be paid off in the ordinary course of business. In view of above, the meetings of the Unsecured Creditors of Applicant Companies are **hereby dispensed with**. However, the Applicant Companies are hereby directed to issue notices to all their respective Unsecured Creditors by Registered Post AD/Speed Post AD/Hand Delivery/Courier/Email with the direction that they may submit their representation, if any, to the Tribunal and copies of such representation shall simultaneously be served upon the Applicant Companies.
25. The Applicant Companies are accordingly directed to serve notices along with its enclosures through Speed Post/ Registered AD or Hand Delivery with acknowledgment obtained or by E-mail upon: -
- (1) concerned Income Tax Authority within whose jurisdiction the respective Applicant Companies assessments are made i.e. for First Applicant Company at 14(1)(1), Aaykar Bhavan, Mumbai, having PAN AAFCM6942F, and for Second Applicant Company, Income Tax Authority, Mumbai having PAN AAFCM7981E, and to the Nodal Officer

at Pr. CCIT, 3rd Floor, Aaykar Bhavan, Maharashi Karve Road, Mumbai 400020;

(2) the Central Government through the office of the concerned Regional Director;

(3) the concerned Registrar of Companies;

(4) the Securities and Exchange Board of India;

(5) GST Department, in so far as the First Applicant Company – 07AAFCM6942F1ZE having jurisdiction at Delhi, 19AAFCM6942F1Z9 having jurisdiction at West Bengal, 24AAFCM6942F1ZI having jurisdiction at Gujarat, 33AAFCM6942F1ZJ having jurisdiction at Tamil Nadu, 36AAFCM6942F1ZD having jurisdiction at Telangana, 09AAFCM6942F1ZA & 09AAFCM6942F2Z9 having jurisdiction at Uttar Pradesh, 23AAFCM6942F1ZK having jurisdiction at Madhya Pradesh and 27AAFCM6942F1ZC having jurisdiction at Maharashtra, and so far as the Second Applicant Company - 27AAFCM7981E1Z5 having jurisdiction at Maharashtra;

(6) to the Official Liquidator, High Court, Bombay with a direction that they may, if the so wish, submit their representations, if any, within a period of thirty days (30) from the date of receipt of such notice to the Tribunal with copy of such representations shall simultaneously be served upon the Applicant Companies.

26. The Applicant Companies to file Affidavit of Service in the Registry proving dispatch of notices to the Regulatory Authorities and to report to this Tribunal that the directions regarding the issue of notices have been duly complied with.

27. Ordered accordingly.

Sd/-

Shri Charanjeet Singh Gulati
Member (Technical)

Sd/-

Ms. Lakshmi Gurung
Member (Judicial)