



CREDENCE
INVESTMENTS

Credence Investments

<https://Credenceinvestments/MSEI>

Company Note as of 31st December 2024



COMPANY OVERVIEW

Metric	Value
ISIN	INE312K01010
Face Value	₹1 per equity share
Depository	NSDL & CDSL
PAN Number	AAFCM6942F
Market Capitalization	₹4950.18 Crore
Total Shares Outstanding	6,000,217,033
Price-to-Earnings (P/E) Ratio	N/A
Price-to-Book (P/B) Ratio	26.56
Earnings Per Share (EPS)	-0.1
Sector	Financial Service
Category	Company Limited by Shares
52-Week High	₹ 13.00 (30/12/24)
52-Week Low	₹ 1.10 (20/08/24)

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Snapshot: Metropolitan Stock Exchange of India Limited (MSE)

The **Metropolitan Stock Exchange of India Limited (MSE)** is a recognized stock exchange in India, operating under the regulatory framework of the **Securities and Exchange Board of India (SEBI)**. Established in 2008, MSE offers a transparent and technologically advanced platform for trading across various segments.

Key Trading Segments:

- **Capital Markets:** Facilitates trading in equity shares and related instruments.
- **Futures and Options:** Provides a platform for trading in equity derivatives, allowing investors to hedge and speculate based on market movements.
- **Currency Derivatives:** Enables trading in currency futures and options, assisting participants in managing foreign exchange risk.
- **Debt Market:** Offers trading in debt instruments, including government and corporate bonds.

Notable Developments:

- **SME Trading Platform:** MSE has received in-principle approval from SEBI to launch a trading platform dedicated to Small and Medium Enterprises (SMEs), aiming to provide them with better access to capital markets.
- **Technological Advancements:** The exchange is committed to leveraging advanced technology to ensure a transparent and efficient trading experience for all participants.

Investor Services:

To cater to investor needs and provide support, MSE has established Regional Investor Service Centers in cities including Chennai, Delhi, Kolkata, Mumbai, Ahmedabad, Indore, Kanpur, and Hyderabad. These centers assist investors with counseling and grievance redressal related to exchange members

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PRODUCTS & SERVICES

1. Equity Trading

MSEI facilitates trading in equity shares of listed companies, enabling investors to participate in the growth of India's corporate sector.

Key Features:

- Transparent and efficient price discovery mechanism.
- Access to a wide range of listed companies across sectors.
- Real-time trading and settlement.

2. Debt Market

MSEI offers a platform for trading in debt instruments, including government securities, corporate bonds, and other fixed-income products.

Key Features:

- Provides a secure avenue for low-risk investments.
- Enhances liquidity in the debt market.
- Attracts institutional investors and risk-averse individuals.

3. Currency Derivatives

MSEI is a leading exchange for currency derivatives, offering futures and options on major currency pairs such as USD-INR, EUR-INR, GBP-INR, and JPY-INR.

Key Features:

- Enables hedging against currency risk for businesses and investors.
- High liquidity and competitive pricing.
- Operates on a secure and regulated platform.

4. Interest Rate Derivatives

MSEI provides interest rate derivatives, including futures and options on interest rates, to help market participants manage interest rate volatility.

Key Features:

- Tools for hedging against fluctuations in interest rates.
- Popular among banks, financial institutions, and corporates.

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5. Mutual Fund Distribution Platform

MSEI offers a platform for the distribution of mutual funds, allowing investors to access a wide range of schemes from various asset management companies.

Key Features:

- Simplified investment process for retail and institutional investors.
- Access to research and analytics for informed decision-making.

6. SME Platform

MSEI has a dedicated platform for Small and Medium Enterprises (SMEs) to list and raise capital.

Key Features:

- Facilitates easier access to capital for growing businesses.
- Provides visibility and liquidity for SME stocks.

7. Technology and Infrastructure

MSEI is equipped with state-of-the-art technology and infrastructure to ensure seamless trading experiences.

Key Highlights:

- High-speed trading platform with low latency.
- Advanced risk management systems to safeguard investor interests.
- Secure and reliable trading environment.

8. Regulatory Compliance and Investor Protection

MSEI operates under the strict regulatory framework of SEBI, ensuring fair and transparent trading practices.

Key Initiatives:

- Regular audits and compliance checks.
- Strong focus on investor education and awareness programs.
- Robust grievance redressal mechanisms.

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9. Market Reach and Accessibility

MSEI has a wide network of trading members, brokers, and participants across India, making it accessible to a diverse set of investors.

Key Highlights:

- Online trading platforms for ease of access.
- Strong presence in both urban and rural markets.
- Dedicated support for retail and institutional investors.

10. Competitive Advantages

MSEI stands out in the competitive landscape of Indian stock exchanges due to the following factors:

- **Innovation:** Pioneering products like currency and interest rate derivatives.
- **Cost-Effectiveness:** Competitive pricing and low transaction costs.
- **Technology:** Cutting-edge trading infrastructure and risk management systems.
- **Customer-Centric Approach:** Focus on investor education and protection.

Company Overview

The **Metropolitan Stock Exchange of India Limited (MSEI)** is a prominent national-level stock exchange in India, recognized by the **Securities and Exchange Board of India (SEBI)**. Established in 2008, MSEI offers a comprehensive and technologically advanced platform for trading across various market segments.

Key Milestones and Developments:

Inception and Regulatory Recognition:

- MSEI commenced operations in the **Currency Derivatives (CD) Segment** on October 7, 2008, under the regulatory frameworks of SEBI and the **Reserve Bank of India (RBI)**.

Expansion into Multiple Market Segments:

- On February 9, 2013, MSEI launched its **Capital Market Segment, Futures and Options Segment**, and introduced its flagship index, **SX40**. Trading in these segments began on February 11, 2013.

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- The **Debt Market Segment** was launched on June 7, 2013, with trading commencing from June 10, 2013.

Introduction of Interest Rate Futures:

- On January 20, 2014, MSEI started live trading in cash-settled **Interest Rate Futures (IRF)** on Government of India securities within its Currency Derivative Segment, providing participants with tools to hedge against interest rate volatility.

Technological Advancements:

- MSEI is committed to leveraging advanced technology to ensure a transparent, efficient, and secure trading environment. The exchange's electronic platform supports seamless trading across all its market segments, catering to both retail and institutional investors.

Investor Services and Education:

- To support and educate investors, MSEI has established **Regional Investor Service Centers** in major cities, including Chennai, Delhi, Kolkata, Mumbai, Ahmedabad, Indore, Kanpur, and Hyderabad. These centers provide counseling, assistance, and grievance redressal services to investors.

Recent Developments:

- In a significant move to bolster its capital base, MSEI is raising ₹238 crore through a fresh equity issuance. Notable investors participating in this round include the parent company of **Groww**, the **Kamath brothers of Zerodha** through **Rainmatter Investments, Share India Securities Ltd**, and **Securocorp Securities India Private Limited**.

Through these initiatives and developments, MSEI continues to play a vital role in the Indian financial markets, striving to provide a robust and inclusive platform for a wide array of market participants.

INDUSTRY OVERVIEW

Industry Overview: Indian Stock Exchange Landscape

India's stock exchange industry is a pivotal component of its financial system, facilitating capital formation and investment opportunities. The sector is characterized by a blend of established institutions and emerging platforms, each contributing to the market's depth and dynamism.

Major Stock Exchanges:

- **Bombay Stock Exchange (BSE):** Established in 1875, BSE is Asia's oldest stock exchange. It offers a platform for trading in equities, derivatives, and debt instruments. The BSE Sensex, comprising 30 prominent companies, serves as a key indicator of market performance.
- **National Stock Exchange (NSE):** Incorporated in 1992 and commencing operations in 1994, NSE has rapidly ascended to become India's leading stock exchange. It is ranked 12th globally by aggregated market capitalization.

The NSE's Nifty 50 index, encompassing 50 major companies, is widely utilized as a market benchmark.

Market Growth and Performance:

As of 2024, India ranks as the fourth-largest stock market globally.

The market has experienced significant growth, with the MSCI India index rising by 21% in 2024, surpassing major global markets like the S&P 500.

This expansion is underpinned by robust economic fundamentals, including a 6.7% GDP growth in the second quarter and a 9% increase in net income for Sensex-listed companies.

Regulatory Environment:

The Securities and Exchange Board of India (SEBI) serves as the regulatory authority overseeing the securities market. SEBI has implemented measures to enhance market integrity and protect investors. For instance, it has taken action against misleading investment advice on social media and introduced regulations to curb excessive retail participation in high-risk derivatives trading.

Investor Participation:

The Indian stock market has witnessed increased participation from both domestic and foreign investors. Foreign investors have contributed \$26 billion in net inflows since early 2023, reflecting renewed confidence in India's economic prospects. Additionally, domestic

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investment, particularly from young and aggressive individual investors, has been a significant driver of market activity.

Challenges and Considerations:

Despite the positive trajectory, the market faces challenges such as high valuations and potential vulnerabilities to economic slowdowns or external shocks. The regulatory crackdown on high-risk trading practices may also impact brokerage revenues and trading volumes in the short term.

In summary, India's stock exchange industry is characterized by rapid growth, increased investor participation, and proactive regulatory oversight. While opportunities abound, stakeholders must navigate the associated risks to sustain long-term development.

FINANCIAL HIGHLIGHTS FY 24:

MSE India Financial Highlights (in ₹ Crore):

- **Declining Revenue:** Revenue has consistently decreased from ₹10.63 in 2021 to a projected ₹7 in 2024. This indicates potential challenges in sales or market share.
- **Rising Costs:** The Cost of Material Consumed has steadily increased from ₹16.95 in 2021 to ₹29 in 2024. This, combined with declining revenue, puts significant pressure on profitability.
- **Negative and Worsening Gross Margins:** Gross margins are deeply negative and have deteriorated significantly over the period, going from -59.45 in 2021 to a staggering -314.29 in 2024. This suggests that the company is selling its products/services at a loss before even considering operating expenses.
- **High Operating Expenses:** Employee Benefit Expenses and Other Expenses remain relatively high, further contributing to the negative profitability.
- **Significant EBITDA Losses:** EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) is consistently negative and increasing in magnitude, indicating substantial operational losses.
- **Extremely Low OPM:** The Operating Profit Margin (OPM) is alarmingly low and negative, reflecting the company's inability to generate profit from its core operations.
- **Large Net Losses:** The company experiences significant Net Losses (PAT) which have also worsened over time.
- **Very Low NPM:** The Net Profit Margin (NPM) is extremely low and negative, showing the company's overall financial struggles.
- **Negative EPS:** The Earnings Per Share (EPS) is negative and decreasing, indicating a loss for shareholders.

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MSEI Financial Performance (INR Crores)

Metric	2021	2022	2023	2024
Revenue	10.63	10	9	7
Cost of Material Consumed	16.95	17	23	29
Gross Margins (%)	-59.45	-70	-155.56	-314.29
Change in Inventory	0	0	0	0
Employee Benefit Expenses	22.9	20	19	16
Other Expenses	11.27	8	16	16
EBITDA	-40.49	-35	-49	-54
OPM (%)	-380.9	-350	-544.44	-771.43
Other Income	21.82	15	40	14
Finance Cost	0.83	0.6	0.4	1
D&A	11.17	10	11	6
EBIT	-51.66	-45	-60	-60
EBIT Margins (%)	-485.98	-450	-666.67	-857.14
PBT	-30.67	-31	-20	-48
PBT Margins (%)	-288.52	-310	222.22	-685.71
Tax	0.41	-1	-1.3	1
PAT	-31.08	-30	-18.7	-49
NPM (%)	-292.38	-300	-207.78	-700
EPS	-0.06	-0.06	-0.04	-0.1

MSE Financial Ratios

Key Ratios`	2021	2022	2023	2024
Operating Profit Margin (%)	-380.9	-350	-544.44	-771.43
Net Profit Margin (%)	-292.38	-300	-207.78	-700
Earnings Per Share (Diluted)	-0.06	-0.06	-0.04	-0.1

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CONSOLIDATED FINANCIAL STATEMENTS

Financials: [Annual Report](#)

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2024							
(₹ in Lakh except per share data)							
Sr. No	Particulars	For the quarter ended			For the nine months ended		For the year ended
		December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023	March 31, 2024
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
(a)	Revenue from operations	116	89	194	312	500	736
(b)	Other Income	224	330	346	830	1,060	1,369
	Total Income	340	419	540	1,142	1,560	2,105
2	Expenses						
(a)	Operating expenses	566	524	617	1,623	1,730	2,898
(b)	Employee benefits expense	375	348	413	1,100	1,281	1,657
(c)	Depreciation and amortisation expense	126	133	141	389	475	606
(d)	Advertisement and business promotion expenses	23	0	130	48	299	487
(e)	Administration and Other expenses	239	183	225	679	710	1,118
(f)	Finance Costs	0	1	8	7	91	98
	Total Expense	1,329	1,189	1,534	3,846	4,586	6,864
3	Profit/ (Loss) from before Exceptional items and tax (1 - 2)	(989)	(770)	(994)	(2,704)	(3,026)	(4,759)
4	Exceptional items	-	-	-	-	-	-
5	Profit/ (Loss) from before tax (3 - 4)	(989)	(770)	(994)	(2,704)	(3,026)	(4,759)
6	Tax expense						
a)	Current tax	-	-	11	-	17	63
b)	Earlier year tax	-	-	-	-	-	52
	Total Tax Expense	-	-	11	-	17	115
7	Profit/ (Loss) for the period/Year (5 - 6)	(989)	(770)	(1,005)	(2,704)	(3,043)	(4,874)
8	Other Comprehensive Income						
1)	Items that will not reclassified to profit or loss (net of tax)	3	3	5	9	15	12
2)	Income tax relating to item will not reclassified to profit or (loss)	-	-	-	-	-	-
	Total other Comprehensive Income for the period/year, net of tax	3	3	5	9	15	12
9	Total Comprehensive Income for the period/Year (7 - 8)	(986)	(767)	(1,000)	(2,695)	(3,028)	(4,862)
10	Paid-up Equity Share Capital (Equity Shares of Rs. 1/- each.)	48,052	48,052	48,052	48,052	48,052	48,052
11	Other equity						(28,773)
12	Earnings Per Share of Rs 1/- each (In Rs) (Not Annualised)						
(a)	Basic	(0.02)	(0.02)	(0.02)	(0.06)	(0.06)	(0.10)
(b)	Diluted	(0.02)	(0.02)	(0.02)	(0.06)	(0.06)	(0.10)

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SHAREHOLDING PATTERN

Table I - Summary Statement holding of specified securities

Category	Category of Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no of shares (As a % of (A+B+C+D))	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form
								Class X	Class Y	Total					
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)
	Promoter & Promoter Group	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
(A)	Public	51922	3,82,40,13,900	0	0	3,82,40,13,900	79.50	3,82,40,13,900	0	3,82,40,13,900	79.50	0	0	0	3,82,40,13,900
	Non Promoter-Non Public	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
(C)	Shares underlying DRs	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
(C1)	Shares held by Employees	1	56,72,734	0	0	56,72,734	0.12	56,72,734	0	56,72,734	0.12	0	0	0	56,72,734
	Trading Members and Associates of Trading Members	66	98,05,30,399	0	0	98,05,30,399	20.38	98,05,30,399	0	98,05,30,399	20.38	0	0	0	98,05,30,399
(D)	Total:	51989	4,81,02,17,033	0	0	4,81,02,17,033	100.00	4,81,02,17,033	-	4,81,02,17,033	100.00	0	0	0	4,81,02,17,033

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category & Name of the Shareholders	Entity type (a) (Promoter OR promoter group entity (except promoter))	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (V+VI+VII)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (vi) as a % of (A+B+C2))	Number of Voting Rights held in each class of securities		No of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (vi)(v)(vii) as a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form
								Class X	Total			No.	As a % of total Shares held		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		(10)	(11)		(12)	(13)	
(a)	Indian														
(a)	Individuals/Hindu undivided Family	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
(b)	Central Government/State Government(s)	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
(c)	Financial Institutions/Banks	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
(d)	Any Other	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
	Sub-Total (A1)	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
(a)	Foreign														
(a)	Individuals (Non-Resident Individuals)/Foreign Individuals	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
(b)	Government	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
(c)	Institutions	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
(d)	Foreign Portfolio Investor	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
(e)	Any Other	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
	Sub-Total (A2)	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A1)+(A2)	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0

Note: (1) PAN would not be displayed on the website of Stock Exchange.
(2) The term "Encumbrance" has the same meaning as assigned under regulation 29(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

*As of MARCH,312022.

Category	Percentage
Financial Institutions/Banks	14.94%
Bodies Corporate	17.85%
Individuals	55.59%
Others	7.62%

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MANAGEMENT

Board Of Directors & Key Management

Ms. Latika S Kundu	Managing Director & CEO
Mr. Saket Bhansali	Chief Financial Officer
Mr. P K Ramesh	Chief Regulatory Officer & Compliance Officer
Mr. Isidorio Fernandes	Chief Technology Officer
Mr. Durgesh Kadam	Head - Legal and Company Secretary
Mr. Laxmi Narayana Sahu	Chief Information Security Officer
Mr. Arunkumar Thanvi	Chief Risk Officer

IPO DETAILS

The Metropolitan Stock Exchange of India Limited (MSEI) facilitates the process for unlisted companies to become publicly listed through Initial Public Offerings (IPOs). This involves a structured process, including book building, comprehensive documentation, and several other key steps.

Key Steps in the MSEI IPO Process:

- Book Building:** MSEI offers a dedicated Book Building platform to enable efficient bidding during public issues.
- Documentation:** Issuers are required to submit all necessary documents as per a prescribed checklist.
- Security Deposit:** A security deposit equivalent to 1% of the total issue size must be paid by the issuer.
- Listing Application:** Issuers must formally submit a listing application and execute a listing agreement with the exchange.
- Credit Confirmation:** Confirmation of credit availability through either CDSL (Central Depository Services (India) Limited) or NSDL (National Securities Depository Limited) is mandatory.
- Listing Approval:** Upon successful completion of all requirements, MSEI grants final listing and trading approval.

MSEI's Book Building Platform:

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To support the book building process, MSEI provides two specialized applications:

- MSE BBS Member Admin (BBS-MAT)
- MSE BBS Trading Work Station (BBS-TWS)

NEWS

- <https://www.ndtvprofit.com/markets/metropolitan-stock-exchange-why-investors-are-betting-on-another-revival>
- <https://www.msei.in/SX-Content/Press-Release/2024/October/PR-ENGLISH-18-OCT-2024-WORLD-INVESTOR-WEEK-2024-MSE-IPF-TRUST-UNVEILS--NIVESH-KA-RANGMANCH--THROUGH-PAN-INDIA-THEATER-COMPETITION-FINALE.pdf>
- <https://www.msei.in/SX-Content/Press-Release/2024/August/PR-ENGLISH-23-AUG-2024--JOINT-PRESS-RELEASE-ON-CAUTION-TO-INVESTORS..pdf>

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