MULTI COMMODITY EXCHANGE CLEARING CORPORATION LIMITED (MCXCCL)

TRANSCRIPT OF THE 15th ANNUAL GENERAL MEETING
HELD ON FRIDAY, SEPTEMBER 22, 2023
4.00 P.M. (IST) to 4.26 P.M. (IST)

Directors Present:

Mr. Ved Kumar Jain	: Public Interest Director/Chairman of the Board
Dr. Brinda Jagirdar	: Public Interest Director
Mr. Nagesh Pinge	: Public Interest Director
Mr. Rajesh Doshi	: Public Interest Director
Mr. Mohan Shenoi	: Non-Independent Director (Shareholder Director)
Mr. Narendra Kumar Ahlawat	: Managing Director & Chief Executive Officer

Members Present:

Ms. Manisha Thakur	: Member (Authorised Representative of Multi Commodity Exchange of India Ltd. {MCX})
Mr. Satyajeet Bolar	: Member (Joint Holder with MCX)
Mr. D G Praveen	: Member (Joint Holder with MCX)
Mr. Shivanshu Mehta	: Member (Joint Holder with MCX)
Mr. Rishi Nathany	: Member (Joint Holder with MCX)
Ms. Rashmi Nihalani	: Member (Joint Holder with MCX)
Mr. Manoj Jain	: Member (Joint Holder with MCX)

Auditors Present:

Mr. Prateek Khandelwal	: Representative – MSKA & Associates, Statutory Auditor
Mr. Swapnil Hasabnis	: Representative – Mayekar & Associates, Secretarial Auditor

Key Managerial Personnel Present:

Mr. Rajesh Agrawal	: Chief Financial Officer
Mr. Mandar Kulkarni	: Company Secretary

WELCOME ADDRESS BY COMPANY SECRETARY:

Dear Shareholders and Board of Directors and my colleagues in MCXCCL, Good evening. I, Mandar Kulkarni, Company Secretary, on behalf of Multi Commodity Exchange Clearing Corporation Limited, welcome all of you to the Fifteenth Annual General Meeting of the Company.

Pursuant to Article 111 of the Article of Association of the Company, I request Mr. Ved Kumar Jain, Chairman of the Board, to take the Chair and proceed with the Meeting as the quorum is present.

WELCOME ADDRESS BY CHAIRMAN

Thank you, Mr. Mandar. The quorum is present. I welcome you all to this Fifteenth Annual General Meeting of the Company as scheduled. The time is 4.00 pm and the requisite quorum is present as confirmed by the Company Secretary, Mr. Mandar Kulkarni. Pursuant to Section 103, five members are personally present. Now I call the AGM to the order. Dear shareholders, all efforts feasible under the circumstances have indeed been made by the Company to enable members to participate and vote on the items of business being considered in this Meeting. I request all the Directors on the Board of MCXCCL to introduce themselves.

Dr. Brinda Jagirdar, Public Interest Director
Namaskar, I am Brinda Jagirdar. I am joining this Meeting from my daughter's residence in Rome. I am alone in the room and I meet all the protocol. I chair the Nomination and Remuneration Committee.

Mr. Rajesh Doshi, Public Interest Director
I am Rajesh Doshi, attending this Meeting from my residence in Walkeshwar, Mumbai. I can hear and see everyone very clearly and I am the Public Interest Director and Chairman of SCOT and ROC Committee.

Mr. Nagesh Pinge, Public Interest Director
This is Nagesh Pinge here, joining in this AGM. I am chair of the Audit Committee and Public Interest Director.

Mr. Mohan Shenoi, Non-Independent Director (Shareholder Director)
Good afternoon, I am Mohan Shenoi, joining this meeting from my residence at Lower Parel, Mumbai. I am Shareholder Director on the Board of MCXCCL. I can see and hear everyone clearly, thank you.

Mr. Narendra Kumar Ahlawat, Managing Director
I am Narendra Ahlawat. I am the Managing Director of MCXCCL, joining this Meeting from 5th floor, Board Room, Exchange Square. I can see and hear everyone on the VC and with me here are the Shareholders and my MCXCCL Colleagues; Mr. Rajesh Agrawal, CFO and Company Secretary, Mr. Mandar Kulkarni. Thank you.

Chairman

In accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Chairman of the Audit Committee, Mr. Nagesh Pinge and Chairperson of the Nomination & Remuneration Committee, Dr. Brinda Jagirdar are also present to answer the queries of the Shareholders. The representatives of the Statutory Auditors & Secretarial Auditors are also present to answer the shareholders queries, if any.

The relevant / required registers under the applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the Auditor's Report and Secretarial Audit Report shall remain open for inspection by the Shareholders during the continuance of this Meeting. The Notice convening this Meeting dated August 25, 2023 along with the Annual Financial Statements and the Report of the Directors along with their Annexures have been circulated and with your permission, I would like to take them as read.

Before we take up the business in the Notice, I would like to give a brief overview of the Company's performance.

Dear Shareholders, my colleagues on the Board, staff of MCXCCL, Ladies and Gentlemen, I welcome you all to this 15th Annual General Meeting of the Multi Commodity Exchange Clearing Corporation Limited. It is the sixth continuous year when I am having this privilege of Chairing the AGM and sharing the performance of your company as Chairman of the Company.

Let me first share with you, the performance of the company in the financial year 2022-2023. I am happy to inform you that it was a record performance by MCXCCL in the Financial year 2022-23. For the year ended March 31, 2023, MCXCCL's total income stood at Rs.118.13 crore higher ever vis-à-vis Rs.76.97 crore achieved in the preceding Financial Year 2021-22, which is almost 53.5% more than that of last year.

However, the profit after tax has not been in tune with that. As you may be aware that the company is in the process of switching over to the new technology platform. This switch over was to happen last year by 30th September, 2022. However, due to issues arising in the new technology platform on which TCS has been working, the switch over couldn't happen and consequently MCX, the parent company had to extend the software support service contract with 63 moons at an exorbitant cost. A part of this cost has to be borne by your company, MCXCCL and hence, there was higher technology expenses incurred due to this extension of software support services with 63 moons by MCX. Consequently, the profit after tax is at Rs. 24.02 crore in the financial year 2022-23, which is about 8.5% lower than the preceding Financial Year 2021-22.

Now coming to the issue and progress about the new technology platform, you as Shareholders would be curious to know about the present status of the same. Let me first share the background of this. In September 2018, your Company started the clearing operations as an independent entity in respect of all transactions done on MCX platform. Before this segregation, clearing operations were handled by the Exchange itself on its technology platform under an arrangement with 63 moons Technologies Limited. Post segregation, the clearing operations shifted to your Company and as part of continuing process, your Company entered into an arrangement with MCX for using the same technology platform for its clearing operations as was being used by MCX before segregation with 63 moons Technologies Limited.

In February 2021, MCX awarded the contract to TCS for developing a new platform viz. CDP, which included the platform for clearing operations of your Company. The implementation was planned by early 2022, i.e., much before the 30th September 2022 by which the agreement of MCX with 63 moons was to end. However, the implementation was delayed due to which MCX had to get the existing support services agreement with 63 moons extended from time to time. The present extension is up to 31st December, 2023. However, now the new platform is ready and proposed to be launched by end of September 2023. Though there has been a delay and heavy cost consequently, but after switch over to new platform, I am hopeful that it will be more user friendly and will also be cost efficient.

Now coming back to performance in financial year 2022-23, MCXCCL cleared and settled Futures trades of about Rs. 60.43 lakh crore and Options trades of about Rs. 87.37 lakh crore. Options turnover was 331% higher over the previous year. These trades resulted into the Mark to Market and premium settlement of Rs 20,260 crore.

During the year, MCX introduced new products for which clearing and settlement services were provided by your Company. MCX introduced mini contract futures in three base metals, viz. Aluminum, Zinc and Lead, apart from mini contract futures in Crude Oil and Natural Gas and also Options on Gold Mini – all of whose trades which were efficiently cleared by your Company. An increase in the product basket of MCX provides opportunities for higher clearing volumes to MCXCCL, which is directly beneficial to the growth of your Company.

Your Company's robust delivery and settlement systems ensured successful deliveries across all commodity segments during the financial year 2022-23. The value of commodities delivered in the financial year 2022-23 was about Rs. 9,131 crores.

To strengthen the linkage between the physical and derivatives markets, MCXCCL has agreements with 4 Vault Service Providers operating 25 accredited vaults at different centres for facilitating physical deliveries in bullion. Similarly, the Company has agreements with 6 Warehouse Service Providers, operating 33 accredited warehouses for facilitating physical deliveries in agricultural commodities and base metals. The Company is ready to facilitate delivery from more centres if and when more delivery centres are opened for various commodities.

Your Company along with MCX is continuing with the process of bringing more domestic suppliers under the Good Delivery mechanism, a process that began in the year 2021-22. Till 31 March 2023, 4 domestic gold refiners and 4 domestic Lead brands were brought under the MCXCCL's delivery mechanism. These refiners follow the prescribed specifications and standards for acceptance, following which their goods are being accepted under Good Delivery of the metals. The expansion of domestic physical market standards and encompassing local suppliers/ refiners to join the delivery mechanism is an opportunity of growth for your Company.

During the financial year 2022-23, SEBI granted permission to Foreign Portfolio Investors; the FPI's to trade in commodity derivatives. This policy change allows foreign investors to participate in exchange-traded derivatives without having exposure to physical commodities. From April 2023, these Foreign Portfolio Investors have started participating on the MCX platform and their trades are being cleared by MCXCCL. Till 31 August 2023, your Company has successfully cleared an aggregate turnover exceeding Rs. 1.72 lakh crore of Foreign Portfolio Investors' trades. As of now, Foreign Portfolio Investors have been allowed to participate only in cash-settled non-agricultural commodity derivatives and select non-agricultural benchmark indices, but it is hoped that the universe of permissible products would be further widened for these participants in the near future, which is a growth opportunity that MCXCCL is looking forward to.

I am proud to say that your Company's operational processes have ensured the handling of large volumes of physical delivery and financial settlement, including in the new products introduced during the year viz. the mini futures contracts and Gold Mini Options, in a very efficient manner. It is such efficiency and robustness of business processes that generate the confidence of your Company's stakeholders.

Friends, looking ahead, your Company shall continue to explore new opportunities for growth by clearing and expanding products basket and facilitating the clearing of trades by new participants, especially institutional participants. On the products front, MCX has already received regulatory approval for Steel Futures and Gold Monthly Options contracts, which your Company is ready to clear and settle when launched. Similarly, Futures and Options on new commodities and other innovative products, including derivatives on indices, are opportunities that the Company is looking forward to. Your Company also looks forward to regulatory reforms that can lead to lowering the cost of participation, including rationalizing the margin structure, as well as expansion of the market to more participant groups and stakeholders across all geographies in India, which would provide the next spurt in growth opportunities to the Company. Most importantly, enabling the Company to reap these opportunities are our human resources, which shall continue to be the key facilitators for ensuring business continuity and growth, leading the company to scale greater heights in the days ahead.

Friends, I take this opportunity also to convey on behalf of the Company and myself, my sincere thanks to all our stakeholders, our Regulator - SEBI, our Members, participants and their constituents, Board Members and Management of MCX and you all shareholders, for continuous support and guidance from time to time. I also take this opportunity to convey my sincere thanks to all my esteemed colleagues on the Board- Mr. Rajesh Doshi who has been playing a very critical role in CDP project and has been spending umpteen number of hours on the CDP. In fact it is his in-depth knowledge of the technology, which gives other Members of the Board a comfort. Mr. Nagesh Pinge, who besides looking after financial aspect as

Chairman of Audit Committee, has been very proactively looking after each and every issue of the company so as to ensure fairness, transparency and risk management. Dr. Brinda Jagirdar, who as Chairperson of Nomination and Remuneration Committee has been very actively working with the management in ensuring that your Company has the best of talent and the environment in the organisation, conducive to get best of the talent. She has spent a lot of time and energy in interviewing various candidates as senior executives of the Company.

My sincere thanks to our MD & CEO- Mr. Narendra Kumar Ahlawat and all the employees including Mr. Soundararajan- Chief Operating officer, Mr. Mandar Kulkarni- Company Secretary, Mr. Rajesh Agrawal- CFO, Mr. Anil Varma- CTO and the Management of MCXCCL who have been working tirelessly in the tension packed atmosphere due to delay in implementation of CDP project.

My sincere thanks to Mr. P. S. Reddy, who is retiring as Director of your Company at this AGM and has opted not to get reappointed. I have been interacting with him regularly and really appreciate his dedication and devotion and the way he has been overseeing the CDP project, which as I said has been a big challenge for the Exchange as well as the Clearing Corporation.

I take this opportunity to place sincere thanks to Mr. Jayaram, the Non-Independent director who retired during the year and at the same time, I welcome Mr. Mohan Shenoi, who has joined our board as Non Independent director during the year. From the day one of his joining the Board, he has been actively pursuing the CDP project very minutely. I really appreciate the way he monitors the progress and makes notes and then follows it up. I have seen him making the notes and following it up. It is something to learn from him. Coming from a lot of banking experience, he is also a great strength to the Investment committee in ensuring that investments beside being safe, also get best of the returns.

Friends for me it has been a very wonderful, learning and enjoying journey as Chairman and as Public Interest Director. As I said in the beginning, this is my sixth address at the AGM and will also be the last as my second term as PID will be coming to end in this December, 2023. But I am sure with the continued support of all of you and all our stakeholders and the dedication and devotion of all the Directors, management and staff of MCXCCL, your Company will continue to grow higher and higher and achieve new milestones in its business and meet all the challenges in the future.

Wishing you all the best, thank you all for being here at this AGM.

Now I request Mr. Mandar Kulkarni, Company Secretary to read the Auditors Report.

Company Secretary

There have been no qualifications, reservations or adverse remarks made by the Statutory Auditors viz., MSKA & Associates as well as Secretarial Auditors – Mayekar & Associates in their reports for FY 2022-23. The Auditor's report and the Secretarial Auditor's Report have been circulated as a part of the Annual Report. With your permission, I would like to take the Auditor's report as well as Secretarial Auditor's Report as read.

Chairman

Now, I would like to invite queries from the shareholders, if any. Please feel free. You are free to ask any questions.

Ms. Manisha Thakur - Member (Authorised Representative of MCX): Thank you sir, the team is working very closely. So, we have no queries from MCX.

Chairman – Thank you.

AGM Notice, item no. one

Now I take up Resolution w.r.t. receiving, considering and adopting the Audited Financial Statements of the Company for the Financial Year ended March 31, 2023 together with the reports of the Board of Directors and Auditors thereon as an Ordinary Resolution.

"**RESOLVED THAT** the Audited Financial Statements of the Company for the Financial Year ended March 31, 2023 together with the reports of the Board of Directors and Auditors thereon be and are hereby approved and adopted."

May I request any one of the Shareholders to propose this resolution.

Mr. Satyajeet Bolar, Shareholder holding share jointly with MCX
Yes, I propose.

Chairman
May I request another shareholder to please second this resolution.

Mr. Shivanshu Mehta, Shareholder holding share jointly with MCX
I second it.

Chairman
Resolution for adoption of Audited Financial Statements has been proposed and seconded.

Now I invite the comments thereon.

I now put the resolution to vote by show of hand. All those who are in favour may show their hand and say 'Yes'. Those who are against the resolution, may say 'No'.

Ms. Manisha Thakur	- Yes
Mr. Satyajeet Bolar	- Yes
Mr. D G Praveen	- Yes
Mr. Shivanshu Mehta	- Yes
Mr. Rishi Nathany	- Yes
Ms. Rashmi Nihalani	- Yes
Mr. Manoj Jain	- Yes

Chairman
All are in favour, hence I declare that the resolution is approved unanimously.

AGM Notice, item no. two

I take up the Resolution regarding not to re-appoint and not fill the vacancy caused due to retirement by rotation of Mr. P.S. Reddy (DIN: 01064530), Shareholder Director/ Non Independent Director of the Company, as an Ordinary Resolution.

"**RESOLVED THAT** Mr. P.S. Reddy (DIN:01064530) who was appointed as a Director of the Company liable to retire by rotation and who does not seek re-appointment upon expiry of his term at this Annual General Meeting, be not re-appointed a Director of the Company.

RESOLVED FURTHER THAT the vacancy, so created on the Board of Directors of the Company, be not filled."

Who would like to propose?

Mr. Rishi Nathany, Shareholder holding share jointly with MCX
I propose.

Chairman
May I request another shareholder to second the resolution.

Ms. Rashmi Nihalani, Shareholder holding share jointly with MCX
I second it.

Chairman
I now put the Resolution to vote by show of hand. May I request those who are in favour may show their hand and say 'Yes'. Those who are against the resolution, may say 'No'.

Ms. Manisha Thakur	- Yes
Mr. Satyajeet Bolar	- Yes
Mr. D G Praveen	- Yes
Mr. Shivanshu Mehta	- Yes
Mr. Rishi Nathany	- Yes
Ms. Rashmi Nihalani	- Yes
Mr. Manoj Jain	- Yes

Chairman
All are in favour, hence I declare that the resolution is approved unanimously.

AGM Notice, item no. three

Now I take up the Resolution regarding Re-appointment of Statutory Auditors of the Company for a second consecutive term of five years, as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any amendment(s), modification(s) or re-enactment(s) thereof for the time being in force and pursuant to the recommendation of the Audit Committee and Board of Directors of the Company, MSKA & Associates, Chartered Accountants, having Firm Registration No.105047W be and are hereby reappointed as the Statutory Auditors of the Company for the second consecutive term of five years, commencing from the conclusion of 15th Annual General Meeting till the conclusion of the 20th Annual General Meeting, at a remuneration of Rs. 7,00,000/- for FY 2023-24 plus taxes and thereafter at such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the company."

Chairman
Who is the proposer?

Mr. D G Praveen, Shareholder holding share jointly with MCX
I propose.

Chairman
May I request another shareholder to second the resolution.

Mr. Manoj Jain, Shareholder holding share jointly with MCX
I second it.

Chairman
I now put the Resolution to vote by show of hand. May I request those who are in favour may show their hand and say 'Yes'. Those who are against the resolution, may say 'No'.

Ms. Manisha Thakur	- Yes
Mr. Satyajeet Bolar	- Yes
Mr. D G Praveen	- Yes
Mr. Shivanshu Mehta	- Yes
Mr. Rishi Nathany	- Yes
Ms. Rashmi Nihalani	- Yes
Mr. Manoj Jain	- Yes

Chairman

All are in favour, hence I declare that the resolution is approved unanimously.

Friends, now the agenda is over, I thank you all for your continued support to the Company and for approving all the businesses covered in the notice dated August 25, 2023 and look forward to your support in future as well. I hereby declare the Meeting as concluded. The outcome of this Meeting, proceeding & recorded transcript of Meeting will be placed on the website of the Company https://www.mcxccl.com/.

Thank you all.

Company Secretary

I thank the Shareholders as well as the Board of Directors for attending the Meeting and Mr. Ved Kumar Jain, Chairman for presiding over this Meeting. Thank you all.