

MSEI: A Revival Story in the Making

(A) The Decline of MSEI

The Metropolitan Stock Exchange of India (MSEI), launched in 2008 as MCX Stock Exchange, aimed to be a strong competitor to NSE and BSE. Despite its ambitious goals, MSEI struggled to gain traction and was often considered a "dead exchange" due to:

- Low Trading Volumes** : The exchange failed to attract sufficient participants.
- Dominance of NSE and BSE** : These two exchanges captured almost the entire market share.
- Financial Woes** : MSEI faced operational and inancial challenges, further eroding its relevance.

(B) Turning Point: SEBI’s New Regulaon to Curb FNO Activity

After 20th November 2024, SEBI introduced a signiicant regulation mandating that each exchange can have only one weekly expiry for derivatives contracts. This decision has created a unique opportunity for MSEI:

- Exclusive Weekly Expiry**: MSEI plans to leverage its SX-40 index by introducing weekly expiries on Fridays, a day with no direct competition from NSE or BSE.
- Increased Participation**: Traders seeking additional opportunities might gravitate toward MSEI’s exclusive offerings.
- Enhanced Liquidity**: This strategic move has the potential to boost trading volumes and bring liquidity to the exchange.

(C) The Case Against NSE: A Potential Windfall

MSEI’s revival prospects are further strengthened by an ongoing legal case against NSE. The case pertains to NSE’s alleged misuse of its dominant position to stile competition. MSEI has claimed damages of ₹800 crore, and if the ruling is in its favor, this payout could:

- Improve Financial Health**: Provide a much-needed capital infusion.
- Rebuild Infrastructure**: Enhance trading platforms and operational capabilities.
- Boost Credibility**: Strengthen investor confidence in the exchange’s future.

(D) Recent Fundraising and Valuation

Adding to its revival story, leading inancial players like Zerodha, Groww, Share India, and others have collectively invested ₹240 crore at an issue price of ₹2 per share. This has:

- Increased the total shares outstanding to 600 crore.**
- Set the current valuation of MSEI at ₹7200 crore (with a share price of ₹12).**

(E) Challenges and Opportunities Ahead

While the road to revival is promising, challenges remain:

- Regaining Trust**: MSEI needs to attract both retail and institutional investors.
- Building Liquidity**: A successful SX-40 weekly expiry could be the key.
- Market Dynamics**: Competing with established giants like NSE and BSE will require innovative offerings.

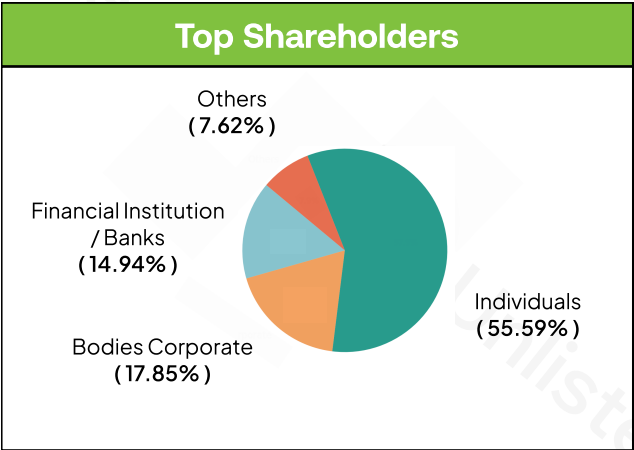
Conclusion

Once considered a dormant player in India’s inancial markets, MSEI is now on the brink of a potential resurgence. With SEBI’s regulatory support, strategic initiatives like the SX-40 weekly expiry, and a possible inancial windfall from the NSE case, MSEI is poised for a signiicant turnaround. Whether this revival translates into sustained success will depend on its execution and market acceptance, but the prospects have never been brighter.

Basic Parameters	
M Cap.	₹7200 Cr
CMP	₹12
52 W H/L	₹14 / ₹1.2091
Face Value	1
No. of Shares	600 Cr

Financials				
Particulars	FY21	FY22	FY23	FY24
Revenue	10.63	10	9	7
PBT	-30.67	-31	-20	-48
PAT	-31.08	-30	-18.7	-49
EPS	-0.06	-0.06	-0.04	-0.1

(Fig. in Cr)



(As on FY’24)

Recent Investments

The Board of Directors, on December 24, 2024, approved the private placement of up to 119 crore equity shares at ₹2 each (₹1 face value + ₹1 premium) to;

- Groww = INR 60 Cr
- Zerodha = INR 60 Cr
- Securocorp Securities = INR 60 Cr
- Share India Securities = INR 60 Cr



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