



“3rd Annual General Meeting”

28th August, 2020

11 A.M. IST to 11:32 A.M. IST

Present:

Shri B. K. Bal	Chairman
Smt. Sunanda Makrande	Authorized Representative of Central Depository Services (India) Limited
Shri Satyajee Bolar	Authorized Representative of Multi Commodity Exchange India Ltd
Shri Jayesh Shah	Authorized Representative of BSE Investments Limited
Shri Sunil Alvares	Member
Shri Joydeep Dutta	Member
Shri Farokh Patel	Member
Shri J. Balasubramannian	Director
Shri Sudhir Kumar Goel	Director
Shri. Girish Amesara	Director
Shri Pitambar Chowdhury	Managing Director & CEO

In Attendance:

Smt. Dipti Bativala	Company Secretary & Compliance Officer
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Statutory Auditor, Chairperson of the Committees and others

Shri A M Hariharan	Partner- Lodha & Co - Statutory Auditors
Shri J Balasubramanian	Chairman - Audit Committee
Shri Sudhir Kumar Goel	Chairman – Nomination & Remuneration Committee
Shri Swaroop Kumar Gothi	Vice President –Accounts & Finance - Central Depository Services (India) Limited
Shri Nilesh Kittur	Assistant Vice President – Finance - Central Depository Services (India) Limited

Chairman - Shri BK Bal:

“The quorum being present, I declare the meeting validly constituted. I, therefore, call the meeting to order.

The statutory registers are available for inspection by any member anytime by writing an email to the Company secretary.

Good Morning, my esteemed colleagues, Ladies and Gentlemen:

It gives me great pleasure to extend a warm welcome to all of you to the 3rd Annual General Meeting of your Company.

Your company has a Board of Eight Directors from diverse fields, having adequate relevant professional experience and domain knowledge. Three of them, including me, are Independent Directors; three are shareholder Directors from the holding company, CDSL and one each is the shareholder Director from the MCX and the BSE. It gives me great pride to say that all the Directors have been quite involved in providing policy directions and reviewing the progress of business to move your company forward in the right direction as fast as possible.

Shri Ajay Puri, Shri Neeraj Kulshrestha and Shri Amit Mahajan could not make it to this AGM because of their other pre-occupations. I would like to say a few words about all the Directors of your Company.

Shri J. Balasubramanian is a practicing Chartered Accountant of great eminence with adequate experience of being a Director on the Boards of many companies. He is the Senior Partner of M/s G. Natesan & Co. He is presently a Director on the Boards of AML Financial Services Private Limited, NESL Asset Data Limited and NESL E-Infrastructure Limited. He is an Independent Director and also the Chairman of the Audit Committee.

Dr. Sudhir Kumar Goel is the other Independent Director on our Board, and is the Chairman of the Nomination and Remuneration Committee. He is a retired IAS officer and had occupied various senior positions in the state of Maharashtra, mostly linked to the field of Agriculture & Cooperation. He is credited with attracting an investment of US\$ 1 billion a year for five years in the State of Maharashtra in the field of integrated value chains. He has extensive experience working on various projects funded by the World Bank, Asian Development Bank and International Fund for Agriculture Development.

Shri Neeraj Kulshrestha, with 27 years experience in Capital markets, is the shareholder Director nominated by BSE Investments Limited. He heads the regulatory functions of the Bombay Stock Exchange including membership compliance, surveillance, inspection, investigation, regulatory communication, investor services, listing compliance and regulatory legal functions. At BSE he was earlier responsible for Business Development, Trading, Membership and Listing Operations and Development.

Shri Ajay Puri is the shareholder Director nominated by Multi Commodity Exchange of India Limited (MCX). He is currently, working as Company Secretary & Compliance Officer of the MCX. Prior to joining (MCX), he worked as President in Artherstone Capital Market Limited wherein he was in charge of Merchant Banking activities, advising the companies on capital structuring, compliance with the regulatory requirements for accessing the capital market, interacting with corporates; networking with the market intermediaries and compliance with the statutory regulations applicable to the Company. He is retiring by rotation at this AGM. It is

proposed to re-appoint him as Director by seeking your consent at this meeting.

Shri Girish Amesara, is the shareholder Director nominated by our holding company, CDSL. He has more than 25 years of experience in handling Finance functions, taxation, IPO, Budgeting, Internal System and Internal Controls, Enterprise Risk Management, Accounting Software, Internal audit, special audit, compliance audit, SEBI inspections, SEBI reports, and Ethics compliance. He has the past Experience of working in the BSE Limited and Bombay Swadeshi Stores Limited.

He has been appointed as Additional Director of the Company w.e.f. 29th January, 2020 and it is proposed to regularize his appointment as Director by seeking your consent at this meeting.

Shri Amit Mahajan is the other shareholder Director nominated by our holding company, CDSL. He is a technocrat with sound business acumen, and expertise in web technologies, IT Security, Deep learning, e-Commerce and mobile applications. He has over two decades of experience in management of IT application project portfolios across stock exchanges, depositories, eCommerce, telecom and retail sectors.

He has been appointed as Additional Director of the Company w.e.f. 20th January, 2020 and it is proposed to regularize his appointment as Director by seeking your consent at this meeting.

Shri Pitambar Chowdhury is the Managing Director and CEO of your company with effect from the 1st of November, 2019. He is a Business Manager with over 30 years of professional experience, of which 19 years have been in senior leadership positions of a Business Head or a Functional Head. His prior responsibilities include leadership responsibilities in Tata Asset Management Ltd, Aviva Insurance Plc, SBI Funds Management Ltd and Unit Trust of India. He has also been an entrepreneur in the FinTech space for about 3 years. He has been appointed as the Additional Director and the Managing Director and his appointment is proposed to be regularised by seeking your consent in this AGM.

I would now take a few minutes of your time to give an overview on the performance of the Company during 2019-20

I am pleased to report that your Company has shown positive growth on most operating parameters. The number of Electronic Negotiable Warehouse Receipts (eNWR) issued by the Company more than doubled to 9928 compared to 4481 in the previous financial year. The number of warehouses issuing eNWRs doubled to 121. 107 new Repository Participants (RPs) were appointed in the last financial year increasing their total number by 71% to 258. Similarly, 613 new client accounts were opened increasing the total number of client-accounts by 71% to 1477

The Operational Income for the year ended March 31, 2020 has increased by 31% to Rs. 88.62 lakhs from Rs.67.83 lakhs for the year ended March 31, 2019. This is in spite of a steep reduction in tariff at the instance of our regulator that came into effect from 1st of August 2019. Other

income for the year ended March 31, 2020 at Rs. 416.78 lakhs (previous period Rs. 388.11 lakhs), showing an increase of 7%. Total income thus increased by 10% to Rs. 505.40 lakhs (Previous Period: Rs. 455.94 lakhs), whereas total expenditure has also increased by 32% to Rs. 475.06 lakhs (Previous period: Rs. 360.73 lakhs) for the year ended March 31, 2019. This is mainly on account of certain reclassification of expenses and Profit after Tax has thus been lower at Rs. 16.92 lakhs (Previous period: Rs. 112.30 lakhs)

In the last AGM I had mentioned about a system glitch in the operating-software application, which was taken advantage of by a client to cause a fraudulent transaction in February/March 2019. The company was engaged in resolving this urgent issue for six months. The company pursued the fraudulent seller vigorously through its RP. After sustained pressure and legal notices, the company managed to square off the erroneous trade by making the seller pay back the second buyer the entire proceeds of sale thus avoiding loss to any party. The company instituted an independent Root Cause Analysis, by a third-party vendor to diagnose root causes of the systems glitch and take corrective measures to prevent its recurrence. The Board of CCRL also ordered a comprehensive audit of its Systems and operating procedures to ensure that they are robust enough to prevent recurrence of the kind of error in future.

However, the Regulator, WDRA, levied a penalty of Rs. 1 lakh on the CCRL with a right to appeal to the Appellate Authority. Accordingly, the matter was appealed to the Appellate Authority, which, however, dismissed the appeal on the ground that the WDRA had no jurisdiction to assign the right to appeal against its order to it since the regulatory guidelines was not approved by its administrative Ministry.

Let me now give a brief outline of the business strategy for the year 2020-21

Repository business being dependent on physical infrastructure of warehouses, was adversely affected this year as lockdown conditions stalled movement of goods to & from warehouses. Thus, in the first four months April-July'20 generation of eNWRs was down by 20% and revenue was down 24% compared to April-July'19. However, we are hopeful that business will regain lost grounds in the remaining eight months of the year.

The company has adopted a new strategy document after considerable deliberations to drive business growth. The strategy aims to use opportunities available within the constraints of present operating environment and the limitations of the Warehouse (Development and Regulatory) Act under which the entire ecosystem works, and at the same time build capabilities to exploit opportunities of the future.

The present operating environment, has three legs for potential revenue growth for CCRL. **i)** Increase in tariff, **ii)** Market-share gains by 3 exchanges we serve and **iii)** growth in revenues from the non-exchange segment by scaled-up marketing efforts in focused geographies. The company aims to use all the three legs of driving revenue-growth in 2020-21.

Your continued trust and confidence in us have enabled our good performance, and will continue to encourage us to do better, going forward.

Thank you for your support.

Now we may move on to the statutory functions and approvals.

The Notice convening the meeting, Directors' Report and audited accounts for the year ended 31st March, 2020 have been circulated to the members, in advance, and with your permission, I take them as read.

“The Auditor’s Report on the financial statements for the year ended 31st March,2020 and the Secretarial Audit Report for the year ended 31st March, 2020 does not contain any qualification, observation or comments on financial transactions or matters which have any adverse effect on the functioning of the Company, hence pursuant to Section 145 of the Companies Act, 2013, the Auditor’s Report on the financial statements for the year ended 31st March, 2020 is not required to be read at the Meeting and with your permission, I take them as read.”

The Annual Report of the Company has already been circulated to you and with your permission; I will take it as read. “

(Item No.1)

Chairman - “ I now commend the following Resolution:

“**RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended 31st March, 2020 including the Audited Balance Sheet as on 31st March, 2020 and Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon. along with all annexures as laid before this Third Annual General Meeting be and are hereby received, considered and adopted.”

Shri Satyajeet Bolar Authorized Representative of Multi Commodity Exchange of India Limited - “I Propose “

Shri Jayesh Shah Authorized Representative of BSE Investments Limited - “ I Second”

I now invite the members to put forward any questions that they may have on the accounts.

I now put the resolution for voting to the members by show of hand.

“Those in favour”

“Those against”

“I declare that the resolution is carried unanimously”

(Item No.2)

Chairman - "I put the second item of the Notice for your consideration for appointment of Shri Ajay Puri (Din - 00017325) as a Director of the Company, who retires by rotation and being eligible offers himself for re-appointment."

Shri Satyajeet Bolar Authorized Representative of Multi Commodity Exchange of India Limited - "I Propose"

Smt Sunanda Makrande, Authorized Representative of Central Depository Services (India) Limited - "I Second"

Chairman - "I now put the resolution for voting to the members by show of hand."

"Those in favour"

"Those against"

"I declare that the resolution is carried unanimously"

(Item No.3)

Chairman - "I put the third item of the Notice for your consideration for approval on Appointment of Shri Pitambar Chowdhury as Director of the Company – Ordinary Resolution."

Shri Farokh Patel, Member - "I Propose"

Shri Sunil Alvares, Member - "I Second"

Chairman - I now put the resolution for voting to the members by show of hand.

"Those in favour"

"Those against"

"I declare that the resolution is carried unanimously"

(Item No.4)

Chairman - "I put the fourth item of the Notice for your consideration for appointment of Shri Pitambar Chowdhury as the Managing Director of the Company & remuneration payable to the Managing Director – Special Resolution."

The said resolution being special resolution has to be carried out with more than 75% of the valid votes in its favour."

Smt Sunanda Makrande, Authorized Representative of Central Depository Services (India) Limited - “I Propose”

Shri Jayesh Shah, Authorized Representative of BSE Investments Limited as a

“I Second”

Chairman - I now put the resolution for voting to the members by show of hand.

“Those in favour”

“Those against”

“I declare that the resolution is carried unanimously”

(Item No.5)

Chairman - “I put the fifth item of the Notice for your consideration for appointment of Shri Girish Amesara as Director of the Company – Ordinary Resolution.”

Shri Farokh Patel, Member - “I Propose”

Shri Jayesh Shah, Authorized Representative of BSE Investments Limited -“I Second”

Chairman - I now put the resolution for voting to the members by show of hand.

“Those in favour”

“Those against”

“I declare that the resolution is carried unanimously”

(Item No.6)

Chairman - “I put the sixth item of the Notice for your consideration for appointment of Shri Amit Mahajan as Director of the Company – Ordinary Resolution.”

Shri Farokh Patel, Member - “I Propose”

Shri Sunil Alvares, Member- “I Second”

Chairman - I now put the resolution for voting to the members by show of hand.

“Those in favour”

“Those against”

“I declare that the resolution is carried unanimously”

All Members - Vote of thanks to the Chairman
