



the new digital ecology

September 21, 2016

Corporate Relations Dept.,  
BSE Limited  
(Scrip Code:526881)  
P. J. Towers,  
Dalal Street,  
Mumbai – 400 001

Listing Dept.,  
National Stock Exchange of India Limited  
(Scrip code: FINANTECH)  
Exchange Plaza,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051

Dear Sirs,

**Sub: Shareholder Update**

Please find enclosed an Update being sent to the Shareholders of the Company.

This is for your information and records.

Thanking you,

Yours faithfully,  
For 63 moons technologies limited  
(Formerly Financial Technologies (India) Limited)

Hariraj Chouhan  
VP & Company Secretary

**63 moons technologies limited**

(Formerly Financial Technologies (India) Ltd.)

Corporate Office: FT Tower, CTS No. 256 & 257, Suren Road, Chakala, Andheri (East), Mumbai 400 093, India.  
T: +91 22 66868010 | F: +91 22 66868050 | E: info@63moons.com | W: www.63moons.com

Registered Office: Shakti Tower - 1, 7<sup>th</sup> floor, Premises E, 766, Anna Salai, Thousand Lights, Chennai - 600 002.  
T: +91 44 4395 0850 | F: +91 44 4395 0899 | CIN No.: L29142TN1988PLC015586

# SHAREHOLDER UPDATE

**Note:** *The name of the company has been changed from Financial Technologies (India) Ltd (FTIL) to 63 moons technologies ltd. as per the Fresh Certificate of Incorporation dated May 27, 2016 issued by ROC, Chennai*

**ISSUED IN THE INTEREST OF 63,000+ SHAREHOLDERS  
OF 63 moons technologies limited**

*TO CAUTION AGAINST RUMORS / NEGATIVE NEWS  
SPREAD BY VESTED INTERESTS  
IN SOCIAL MEDIA / MEDIA  
ON  
THE FINAL ORDER ISSUED BY MCA  
ON THE AMALGAMATION OF NSEL WITH FTIL (now 63 moons)*

**ISSUED IN THE INTEREST OF 63,000+ SHAREHOLDERS of 63 moons TO CAUTION AGAINST RUMORS / NEGATIVE NEWS SPREAD BY VESTED INTERESTS IN SOCIAL MEDIA / MEDIA ON THE FINAL ORDER ISSUED BY MCA ON THE AMALGAMATION OF NSEL WITH 63 moons**

1. The Final Order issued by Ministry of Corporate Affairs (MCA) on Friday, 12<sup>th</sup> February 2016 is stayed till 26<sup>th</sup> September 2016 when the Hon'ble Bombay High Court is scheduled to decide on the legality & validity of the Final Order issued by MCA.
2. One of the arguments being presented by MCA is that your (shareholders of 63 moons) objection to the forced merger was 'orchestrated'. It may be noted that MCA has stated that "*Prima facie these objections were orchestrated...*" MCA has not verified the genuineness of the objections and therefore its view is not conclusive but a mere conjecture. As shareholders, you have witnessed the following process flow and we fail to understand how this can be constituted as 'orchestrated'.
  - a. 63 moons and other affected parties were given thirty days from 5<sup>th</sup> February 2015 to raise their objections. MCA was also given 30 days from 6<sup>th</sup> March 2015 to issue the Final Order after hearing all representations/objections filed by 63 moons, its shareholders and other affected parties with MCA on or before 5<sup>th</sup> March 2015; within the applicability of Sec. 396 of Companies Act.
  - b. While 63 moons, its shareholders (as on 13/2/2015), its creditors and its employees did submit their objections within the court stipulated thirty days, MCA kept seeking more time and finally issued the Final Order after almost 1 year of the stipulated time given to them. During the hearing and post hearing till the Final Order was passed, MCA had almost 1 year to seek clarifications, if any, from 63 moons and/or its shareholders since all their details were given to MCA at the time of submitting the objections. However, MCA chose not to do so. MCA could have easily asked 63 moons to hold EGM during this 1 year period for the same.

- c. Here are some broad facts of the process followed during the 30 days' time, from 5<sup>th</sup> February 2015 and process was completed within 30 days as stipulated by the Hon'ble Bombay High Court:
- i. Normally in a listed company, AGM / EGM / Postal Ballot / eVoting is used to get shareholder's opinion/vote on any given matter affecting their rights/company. In this case AGM / EGM / Postal Ballot / eVoting - all of which require approximately 40-45 days, could not be held since only 30 days was given.
  - ii. A digital platform (Email / SMS / Company Website) similar to eVoting was provided to shareholders to give their views to MCA. An eVoting platform was also used to vote for/against net neutrality and providing comments to TRAI on the debate between FreeBasics and portal 'savetheinternet.org', in recent times. About 11 million people have voted.
  - iii. Like in any AGM / EGM / Postal Ballot / eVoting, the content of Resolution is always in standard form and shareholder votes **'for resolution'** or **'against resolution'**. The shareholders of 63 moons were given the following options, to provide their views.
    - I object to the amalgamation
    - I am in favour of amalgamation
  - iv. The shareholder who opted to vote for their opinion on the digital platform along with their Client ID, DP ID, PAN no, email-id and mobile no; which was validated with NSDL & CDSL data and then were given the option to select
    - I object to the amalgamation
    - I am in favour of amalgamation

On the forced merger like in an AGM / EGM / Postal Ballot / eVoting and after shareholder giving all necessary data mentioned above and post their submission, an email was sent to MCA with CC to the concerned shareholder themselves.

- v. As all shareholder details were provided i.e. number of shares, the depository account, email address etc., if required, MCA could have verified these details with the depositories NSDL & CDSL during entire 1 year.
- vi. It is also important to note that the objections to forced merger came from shareholders of 63 moons located in 26 States and 5 Union Territories and across 12 nations including India.
- vii. 63 moons shareholders willingly and overwhelmingly responded, but due to lack of sufficient space on server of MCA, their e-mails bounced off, few of which went through subsequently. To ensure that all the votes of the shareholders on the draft merger order reaches MCA, physical hard copy of such emails filed in 9 boxes were delivered to MCA by 63 moons for which we have valid acknowledgement. (Annexure 1)
- viii. The entire process and data was audited by an independent auditor.
- ix. The audited results of the shareholders' opinion were shared publicly through a press advert (Annexure 2) on 10<sup>th</sup> March 2015 and also on company's website.
- x. MCA also gave 63 moons hearing on 13<sup>th</sup> October 2015 and clarifications on shareholders' voting on the forced amalgamation, if any, could have been sought by the MCA in the hearing – but none was sought.
- xi. Your company had also passed a resolution during the Board meeting held on 03<sup>rd</sup> November 2014 to file a writ petition before the Hon'ble Bombay High Court challenging the legality of the 'Draft order of Amalgamation'. Your company had further communicated to Shareholders through letter dated 12<sup>th</sup> November 2014 to both stock exchanges informing them about the filed writ petition under Article 226 of the Constitution of India. The Annual Report presented during AGM on 30<sup>th</sup> September 2015, reported on page 18, that Your Company has

opposed the draft order for merger and has challenged the petition for removal and supersession of the Board in the Company Law Board.

Hence, we believe that in the given time, your company followed a process which was transparent and akin to what a listed company follows in AGM / EGM / Postal Ballot / eVoting to get shareholder's opinion / vote using a digital platform.

3. MCA order, para 8.1 & 8.2 states *"In addition, the Ministry has also considered inputs received from other investigating agencies - who have been conducting investigation into various aspects of the alleged scam and the status of recoveries/ attachments, if any. The inputs received are as under:"* (Annexure 3)

Following is some important excerpts from Annexure 3

*"...Total amount due and recoverable from 24 defaulters is Rs.5689.95 crore..."*

*"...Assets worth Rs.5444.31 crore belonging to the defaulters have been attached by EOW..."* and *"...ED has attached assets worth Rs.837.01 crore belonging to 12 defaulters..."* (MCA order, para 8.1 and 8.2)

Based on the facts stated above, your Company fails to understand the reason behind such un-precedented (never ever before in the history of independent India) action only on your Company when there is no money trail and the claim against the subsidiary of your company is an 'alleged claim' and all matters with respect to this alleged claim are still sub-judice. It is important to note that, there is no action by the regulators on the defaulters where full money trail has been established.

#### 4. Here are some of the facts on FTIL:

- i) Your Company's book value per share as on 31<sup>st</sup> March 2016 was approx. Rs 600 per share. As on 31<sup>st</sup> March 2016, your company had a net worth of Rs 2,744 cr.
- ii) Your company is in technology business, in which your Company is pioneer and even today a market leader. We have multiple best IP in the space of OLTP Mission Critical Technology, which is the lifeline for any digital ecosystem. Your Company's **Technology** is in real-life, has handled one of the highest traffic in industry and is in production since last 2 decades. Further, your Company is on the way to create the future through innovation and technology in the emerging Digital India space through 63 moons and JS Innovation Labs as informed to you through the Company's exchange communication dated 18<sup>th</sup> August 2015.
- iii) Contrary to the canards spread by the critics and other vested interests, NSEL and the other two national spot exchanges were borne out of a government initiative that has been deliberated for long to which 63 moons extended its wholesome support. The idea of a single market for commodities and development of alternative market systems in which national spot exchanges were envisaged to play a greater role has its roots in the 10<sup>th</sup> Five Year Plan (2002-07), which was reaffirmed in the Economic Survey (2003-04), articulated by the then Finance Minister in his Union Budget speech (2004), further reaffirmed by Dr. M.S. Swaminathan in June 2004 leading to a firm assertion made by Dr. Manmohan Singh, the then Hon'ble Prime Minister while inaugurating the Agriculture Summit 2005. The issue was deeply examined by an Inter-Ministerial Task Force set up by the Ministry of Agriculture under the chairmanship of Dr. Rangarajan, the then Principal Economic Advisor to the Prime Minister. Task Force then asked FMC to obtain concept note from national level multi commodity exchanges.
- iv) NSEL has never declared bonus or paid dividend. Thus 63 moons has not received any money from NSEL's profit. Over a period of 10 years, 63 moons has just received a legitimate revenue of Rs 84 crores from NSEL



towards rent for real estate, maintenance, AMC, electricity, technology license fees and others. All dividends declared by 63 moons till date, are from its standalone profit and do not have any contribution from NSEL profit or income. However, as the EOW, vide its notice dated 28/02/2015, had directed 63 moons to earmark the sum of Rs 84 crores, the same has been deposited by 63 moons with the Registry of Hon'ble Bombay High Court (Writ petition no. 2187 of 2015).

- v) NSEL turned profitable only in FY 2010-11. Since then, contrary to the popular perception, 63 moons' share prices have declined every year from -45.01% in 2010-11 to -26.80% till July 2013. Besides, 63 moons' share declined by CAGR -27.44% from 2010-11 till July 2013. There was neither decrease in Promoter Shareholding nor has your company issued any primary capital. Therefore, there is no truth in the rumour that 63 moons or its promoters have benefitted from NSEL profit via share price gain.
- vi) 63 moons is a strong company with proven track record of tech-centric innovation and shareholder value creation (including dividend payment for 38 consecutive quarters) coupled with robust balance sheet, globally recognized talent, world-class Infrastructure and a steadfast resolve to come out of the current situation and continue to build and grow value for its shareholders and employees.



## 5. FTIL 3.0: Vision Digital India @ 2025

- a) As informed to you through our exchange communication dated August 18, 2015 and through subsequent communications, the new Board of Directors (<http://www.ftindia.com/boardofdirectors>) constituted post NSEL crisis has fiduciary responsibility to continue to grow the Company and shareholder value by providing future roadmap (FTIL 3.0) to its 63,000 shareholders and 1000 employees and their families.

**Brand 63 moons:** [www.ftindia.com/63moons](http://www.ftindia.com/63moons) will be the technology and IP engine of FTIL 3.0 for the twelve industry verticals from SpaceTech to AgriTech, in the same way that FTIL has been to Fintech segment, as preferred technology partner, for over 20 years. To ensure that your company continues its technology leadership it will continue to build advance technology companies and products from Robotics to IOT and SMAC (Social Mobile, Analytics and Cloud) to create 108 emerging digital giants (Digital Disrupters) as part of our Vision Digital India @ 2025.

**JS Innovation Lab:** [www.ftindia.com/jsinnovationlab](http://www.ftindia.com/jsinnovationlab) which is the name given to the dedicated research group within 63 moons, will enable digital IP (Intellectual Property) routes, by endeavoring to set up 36 India Innovation Hubs across the globe connecting, Silicon Valley to Bangalore and Tel-Aviv to Tianjin to unlock human capital.

Given that both 63 Moons and its research group JS Innovation Lab are in line with, and inspired by our Hon. PM Vision of 'Start India, Digital India, Innovate India and Skills India', their roll out has been well received within industry and partners including leading institutes such as AIESEC, TIE, IITs among others in India and international markets.

- b) Your Company has its own world class office infrastructure at FT Tower with an phenomenally IP rich virtual cloud infrastructure with an omnibus connectivity of satellite, fiber, internet and the leased lines as a star hub which has handled the highest OLTP mission critical real time technology traffic; much higher than even current e-commerce platforms and this will become the core strength of '63 moons' for 12 industry

verticals, which will be un-parallel in India in terms of live production experience of more than two decades. Your Company has achieved the following quantitative qualifications that are among the best compared across all Indian and global peers.

✓ Government Subsidy	: NIL
✓ Land Subsidy	: NIL
✓ Special Favors / Incentives from State or Central Government	: NIL
✓ Bank / Third Party Loan / Debt	: ZERO*
✓ TDS Payment Outstanding Dues	: ZERO <sup>#</sup>
✓ Service Tax Outstanding Dues	: ZERO <sup>#</sup>
✓ VAT Outstanding Dues	: ZERO <sup>#</sup>
✓ Income Tax Outstanding Dues	: ZERO <sup>#</sup>
✓ Provident Fund Outstanding Dues	: ZERO <sup>#</sup>
✓ ESIC Outstanding Dues	: ZERO <sup>#</sup>
✓ Total Taxes Paid	: Rs.2,000+ crore (approx.)**
✓ Total Dividend Paid	: 38 Consecutive Quarters***
✓ Total Jobs Created	: 10 Lakh (approx.)****

\* For all practical purposes (because the funds available with your company are in excess of the ECB debt).

# Undisputed and overdue.

\*\* Your company and its subsidiaries / associate companies have contributed directly / indirectly to the public exchequer approx. Rs.2,000+ crore towards taxes which includes MAT Credit Entitlement of approx. Rs.175 crore.

\*\*\* Your company has a track record of paying average 100% dividend quarter on quarter (Which can only be done from Company's standalone income, totally in contrast to the rumours spread by vested interests to misguide the ecosystem), for 38 consecutive quarters, which is a record in India by itself.

\*\*\*\* Your company has created minimum 10 lakh jobs through its ventures directly and indirectly.

## **FTIL (now 63 moons) AT HEART A TRUE 'MADE IN INDIA' MNC**

FTIL carefully built in the late 1990s an eco-system led by innovation in technology at its center. This model made India a true 'Financial Hub of the East' at par with what New York or London is for the West. (Annexure 4)

Further, FTIL is credited with having promoted world class institutions that emerged as global leaders in the exchange space like MCX (Enclosed as Annexure 5 - One of the advertisements issued by MCX in 2012). FTIL shared its unique and differentiated vision to create India's new generation stock exchange with the launch of MCX-SX (Enclosed as Annexure 6 - One of the advertisements issued by MCX-SX)

Every successful venture rolled out from FTIL has established itself as either number one in India or number two globally, thus making FTIL a proud 'Made in India' MNC.

Having built a true "Made in India" MNC empowered by indigenous innovation, FTIL is very confident and convinced that it will build similar success in 63 moons with support from each one of you.

## **6. APPEAL TO THE SHAREHOLDERS**

63 moons is disappointed but not disheartened by the current situation it is facing. We have the utmost respect for the judiciary and are confident that truth will come out and justice will prevail.

It is our urge to all our shareholders to stand united in solidarity for truth and justice and stand united against rumors spread by vested interests using media and social media.

Together we can, Together we have, and Together we will.

***Satyamev Jayate!***

# ANNEXURE -1



10<sup>th</sup> March, 2015

Ms. Anjuly Chib Duggal  
Secretary to the Government of India

On behalf of the Central Government  
Ministry of Corporate Affairs, Shastri Bhavan  
New Delhi -11001



Respected Madam,

Draft Order of Amalgamation of National Spot Exchange Limited (NSEL) with Financial Technologies (India) Limited (FTIL) under Section 396 of the Companies Act, 1956

Sub: Hardcopy of the emails submitted in DVD vide our letter dated 10<sup>th</sup> March, 2015

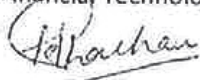
We are forwarding herewith 9 (nine) carton boxes containing hard copies of the responses received from the shareholders, creditors and employees of the Company in the above referred matter.

These data were submitted in softcopy in DVD vide our letter dated 10<sup>th</sup> March, 2015 and acknowledged by your office with Inward Reference Number 535.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,  
For Financial Technologies (India) Limited

  
Hariraj Chouhan  
Company Secretary

Encl.: as above

Cc:  
Shri Sanjay Sood

## **Financial Technologies (India) Ltd.**

Corporate Office: FI Tower, CTS No. 256 & 257, Suren Road, Chakala, Andheri (East), Mumbai - 400 093  
• Tel.: +91-22-6686 8010 • Fax: +91-22-6686 8050 • Email: solutions@ftindia.com • Website: www.ftindia.com  
Registered Office: Shakti Tower - 1, 7<sup>th</sup> floor, Premises E, 766, Anna Salai, Thousand Lights, Chennai - 600 002  
• Tel.: +91-44-4395 0850 • Fax: +91-44-4395 0699 • CIN No.: L29142TN1989PLC015586

# ANNEXURE -2

**10<sup>TH</sup> MARCH 2015**

- Economic Times (Page 11)
- MINT (Page 11)
- DNA (Page 11)
- Financial Express (Page 11)
- Indian Express (Page 11)
- Hindu Business Line (Page 05)

## Thank You Shareholders & Creditors

For sending suggestion and objection to the Ministry of Corporate Affairs (MCA) against amalgamation of NSEL with FTIL

We are obliged and thankful to our shareholders who have joined hands to voice their views with the Ministry of Corporate Affairs (MCA) on the draft order of amalgamation of NSEL with FTIL.

We are pleased to share the key highlights of voting results being audited by M/s. KDS & Co., Chartered Accountants. The results are computed from the response of 18,700+ shareholders representing 80%

equity capital of the company (real investors, real numbers and complete KYC) to MCA with a copy to FTIL as on the last date of voting deadline set by Hon'ble Bombay High Court. Due to the overwhelming response, over 12,500 mails have bounced back and hard copies of the same have been sent to the MCA.

### Voted Against Amalgamation



(Represents 79.58% of total equity capital)



(Represents all creditors who voted)



(Represents all employees who voted)



### Voted For Amalgamation



(Represents 0.36% of total equity capital)

From the above said response, it is apparent that the draft order is detrimental to interest of 63,000+ shareholders and over 1,000 employees of FTIL.

### Humble Prayer to MCA, on behalf of 63,000+ FTIL Shareholders

The FTIL board reiterates its commitment to engage and keep dialogue open with the various Government Departments and concerned authorities in resolving the crisis and settlement defaults that took place at NSEL's trading platform on expedited basis to arrive at an amicable solution, within the Judicial framework, that is fair, just and equitable to all stakeholders.

The board, without prejudice to its legal rights and remedies, has appointed a committee under the leadership of Chairman Mr. Venkat Chary, IAS (Retd.) to discuss these issues with the Government of India. FTIL is represented by its legal advisor Mr. Cyril Shroff, Managing Partner, Amarchand & Mangaldas for this process.

### Impeccable track record of creating and delivering shareholders' value

- Since its inception in 1995, FTIL has built world class institutions such as MCX, SMX, DGCX, IEX, NBHC and Bourse Africa. Exchanges like MCX and IEX among others combined with its ecosystem partners helped create new jobs / employment of over 1 million.
- FTIL is amongst the first few companies to be invited by international financial centres like Singapore, Dubai, Mauritius and Bahrain to set up and develop their financial markets and related ecosystem in their countries.
- FTIL contributed over Rs. 1,000 crore to the exchequer to the Government of India by direct and indirect taxes since the past 10 years.
- Delivered consistent shareholder value by paying on an average 100% dividends for the past 37 quarters.
- The book value of your Company as on September 30, 2014 was Rs. 614 per share.
- FT Tower, your Company's prized asset of 125,000 square feet is equipped with world class technology and infrastructure support.

### FT 3.0: Confidence to execute founders vision of "Digital India @ 2025"

- FTIL 3.0 is the transformation of FTIL into becoming the *de facto* 'powered by' technology partner of choice to create and develop ecosystem of 108 new Digital Disruptors under "Make in India" theme.
- These disruptors would be in key sectors such as Retail, Education, Healthcare, Agriculture, Environment, Infrastructure and Space among others over the next 10 years by 2025.
- FTIL 3.0 will leverage its Technology, Capital, Talent, Infrastructure, Experience and Ecosystem to become the obvious choice as partner for entrepreneurs and organisations to optimise their resources in their core focus areas and scale up their businesses.
- These new Digital Disruptors will be the bellwether of inclusive development and growth besides creating a domino effect in the ecosystem that will be breeding ground to more new entrepreneurs, start-up's and job creation and will become the showcase of Digital India by 2025

Financial Technologies (India) Ltd. Corporate Office: FT Tower, CTS No. : 256 & 257, Suren Road, Chakala, Andheri (East), Mumbai - 400 093.

Website: www.ftindia.com • CIN No.: L29142TN1988PLC015586





## **ANNEXURE -3**

EXCERPTED FROM THE FINAL ORDER (PAGE 34 TO 36) DATED 12<sup>TH</sup> FEBRUARY 2016, ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS, GOVERNMENT OF INDIA ON THE MERGER OF FTIL-NSEL

“In addition, the Ministry has also considered inputs received from other investigating agencies - who have been conducting investigation into various aspects of the alleged scam and the status of recoveries/attachments, if any. The inputs received are as under:

### **8.1 Economic Offences Wing, Mumbai:**

Total amount due and recoverable from 24 defaulters is Rs 5689.95 crore; Injunctions against assets of defaulters worth Rs 4400.10 crore have been obtained;

Decrees worth Rs 1233.02 crore have been obtained against 5 defaulters; Assets worth Rs 5444.31 crore belonging to the defaulters have been attached of which assets worth Rs 4654.62 crore have been published in Gazette under the MPID Act for liquidation under the supervision of MPID Court and balance assets worth Rs 789.69 crore have been attached/secured for attachment by the EOW;

Assets worth Rs 885.32 crore belonging to the directors and employees of NSEL have been attached out of which assets worth Rs 882.32 crore have already been published in Gazette under the MPID Act for liquidation under the supervision of the MPID Court and balance assets worth Rs 3 crore have been attached/secured for attachment by the EOW;

MPID Court has already issued notices u/s 4 & 5 of the MPID Act to the persons whose assets have been attached as above. Thus, the process of liquidation of the attached assets has started;

Bombay High Court has appointed a 3 member committee headed by Mr. Justice (Retd.) V.C. Daga and 2 experts in finance and law to recover and monetize the assets of the defaulters.

Rs 558.83 crore have been recovered so far, out of which Rs 379.83 crore have been received/recovered from the defaulters and Rs 179 crore were disbursed by NSEL to small traders/ investors.

### **8.2 Enforcement Directorate:**

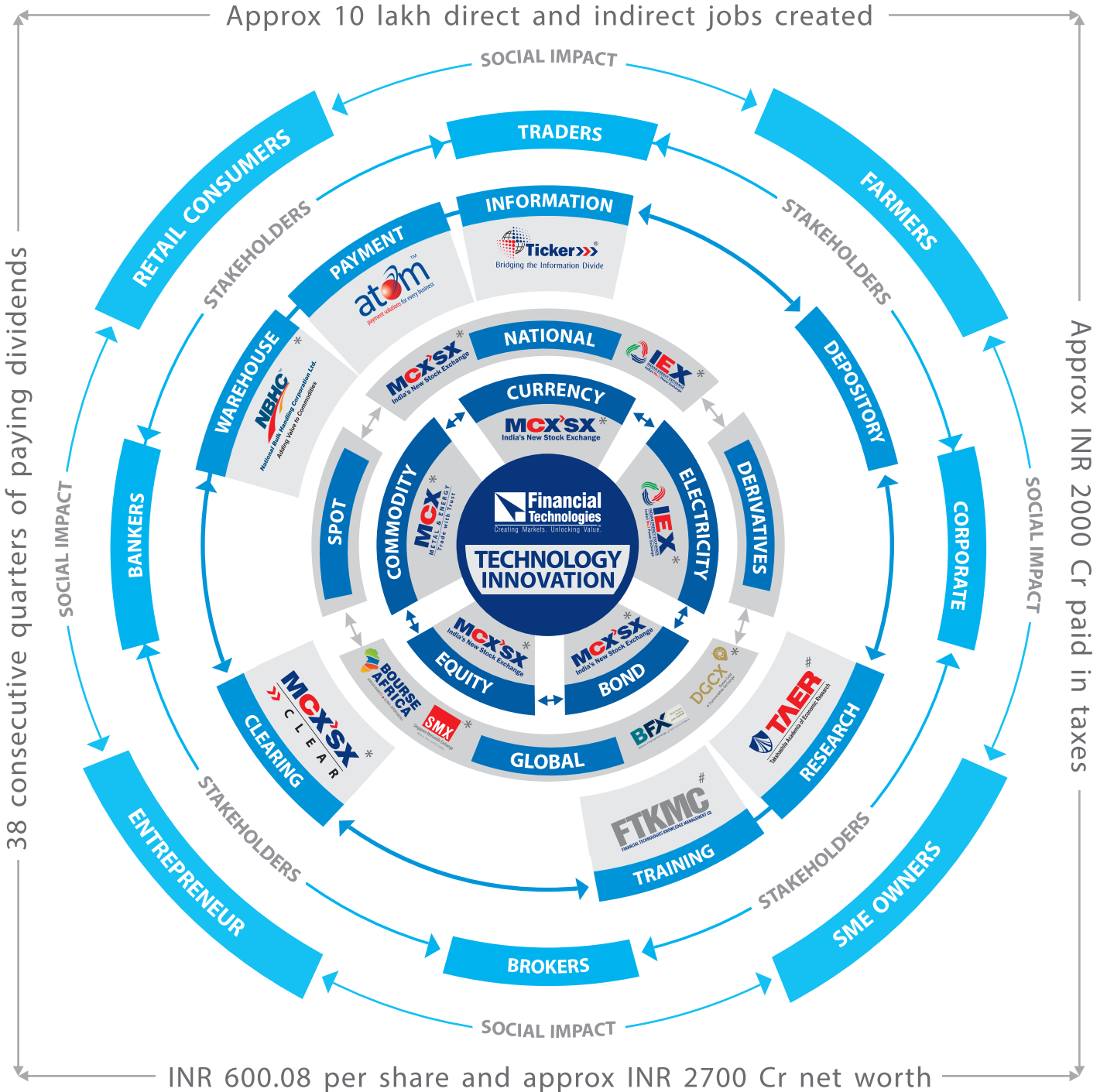
The ED has traced proceeds of crime amounting to Rs 3973.83 crore to the 25 defaulters;

ED has attached assets worth Rs 837.01 crore belonging to 12 defaulters; As per the recent amendment in the PMLA, the assets attached by ED can be used for restitution to the victims.”

**ANNEXURE -4**

# MARKET ECOSYSTEM UNIVERSE

10 YEARS 2004-2013



\*63 moons™ has divested from these ventures  
#venture closed



This advertisement was published on 11th March 2012, upon listing of MCX  
India's 1<sup>st</sup> listed Exchange

**THANK YOU INDIA**  
for believing in us and making us India's 1<sup>st</sup> listed exchange.

We extend our gratitude to everyone who believed in us. And we take this moment to assure you that the very values of good governance, transparency and openness to scrutiny that have brought us to this momentous occasion, shall continue to guide us as we move forward together into the future.

**Dear Well-wishers,**

In the life span of an institution, achieving the first decade of successful functioning is a cause for celebration and a major milestone. We wish to express our warm appreciation and sincere gratitude for your outstanding support to the Initial Public Offering of MCX, which was listed on the BSE on March 9, 2012. The maiden issue of MCX makes it the first ever exchange in India to get listed. And the MCX IPO also set new benchmarks: it was subscribed to the tune of US\$7 billion for an issue size of US\$135 million; it was 54 times oversubscribed with subscribers ranging across a broad spectrum of investors from both India and abroad. Moreover, within a fortnight of the closure of the issue, the allotment basis was decided and the shares listed.

We take this opportunity to thank all the investors who believed in our vision, and all the well-wishers who stood by us throughout our journey of growth. And with all humility, we also thank all those who have tested our strengths and capabilities by creating innumerable roadblocks and impediments in our path as these have only helped reinforce our commitment to growth and strengthened our resolve to place the Indian exchange industry amongst the best in the world.

The vision that we shared when we started MCX in November 2003—to make MCX one of the top ten commodity exchanges in the world in a span of 10 years—was considered audacious at the time. But, we were a young and energetic team. We believed in ourselves and in the values of trust and transparency that were embedded in our business model. We had focus, faith and commitment. We shared the dream of creating an Indian exchange that could match the best in the world; an exchange that would showcase the prowess and potential of India. And today, we have succeeded in taking MCX to the global league of the top three commodity exchanges in less than a decade.

When we look back at the progress of MCX, it gives us a sense of great satisfaction that, while creating an institution of global standing and stature, we have also been successful in fostering the principle of 'of India, for India and by India'. MCX is one of the very few institutions in India that are completely driven by an Indian enterprise, benefit Indian businesses and trade, and generate direct employment and self-employment for a large number of people across the country. MCX has 2,000+ members and 3,00,000+ terminals spread across 1,500+ cities, which is estimated to have generated employment opportunities for over 1 million people.

MCX, on its way towards further progress and performance, will continue to uphold the values and standards that it has set in the realm of institution-building and pursue excellence in growth and diversity in which India can take pride. We take this opportunity to briefly mention a few of the best practices that make MCX receive the admiration it enjoys in India and abroad.

**1) Listing:** Exchange being a frontline regulator, MCX has taken a step which no other exchange in India has even considered. We believe, making MCX a listed company takes it to the pinnacle of high standards in transparency and disclosure, with greater scrutiny of its progress and performance by analysts and investors. Walk the Talk has been the guiding principle of MCX since its inception. Being India's 1<sup>st</sup> listed exchange, MCX has put the Indian exchange industry at par with the developed countries including the United States of America (CME, NYSE, NASDAQ), the United Kingdom (LSE), Germany (Deutsche Börse), Hong Kong (HKEx), Singapore (SGX), Japan (OSE) and Australia (ASX).

**2) Diversified Ownership:** MCX is promoted by Financial Technologies (India) Limited, which is listed on the public equity markets and has more than 40,000 shareholders. Indian banks and public institutions hold 35% of the shareholding of MCX—making this the largest group of investors, followed by international institutional investors who hold 33% of the shares. Post listing, 74% of the MCX stock is held by non-promoter shareholders. A total of 3% of the stock has been earmarked for the employees of MCX across the entire hierarchy of the organisation, distributed right from the beginning by way of multiple ESOPs, so that they are also a part of the growth story. The listing of MCX makes it one of the most progressive companies with diversified shareholding, representing domestic and international investors.

An important aspect of the ownership is that both Mr. Jignesh Shah and Mr. Dewang Neralla, co-founders of the Financial Technologies, do not hold MCX's shares in their individual capacities.

**3) Pedigree of Investors:** Investors in MCX consist of such pedigree institutions as the State Bank of India, Bank of Baroda, Corporation Bank, GLG Financials Fund, Alexandra Mauritius Ltd., ICICI Lombard General Insurance Company, Fidelity (FID Funds Mauritius Ltd.), Aginixy Enterprises Ltd., Intel Capital (Mauritius) Ltd., IGSB-STAD I, LLC, Euronext N.V., New Vernon Private Equity Limited, Passport Capital LLC (A/C Passport India Investments (Mauritius) Ltd.), Merrill Lynch Holdings (Mauritius) and Financial Technologies (India) Ltd. The listing has added 3,00,000 more shareholders to the MCX family, placing it among the top 50 companies in India in terms of shareholder base on the first day of listing.

**4) Governance and Management:** MCX has been able to establish strong precedents in governance and management. It has completed a 360 degree rationalisation of the entire organisation, including change management and succession planning. MCX is now headed by Mr. Lamou Rutten, who in the past has worked with international organisations such as UNCTAD. He took over from Mr. Joseph Massey in 2009\*\*, who in turn took over from Mr. Jignesh Shah who was its head in the initial years. The entire process of management transition is smooth, in that every Chief Executive Officer at the time of taking over the responsibility is already groomed and made fully conversant with various responsibilities and obligations towards stakeholders and constituents as well as the compliance standards of the institution.

**5) Financial Discipline:** Since the very first year of its operations, MCX has been paying dividends. The cumulative dividend paid by MCX amounts to four times the size of its paid-up capital contributed by shareholders. Additionally, MCX has issued bonus equity amounting to 20% of its current capital. A share of ₹10 paid-up capital was subscribed at ₹1,032 (top of the price band) at the time of listing, thus generating huge value in a short span of 8 years, with Indian banks being the biggest beneficiaries.

**6) Exchange Ombudsman:** MCX is the first and the only exchange in India to appoint a former High Court judge as the Exchange Ombudsman.

**7) RTI:** Unlike other exchanges, MCX has expressed an affirmative vote for RTI on exchanges, which will be adhered to as and when the authorities decide.

**8) A Green Exchange:** As an electronic exchange, MCX has a very small carbon footprint. By incorporating the best global practices on energy conservation in our exchange building, we became India's first Green Exchange. To further India's role in the global combat against greenhouse gas emissions, in January 2008, MCX launched carbon credit futures trading.

**9) Corporate Social Responsibility:** Since its inception, MCX has made corporate social responsibility a business priority. To reach out to the constituency of the vast Indian countryside, together with India Post, we launched Gramin Suvicha Keras as a unique experiment to empower rural people and farmers through market information. Beyond this, we disseminate and distribute information to stakeholders in the commodity markets ecosystem in 13 regional languages, to assist market participants in taking decisions, trading and hedging.

**10) Awards and Recognitions:** A select few of the awards and recognitions conferred on MCX for its outstanding performance are:

- EMPI-Indian Express Indian Innovation Award 2006 (given by Shri A.P.J. Abdul Kalam, the then President of India)
- Golden Peacock Eco-Innovation Award 2008 by the Institute of Directors
- Award for Agriculture & Rural Innovation 2009 by the Sankalp Forum
- FICCI Socio Economic Development Foundation (SEDF) Corporate Social Responsibility Award - 2009 and 2010
- NASSCOM Foundation Social Innovation Honours 2010
- SKOCH Foundation Financial Inclusion Award 2011
- India's Award - Best in Corporate Social Responsibility Practices 2011
- Best Commodity Exchange of the Year (Bombay Bullion Association) (every year since 2008)
- Selected as the Best Superbrand - 2010 and 2011

MCX endeavours to continue to progress and perform well in all spheres that help it gain national and international recognition.

**11) Concurrent Evaluation:** To guide MCX in its growth strategy, we believe in continuous assessment and evaluation of our contribution to the key sectors and constituencies of the economy. As a part of this process, we have engaged Tata Institute of Social Sciences (TISS) to conduct a study to assess the impact of exchange operations in creating infrastructure, employment and income among local businesses and other communities. The pilot study, covering the two states of Maharashtra and Gujarat, is now complete, and a much larger study is in progress. MCX is the only commodity exchange in the world to report its sustainability performance.

**12) Aspirations and the road ahead:** We aspire to make MCX an epicentre of global commodity markets, and empower the Indian economy by:

- a) Creating a platform for price-setting in key commodities in which India has strong presence
- b) Helping large corporates and SMEs to hedge risks
- c) Facilitating the development of financial market intermediaries in India
- d) Enabling India to become one of the leaders in the global financial markets

Thank you for making this journey so fulfilling ...

Yours sincerely,

Venkat Chary  
Chairman, MCX

Jignesh Shah  
Vice Chairman, MCX

Lamou Rutten  
MD & CEO, MCX

... and most deservingly India wins this  
prestigious global award..

Award to be conferred on February 5, 2013 at Hong Kong

**FinanceAsia**

**Awards**  
**MCX IPO**  
as the  
**"Best Midcap Equity Deal"**  
in the  
**Entire Asia Pacific**  
for 2012.

**1<sup>st</sup> Exchange in the Asia Pacific**  
to receive this recognition

**1<sup>st</sup> Asia Pacific Region:**  
Australia | Bangladesh | China | Hong Kong | India | Indonesia | Japan | Korea | Malaysia | Myanmar  
New Zealand | Pakistan | Philippines | Sri Lanka | Singapore | Thailand | Vietnam  
*Partial list in alphabetical order*

**Key Selection Criteria**

- The IPO was oversubscribed 54 times excluding the 15% anchor tranche
- Retail portion of the IPO was oversubscribed 24 times
- Qualified Institutional Buyers (QIBs) segment was oversubscribed 49 times
- HNI tranche was oversubscribed 150 times

- FinanceAsia, a leading publication in the Asia Pacific region, presents FinanceAsia Achievement Awards every year in recognition of Asia-Pacific's best deals for the last 15 years.

\* Midcap in the Asia Pacific context.

**Highlights**

- MCX is the key and critical institutional framework for commodities trading in India complementing equity, debt and currencies, leading to a complete and comprehensive Financial Infrastructure of Organised Regulated Markets (FIORM), that makes India at par with the FIORM of the developed economies.
- MCX has 2,000+ members and 3,00,000+ terminals spread across 1,500+ cities, which is estimated to have generated employment opportunities for over 1 million people.
- MCX, being India's 1<sup>st</sup> listed exchange, has put the Indian exchange industry at par with the developed countries including the United States of America (CME, NYSE, NASDAQ), the United Kingdom (LSE), Germany (Deutsche Börse), Hong Kong (HKEx), Singapore (SGX), Japan (OSE) and Australia (ASX).
- MCX's listing has added 3,00,000 more shareholders to the family, placing it among the top 50 companies in India in terms of shareholder base on the first day of listing.
- MCX has been paying dividends since the very first year of its operations.
- MCX is the first and the only exchange in India to appoint a former High Court judge as the Exchange Ombudsman.
- MCX is the first Indian Exchange to express an affirmative vote for RTI.
- MCX is the only commodity exchange in the world to report its Sustainability performance.

**MCX**  
**METAL & ENERGY**  
Trade with Trust

www.mcxindia.com

\*\*This copy is the text of the advertisement released on 11th March 2012, upon listing of MCX on the BSE. MCX is now headed by Mr. Shreekanth Javalgekar, continuing the tradition of dynamic leadership and succession management of the exchange.



## **ANNEXURE -6**



### **Ten Milestones to Reach in the Next Ten Years**

- Will implement the vision of the Government and the Regulator for India's Capital Market.
- Will endeavour to significantly contribute to the growth in the number of demat accounts from 20 million to 100 million.
- Will connect with major international financial centres. Will further expand the footprint of the capital market from the prevailing 2000 cities/towns to all the 5924 sub-districts/talukas in India. Will popularise government and corporate bonds among the investors in addition to equity.
- Will deepen and create liquid bond, currency and interest rate markets, besides promoting equity segment.
- Will boost retail distribution of government bonds to have a share of 10% of total issuance at least.
- Will endeavour to increase the current level of corporate bonds outstanding from 4% to 10% of GDP.
- Will develop a hub and spoke SME Capital Market model with regional stock exchanges/centres.
- बाजाराविषयीची माहिती सध्याच्या 11 भाषांऐवजी वाढवून 18 भाषांमध्ये आणि डेल्टा ट्रेडिंगच्या संस्कृतीपासून गुंतवणुकीच्या संस्कृतीकडे जायला प्रोत्साहन. (Will disseminate market information in 18 languages from the current 11 and encourage a shift from a culture of delta trading to a culture of investment.)
- Will provide knowledge and technology framework to listed companies in the area of regulatory compliance, corporate governance standards and disclosures, while enforcing listing norms that will help build greater trust and confidence amongst investors to enhance capital formation and employment generation.
- Will empower the investor through financial literacy programmes in every state by partnering local universities and research institutes.

In our endeavour to effect far-reaching change, MCX-SX adopts this manifesto for the wholesome development of India's capital market. But this is definitely not the end. We are committed to review the progress of this Manifesto every three years through a public audit steered by a leading academic/research institution. After all, the allegiance towards long-lasting change must show in every aspect of our existence.